

*Godišnji izvještaj*  
*Annual report*  
**2003**



# Sadržaj

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## Cijenjeni dioničari i klijenti,

Ocijenjujem da je za nama uspješna poslovna godina.

Nastavljen je pozitivan trend koji karakteriše stabilan i umjeren rast Banke. Skupština dioničara usvojila je Srednjoročnu razvojnu strategiju za period 2003 – 2006 godina čija realizacija je preduslov za kvalitetan i efikasan srednjoročni i dugoročni razvoj Banke.

Predviđen je niz instrumenata za ostvarivanje postavljenih ciljeva, uz obavezu učesnika da preduzete aktivnosti sadrže razborite i profitabilne poslovne mogućnosti. Namjera je povećati obim i kvalitet poslova. To je uslovljeno jedno sa drugim, što je bolji kvalitet usluga, to se više novih klijenata opredjeljuje za poslovanje sa Bankom.

Glavni cilj je izgradnja Banke koja je profesionalan i pouzdan poslovni partner svim pravnim i fizičkim licima u Bosni i Hercegovini.

Tokom 2003 godine, aktivnosti svih zaposlenika bile su usmjerene prema ispunjavanju kriterija za prijem u članstvo Fonda za osiguranje depozita. Od oktobra 2003 godine, Vakufska banka je članica programa osiguranja depozita kod Agencije za osiguranje depozita Bosne i Hercegovine, što potvrđuje da je poslovanje Vakufske banke kvalitetno i u skladu sa visoko postavljenim bankarskim standardima.

Neto bilansna suma (aktiva) iznosi KM 69,3 mio, što je za 24% više u odnosu na stanje na dan 31.12.2002 godine. Povećanje bilansne sume rezultat je, najvećim dijelom, rasta depozitnog potencijala, s tim da se prikupljeni depoziti ne koriste za finansiranje kreditnih aktivnosti već za unapređenje likvidnosti.

Ostvareni su ukupni prihodi u iznosu od KM 7.234/h. U odnosu na 2002 godinu, ukupni prihodi smanjeni su za 10%. To je rezultat smanjenja aktivnih kamatnih stopa i naknada u Banci i okruženju. Najvažnije, prihodi su stabilni tokom cijele godine, najvećim dijelom potiču od kamata, a ne od jednokratnih aktivnosti. Kamatna marža je pozitivna.

Ukupni rashodi iznose KM 6.828/h, što je za 11% manje u odnosu na 2002 godinu.

Ostvarena je dobit prije oporezivanja u iznosu od KM 406/h. Zarada je dovoljna da pokrije troškove poslovanja, formiranje adekvatnih rezervisanja i potrebe za formiranjem rezervi kapitala.

U proteklom periodu, posebna pažnja usmjerena je ka unapređenju upravljanja likvidnošću, naročito u pogledu uspostavljanja adekvatnih praksi (1) upravljanja izvorima sredstava i (2) za obezbjeđenje ročne usklađenosti aktive i pasive. Rezultati su očigledni, stanje novčanih sredstava je za KM 14.505/h veće nego na dan 31.12.2002 godine.



### **Distinguished shareholders and clients,**

I am glad to declare a successful business year.

Positive trend that characterizes stable and moderate growth of the Bank has continued. Shareholders' Assembly adopted Medium-term development strategy for the period of 2003-2006, whose execution represents precondition for qualitative and efficient medium and long-term development of the Bank.

Several instruments for achieving determined goals were identified together with the task for all participants to undertake activities that have reasonable and profitable business opportunities. The intention is to increase volume and quality of business activities. Both directly affect each other; better the quality of the services more new clients shall be attracted to work with the Bank.

The main goal is to develop Bank that is professional and reliable business partner to all corporate entities and individuals in Bosnia and Herzegovina.

During year 2003, activities of all employees were directed towards fulfilment of criteria for acceptance of the Bank to the Deposit Insurance Fund. Since October 2003, Vakufska banka DD Sarajevo is a member of Deposit Insurance Agency of Bosnia and Herzegovina, which confirms that business activities of Vakufska banka DD Sarajevo is qualitative and in accordance to high banking standards.

Bank's net Balance Sheet footing amounted to KM 69.3 million, which represents an increase of 24 % in comparison to the Balance Sheet footing as of 31.12.2002. Increase in the Total Asset is, mostly, a result of collected new deposits, but they were not used for financing credit activities but for increase of liquidity.

Total revenues amounted to KM 7.234 million. Compared to the year 2002, total revenues recorded decreases by 10 %. That is the result of decrease in level of interest rates and fees in the Bank and the banking industry. The most important thing is that revenues are stable throughout the year, and they are mostly gained from interest rates and not from one time activities. Interest margin is positive.

Total expenditures amounted to KM 6.828 million, which represents decrease by 11% in comparison to the year 2002.

Earnings before taxation were recorded at KM 0.406 million. The Profit level is sufficient for coverage of expenditures, creation of reserves and creation of required capital reserves.

During the previous period of time, special attention had been directed towards improvement of liquidity management, especially in establishing adequate practices for: a) Assets source management and b) to ensure assets-liabilities maturity matching. Results are obvious; level of liquid assets were increased for KM 14.505 million in comparison to 31.12.2002.

High criteria established on maturity matching of financial assets and financial liabilities implemented in year 2003, based on principles for matching financial assets and financial liabilities in accordance to original (agreed) deadlines of maturity date, determined implementation of restricted credit policy measures for approving credits longer then 90 days. As a consequence, total level of placements decreased, which have had significant influence on level of profits recorded and profitability of the Bank.

Strogi kriteriji ročnog usklađivanja finansijske aktive i finansijskih obaveza koji su primjenjivani u 2003 godini, utvrđeni na principu usklađivanja finansijske aktive i finansijskih obaveza prema originalnim (ugovorenim) rokovima do ugovorenih dospjeća, uslovili su provođenje restriktivnih mjera kreditne politike kod odobravanja kredita na rokove duže od 90 dana. Posljedica je ukupno smanjenje plasmana, što je imalo značajan uticaj na visinu ostvarene dobiti i profitabilnost Banke.

Slijedeći savremene trendove poslovanja, Vakufska banka nudi mogućnost plaćanja putem elektronskog bankarstva. Projekat je realizovan u saradnji sa preduzećem E-lab d.o.o. iz Sarajeva. Ovo je prvi potpuno domaći softver elektronskog bankarstva koji se primjenjuje u jednoj BH banci.

Ističem, tokom 2003 godine, stručne službe Vakufske banke radile su brzo, uredno, tačno.

U idućoj godini, pred Vakufskom bankom je period (1) organizacionog prilagođavanja – stvaranje adekvatnih uslova za rad i klijente, širenje mreže poslovnih jedinica, redizajniranje korporativnog identiteta, uporan rad na naplati dospjelih potraživanja i (2) finansijskog restrukturiranja koje za cilj ima obezbjeđenje dugoročnih izvora za kreditiranje klijenata Banke.

Zahvaljujem članovima Nadzornog odbora i Odbora za reviziju, te zaposlenicima na radu i doprinosu uspješnom poslovanju.

Posebno zahvaljujem klijentima Vakufske banke koji su imali opravdano povjerenje u Banku i nastavili poslovanje preko računa otvorenih kod Banke. To povjerenje najbolje je iskazano činjenicom da su tokom 2003 godine prikupljeni novi depoziti u iznosu od KM 12.410/h što je više za 33% (od sto) u odnosu na stanje 31.12.2002 godine.

Direktor  
Amir Rizvanović

Following modern business trends, Vakufska banka dd Sarajevo offers possibility of making payment transactions through electronic banking system. The project has been executed in cooperation with company E-lab d.o.o Sarajevo. This is the first, entirely, domestic E-banking software implemented in one of the BiH banks.

I would like to point out that during 2002, all departments provided fast, accurate and precise services.

In the following year, Vakufska banka dd Sarajevo is facing (1) organizational restructuring – creation of adequate conditions for operations and clients, expand branch network, redesign corporate identity, persistent efforts related to collection of receivables due and (2) financial restructuring with the main goal of ensuring long-term sources for credit facilities to be placed with Bank's clients.

I want to thank to the members of Steering Committee and Audit Board, as well as to employees of the Bank for hard work and contribution to successful business activities.

A special thanks goes to the clients of Vakufska banka dd Sarajevo for extending justified trust in our Bank and continuation of execution of their business operations with the Bank. That trust has been especially shown by the fact that during 2003 new deposits were collected in amount of KM 12.410 million which represents an increase by 33 % in comparison to 31.12.2002.

Director  
Amir Rizvanović

# O banci

## About the Bank

Vakufska banka d.d. Sarajevo, sa jakom finansijskom strukturom, širokom mrežom filijala i ekspozitura, razgranatom mrežom korespondentnih banaka u svijetu, izgrađenog profesionalnog i predanog odnosa prema klijentima, te širokom bazom klijenata, nudi pouzdano, jako i stabilno partnerstvo svim privrednim subjektima u zemlji i inostranstvu, kao i potencijalnim investitorima.

Vakufska banka d.d. Sarajevo posluje 12 godina na području Bosne i Hercegovine. Za to vrijeme je stekla ugled uspješne i profesionalne većinski domaće komercijalne banke.

U strukturi dioničkog kapitala banke privatni kapital učestvuje sa 92.8%, od čega 51.0% predstavlja domaći kapital i 42.0% strani kapital. Ostatak kapitala (7.2%) predstavlja državni kapital koji je u procesu privatizacije.

Vakufska banka d.d. Sarajevo je u vrhu bosanskog bankarskog sistema u kompjuterizaciji a trenutno koristi VIEW 21 Plus, norveški bankarski softver. Softver obezbjeđuje pouzdanu i brzu obradu podataka, visoki kvalitet izvještavanja i stalnu mogućnost nadopune i poboljšanja. Softver uspješno funkcioniše, pruža mogućnost za efikasan menadžment informacionog sistema i obezbjeđuje precizne i tačne podatke klijentima Banke.

Banka raspoložuje stručnim i kvalifikovanim osobljem obučanim za profesionalno obavljanje bankarskih poslova i aktivnosti. Oni su voljni učiti i zainteresovani su da usvoje nove banakarske instrumente i moderne bankarske koncepte.

Banka zapošljava 151 radnika kao stalno zaposleno osoblje.

Vakufska banka d.d. Sarajevo, with strong financial structure, wide branch network, corresponding banking network all around the world, developed professional relationship and commitment to customer care, as well as wide client base, offers reliable, stable and perfect partnership to all corporate entities domestically and internationally, as well as to all potential investors.

Vakufska banka d.d. Sarajevo offers banking services over 12 years in Bosnia and Herzegovina. During that time, the Bank gained reputation as successful and professional, mainly, domestic commercial bank.

In the shareholding structure, private capital participates with 92.8%, out of which 51.0% represents domestic capital and 42.0% foreign capital. Remaining capital (7.2%) is state owned capital under the process of privatization.

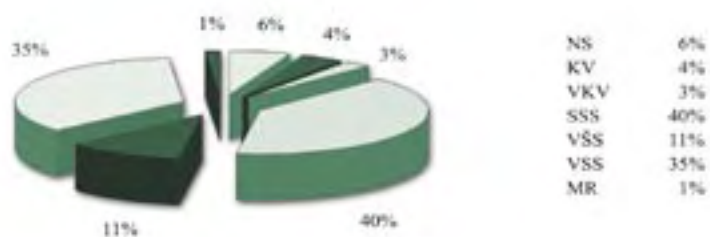
Vakufska banka d.d. Sarajevo is a leader in the Bosnian banking industry in computerization currently using VIEW 21 Plus, Norwegian Banking software. The software provides fast and reliable data processing, high quality of reporting and constant possibility for upgrade and improvements. Software operates successfully, provides condition for effective management information system, and ensures prompt and accurate information to Bank's clients.

The bank has good and qualified staff trained for the professional banking services and activities. They are willing to learn and are very keen to adopt the new banking instruments and modern banking concepts.

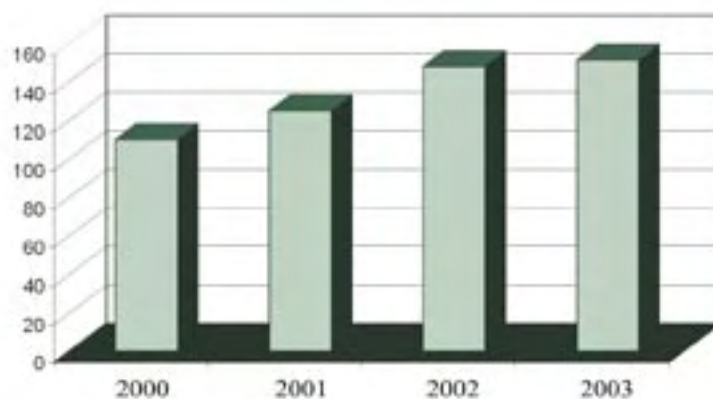
The bank employs 151 people, all permanent employees.



**KVALIFIKACIONA STRUKTURA RADNIKA U 2003 GODINI/  
EMPLOYEES EDUCATIONAL STRUCTURE IN THE YEAR 2003**



**BROJ ZAPOSLENIH RADNIKA U ZADNJE 4 GODINE/  
NUMBER OF EMPLOYEES IN THE LAST 4 YEARS**



# *Prijem u program Osiguranja*

## *Acceptance to Deposit insurance program*

Upravni odbor Agencije za osiguranje depozita BiH, na sjednici održanoj 30.10.2003, odobrio je prijem Vakufske banke d.d. Sarajevo u program osiguranja depozita. Važnost certifikata je u činjenici da je on jedan od uslova za zadržavanje bankarske licence, a kriteriji za njegovo dobijanje su visoki i zahtjevni.

Program za osiguranje depozita podrazumijeva garantovan povrat novca koji fizička i pravna lica drže u bankama članicama u visini do 5.000 KM. Drugim riječima, novac na štednim i računima depozita je bezbjedan i osiguran do tog iznosa, a povrat, pored banke, garantuje i Agencija za osiguranje depozita BiH.

**Prijemom u program osiguranja depozita definitivno je potvrđeno da Vakufska banka spada u red najboljih domaćih banaka. Ovo je rezultat opredjeljenosti Vakufske banke da poslovanje obavlja po najvišim svjetskim standardima modernog bankarstva, te angažmana svih zaposlenika na ispunjenju kriterija za prijem u Program za osiguranje depozita.**

Steering Committee of Deposit Insurance Agency of BiH, in the meeting held on 30.10.2003, has accepted Vakufska banka to the Deposit Insurance Program. The importance of the certificate is the fact that it is one of conditions for maintaining banking license, and criteria for obtaining the same are high and demanding.

Deposit Insurance Program includes guaranteed return of the money held by individuals and corporate entities with the members banks up to 5,000 KM. In other words, money on the saving and deposit accounts is secured by that amount, and return, besides the bank itself, has been guaranteed by the Deposit Insurance Agency of BiH.

**Acceptance to Deposit Insurance Program, definitely confirms that Vakufska banka is among the best domestic banks. This is the result of determination of Vakufska banka to maintain its business activities on the highest international standards of modern banking, as well as engagement of all employees to fulfill criteria for acceptance to the Deposit Insurance Program.**

# Poslovanje banke

## Bank's business operations

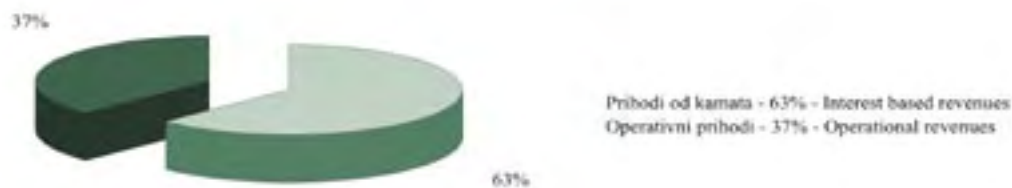
Poslovanje Banke posljednjih godina karakteriše konstantan rast u svim njenim segmentima. U 2003 godini, kao i u prethodnim godinama, Banka je ostvarila pozitivan finansijski rezultat, u odnosu na prošlu godinu predstavlja povećanje od 12 % (dobit prije oporezivanja 406/h KM).

Ukupni prihodi Banke u 2003. godini iznose 7.234/h KM, od čega najveći dio predstavljaju prihodi od kamata 4.751/h KM, i operativni prihodi 2.843/h KM.

The business activities of the Bank, during last few years are marked by constant growth in all segments. During the year 2003, Bank achieved positive financial result, which in comparison to the previous year represents increase by 12 % (EBT in amount of KM 0.406 million).

The total revenues for the year 2003 amounted to KM 7.234 million, out of which interest based income participates with KM 4.751 million, and non-interest based income KM 2.843 million.

### PRIHODI/REVENUES



Od ukupnih prihoda od kamata, 3.141/h KM se odnosi na privredu, 1.553/h KM na stanovništvo i 57/h KM na plasmane drugim bankama.

Out of the total interest revenues, KM 3.141 million comes corporate entities, KM 1.553 million from individuals and KM 0.057 million for the placement with other banks.

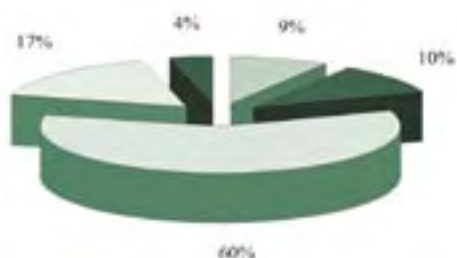
### PRIHODI OD KAMATA/INTEREST REVENUES



Od operativnih prihoda, 220/h KM se odnosi na naknade po kreditima, 260/h KM na garancije, 1.482/h KM na izvršene usluge, 425/h KM na poslovanje sa devizama i 96/h KM na ostale prihode.

From total non-interest based revenues, KM 0.220 million represents credit fees, KM 0.260 million guaranties, KM 1.482 million services, KM 0.425 million for the foreign exchange trade and KM 0.096 million other revenues.

### OPERATIVNI PRIHODI/NON-INTEREST BASED REVENUES



Naknade po kreditima - 9% - Credit fees  
 Garancije - 10% - Guaranties  
 Levršene usluge - 60% - Services  
 Poslovanje sa devizama - 17% - Foreign currency  
 Ostali prihodi - 4% - Other revenues

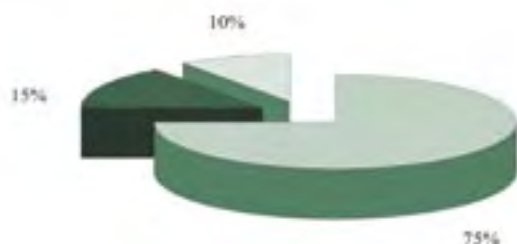
U ukupnim rashodima koji su ostvareni u 2003 godini, najveći procenat od 42% se odnosi na dio koji predstavlja operativne rashode, a odnosi se na troškovi plaća i naknada radnicima. Povećanje troškova plaća je rezultat novog zapošljavanja u Banci.

In the total expenditures recorded during the year 2003, the biggest percentage of 42% goes to the operational expenses. These are mainly related to salaries and contributions. Increase in salary expenditures is caused by new employment in the Bank.

Ukupni troškovi Banke u 2003 godini iznose 6.828/h KM, od čega se najveći dio odnosi na operativne rashode 5.050/h KM, 1.010/h KM na poslovne rashode, i na pasivne kamate 677/h KM.

Total expenditures in 2003 amounted to KM 6.828 million, out of which the biggest part is related to operational expenses KM 5.050 million, KM 1.010 million business expenditures, and interest payable amounted to KM 0.677 million.

### RASHODI/EXPENDITURES



Operativni rashodi - 75% - Operational expenses  
 Poslovni rashodi - 15% - Business expenses  
 Pasivne kamate - 10% - Interest expenses

# Kreditni portfolio

## Credit Portfolio

Kreditna funkcija dijeli se u dva dijela: pravna i fizička lica. Kreditiranje pravnih lica je odgovornost Direkcije, a fizičkih lica Filijala.

Ukupno krediti iznose 44.252/h KM, a od toga 11.258/h KM plasirano je fizičkim licima, a 32.994/h KM pravnim licima.

Credit is divided in two separate wings: corporate and individuals. Placement to the corporate entities is handled by headquarter, and individuals are handled by branches.

Total credit portfolio amounted to KM 44.252 million, out of which KM 11.258 million goes to individuals and KM 32.994 million to corporate.

### KREDITI/CREDITS



Fizička lica - 25% - Individuals  
Pravna lica - 75% - Corporate

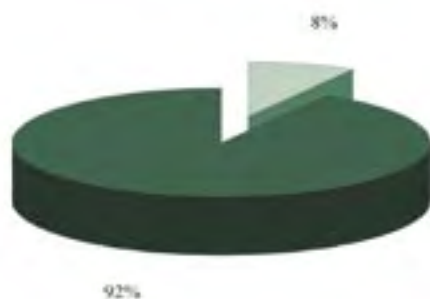
Kreditna politika banke fokusirana je na pravna lica, posebna pažnja usmjerena je ka zadržavanju postojećih klijenata i pridobijanju poslovnih kuća sa solidnom reputacijom.

The credit policy of the bank is focused on the corporate sector with a special attention of retaining existing clients and attracting the business houses with solid reputation.

Kreditu fizičkim licima se dijele na kratkoročne kredite koji učestvuju sa 932/h KM i dugoročne kredite sa 10.325/h KM.

Individual credits are divided into short term credits, which participate with KM 0. 932 million and long term credits with KM 10.325 million.

### KREDITI FIZIČKIM LICIMA/INDIVIDUAL CREDITS



Kratkoročni krediti - 8% - Short-term  
Dugoročni krediti - 92% - Long-term

Kreditu pravnim licima se dijele na kratkoročne kredite koji učestvuju sa 18.578/h KM i dugoročne kredite sa 14.415/h KM.

Corporate credits are divided into short-term credits, which participate with KM 18.578 million and long term credits with KM 14.415 million.

### KREDITI PRAVNIM LICIMA/CORPORATE CREDITS



Kratkoročni krediti - 56% - Short-term  
Dugoročni krediti - 44% - Long-term

# Saradnja sa IGA i USAID

## Cooperation with IGA and USAID

Agencija za izdavanje garancija od političkog i ratnog rizika IGA implementira projekte Svjetske banke već pet godina. Jedna od komponenti ovog projekta je kooperacija sa lokalnim Finansijskim Institucijama Učesnicama, gdje IGA dijeli kreditni rizik sa lokalnim bankama.

Vakufska banka je učesnik u programu IGA d.o.o. Sarajevo. Za učestvovanje u programu IGA-e, prethodnu saglasnost dala je Svjetska Banka (SB) koja je Vakufsku banku ocijenila podobnom za saradnju i prihvatanje njenih preporuka i garancija. Projekat je izvozno orijentisan, tako da je Banka obezbijedila povoljna obrtna sredstva za pripremu izvoza za nekoliko klijenata.

IGA vrši monitoring Vakufske banke kvartalno. Banka je dokazala da je u stanju da održi dobar kvalitet i uredno praćenje bankarskih usluga i transfere.

Business finance je USAID-ov projekat. Program kreditiranja koristi odabrane bosanske komercijalne banke koje pružaju potporu potencijalnim korisnicima, vrše isplatu kreditnih sredstava, prate naplatu kreditnih anuiteta i obavljaju druge poslove. Vakufska banka d.d. Sarajevo je jedna od Business Finance-ovih partnera u ovom poslovanju.

*«Vakufska banka je bila izuzetno profesionalna, tačna i precizna. Pružali su efikasne usluge BF-ovim kreditnim klijentima niz godina. Veoma smo zadovoljni sa radom i odnosom kojim imamo sa ovom bankom.»*

Investment guarantee agency IGA has been implementing World Bank's projects for already five years. One of the components of this project is cooperation with local Participating Financial Institutions, whereas IGA shares lending risk with local banks.

Vakufska banka d.d. Sarajevo is participant in IGA d.o.o Sarajevo program. For participating in IGA program, previous approval has been given by World Bank (WB), which evaluated Vakufska banka as suitable for cooperation and acceptance of its recommendations and guarantees. Project is export oriented, thus the Bank has secured favorable working assets for export activities of its several clients.

IGA undertakes quarterly monitoring of Vakufska bank, whereas the Bank proved to be capable of maintaining a good quality and monitoring of services and transfers.

Business finance is USAID' project. The lending program is utilized by selected Bosnian commercial banks that support potential users, disburse loan proceeds, collect and monitor loan repayments and other miscellaneous tasks. Vakufska banka d.d. Sarajevo has been one of Business Finance's partners in this activity.

*“Vakufska banka has been extremely professional, timely and accurate. They have served BF's borrowing clients efficiently over the years. We have been very satisfied with our relationship with the bank”.*

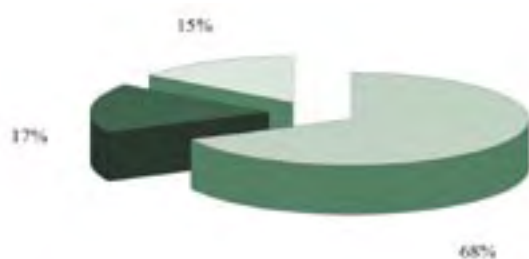
# Depoziti

## Deposits

U ročnoj strukturi ukupnih depozita, koji iznose 50.004/h KM, depoziti po viđenju su imali udio od 33.933/h KM, oročeni kratkoročni depoziti 8.530/h KM i oročeni dugoročni depoziti 7.541/h KM.

In the maturity structure of total deposits, which amounts to KM 50.004 million, demand deposits participated with KM 33.933 million, short-term deposits KM 8.530 million, and long-term deposits KM 7.541 million.

### ROČNA STRUKTURA DEPOZITA/TERM DEPOSITS STRUCTURE



Depoziti po viđenju - 68% - Demand deposits  
Oročeni kratkoročni depoziti - 17% - Short-term deposits  
Oročeni dugoročni depoziti - 15% - Long-term deposits

Depozite (50.004-h KM) možemo podijeliti na depozite fizičkih lica sa učešćem od 9.065/h KM i depoziti pravnih lica sa 40.939/h KM.

Deposits (KM 50.004 million) can be divided into: deposits by individuals amounting to KM 9.065 million, and corporate KM 40.939 million.

### DEPOZITI/DEPOSITS



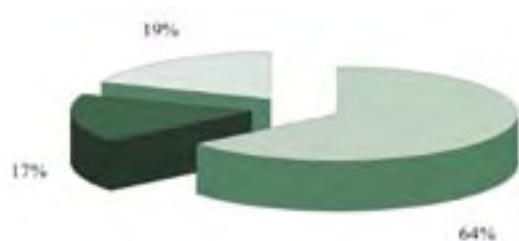
Fizička lica - 18% - Individuals  
Pravna lica - 82% - Corporate



U ročnoj strukturi depozita fizičkih lica, depoziti po viđenju su imali udio od 5.816/h KM, oročeni kratkoročni depoziti 1.500/h KM i oročeni dugoročni depoziti 1.749/h KM.

In the maturity structure of individual deposits, demand deposits participate with KM 5.816 million, short-term deposits KM 1.500 million and long term deposits KM 1.749 million.

### DEPOZITI FIZIČKIH LICA/INDIVIDUAL DEPOSITS ROČNA STRUKTURA/MATURITY STRUCTURE

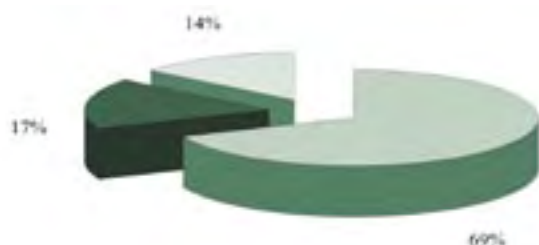


Depoziti po viđenju - 64% - Demand deposits  
Oročeni kratkoročni depoziti - 17% - Short-term deposits  
Oročeni dugoročni depoziti - 19% - Long-term deposits

U ročnoj strukturi depozita pravnih lica, depoziti po viđenju su imali udio od 28.117/h KM, oročeni kratkoročni depoziti 7.030/h KM i oročeni dugoročni depoziti 5.792/h KM.

In the corporate deposits maturity structure, demand deposits participate with KM 28.117 million, short term deposits KM 7.030 million, and long term deposits KM 5.792 million.

### DEPOZITI PRAVNIH LICA/CORPORATE DEPOSITS ROČNA STRUKTURA/MATURITY STRUCTURE



Depoziti po viđenju - 69% - Demand deposits  
Oročeni kratkoročni depoziti - 17% - Short-term deposits  
Oročeni dugoročni depoziti - 14% - Long-term deposits

# *Unutrašnji platni promet*

## *Internal payment transactions*

Na dan 31. decembar 2003. godine, kod Banke je otvoreno 2.988 transakcionih računa pravnih lica, od kojih je 2.659 aktivno. Taj se broj svakodnevno povećava.

Tokom 2003 godine, Banka je izvršila 373.140 platnih transakcija u ukupnom iznosu od 357 miliona KM. Banka izvršava platne transakcije putem žiro kliringa i RTGS-a. Izvodi o promjenama klijentima se dostavljaju dnevno, narednog radnog dana, nakon izvršenih, odnosno primljenih naloga.

As of 31<sup>st</sup> December 2003, the Bank has opened 2,988 transactional accounts from corporate clients, out of which 2,659 are active. The number is increasing constantly.

During the year 2003, the Bank processed 373.140 payment transactions with total value of KM 357 million. The Bank executes transactions through giro-clearing and RTGS. Statements on changes in accounts are distributed daily, the next working day after the instructions were executed or received.

# *Poslovi sa inostranstvom*

## *International business activities*

Vakufska banka dd Sarajevo putem široke mreže korespondenata, uspješno obavlja poslove sa inostranstvom.

Prvoklasni korespondenti omogućavaju brze i kvalitetne transfere novca i zajedničke nastupe Banke i njenih klijenata u inostranstvu.

Tokom 2003 godine preko računa Vakufska banka dd Sarajevo, izvršena je 301.026 transakcija platnog prometa sa inostranstvom (4.179 prilivi na račun, 296.847 odlivi sa računa) u ukupnom iznosu od 195 miliona KM.

Vakufska banka dd Sarajevo with wide branch network is successfully managing business activities abroad.

First class correspondents provides fast and reliable money transfers and joint activities of the Bank and its clients abroad.

During 2003, using accounts of Vakufska banka dd Sarajevo, 301.026 transactions had been executed through foreign banks (4.179 inflow, 296.847 outflow) in total amount of 195 million KM.

# *Kretanje dioničkog kapitala u zadnjih 5 godina*

## *Flactuation of capital for the last 5 years*

Dionički kapital iznosi 16.149/h KM, od toga su 225/h KM vlastite dionice.

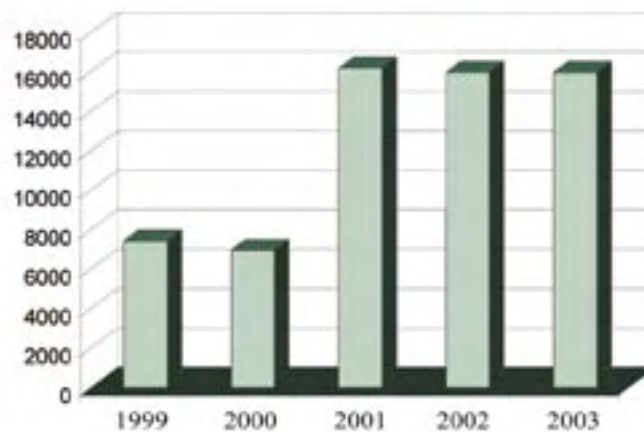
Share capital amounts to KM 16.149 million, out of which KM 0.225 million are self owned shares.

Ulaganja u osnovna sredstva i druge investicije iznose 3.837/h KM.

Investment in fixed assets, and other investments amounts to KM 3.837 million.

Stopa adekvatnosti kapitala je 33,8 %.

The capital adequacy ratio is 33.8 %.



# Kartično poslovanje

## Card business

Kao jedan od zadataka ili aktivnosti koje je Banka definisala srednjoročnom razvojnom strategijom jeste uvođenje kartičnog poslovanja.

Tokom 2003. godine inicirani su pregovori i postignuta je saglasnost sa BamCard d.o.o. Sarajevo o članstvu i procesiranju domaće kartice. Izdavanje domaće debitne i kreditne kartice predstavlja samo prvi korak implementacije ovog projekta. U skoroj budućnosti Banka planira uvesti nove vrste kartica koje nisu prisutne na domaćem tržištu.

Druga faza implementacije ovog projekta, jeste uvođenje Visa international sa kojom bi se proširilo kartično poslovanje, stekli novi klijenti i proširile usluge banke. Ova faza će biti implementirana kroz jedan od oblika pridruženog članstva putem neke od domaćih banaka.

One of the goals or activities defined by the Bank's Medium-term development strategy is introduction of card business being a new service/product.

During 2003, negotiations were initiated and agreement with BamCard d.o.o. Sarajevo had been reached on membership and processing of domestic card. Issuance of domestic debit and credit cards represents only first implementation step of this project. In the near future, Bank plans to introduce new type of cards, not present in domestic market.

Second step in implementation of this project is introduction of Visa international which will broaden card business activities, gain new clients and expand services of the Bank. This phase will be implemented through associated membership through one of the domestic banks.



# Tekući račun

## Current account

Otvaranjem tekućeg računa kod Vakufska banka d.d. Sarajevo omogućen je brz i efikasan pristup sredstvima naših klijenata.

Za otvaranje tekućeg računa potrebno je priložiti dokumente kojim se potvrđuju stalni prihodi i identifikacioni dokumenat (lična karta, pasoš ili neki drugi dokument na osnovu kojeg se može utvrditi identitet).

Klijentima koji preko Banke primaju platu ili imaju redovni mjesečni priliv, omogućeno je korištenje revolving kredita po tekućem računu (LIMIT). Nudimo plaćanje režijskih troškova putem trajnog naloga, što omogućava da klijenti vrijeme provedeno u Banci mogu iskoristiti za završavanje drugih obaveza.

U skladu sa Zakonom o sprečavanju pranja novca Federacije Bosne i Hercegovine, sve transakcije, za domaća i strana fizička lica, čija vrijednost iznosi 30.000 KM i više, predmet su obavještanja nadležne institucije.

By opening a current account with Vakufska Banka d.d. Sarajevo, Bank's clients have fast and efficient usage of their funds.

In order to open a current account, it is required to submit documents that fortify permanent income, and identification documentation (ID card, passport or other acceptable identification document, based on which identity is determined).

For those clients that receive their salaries through our Bank, or have regular monthly inflow, revolving credit facilities are given (OVERDRAFT). We also offer payment of monthly bills through permanent order, that enables the clients to utilize the time, that would otherwise spent in a Bank, for other activities and duties.

In accordance with Law on money laundry of Federation BiH, all transactions, for both domestic and foreign individuals, whose value amounts to KM 30,000 or more, must be reported to respective institution.

# *Elektronsko bankarstvo*

## *E-banking*

Slijedeći savremene terndove poslovanja, Vakufska banka omogućava plaćanja putem elektronskog bankarstva. Na ovaj način, putem interneta ili drugog elektronskog kanala, Banka svojim klijentima omogućava elektronski pristup do njihovih bankarskih računa.

Projekat je realizovan u saradnji sa preduzećem E-lab d.o.o. iz Sarajeva. Ovo je prvi potpuno domaći softver elektronskog bankarstva koji se primjenjuje u jednoj BH banci.

Following modern business trends, Vakufska banka d.d. Sarajevo offers possibility of making payments using electronic banking. With this service, through internet or other electronic chanell, Bank offers to our clients electronic access to their accounts.

Project has been implemented in cooperation with company E-lab d.o.o Sarajevo. This is the first domestic software of E-banking implemented in one of the Bosnian banks.

# Investiciono bankarstvo

## Investment banking

Sektor za investiciono bankarstvo, pored ostalih poslova, obavlja funkciju depozitara privatizacijskih investicionih fondova. Navedena funkcija ostvaruje se realiziranjem slijedećih aktivnosti:

- Ugovaranje depozitarskih poslova sa klijentima,
- Upis i prijem uplata u novcu za dionice PIF-a,
- Kreiranje izvještaja o upisanim i uplaćenim dionicama PIF-a,
- Odobranje troškova osnivanja PIF-a i utvrđivanjem broja dionica PIF-a koje će po tom osnovu biti emitovane društvu koje upravlja PIF-om,
- Utvrđivanje neto vrijednosti imovine PIF-ova,
- Izvršavanje naloga privatizacijskog društva,
- Informisanje privatizacijskog društva i Komisije za vrijednosne papire FBiH po osnovama predviđenim važećim propisima.

U toku je stvaranje pretpostavki za obavljanje poslova depozitara za dionička društva i brokerske kuće, te ostalih poslova iz nadležnosti Sektora.

The investment banking department, besides other activities, handles deposits from private investment funds. This mentioned function is accomplished by undertaking certain activities such as:

- Negotiation of depository activities with clients
- Inscription and receiving payments for the PIF shares
- Creating reports for signed and paid PIF shares
- Approving expenses occurred in the process of PIF establishment and determining the number of PIF shares that will be, on such basis emitted to the company governing PIF.
- Evaluation of net value of the PIF assets
- Execution of orders made by privatization entities
- Reporting to the privatization entities and Security & Exchange Commission of FBiH based on prescribed prevailing regulations

Currently, the department is setting preconditions for execution of depository activities for shareholding companies and broker's houses, as well as other activities from department's scope of work.



# Western Union

## Western Union

Vakufska banka je partner Western Union sa kojim organizuje brzo i efikasno slanje i prijem novca sa/na bilo koju destinaciju u svijetu.

Tokom 2003 godine, saradnja sa Western Union je unaprijeđena, uspostavljena je direktna veza sa njihovim glavnim računarom što je rezultiralo skraćanjem vremena od prijema novca do isplate na šalteru.

Vakufska banka is Western Union partner in providing fast and efficient transfer and receipt of money from/to any World destination.

During 2003, cooperation with Western Union has been upgraded, direct connection with its main computer has been established, which resulted with shorter time from receiving and delivering of the money on the counter.

# *Nadzorni odbor i Uprava Banke*

## *Supervisory Board & Executive Board*

### **NADZORNI ODBOR / SUPERVISORY BOARD**

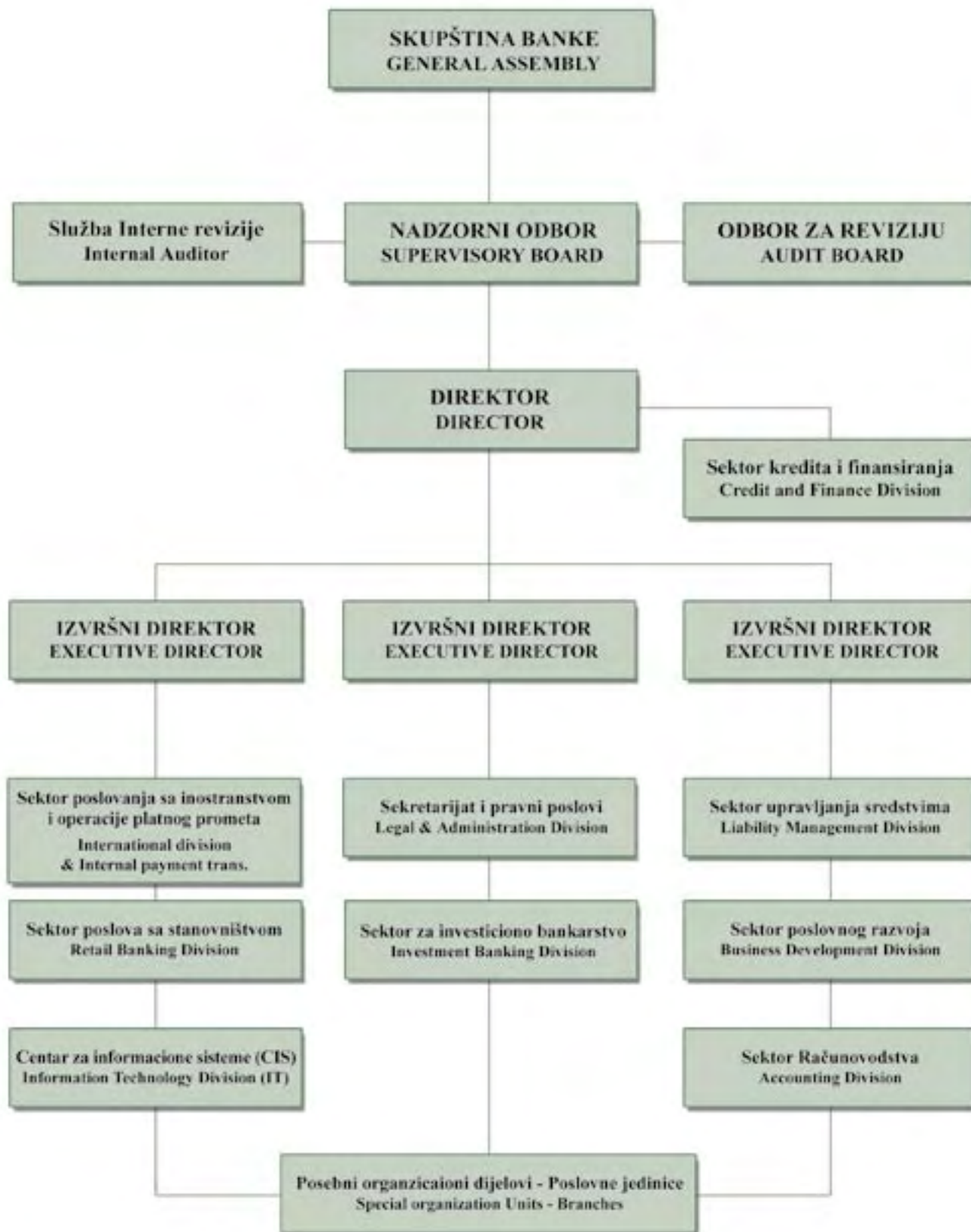
|                               |                         |
|-------------------------------|-------------------------|
| <b>Ms. Bedrija Gavranović</b> | predsjednik / president |
| <b>Mr. Mujo Ahmetspahić</b>   | član / member           |
| <b>Mr. Mustafa ef. Jahić</b>  | član / member           |
| <b>Mr. Džemaludin Peljto</b>  | član / member           |
| <b>Mr. Smajo Abaza</b>        | član / member           |
| <b>Mr. Izet Sahović</b>       | član / member           |
| <b>Mr. Sulejman Vranj</b>     | član / member           |

### **UPRAVA BANKE / EXECUTIVE BOARD**

|                                 |                                       |
|---------------------------------|---------------------------------------|
| <b>Mr. Amir Rizvanović</b>      | Direktor / Director                   |
| <b>Ms. Bahra Imamović</b>       | Izvršni direktor / Executive Director |
| <b>Mr. Edis Kusturica</b>       | Izvršni direktor / Executive Director |
| <b>Mrs. Belma Mulaosmanović</b> | Izvršni direktor / Executive Director |

# Organizaciona struktura

## Organizational Structure



# Poslovna mreža

## Branch Network

|                       |   |                                |
|-----------------------|---|--------------------------------|
| <b>DIREKCIJA:</b>     | Ferhadija 4, 71000 Sarajevo<br>Bosna i Hercegovina<br>Tel: + 387 33 200 598 Fax: + 387 33 200 597<br>Vrazova 9, 71000 Sarajevo<br>Tel: + 387 33 206 930 Fax: + 387 33 663 399<br>B. Mutevelića 2A, 71000 Sarajevo<br>Tel: + 387 33 661 531(6)(8) Fax: + 387 33 661 533<br>B.Đurđeva 8, 71000 Sarajevo<br>Tel: +387 33 666 899 Fax: + 387 33 655 267 | E-mail:<br>vakufska@vakuba.ba  |
| <b>FILIJALE:</b>      |   |                                |
| FILIJALA SARAJEVO     | B.Grada 49, 71000 Sarajevo<br>Tel: + 387 33 200 598 Fax: + 387 33 200 597   | E-mail:<br>sarajevo@vakuba.ba  |
| Ekspozitura FERHADIJA | Ferhadija 4, 71000 Sarajevo, BiH<br>Tel: + 387 33 200 598 Fax: + 387 33 200 597   |                                |
| Ekspozitura CENTAR 1  | B. Đurđeva 8, 71000 Sarajevo, BiH<br>Tel: + 387 33 666 899 Fax: + 387 33 655 267  |                                |
| Ekspozitura CENTAR 2  | Vrazova 9, 71000 Sarajevo, BiH<br>Tel: + 387 33 206 930 Fax: + 387 33 206 930   |                                |
| Ekspozitura ILIJAŠ    | Ul. 126 brigade 58, 71380 Ilijaš, BiH<br>Tel/Fax: + 387 33 400 230  |                                |
| Ekspozitura ILIDŽA    | Mala Aleja bb, 71210 Ilidža, BiH<br>Tel/Fax: + 387 33 764 160(1)  |                                |
| Ekspozitura HRASNO    | Trg Heroja 32, 71000 Sarajevo, BiH<br>Tel/Fax: + 387 33 656 045   |                                |
| Ekspozitura BREZA     | Bosanska 29, 71370 Breza, BiH<br>Tel/Fax: + 387 32 783 636  |                                |
| FILIJALA MO MOSTAR    | Mala Tepa 28, 88000 Mostar, BiH<br>Tel: + 387 36 551 221 Fax: + 387 36 551 128  | E-mail:<br>mostar@vakuba.ba    |
| Poslovnica KONJIC     | Šehidska 2, 88400 Konjic, BiH<br>Tel: + 387 36 734 382, Fax: + 387 36 734 381   | E-mail:<br>konjic@vakuba.ba    |
| Šalter POTOCI         | Potoci bb, 88000 Mostar, BiH<br>Tel/Fax: + 387 36 556 871   |                                |
| FILIJALA TEŠANJ       | Osmana Pobrića bb, 74260 Tešanj, BiH<br>Tel: + 387 32 650 059 Fax: + 387 32 650 331   | E-mail:<br>tesanj@vakuba.ba    |
| FILIJALA GRAČANICA    | Ahmed paše Budimlije 31B<br>75320 Gračanica, BiH<br>Tel: + 387 35 700 272 Fax: + 387 35 703 185   | E-mail:<br>gracanica@vakuba.ba |
| FILIJALA ZENICA       | Husejina Kulenovića 2<br>72000 Zenica, BiH<br>Tel: + 387 32 406 297 Fax: + 387 32 416 981   | E-mail:<br>zenica@vakuba.ba    |
| Poslovnica BUGOJNO    | Zlatnih Ljiljana 8, 72300 Bugojno, BiH<br>Tel/Fax: + 387 30 260 150   | E-mail:<br>bugojno@vakuba.ba   |
| FILIJALA BIHAĆ        | Midžića Mahala bb, 77000 Bihać, BiH<br>Tel/Fax: + 387 37 312 495  | E-mail:<br>bihac@vakuba.ba     |

# Korespodentne banke

## Correspondent Banks

| Country<br><i>Zemlja</i> | Bank<br><i>Banka</i>                                   | SWIFT Code  | Currency<br><i>Valuta</i>       |
|--------------------------|--|-------------|---------------------------------|
| Austria                  | BANK FUER ARBEIT UND WIRTSCHAFT AG<br>Vienna           | BAWAATWW    | EUR<br>USD                      |
|                          | BANK AUSTRIA CREDITANSTALT AG<br>Vienna                | BKAUATWW    | EUR<br>USD                      |
| Belgium                  | ING BELGIUM SA/NV<br>Brussels                          | BBRUBEBB010 | EUR                             |
| Croatia                  | ZAGREBACKA BANKA d.d.<br>Zagreb                        | ZABHR2X     | EUR<br>USD<br>CHF<br>AUD<br>HRK |
|                          | SPLITSKA BANKA d.d.<br>(MEMBER OF HVB GROUP) Split     | BACXHR22    | EUR                             |
| Germany                  | DRESDNER BANK AG<br>Frankfurt Am Main                  | DRESDEFF    | EUR<br>USD<br>GBP<br>CHF        |
|                          | COMMERZBANK AG<br>Frankfurt Am Main                    | COBADEFF    | EUR                             |
|                          | LHB INTERNATIONALE HANDELSBANK AG<br>Frankfurt Am Main | LHBIDEFF    | EUR<br>USD<br>GBP               |
| Italy                    | BANCA INTESA S.P.A.<br>Milano                          | BCITITMM    | EUR                             |
|                          | BANCA ANTONVENETA S.P.A.<br>Padova                     | ANTBIT2P    | EUR<br>USD                      |
| Slovenia                 | ABANKA d.d.<br>Ljubljana                               | ABANSI2X    | EUR                             |
|                          | NOVA LJUBLJANSKA BANKA d.d.<br>Ljubljana               | LJBASI2X    | EUR<br>USD                      |
|                          | NOVA KREDITNA BANKA MARIBOR d.d.<br>Maribor            | KBMASI2X    | EUR                             |
|                          | BANKA KOPER<br>Koper                                   | BAKOSI2X    | EUR<br>USD                      |
| Sweden                   | SKANDINAVISKA ENSKILDA BANKEN<br>Stockholm             | ESSESESS    | SEK<br>EUR                      |
| Turkey                   | AL BARAKA TURKISH FINANCE HOUSE<br>Istanbul            | BTFHTRIS    | EUR<br>USD                      |



**VAKUFСКА BANKA D.D. SARAJEVO**

Finansijski izvještaji i izvještaj  
nezavisnog revizora za godine koje su završile  
**31. decembra 2003. i 2002.**

**VAKUFСКА BANKA D.D. SARAJEVO**

Financial Statements and Independent  
Auditors' Report for the years ended  
**31 December 2003 and 2002**

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# Odgovornost za finansijske izvještaje

U skladu sa Zakonom o računovodstvu Federacije Bosne i Hercegovine ("Službene novine Federacije Bosne i Hercegovine", broj 2/95 i 12/98), Uprava je dužna osigurati da za svaku finansijsku godinu budu sastavljeni finansijski izvještaji u skladu s Međunarodnim standardima finansijskog izvještavanja (MSFI), koje je objavio Odbor za međunarodne računovodstvene standarde, koji pružaju istinit i fer pregled stanja u Banci, kao i njene rezultate poslovanja za navedeni period.

Nakon provedbe odgovarajućih istraživanja, Uprava opravdano očekuje da će Banka u dogledno vrijeme raspolagati odgovarajućim resursima, te stoga i dalje usvaja načelo vremenske neograničenosti poslovanja pri sastavljanju finansijskih izvještaja.

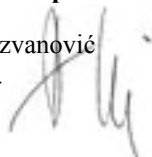
Odgovornosti Uprave pri izradi finansijskih izvještaja obuhvataju sljedeće:

- odabir i dosljednu primjenu odgovarajućih računovodstvenih politika
- davanje opravdanih i razboritih prosudbi i procjena
- postupanje u skladu s važećim računovodstvenim standardima, uz objavu i obrazloženje svih materijalno značajnih odstupanja u finansijskim izvještajima i
- sastavljanje finansijskih izvještaja pod pretpostavkom vremenske neograničenosti poslovanja, osim ako pretpostavka da će Banka nastaviti poslovanje nije primjerena.

Uprava je odgovorna za vođenje odgovarajućih računovodstvenih evidencija, koje u svakom trenutku s opravdanom tačnošću prikazuju finansijski položaj Banke. Također, Uprava je dužna pobrinuti se da finansijski izvještaji budu u skladu sa Zakonom o računovodstvu Federacije Bosne i Hercegovine. Pored toga, Uprava je odgovorna za čuvanje imovine Banke, te za poduzimanje opravdanih koraka za spriječavanje i otkrivanje prijevare i drugih nepravilnosti.

## Za i u ime Uprave

Amir Rizvanović  
Direktor



Vakufska banka d.d.  
Ferhadija 4, Sarajevo  
Bosna i Hercegovina

29. mart 2004. godine

# Responsibility for the financial statements

Pursuant to the Accounting Law of Federation of Bosnia and Herzegovina (Official Gazette 2/95 and 12/98), the Management Board is responsible for ensuring that financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) which give a true and fair view of the state of affairs and results of the bank for that period.

After making enquiries, the Board has a reasonable expectation that the bank have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing the financial statements.

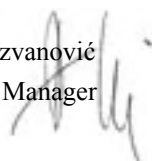
In preparing those financial statements, the responsibilities of the Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the bank will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the bank and must also ensure that the financial statements comply with the Accounting Law of Federation of Bosnia and Herzegovina. The Board is also responsible for safeguarding the assets of the bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Signed on behalf of the Board:

Amir Rizvanović  
General Manager



Vakufska banka d.d. Sarajevo  
Ferhadija 4, Sarajevo  
Bosnia and Herzegovina

29 March 2004

## NEZAVISNO REVIZORSKO MIŠLJENJE

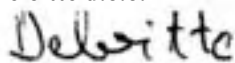
### Dioničarima Vakufske banke d.d. Sarajevo:

Obavili smo reviziju bilansa stanja Vakufske banke d.d. Sarajevo (u daljnjem tekstu: "Banka") sa stanjima na 31. decembra 2003. i 2002. i povezanih bilansa uspjeha, izvještaja o toku novca i izvještaja o promjenama na vlasničkoj glavnici za godine koje su tada završile. Odgovornost za ove finansijske izvještaje snosi Uprava Banke. Naša je odgovornost izraziti nezavisno mišljenje o ovim finansijskim izvještajima na temelju naše revizije.

Reviziju smo obavili u skladu sa Međunarodnim revizijskim standardima. Navedeni standardi zahtijevaju da reviziju planiramo i obavimo na način da prikupimo sve informacije i sva obrazloženja koja smatramo nužnim da bismo prikupili dovoljno dokaza koji nam u razumnoj mjeri pružaju jamstvo da finansijski izvještaji ne sadrže materijalno značajne pogreške. Revizija uključuje provjeru dokaza pomoću testiranja, koji potkrjepljuju iznose i druge informacije objavljene u finansijskim izvještajima. Revizija također uključuje i procjenu primijenjenih računovodstvenih načela te ocjenu značajnih procjena Uprave, kao i ocjenu ukupnog prikaza finansijskih izvještaja. Vjerujemo da nam naša revizija daje razumnu osnovu za naše mišljenje.

Po našem mišljenju, finansijski izvještaji prikazuju istinito i fer, u svim materijalno značajnim stavkama, finansijski položaj Banke na 31. decembra 2003. i 2002., kao i rezultate njezinog poslovanja, promjene u toku novca i promjene u vlasničkoj glavnici, za godine koje su tada završile i sastavljeni su u skladu s Međunarodnim standardima finansijskog izvještavanja.

**Deloitte d.o.o.**



Sarajevo, 29. mart 2004. godine

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Vakufska Banka d.d. Sarajevo:

We have audited the accompanying balance sheets of Vakufska Banka d.d. Sarajevo (the "Bank") as of 31 December 2003 and 2002 and the related statements of income, cash flows and changes in shareholders' equity for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2003 and 2002 and the results of its operations and its cash flows and changes in equity for the years then ended, in accordance with International Financial Reporting Standards.

**Deloitte d.o.o.**



Sarajevo, 29 March 2004

# Bilansi uspjeha

Za godine koje su završile 31. decembra 2003. i 2002.

|   | Napomena | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|---|----------|------------------|------------------|
| Prihodi od kamata                                 | 3        | 4.751            | 5.189            |
| Rashodi od kamata                                 | 4        | (676)            | (508)            |
| <b>Neto prihod od kamata</b>                      |          | <b>4.075</b>     | <b>4.681</b>     |
| Prihodi od naknada i provizija                    | 5        | 1.966            | 2.110            |
| Rashodi od naknada i provizija                    | 6        | (156)            | (206)            |
| <b>Neto prihod od naknada i provizija</b>         |          | <b>1.810</b>     | <b>1.904</b>     |
| Neto dobit iz poslovanja sa devizama              |          | 421              | 514              |
| Ostali poslovni prihodi                           | 7        | 95               | 191              |
| <b>Poslovni prihodi</b>                           |          | <b>6.401</b>     | <b>7.290</b>     |
| Troškovi zaposlenih                               | 8        | (3.394)          | (3.275)          |
| Trošak amortizacije                               | 19       | (491)            | (483)            |
| Opšti i administrativni troškovi                  | 9        | (1.388)          | (1.593)          |
| <b>DOBIT PRIJE REZERVISANJA I POREZA NA DOBIT</b> |          | <b>1.128</b>     | <b>1.939</b>     |
| Rezervisanja za moguće gubitke                    | 10       | (722)            | (1.534)          |
| <b>DOBIT PRIJE POREZA NA DOBIT</b>                | 11       | <b>406</b>       | <b>405</b>       |
| Porez na dobit                                    |          | -                | -                |
| <b>NETO DOBIT GODINE</b>                          |          | <b>406</b>       | <b>405</b>       |
|   |          | <b>KM</b>        | <b>KM</b>        |
| <b>OSNOVNA ZARADA PO DIONICI</b>                  | 32       | 2,58             | 2,57             |

Računovodstvene politike i napomene u nastavku čine sastavni dio finansijskih izvještaja.

# Income Statements

For the Years Ended 31 December 2003 and 2002

|   | Notes | 2003.<br>'000 KM | 2002.<br>'000 KM |
|---|-------|------------------|------------------|
| Interest income   | 3     | 4.751            | 5.189            |
| Interest expense  | 4     | (676)            | (508)            |
| <b>Net Interest Income</b>                                |       | <b>4.075</b>     | <b>4.681</b>     |
| Fee and commission income                                 | 5     | 1.966            | 2.110            |
| Fee and commission expense                                | 6     | (156)            | (206)            |
| <b>Net Fee and Commission Income</b>                      |       | <b>1.810</b>     | <b>1.904</b>     |
| Foreign exchange gains, net                               |       | 421              | 514              |
| Other operating income                                    | 7     | 95               | 191              |
| <b>Operating Income</b>                                   |       | <b>6.401</b>     | <b>7.290</b>     |
| Personnel expenses  | 8     | (3.394)          | (3.275)          |
| Depreciation and amortization expense                     | 19    | (491)            | (483)            |
| General and administrative expenses                       | 9     | (1.388)          | (1.593)          |
| <b>PROFIT BEFORE IMPAIRMENT<br/>LOSSES AND INCOME TAX</b> |       | <b>1.128</b>     | <b>1.939</b>     |
| Impairment losses   | 10    | (722)            | (1.534)          |
| <b>PROFIT BEFORE INCOME TAX</b>                           | 11    | <b>406</b>       | <b>405</b>       |
| Income tax expense  |       | -                | -                |
| <b>NET PROFIT FOR THE YEAR</b>                            |       | <b>406</b>       | <b>405</b>       |
|   |       | <b>KM</b>        | <b>KM</b>        |
| <b>BASIC EARNINGS PER SHARE</b>                           | 32    | 2,58             | 2,57             |

The accompanying accounting policies and notes are an integral part of these financial statements.

# Bilansi stanja

Na dan 31. decembra 2003. i 2002.

|  | Napomena | 31. decembar<br>2003.<br>‘000 KM | 31. decembar<br>2002.<br>‘000 KM |
|--|----------|----------------------------------|----------------------------------|
| <b>SREDSTVA</b>                                |          |                                  |                                  |
| Novac i sredstva kod banaka                    | 12       | 13.174                           | 7.963                            |
| Potraživanja od Centralne Banke                | 13       | 3.110                            | 565                              |
| Plasmani kod drugih banaka                     | 14       | 6.834                            | 93                               |
| Kredit iz sredstava banke                      | 15       | 40.933                           | 42.311                           |
| Ulaganja raspoloživa za prodaju                | 16       | 433                              | 432                              |
| Potraživanja za obračunatu kamatu              | 17       | 452                              | 513                              |
| Ostala imovina                                 | 18       | 1.069                            | 668                              |
| Dugotrajna materijalna i nematerijalna imovina | 19       | 3.345                            | 3.375                            |
| <b>Ukupna sredstva</b>                         |          | <b>69.350</b>                    | <b>55.920</b>                    |
| <b>OBAVEZE</b>                                 |          |                                  |                                  |
| Obaveze prema drugim bankama                   | 20       | 463                              | 423                              |
| Obaveze prema klijentima                       | 21       | 50.004                           | 37.613                           |
| Subordinisani dug                              | 22       | 1.252                            | 698                              |
| Ostale obaveze                                 | 23       | 617                              | 548                              |
| <b>Ukupne obaveze</b>                          |          | <b>52.336</b>                    | <b>39.282</b>                    |
| <b>VLASNIČKA GLAVNICA</b>                      |          |                                  |                                  |
| Dioničarski kapital                            | 24       | 16.149                           | 16.149                           |
| Trezorske dionice                              |          | (225)                            | (225)                            |
| Zadržana dobit                                 |          | 1.090                            | 714                              |
| <b>Ukupna vlasnička glavnica</b>               |          | <b>17.014</b>                    | <b>16.638</b>                    |
| <b>UKUPNE OBAVEZE I VLASNIČKA GLAVNICA</b>     |          | <b>69.350</b>                    | <b>55.920</b>                    |

Potpisali za i u ime Vakufske banke d.d. Sarajevo 20. februara 2004. godine:

Direktor  
Amir Rizvanović

Šef računovodstva  
Feriha Šehić

Računovodstvene politike i napomene u nastavku čine sastavni dio finansijskih izvještaja.



# Balance Sheets

as of 31 December 2003 and 2002

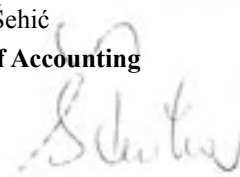
|   | Notes | 31 December<br>2003<br>KM'000 | 31 December<br>2002<br>KM'000 |
|---|-------|-------------------------------|-------------------------------|
| <b>ASSETS</b>   |       |                               |                               |
| Cash and due from banks                               | 12    | 13.174                        | 7.963                         |
| Due from Central Bank                                 | 13    | 3.110                         | 565                           |
| Placements with other banks                           | 14    | 6.834                         | 93                            |
| Loans to customers                                    | 15    | 40.933                        | 42.311                        |
| Investments available for sale                        | 16    | 433                           | 432                           |
| Accrued interest receivable                           | 17    | 452                           | 513                           |
| Other assets  | 18    | 1.069                         | 668                           |
| Fixed and intangible assets                           | 19    | 3.345                         | 3.375                         |
| <b>Total assets</b>                                   |       | <b>69.350</b>                 | <b>55.920</b>                 |
| <b>LIABILITIES</b>                                    |       |                               |                               |
| Due to other banks                                    | 20    | 463                           | 423                           |
| Due to customers                                      | 21    | 50.004                        | 37.613                        |
| Subordinated debt                                     | 22    | 1.252                         | 698                           |
| Other liabilities                                     | 23    | 617                           | 548                           |
| <b>Total liabilities</b>                              |       | <b>52.336</b>                 | <b>39.282</b>                 |
| <b>SHAREHOLDERS' EQUITY</b>                           |       |                               |                               |
| Share capital   | 24    | 16.149                        | 16.149                        |
| Treasury shares                                       |       | (225)                         | (225)                         |
| Retained earnings                                     |       | 1.090                         | 714                           |
| <b>Total Shareholders' Equity</b>                     |       | <b>17.014</b>                 | <b>16.638</b>                 |
| <b>TOTAL LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b> |       | <b>69.350</b>                 | <b>55.920</b>                 |

Signed on behalf of Vakufska banka d.d. Sarajevo on 29 March 2004:

Amir Rizvanović  
General Manager



Feriha Šehić  
Head of Accounting



The accompanying accounting policies and notes are an integral part of these financial statements.

# Izvještaji o toku novca

Za godine koje su završile 31. decembra 2003. i 2002.

|   | 2003.<br>'000 KM | 2002.<br>'000 KM |
|---|------------------|------------------|
| <b>Poslovne aktivnosti</b>  |                  |                  |
| Neto dobit  | 406              | 405              |
| Usklađenje na neto novčana sredstva ostvarena poslovnim aktivnostima:               |                  |                  |
| Amortizacija  | 491              | 483              |
| Rezervisanja  | 722              | 1.534            |
| <i>Promjene u sredstvima i izvorima:</i>  |                  |                  |
| Neto (povećanje)/smanjenje potraživanja od Centralne banke                          | (2.545)          | 618              |
| Neto (povećanje)/smanjenje plasmana kod drugih banaka, prije rezervisanja           | (6.749)          | 1.445            |
| Neto smanjenje/(povećanje) kredita, prije rezervisanja                              | 776              | (9.764)          |
| Neto (povećanje) potraživanja za obračunatu kamatu, prije rezervisanja              | (26)             | (221)            |
| Neto (povećanje) ostale aktive, prije rezervisanja                                  | (423)            | (76)             |
| Neto (smanjenje) obaveza prema bankama  | (23)             | (19)             |
| Neto povećanje / (smanjenje) depozita od klijenata                                  | 12.391           | (1.659)          |
| Neto povećanje / (smanjenje) ostale pasive  | 62               | (379)            |
| <b>NETO NOVČANA SREDSTVA OSIGURANA/<br/>(UPOTREBLJENA) U POSLOVNIM AKTIVNOSTIMA</b> | <b>5.082</b>     | <b>(7.633)</b>   |
| <b>Investicijske aktivnosti</b>   |                  |                  |
| Nabavke materijalne i nematerijalne imovine   | (594)            | (256)            |
| Primici od prodaje materijalne i nematerijalne imovine                              | 133              | 19               |
| Primici od prodaje ulaganja   | 3                | (3)              |
| <b>NETO NOVČANA SREDSTVA UPOTREBLJENA<br/>U INVESTICIJSKIM AKTIVNOSTIMA</b>         | <b>(458)</b>     | <b>(240)</b>     |
| <b>Finansijske aktivnosti</b>   |                  |                  |
| Neto povećanje/(smanjenje) pozajmljenih sredstava                                   | 63               | (625)            |
| Neto povećanje subordinisanog duga  | 554              | 698              |
| Dividenda   | (30)             | (30)             |
| <b>NETO NOVČANA SREDSTVA UPOTREBLJENA U<br/>FINANSIJSKIM AKTIVNOSTIMA</b>           | <b>587</b>       | <b>43</b>        |
| <b>NETO POVEĆANJE/(SMANJENJE)<br/>NOVCA I NOVČANIH SREDSTAVA</b>                    | <b>5.211</b>     | <b>(7.820)</b>   |
| <b>NOVAC I NOVČANA SREDSTVA 1. JANUARA</b>  | <b>7.963</b>     | <b>15.783</b>    |
| <b>NOVAC I NOVČANA SREDSTVA 31. DECEMBRA</b>  | <b>13.174</b>    | <b>7.963</b>     |

Računovodstvene politike i napomene u nastavku čine sastavni dio finansijskih izvještaja.

# Cash Flows Statements

For the Years Ended 31 December 2003 and 2002

|  | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|--|------------------|------------------|
| <b>Operating Activities</b>  |                  |                  |
| Net profit   | 406              | 405              |
| <i>Adjustments to reconcile net profit to net cash provided by operating activities:</i> |                  |                  |
| Depreciation   | 491              | 483              |
| Provision for impairment   | 722              | 1.534            |
| <i>Changes in operating assets and liabilities:</i>                                      |                  |                  |
| Net (increase)/ decrease in due from Central Bank  | (2.545)          | 618              |
| Net (increase)/decrease in placements with other banks, before impairment                | (6.749)          | 1.445            |
| Net decrease/ (increase) in loans to customers, before impairment                        | 776              | (9.764)          |
| Net increase in accrued interest receivable, before impairment                           | (26)             | (221)            |
| Net increase in other assets, before impairment  | (423)            | (76)             |
| Net decrease in due to other banks   | (23)             | (19)             |
| Net increase/ (decrease) in deposits from customers                                      | 12.391           | (1.659)          |
| Net increase/ (decrease) in other liabilities  | 62               | (379)            |
| <b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>                               | <b>5.082</b>     | <b>(7.633)</b>   |
| <b>Investing Activities</b>  |                  |                  |
| Purchase of fixed assets   | (594)            | (256)            |
| Proceeds from sale of fixed assets   | 133              | 19               |
| Proceeds from sale of investments  | 3                | (3)              |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>   | <b>(458)</b>     | <b>(240)</b>     |
| <b>Financing Activities</b>  |                  |                  |
| Net increase/(decrease) in borrowings  | 63               | (625)            |
| Net increase in subordinated debt  | 554              | 698              |
| Dividend payment   | (30)             | (30)             |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>   | <b>587</b>       | <b>43</b>        |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                              | <b>5.211</b>     | <b>(7.820)</b>   |
| <b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>  | <b>7.963</b>     | <b>15.783</b>    |
| <b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>  | <b>13.174</b>    | <b>7.963</b>     |

The accompanying accounting policies and notes are an integral part of these consolidated financial statements.

# Izvoještaji o promjenama u vlasničkoj glavnici

Za godine koje su završile 31. decembra 2003. i 2002.

|                                  | Dionički kapital<br>‘000 KM | Trezorske dionice<br>‘000 KM | Zadržana dobit i rezerve<br>‘000 KM | Ukupno<br>‘000 KM |
|----------------------------------|-----------------------------|------------------------------|-------------------------------------|-------------------|
| <b>Stanje 31. decembra 2001.</b> | 16.149                      | -                            | 339                                 | 16.488            |
| Isplata dividende za 2001.       | -                           | -                            | (30)                                | (30)              |
| Trezorske dionice                | -                           | (225)                        | -                                   | (225)             |
| Dobit za godinu                  | -                           | -                            | 405                                 | 405               |
| <b>Stanje 31. decembra 2002.</b> | <b>16.149</b>               | <b>(225)</b>                 | <b>714</b>                          | <b>16.638</b>     |
| Isplata dividende za 2002.       | -                           | -                            | (30)                                | (30)              |
| Dobit za godinu                  | -                           | -                            | 406                                 | 406               |
| <b>Stanje 31. decembra 2003.</b> | <b>16.149</b>               | <b>(225)</b>                 | <b>1.090</b>                        | <b>17.014</b>     |

Računovodstvene politike i napomene u nastavku čine sastavni dio finansijskih izvještaja.

# Statements of Changes in Shareholders' Equity

For the Years Ended 31 December 2003 and 2002

|                                       | Share capital<br>KM'000 | Treasury<br>shares<br>KM'000 | Retained<br>earnings and<br>reserves<br>KM'000 | Total<br>KM'000 |
|---------------------------------------|-------------------------|------------------------------|--|-----------------|
| <b>Balance as at 31 December 2001</b> | 16.149                  | -                            | 339  | 16.488          |
| Dividend                              | -                       | -                            | (30)   | (30)            |
| Treasury shares                       | -                       | (225)                        | -  | (225)           |
| Profit for the year                   | -                       | -                            | 405  | 405             |
| <b>Balance as at 31 December 2002</b> | <b>16.149</b>           | <b>(225)</b>                 | <b>714</b>                                     | <b>16.638</b>   |
| Dividend                              | -                       | -                            | (30)   | (30)            |
| Profit for the year                   | -                       | -                            | 406  | 406             |
| <b>Balance as at 31 December 2003</b> | <b>16.149</b>           | <b>(225)</b>                 | <b>1.090</b>                                   | <b>17.014</b>   |

The accompanying notes are an integral part of these financial statements.

# Napomene uz finansijske izvještaje

## Za godine koje su završile 31. decembra 2003. i 2002.

### 1. OPĆENITO

#### Historija i osnivanje

Vakufska banka d.d. Sarajevo ("Banka") osnovana je u julu 1992. godine, a registrovana je kod Vrhovnog Suda u septembru 1992. godine. Sjedište Banke je u ulici Ferhadija 4, Sarajevo, Bosna i Hercegovina. Na dan 31. decembra 2003. godine Banka je imala 6 filijala u Sarajevu, Mostaru, Zenici, Tešnju, Gračanici i Bihaću.

U aprilu 1999. godine MO Banka d.d. Mostar je pripojena Vakufskoj banci d.d..

Prema odluci dioničara Vakufske banke d.d. Sarajevo i Skupštine Depozitne banke d.d. Sarajevo iz juna 2001. godine, proces pripajanja Depozitne banke d.d. Sarajevo Vakufskoj banci d.d. Sarajevo je počeo u septembru 2001. godine. Federalna Bankarska Agencija Bosne i Hercegovine je odobrila promjenu statusa svojom Odlukom od 28. marta 2002. godine, kao i Komisija za vrijednosne papire Federacije Bosne i Hercegovine sa svojim odobrenjem od 19. marta 2002. godine.

#### Glavne djelatnosti Banke uključuju pružanje slijedećih usluga:

1. primanje i plasiranje depozita po viđenju i oročenih depozita
2. davanje i uzimanje kredita
3. novčane transakcije na međubankarskom tržištu
4. platni promet u zemlji i inozemstvu
5. pružanje bankarskih usluga kroz razvijenu mrežu filijala u Federaciji Bosne i Hercegovine

#### Uprava banke

##### Nadzorni odbor

|                           |             |
|---------------------------|-------------|
| <b>Bedrija Gavranović</b> | Predsjednik |
| <b>Smajo Abaza</b>        | Član        |
| <b>Mustafa Jahić</b>      | Član        |
| <b>Sulejman Vranj</b>     | Član        |
| <b>Mujo Ahmetspahić</b>   | Član        |
| <b>Izet Šahović</b>       | Član        |
| <b>Džemaludin Peljto</b>  | Član        |

##### Uprava

|                            |                  |
|----------------------------|------------------|
| <b>Amir Rizvanović</b>     | Direktor         |
| <b>Edis Kusturica</b>      | Izvršni Direktor |
| <b>Bahra Imamović</b>      | Izvršni Direktor |
| <b>Belma Mulaosmanović</b> | Izvršni Direktor |

# Notes to the Financial Statements

## For the Years Ended 31 December 2003 and 2002

### 1. GENERAL

#### History and Incorporation

Vakufska Banka d.d. Sarajevo (the "Bank") was established in July 1992 and registered at the High Court in September 1992. The Bank's main office is located in Ferhadija 4, Sarajevo, Bosnia and Herzegovina. As at 31 December 2003, the Bank operated through 6 branches in Sarajevo, Mostar, Zenica, Tešanj, Gračanica and Bihać.

In April 1999, the Bank merged with MO Banka d.d. Mostar.

According to the decisions of shareholders of Vakufska Banka d.d. Sarajevo and Depozitna Banka d.d. Sarajevo made in June 2001, the merger process of the two banks started in September 2001. The merger was completed in March 2002 and approved by the Banking Agency of Federation of Bosnia and Herzegovina (Decision dated 28 March 2002) and the Security Exchange Commission of Federation of Bosnia and Herzegovina (Approval dated 19 March 2002).

#### The Bank's main areas of operation are as follows:

1. accepting and providing current and term deposit accounts;
2. granting short- and long-term loans
3. treasury operations on the interbank market,
4. performing local and international payments,
5. providing banking services through an extensive branch network in the Federation of Bosnia and Herzegovina

#### Management Board of the Bank

##### Supervisory board

|                           |           |
|---------------------------|-----------|
| <b>Bedrija Gavranović</b> | President |
| <b>Smajo Abaza</b>        | Member    |
| <b>Mustafa Jahić</b>      | Member    |
| <b>Sulejman Vranj</b>     | Member    |
| <b>Mujo Ahmetspahić</b>   | Member    |
| <b>Izet Šahović</b>       | Member    |
| <b>Džemaludin Peljto</b>  | Member    |

##### Executive directors

|                            |                   |
|----------------------------|-------------------|
| <b>Amir Rizvanović</b>     | General Manager   |
| <b>Edis Kusturica</b>      | Executive Manager |
| <b>Bahra Imamović</b>      | Executive Manager |
| <b>Belma Mulaosmanović</b> | Executive Manager |

## 2. TEMELJ ZA PREZENTIRANJE I SAŽETAK RAČUNOVODSTVENIH POLITIKA

U nastavku su sažeto iznesene osnovne računovodstvene politike usvojene za izradu finansijskih izvještaja.

### 2.1 Temelj za prezentovanje finansijskih izvještaja

Finansijski izvještaji sastavljeni su u skladu sa Međunarodnim standardima finansijskog izvještavanja (MSFI), po metodi historijskog troška sa modifikacijama revalorizacije odgovarajućig finansijskih sredstava i obaveza.

Finansijski izvještaji su pripremljeni na obračunskoj računovodstvenoj osnovi gdje se efekti transakcija i drugih događaja priznaju kada nastanu i prikazuju se u finansijskim izvještajima za period na koji se odnose i pod pretpostavkom neograničenog poslovanja.

Finansijski izvještaji su prikazani u konvertibilnim markama (KM), službenoj valuti Bosne i Hercegovine, koja je vezana za EURO (i.e. EUR 1= KM 1,95583).

Prezentiranje finansijskih izvještaja u skladu s MSFI zahtijeva od Uprave stvaranje procjena i pretpostavki koje se odražavaju na prezentiranu aktivu i pasivu, te objavljivanje vanbilansnih sredstava i obaveza na dan finansijskog izvještaja i utvrđene iznose prihoda i rashoda za izvještajno razdoblje. Ove pretpostavke su bazirane na dostupnim informacijama na dan finansijskog izvještavanja i stvarni rezultati mogu se razlikovati od tih procjena.

Banka vodi svoje računovodstvene evidencije i priprema statutarne finansijske izvještaje u skladu sa bankarskim, privrednim i fiskalnim propisima važećim u Federaciji Bosne i Hercegovine. Finansijski izvještaji u nastavku su u skladu sa računovodstvenim prikazom u Banci zajedno sa određenim prilagođavanjima I reklasifikacijama za potrebe fer prikaza u skladu sa MSFI.

### 2.2 Prihodi i rashodi od kamata

Prihodi i rashodi od kamata iskazuju se u Bilansu uspjeha za sve instrumente koji donose kamatu po načelu obračunatih kamata primjenom metode stvarnog prinosa, a na temelju stvarne kupovne cijene. Zatezne kamate se priznaju na gotovinskoj osnovi.

Kamata se obračunava u skladu sa zakonom ili ugovorom između zajmodavca i zajmotražioca. Kamata se kapitalizira ako je tako naznačeno u ugovoru. Kamata se tretira kao suspendovana ako prihod od kamate nije izvjestan. Suspendovana kamata se priznaje kao prihod od kamata kad se stvarno naplati.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### 2.1 Basis of Presentation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), under the historical cost convention, as modified by the revaluation of appropriate financial assets and liabilities.

The financial statements are prepared on an accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur and they are reported in the financial statements of the period to which they relate, and on the going concern assumption.

The financial statements are stated in Bosnia and Herzegovina's official monetary unit Konvertibilna Marka (KM), which is pegged to the euro (EUR 1 = KM 1.95583).

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. These estimates are based on the information available as of the date of the financial statements and actual results could differ from those estimates.

The Bank maintains its books of accounts and prepares financial statements for regulatory purposes in accordance with the commercial, banking and fiscal regulations prevailing in Bosnia and Herzegovina. The accompanying financial statements are based on the accounting records of the Bank, together with appropriate adjustments and reclassifications necessary for fair presentation in accordance with IFRS.

### 2.2 Interest Income and Expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Penalty interest is accounted for on a cash basis.

Interest is calculated in accordance with the law or the contract between creditor and debtor. Interest is capitalized if stipulated in the contract. Interest is suspended if interest income is not certain. Suspended interest is recognized as interest income when actually collected.

### 2.3 Prihodi od naknada i provizija

Prihodi od naknada i provizija sastoje se od naknada za izvršene transakcije u domaćoj i stranoj valuti, kreditnih naknada, naknada za garancije i akreditive.

Naknade za odobrenje kredita se amortizuju do dospijeca kredita. Ukoliko ti iznosi nisu značajni, naknade za odobravanje kredita priznaju se kao prihod u trenutku odobravanja kredita. Naknade za transakcije u stranoj valuti priznaju se u trenutku naplate.

### 2.4 Porez na dobit

Porez na dobit se obračunava u skladu sa fiskalnim propisima Federacije Bosne i Hercegovine. U skladu sa važećim zakonom, Banka je obavezna obračunavati porez na dobit primjenom stope od 30% na poreznu osnovicu.

Eventualni odgođeni porezi priznaju se za privremene razlike koje nastaju između poreznih osnovica sredstava i obaveza i njihovih knjigovodstvenih iznosa za potrebe finansijskog izvještavanja primjenom metode bilansne obaveze i po trenutno važećim stopama. Rezervisanja se utvrđuju za cijeli iznos odgođenih poreznih obaveza. Odgođena porezna sredstva priznaju se u onoj mjeri u kojoj je vjerovatno da će biti raspoloživa oporeziva dobit koja će omogućiti korištenje porezne imovine.

### 2.5 Krediti klijentima i rezervisanja za moguće gubitke

Krediti koje je kreirala Banka osiguravajući novčana sredstva direktno zajmoprimcima, svrstani su kao izvorni krediti i iskazuju se po amortiziranom trošku. Troškovi prema trećim stranama, kao što su naknade nastale prilikom osiguravanja kredita, tretiraju se kao dio troška transakcije. Svi krediti priznaju se u trenutku isplate novca zajmoprimcu.

Krediti klijentima i finansijskim institucijama iskazuju se umanjeni za rezervisanja za moguće gubitke. Rezervisanje za moguće gubitke utvrđuje se ako postoji objektivan dokaz da Banka neće biti u mogućnosti naplatiti cijeli iznos o dospijecu. Iznos rezervisanja predstavlja razliku između knjigovodstvenog i nadoknadivog iznosa, koji predstavlja sadašnju vrijednost očekivanih novčanih tokova, uključivši nadoknadive iznose po garancijama i kolateralima, diskontiranih primjenom izvorne efektivne kamatne stope na kredit, a na temelju kreditne sposobnosti i redovitosti podmirenja zajmoprimca, uzimajući u obzir vrijednost instrumenta osiguranja ili jemstvo treće strane. Nenaplativi krediti otpisuju se u iznosu povezanog rezervisanja za umanjenje vrijednosti; naknadni povrati knjiže se u korist bilansa uspjeha u okviru "Prihodi od naplaćenih otpisanih potraživanja".

### 2.3 Fee and Commission Income and Expense

Fees and commissions consist of fees related to domestic and foreign currency transactions, loans, guarantees and letters of credit.

Loan origination fees are amortized to income over the life of the loan. When considered immaterial, loan origination fees are credited to income upon the granting of the applicable loan. Commissions on foreign currency transactions are credited to income on receipt.

### 2.4 Taxation

Taxes are calculated in accordance with the provisions of the relevant legislation of Federation of Bosnia and Herzegovina. Income tax is applied at the rate of 30% on taxable income generated by the Bank for the taxation period.

Deferred taxes, if any, are provided for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using the liability method at currently enacted tax rates. Deferred tax liabilities and respective tax expense are recognised in full. Deferred tax assets are recorded to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised.

### 2.5 Loans to Customers and Provisions for Loan Impairment

Loans originated by the Bank by providing money directly to a borrower are categorised as loans originated by the Bank and are carried at amortised cost. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction. All loans and advances are recognised when cash is advanced to borrowers.

Loans to customers and financial institutions are stated net of provisions for loan impairment. A provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans. Specific provisions are assessed with reference to the credit standing and performance of the borrower and take into account the value of any collateral or third party guarantees. When a loan is uncollectible, it is written off against the related provision for impairment; subsequent recoveries are credited to the 'Income from collection of written-off receivables' line in the income statement.

Banka prestaje obračunavati kamatu na kredite po kojima ostvaruje gubitke uslijed stečaja klijenta ili kršenja ugovora o kreditu. Knjigovodstveni iznos kredita po kojima se više ne obračunava kamata predstavlja iznos potraživanja umanjeno za rezervisanja za očekivane gubitke. Rezervisanja se uobičajeno utvrđuju u visini od 100% vrijednosti potraživanja, umanjene za iznos koji Banka očekuje povratiti u okviru stečajnog postupka. Banka zaračunava zateznu kamatnu zajmoprimateljima za kašnjenje u naplati potraživanja, koju iskazuje u okviru "Prihoda od kamata", a na bazi naplaćenih iznosa.

## **2.6 Ulaganja raspoloživa za prodaju**

Ulaganja raspoloživa za prodaju se sastoje od ulaganja koja nisu klasifikovana za prodaju niti u posjedu do dospijeca. Nakon početnog priznavanja, ulaganja raspoloživa za prodaju se obračunavaju i iskazuju po fer vrijednosti, koja je približna kotiranim cijenama ili iznosa koji su izvedeni iz modela novčanih tokova. Nerealizovani dobitci ili gubitci nastali zbog promjena u fer vrijednosti investicija klasifikovanih za prodaju se iskazuju u Bilansu uspjeha.

Ako nema aktivnog tržišta za kapitalni instrument, a raspon fer vrijednosti je značajan, te se ne može osloniti na procjene, instrument se mjeri kao trošak umanjeno za rezervisanje, ako je potrebno.

## **2.7 Subordinisani dug**

Subordinisani dug iskazan je po amortiziranom trošku primjenom metode stvarnog prinosa. Rashodi od kamata nastali po osnovu subordinisanog duga evidentiraju se u Bilansu uspjeha.

## **2.8 Fer vrijednost finansijske aktive i obaveza**

Fer vrijednost finansijskog instrumenta je iznos po kojem se sredstvo može razmijeniti ili obaveza podmiriti između poznatih i spremnih strana u transakciji pred pogodbom. Fer vrijednost se temelji na kotiranim tržišnim cijenama ako su dostupne. Međutim, tržišne cijene za značajan dio finansijskih instrumenata Banke nisu dostupne. U tim okolnostima, fer vrijednost se procjenjuje primjenom modela diskontiranog novčanog toka ili drugih odgovarajućih tehnika za utvrđivanje cijena. Promjene u pretpostavkama na kojima se temelje procjene, uključujući diskotne stope i procijenjene buduće novčane tokove, značajno utječu na procjenu. Iz tog razloga, procijenjene fer tržišne vrijednosti ne mogu se ostvariti prodajom finansijskog instrumenta u ovome trenutku.

Prema mišljenju Uprave Banke, ukoliko se fer vrijednost finansijske imovine i finansijskih obaveza Banke značajno razlikuju od knjigovodstvenih iznosa, takve fer vrijednosti posebno su iskazane u napomenama uz finansijske izvještaje.

The Bank stops accruing the interest on the loans that are classified as a loss due to the bankruptcy of the customer or due to default of the loan agreement. The carrying amount of non-accruing loans represents the amount of the receivable decreased by the provision for expected losses. The provision is determined usually as 100% of the receivable value decreased by the amount that the Bank expects to recover from recovery proceedings. The Bank charges penalty interest to borrowers when a portion of the loan falls overdue. Penalty interest is accounted for on a cash received basis in the caption 'Interest income'.

## 2.6 Investments available for sale

Available-for-sale investments consist of securities that are not classified as trading or held to maturity. Subsequent to initial recognition, available-for-sale investments are re-measured at fair value based on quoted prices or amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of investments classified as available for sale are charged to the Income statement.

If there is no active market for an equity instrument and the range of reasonable fair values is significant and these estimates cannot be made reliably, the instrument is measured at cost less provision for impairment, if deemed necessary.

## 2.7 Subordinated Debt

Subordinated debt is stated at amortised cost using the effective interest rate method. Interest expense arising from subordinated debt is included in the income statement.

## 2.8 Fair Value of Financial Assets and Liabilities

Fair value of financial instruments is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Where available, fair value is based on quoted market prices. However, no readily available market prices exist for a significant portion of the Bank's financial instruments. In circumstances where the quoted market prices are not readily available, the fair value is estimated using discounted cash flow models or other pricing techniques as appropriate. Changes in underlying assumptions, including discount rates and estimated future cash flows, significantly affect the estimates. Therefore, the calculated fair market estimates cannot be realised in a current sale of the financial instrument.

Where, in the opinion of the management, the fair values of financial assets and liabilities differ materially from their carrying amounts, such fair values are separately disclosed in the notes to the financial statements.

U procjeni fer vrijednosti finansijskih instrumenata Banke korištene su slijedeće metode i pretpostavke:

**(a) Novac i sredstva kod Centralne banke**

Knjigovodstveni iznosi novca i sredstava kod Centralne banke općenito su približni njihovim fer vrijednostima.

**(b) Plasmani drugim bankama**

Procjenjene fer vrijednosti plasmana drugim bankama čije je dospijeće do 180 dana približno odgovara njihovom knjigovodstvenom iznosu. Fer vrijednost ostalih plasmana drugim bankama procjenjuje se analizom diskontiranih novčanih tokova primjenjujući kamatnu stopu koja se trenutno koristi za slična ulaganja (tržišna kamatna stopa usklađena za kreditni rizik). Fer vrijednost dospjelih nenaplaćenih plasmana drugim bankama se procjenjuje metodom analize diskontiranih novčanih tokova ili analizirajući procjenjene vrijednosti kolaterala. Prilikom izračunavanja fer vrijednosti, rezervisanja se ne uzimaju u obzir.

**(c) Krediti iz sredstava banke**

Fer vrijednost kredita s varijabilnim prinosom, a čija cijena se redovno preispituje i kod kojih nisu zapažene nikakve značajne promjene kreditnog rizika, uglavnom su približne njihovim knjigovodstvenim iznosima. Fer vrijednost kredita s fiksnom kamatnom stopom procjenjuje se na temelju analize diskontiranog novčanog toka primjenom trenutno važećih kamatnih stopa na kredite na koje se primjenjuju slični uvjeti ili koji imaju slična kreditna obilježja. Fer vrijednost kredita klijentima koji ne otplaćuju svoje obveze procjenjuje se na temelju analize diskontiranog novčanog toka ili procijenjene vrijednosti instrumenta osiguranja za predmetni kredit. Krediti s fiksnom kamatnom stopom predstavljaju samo dio ukupnog knjigovodstvenog iznosa, te je stoga fer vrijednost ukupnih kredita klijentima približna knjigovodstvenim iznosima na datum bilansa stanja. Prilikom izračunavanja fer vrijednosti, rezervisanja se ne uzimaju u obzir.

**(d) Obaveze prema drugim bankama i klijentima**

Fer vrijednost oročenih depozita koji dospijevaju na poziv predstavlja knjigovodstveni iznos obaveze plative na datum bilansa stanja. Fer vrijednost oročenih depozita s promjenjivom kamatnom stopom približna je knjigovodstvenom iznosu na datum bilansa stanja. Fer vrijednost depozita s fiksnom kamatnom stopom procjenjuje se diskontiranjem budućih novčanih tokova primjenom kamatnih stopa koje se trenutno primjenjuju na depozite sa sličnim preostalim periodom do dospijea.

**2.9 Materijalna i nematerijalna imovina**

Materijalna i nematerijalna imovina iskazana je po trošku stjecanja i amortizuje se u procjenjenom korisnom vijeku trajanja. Amortizacija se obračunava linearno, za svako pojedinačno nabavljeno stalno sredstvo stavljeno u upotrebu, primjenom slijedećih stopa amortizacije na nabavnu vrijednost:

|                                       | 2003     | 2002     |
|---------------------------------------|----------|----------|
| Zgrade                                | 1,5%     | 1,5%     |
| Računari i druga oprema               | 20%      | 20%      |
| Namještaj i automobili                | 5%-16,5% | 5%-16,5% |
| Softver i druga nematerijalna imovina | 20%      | 20%      |

In estimating the fair value of the Bank's financial instruments, the following methods and assumptions were used.

**(a) Cash and balances with the Central Bank**

The carrying values of cash and balances with the central bank are generally deemed to approximate their fair value.

**(b) Due from banks**

The estimated fair value of amounts due from banks that mature in 180 days or less approximates their carrying amounts. The fair value of other amounts due from banks is estimated based upon discounted cash flow analyses using interest rates currently offered for investments with similar terms (market rates adjusted to reflect credit risk). The fair value of non-performing amounts due from banks is estimated using a discounted cash flow analysis or the appraised value of the underlying collateral. Provisions are not taken into consideration when calculating fair values.

**(c) Loans and advances to customers**

The fair value of variable yield loans that regularly reprice, with no significant change in credit risk, generally approximates their carrying value. The fair value of loans at fixed interest rates is estimated using discounted cash flow analyses, based upon interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The fair value of non-performing loans to customers is estimated using a discounted cash flow analysis or the appraised value of the underlying collateral, where available. Loans at fixed interest rates represent only a fraction of the total carrying value and hence the fair value of total loans and advances to customers approximates the carrying values as of the balance sheet date. Provisions are not taken into consideration when calculating fair values.

**(d) Amounts due to banks and customers**

The fair value of term deposits payable on demand represents the carrying value of amounts payable on demand as of the balance sheet date. The fair value of term deposits at variable interest rates approximates their carrying values as of the balance sheet date. The fair value of deposits at fixed interest rates is estimated by discounting their future cash flows using rates currently offered for deposits of similar remaining maturities.

**2.9 Fixed and Intangible Assets**

Fixed and intangible assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis to write down the cost of such assets to their residual values over their estimated useful lives. Land and assets in the course of construction are not depreciated. The annual depreciation rates are set out below:

|                                      | 2003     | 2002     |
|--------------------------------------|----------|----------|
| Buildings                            | 1,5%     | 1,5%     |
| Computers and other equipment        | 20%      | 20%      |
| Furniture and motor vehicles         | 5%-16,5% | 5%-16,5% |
| Software and other intangible assets | 20%      | 20%      |

Banka periodično provjerava da li je došlo do umanjenja vrijednosti njene dugotrajne imovine. Ako knjigovodstveni iznos sredstva premašuje njegovu procijenjenu nadoknadivu vrijednost, otpisuje se do iznosa nadoknadive vrijednosti. Dobici i gubici ostvareni rashodovanjem imovine utvrđuju se na temelju knjigovodstvenog iznosa predmetne imovine i uzimaju u obzir prilikom utvrđivanja prihoda iz redovnog poslovanja. Troškovi popravka i održavanja terete bilans uspjeha kad su nastali.

## 2.10 Preračunavanje stranih sredstava plaćanja

Transakcije u stranim valutama preračunavaju se u konvertibilne marke po službenom kursu Centralne banke Bosne i Hercegovine na datum transakcije, koji odgovara tržišnom. Dobici i gubici proizašli iz promjena u valutnim kursovima uključuju se u bilans uspjeha kao dobit ili gubitak iz finansijskog poslovanja. Monetarna imovina i obaveze, uključivši neispunjene preuzete obaveze isporuke ili sticanja stranih valuta temeljem valutnih spot transakcija, preračunavaju se po službenom kursu važećem na datum bilansa stanja.

Kursevi Centralne banke Bosne i Hercegovine koji su korišteni pri izradi bilansa Banke na svaki od izvještajnih datuma su kako slijedi:

|                           |                    |                     |
|---------------------------|--------------------|---------------------|
| <b>31. decembra 2003.</b> | 1 EUR = 1,95583 KM | 1 USD = 1,565165 KM |
| <b>31. decembra 2002.</b> | 1 EUR = 1,95583 KM | 1 USD = 1,876636 KM |

## 2.11 Finansijski instrumenti koji se vode u vanbilansnoj evidenciji

Tokom svog poslovanja Banka izdaje garancije, akreditive i odobrava kredita koji nisu u cijelosti iskorišteni. Ovi finansijski instrumenti se iskazuju u Bilansu stanja Banke u trenutku kada i ako Banka po njima podmiri dospjelu obavezu.

Iznos rezervisanja za garancije i ostale potencijalne i preuzete obaveze priznaje se kao trošak i obaveza, u trenutku kada Banka preuzme obavezu i kada postoji mogućnost odliva sredstava kako bi se podmirila preuzeta obaveza. Eventualni gubitak nastao po osnovu formiranja rezervisanja priznaje se u Bilansu uspjeha u odnosnom periodu.

## 2.12 Izvještaj o novčanom toku

U svrhu izvještavanja o novčanim tokovima, stavka novčana sredstva i ekvivalenti novčanih sredstava uključuju novčana sredstva u blagajni i sredstva Banke na računima kod drugih banaka.



The Bank periodically tests its fixed assets for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposal of assets are determined by reference to their carrying amount and are taken into account in determining operating income. Repairs and renewals are charged to the income statement when the expenditure is incurred.

## 2.10 Foreign Currency Translation

Transactions denominated in foreign currencies are translated into KM at the official exchange rate of Central Bank of Bosnia and Herzegovina on the date of transaction, which approximates the prevailing market rates. Any gain or loss resulting from the change in rates of exchange subsequent to the date of transaction is included in the Income Statement as a gain or loss from the revaluation of foreign currency positions. Monetary assets and liabilities, including outstanding commitments to deliver or acquire foreign currencies under spot exchange transactions, are translated at the official rate of exchange valid at the balance sheet date.

The principal rates of exchange set forth by the Central Bank of Bosnia and Herzegovina and used in the preparation of the Bank's balance sheet at the reporting dates were as follows:

|                           |                    |                     |
|---------------------------|--------------------|---------------------|
| <b>31. December 2003.</b> | 1 EUR = 1,95583 KM | 1 USD = 1,565165 KM |
| <b>31. December 2002.</b> | 1 EUR = 1,95583 KM | 1 USD = 1,876636 KM |

## 2.11 Off-Balance-Sheet Financial Instruments

In the ordinary course of its business, the Bank has entered into off-balance-sheet financial instruments such as guarantees, letters of credit and unused portion of overdraft loans. These financial instruments are recorded in the Bank's Balance sheet if and when they become payable.

The amount of provisions for guarantees and other off-balance-sheet credit related commitments is recognized as an expense and a liability when the Bank has present legal or constructive obligations, which has occurred as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation. Any loss resulting from recognition of provision for liability is recognized in the income statement for the period.

## 2.12 Statement of Cash Flows

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand and due from banks.

### 3. PRIHODI OD KAMATA

Prihodi od kamata sastoje se od sljedećeg:

|                                      | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|--------------------------------------|------------------|------------------|
| Kamate na sredstva kod drugih banaka | 57               | 32               |
| Kamate na kredite stanovništvu       | 1.420            | 2.032            |
| Kamate na kredite preduzećima        | 3.048            | 3.075            |
| Ostalo                               | 226              | 50               |
| <b>Ukupno</b>                        | <b>4.751</b>     | <b>5.189</b>     |

### 4. RASHODI OD KAMATA

Rashodi od kamata sažeto su prikazani kako slijedi:

|                                  | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|----------------------------------|------------------|------------------|
| Kamate na sredstva drugih banaka | 24               | 53               |
| Kamate na depozite stanovništva  | 133              | 111              |
| Kamate na depozite preduzeća     | 519              | 307              |
| Ostalo                           | -                | 37               |
| <b>Ukupno</b>                    | <b>676</b>       | <b>508</b>       |

### 5. PRIHODI OD NAKNADA I PROVIZIJA

Prihodi od naknada i provizija obuhvataju:

|                                | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|--------------------------------|------------------|------------------|
| Naknade od usluga stanovništvu | 343              | 335              |
| Nakande od usluga preduzećima  | 1.575            | 1.561            |
| Naknade od ostalih usluga      | 48               | 214              |
| <b>Ukupno</b>                  | <b>1.966</b>     | <b>2.110</b>     |

### 3. INTEREST INCOME

Interest income is comprised of the following:

|   | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|---|------------------|------------------|
| Interest on balances due from other banks     | 57               | 32               |
| Interest on loans and advances to individuals | 1.420            | 2.032            |
| Interest on loans and advances to companies   | 3.048            | 3.075            |
| Other   | 226              | 50               |
| <b>Total</b>                                  | <b>4.751</b>     | <b>5.189</b>     |

### 4. INTEREST EXPENSE

Interest expense is summarised as follows:

|  | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|--|------------------|------------------|
| Interest on amounts due to other banks | 24               | 53               |
| Interest on deposits from individuals  | 133              | 111              |
| Interest on deposits from companies    | 519              | 307              |
| Other                                  | -                | 37               |
| <b>Total</b>                           | <b>676</b>       | <b>508</b>       |

### 5. FEE AND COMMISSION INCOME

Fee and commission income comprises:

|                                   | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|-----------------------------------|------------------|------------------|
| Fess from services to individuals | 343              | 335              |
| Fess from services to companies   | 1.575            | 1.561            |
| Fess from other services          | 48               | 214              |
| <b>Total</b>                      | <b>1.966</b>     | <b>2.110</b>     |

## 6. RASHODI OD NAKNADA I PROVIZIJA

Rashodi od naknada i provizija obuhvataju:

|  | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|--|------------------|------------------|
| Naknade po osnovu usluga drugih banaka | 156              | 206              |
| <b>Ukupno</b>                          | <b>156</b>       | <b>206</b>       |

## 7. OSTALI PRIHODI IZ POSLOVANJA

Ostali prihodi iz poslovanja obuhvataju:

|                                 | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|---------------------------------|------------------|------------------|
| Naplaćena otpisana potraživanja | 52               | 118              |
| Ostali prihodi                  | 43               | 73               |
| <b>Ukupno</b>                   | <b>95</b>        | <b>191</b>       |

## 8. TROŠKOVI ZAPOSLENIH

Troškovi zaposlenih uključuju:

|                            | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|----------------------------|------------------|------------------|
| Neto plaće                 | 1.606            | 1.545            |
| Porezi i doprinosi         | 1.454            | 1.409            |
| Ostali troškovi zaposlenih | 334              | 321              |
| <b>Ukupno</b>              | <b>3.394</b>     | <b>3.275</b>     |

Banka nema druge penzione aranžmane osim državnog penzionog sistema Bosne i Hercegovine. Prema sistemu, poslodavac je dužan obračunati tekuće doprinose i porez u procentu od bruto plaća, a troškovi terete bilans uspjeha u periodu u kojem su nastali. Banka nema nikakvih obaveza isplate penzija zaposlenima u budućnosti. Prosječan broj zaposlenih u Banci za godinu koja je završila 31. decembra 2003. i 2002. bio je 151, odnosno 148.

## 6. FEE AND COMMISSION EXPENSE

Fee and commission expense comprises:

|  | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|--|------------------|------------------|
| Commissions for services provided by banks | 156              | 206              |
| <b>Total</b>                               | <b>156</b>       | <b>206</b>       |

## 7. OTHER OPERATING INCOME

Other operating income includes:

|                                   | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|-----------------------------------|------------------|------------------|
| Collected written-off receivables | 52               | 118              |
| Other income                      | 43               | 73               |
| <b>Total</b>                      | <b>95</b>        | <b>191</b>       |

## 8. PERSONNEL EXPENSE

|                         | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|-------------------------|------------------|------------------|
| Net salaries            | 1.606            | 1.545            |
| Taxes and contributions | 1.454            | 1.409            |
| Other employee expenses | 334              | 321              |
| <b>Total</b>            | <b>3.394</b>     | <b>3.275</b>     |

The Bank does not have pension arrangements separate from the State pension system of the Federation of Bosnia and Herzegovina. This system requires current contributions by the employer to be calculated as a percentage of current gross salary payments; these expenses are charged to the Income Statement in the period the related compensation is earned by the employee. The Bank has no liabilities related to payment of pensions to employees in the future. The average number of personnel employed by the Bank during the years ended 31 December 2003 and 2002 was 151 and 148, respectively.

## 9. OPŠTI I ADMINISTRATIVNI TROŠKOVI

Opšti i administrativni troškovi obuhvataju:

|  | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|--|------------------|------------------|
| Kancelarijski materijal i sitan inventar             | 105              | 123              |
| Održavanje nematerijalne imovine                     | 46               | 49               |
| Energija, režije, pošta i telefon                    | 353              | 336              |
| Objavljivanje i reprezentacija                       | 95               | 88               |
| Profesionalne usluge i naknade regulatornim tijelima | 75               | 38               |
| Naknade članovima Uprave                             | 82               | 61               |
| Osiguranje   | 77               | 32               |
| Zakupnina  | 293              | 281              |
| Ostali porezi i doprinosi                            | 28               | 36               |
| Ostale usluge  | 71               | 73               |
| Blagajna - krađa                                     | -                | 328              |
| Ostali troškovi                                      | 163              | 148              |
| <b>Ukupno</b>  | <b>1.388</b>     | <b>1.593</b>     |

## 10. REZERVISANJA ZA MOGUĆE GUBITKE

Rezervisanja za moguće gubitke uključuju:

|   | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|---|------------------|------------------|
| Povećanje vrijednosti rezervisanja plasmana kod drugih banaka | 8                | (67)             |
| Povećanje vrijednosti rezervisanja na kredite date klijentima | 602              | 1.397            |
| Rezervisanja za garancije i ostale obaveze vezane za kredite  | 6                | 81               |
| Smanjenje vrijednosti rezervisanja na ulaganja                | (4)              | (4)              |
| Povećanje vrijednosti rezervisanja na obračunate kamate       | 87               | 69               |
| Povećanje vrijednosti rezervisanja ostale aktive              | 23               | 58               |
| <b>Ukupno</b>   | <b>722</b>       | <b>1.534</b>     |

## 9. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprise:

|   | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|---|------------------|------------------|
| Office supplies and small inventories               | 105              | 123              |
| Fixed assets maintenance                            | 46               | 49               |
| Energy, utilities, postal and telephone             | 353              | 336              |
| Advertising and representation                      | 95               | 88               |
| Professional services and fees to regulatory bodies | 75               | 38               |
| Fees to the members of Board of Directors           | 82               | 61               |
| Insurance   | 77               | 32               |
| Rent  | 293              | 281              |
| Other taxes and contributions                       | 28               | 36               |
| Other services                                      | 71               | 73               |
| Robbery   | -                | 328              |
| Other   | 163              | 148              |
| <b>Total</b>  | <b>1.388</b>     | <b>1.593</b>     |

## 10. IMPAIRMENT LOSSES AND PROVISIONS

Impairment losses and provisions charged comprises:

|   | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|---|------------------|------------------|
| Impairment losses on amounts due from banks                   | 8                | (67)             |
| Impairment losses on loans to customers                       | 602              | 1.397            |
| Provision for guarantees and other credit related commitments | 6                | 81               |
| Impairment losses on investments                              | (4)              | (4)              |
| Impairment losses for accrued interest                        | 87               | 69               |
| Impairment losses on other assets                             | 23               | 58               |
| <b>Total</b>  | <b>722</b>       | <b>1.534</b>     |

## 11. POREZ NA DOBIT

|                               | 2003.<br>KM '000 | 2002.<br>KM '000 |
|-------------------------------|------------------|------------------|
| Dobit prije poreza            | 406              | 405              |
| Porezno nepriznati troškovi   | 317              | 581              |
| Umanjenje poreza              | (61)             | -                |
| <i>Oporeziva dobit</i>        | 662              | 986              |
| Porez na dobit 30%            | 199              | 296              |
| Smanjenje poreza na dobit     | (199)            | (296)            |
| <b>Trošak poreza na dobit</b> | -                | -                |

Porezna obaveza Banke izračunava se na temelju računovodstvene dobiti, odnosno gubitka, uzimajući u obzir porezno nepriznate troškove i neoporezive prihode. Stopa poreza na dobit za godine koje su završile 31. decembra 2003. i 2002. je iznosila 30%. Banka može koristiti poresku olakšicu na osnovu investicija u materijalnu imovinu kao i procenta učešća stranog kapitla u ukupnom kapitalu Banke.

## 12. NOVAC I SREDSTVA KOD BANAKA

Novac i sredstva kod banaka obuhvataju slijedeće:

|  | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|--|-------------------------------|-------------------------------|
| Novac u blagajni                         | 2.658                         | 3.095                         |
| Novac na žiro računu kod Centralne banke | 9.054                         | 2.492                         |
| Čekovi                                   | 55                            | 93                            |
| Tekući računi kod drugih banaka          | 1.407                         | 2.283                         |
| <b>Ukupno</b>                            | <b>13.174</b>                 | <b>7.963</b>                  |



## 11. INCOME TAX

|                           | 2003.<br>KM '000 | 2002.<br>KM '000 |
|---------------------------|------------------|------------------|
| Profit before income tax  | 406              | 405              |
| Non-deductible expenses   | 317              | 581              |
| Tax relief                | (61)             | -                |
| <i>Taxable income</i>     | 662              | 986              |
| Income tax at 30%         | 199              | 296              |
| Income tax relief         | (199)            | (296)            |
| <b>Income tax expense</b> | -                | -                |

The Bank's tax liability is calculated based upon the profit from income statement taking into account tax non-deductible expenses and tax exempt income. The corporate income tax rate for the years ended 31 December 2003 and 2002 was 30%. The Bank is eligible to use income tax relief based on investments in fixed assets and percentage of foreign equity participation in total Shareholders' Equity.

## 12. CASH AND DUE FROM BANKS

Cash and due from banks comprise:

|  | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|--|----------------------------|----------------------------|
| Cash on hand                               | 2.658                      | 3.095                      |
| Cash on clearing account with Central Bank | 9.054                      | 2.492                      |
| Checks                                     | 55                         | 93                         |
| Current accounts with foreign banks        | 1.407                      | 2.283                      |
| <b>Total</b>                               | <b>13.174</b>              | <b>7.963</b>               |

### 13. POTRAŽIVANJA OD CENTRALNE BANKE

|  | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|--|-------------------------------|-------------------------------|
| Minimalna obavezna rezerva kod Centralne Banke Bosne i Hercegovine | 1.982                         | 565                           |
| Blokirana sredstva kod Centralne Banke                             | 1.128                         | -                             |
| <b>Ukupno</b>  | <b>3.110</b>                  | <b>565</b>                    |

Na dan 31. decembra 2003. godine, minimalna obavezna rezerva izračunata je kao 5% od prosječnog stanja primljenih depozita i pozajmljenih sredstava u svim valutama tokom prethodnih 10 kalendarskih dana.

Tokom 2002. godine, minimalna rezerva je obračunavana kao 10% od prosječnog iznosa depozita po viđenju u KM primljenih od nebankarskih klijenata tokom prethodnih 10 kalendarskih dana.

U skladu sa Odlukom Agencije za Bankarstvo Federacije Bosne i Hercegovine od 18. septembra 2003. godine, Banka je bila u obavezi da prenese sredstva u iznosu od KM 1.128 hiljada na specijalni beskamatni račun kod Centralne Banke Bosne i Hercegovine. Ovaj iznos se odnosi na depozite Bančinih klijenata zamrznute od strane regulatornih tijela.

### 14. PLASMANI KOD DRUGIH BANAKA

**Plasmani kod drugih banaka uključuju:**

|                                   | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|-----------------------------------|-------------------------------|-------------------------------|
| Kratkoročni depoziti u bankama u: |                               |                               |
| Zemljama OECD-a                   | 6.844                         | 95                            |
| Rezervisanja za moguće gubitke    | (10)                          | (2)                           |
| <b>Ukupno</b>                     | <b>6.834</b>                  | <b>93</b>                     |

Kamatna stopa na dan 31. decembra 2003. godine na plasmane u EUR iznosila je 1,57% - 2% godišnje, a na plasmane u USD od 1% godišnje.

### 13. DUE FROM CENTRAL BANK

|  | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|--|----------------------------|----------------------------|
| Compulsory minimum reserve with the Central Bank of Bosnia and Herzegovina | 1.982                      | 565                        |
| Restricted deposit with the Central Bank                                   | 1.128                      | -                          |
| <b>Total</b>   | <b>3.110</b>               | <b>565</b>                 |

Minimum obligatory reserve is calculated as a percentage (5% at 31 December 2003) of the average amount of deposits and borrowed funds in all currencies for each working day during 10 calendar days following the period of maintaining the reserves.

During 2002, the minimum obligatory reserve was calculated as 10% of the average amount of demand deposits from non-banking customers in KM for each working day during 10 calendar days following the period of maintaining the reserves.

According to the Decision of the Banking Agency of Federation of Bosnia and Herzegovina dated 18 September 2003, the Bank was obligated to transfer KM 1,128 thousand to a special non-interest-bearing account with the Central Bank of Bosnia and Herzegovina. This amount corresponds to a Bank customer's deposit frozen by the competent regulatory bodies.

### 14. PLACEMENTS WITH OTHER BANKS

Placements with other banks include:

|   | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|---|----------------------------|----------------------------|
| Short-term deposits with banks registered in: |                            |                            |
| OECD countries                                | 6.844                      | 95                         |
| Less: Provision for impairment                | (10)                       | (2)                        |
| <b>Total</b>                                  | <b>6.834</b>               | <b>93</b>                  |

Interest rate spread as of 31 December 2003 on placements with banks stated in EUR was 1.57% -2% annually, and on placements stated in USD was 1% annually.

Promjene na rezervisanjima za moguće gubitke po plasmanima kod drugih banaka mogu se prikazati kako slijedi:

|                                   | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|-----------------------------------|------------------|------------------|
| Stanje na dan 1. januara          | 2                | 69               |
| Nova rezervisanja                 | 8                | -                |
| Smanjenje rezervisanja            | -                | (67)             |
| <b>Stanje na dan 31. decembra</b> | <b>10</b>        | <b>2</b>         |

## 15. KREDITI IZ SREDSTAVA BANKE

|   | 31. decembra 2003.<br>‘000 KM | 31. decembra 2002.<br>‘000 KM |
|---|-------------------------------|-------------------------------|
| Kratkoročni krediti:                                |                               |                               |
| Preduzeća   | 18.580                        | 18.305                        |
| Stanovništvo  | 933                           | 748                           |
| Ukupno kratkoročni krediti                          | <i>19.513</i>                 | <i>19.053</i>                 |
| Dugoročni krediti:                                  |                               |                               |
| Preduzeća   | 14.437                        | 12.664                        |
| Stanovništvo  | 10.304                        | 14.162                        |
| Ukupno dugoročni krediti                            | <i>24.741</i>                 | <i>26.826</i>                 |
| Ukupno krediti prije rezervisanja za moguće gubitke | <i>44.254</i>                 | <i>45.878</i>                 |
| Rezervisanja za moguće gubitke                      | (3.321)                       | (3.567)                       |
| <b>Ukupno</b>                                       | <b>40.933</b>                 | <b>42.311</b>                 |

Svi krediti komitentima odobreni su u Federaciji Bosne i Hercegovine. Knjigovodstvena vrijednost kredita, te neto rezervacije smanjenja vrijednosti ne razlikuju se materijalno od vrijednosti budućih novčanih tokova diskontovanih do tržišnih stopa i to zbog korištenja varijabilnih stopa i godišnjih izmjena fiksne kamatne stope za kredite.

Movements in provision for possible placement losses may be summarized as follows:

|  | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|--|------------------|------------------|
| Balance as at 1 January                | 2                | 69               |
| Additional provision                   | 8                | -                |
| Release of provision due to write-offs | -                | (67)             |
| <b>Balance as at 31 December</b>       | <b>10</b>        | <b>2</b>         |

## 15. LOANS TO CUSTOMERS

Loans and advances to non-banking customers are comprised of the following:

|   | 31 December 2003<br>KM’000 | 31 December 2002<br>KM’000 |
|---|----------------------------|----------------------------|
| Short-term loans:                           |                            |                            |
| Companies                                   | 18.580                     | 18.305                     |
| Individuals                                 | 933                        | 748                        |
| <i>Total short-term loans</i>               | <i>19.513</i>              | <i>19.053</i>              |
| Long-term loans:                            |                            |                            |
| Companies                                   | 14.437                     | 12.664                     |
| Individuals                                 | 10.304                     | 14.162                     |
| <i>Total long-term loans</i>                | <i>24.741</i>              | <i>26.826</i>              |
| Total loans before provision for impairment | 44.254                     | 45.878                     |
| Less: Provision for loan impairment         | (3.321)                    | (3.567)                    |
| <b>Total</b>                                | <b>40.933</b>              | <b>42.311</b>              |

Loans to customers are made principally within Federation of Bosnia and Herzegovina. The book value of loans, net of provision for loan impairment, does not differ materially from the value of future cash flows discounted at market rates, due to the use of variable rates and annual resets on fixed interest rate loans.

Promjene na rezervisanjima za moguće gubitke po kreditima dajemo kako slijedi:

|                                   | 2003.<br>'000 KM | 2002.<br>'000 KM |
|-----------------------------------|------------------|------------------|
| Stanje na dan 1. januara          | 3.567            | 3.508            |
| Nova rezervisanja                 | 999              | 1.917            |
| Smanjenje rezervisanja            | (397)            | (520)            |
| Otpis potraživanja                | (848)            | (1.338)          |
| <b>Stanje na dan 31. decembra</b> | <b>3.321</b>     | <b>3.567</b>     |

Kreditni portfelj prema djelatnosti na dan 31. decembra 2003. i 31. decembra 2002. godine može se prikazati kako slijedi:

|                             | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|-----------------------------|-------------------------------|-------------------------------|
| Trgovina                    | 13.789                        | 14.963                        |
| Građevinska industrija      | 3.827                         | 3.076                         |
| Turizam, hoteli i restorani | 3.174                         | 5.163                         |
| Ostalo                      | 23.464                        | 22.676                        |
| <b>Ukupno</b>               | <b>44.254</b>                 | <b>45.878</b>                 |

Ukupan iznos kredita čija je kamata suspendovana na dan 31. decembra 2003. godine i 31. decembra 2002. godine bio je 6.130 hiljade KM, odnosno 5.662 hiljade KM.

Kamatne stope po kreditima na dan 31. decembra 2003. i 31. decembra 2002. godine, mogu se prikazati kako slijedi:

|              | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|--------------|-------------------------------|-------------------------------|
| Preduzeća    | 9% - 14%                      | 9% -16%                       |
| Stanovništvo | 6,18% - 13%                   | 8%-13%                        |

Movements in provision for impairment may be summarized as follows:

|  | 2003.<br>‘000 KM | 2002.<br>‘000 KM |
|--|------------------|------------------|
| Balance as at 1 January                | 3.567            | 3.508            |
| Additional provision                   | 999              | 1.917            |
| Release of provision                   | (397)            | (520)            |
| Release of provision due to write-offs | (848)            | (1.338)          |
| <b>Balance as at 31 December</b>       | <b>3.321</b>     | <b>3.567</b>     |

An industry analysis of the gross portfolio of loans and advances to customers before provision for impairment comprises of:

|                                 | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|---------------------------------|----------------------------|----------------------------|
| Trade                           | 13.789                     | 14.963                     |
| Construction                    | 3.827                      | 3.076                      |
| Tourism, hotels and restaurants | 3.174                      | 5.163                      |
| Other                           | 23.464                     | 22.676                     |
| <b>Total</b>                    | <b>44.254</b>              | <b>45.878</b>              |

Total amount of non-performing loans on which interest was suspended as at 31 December 2003 and 31 December 2002 was KM 6,130 thousand and KM 5,662, respectively.

Loan interest rates are summarised as follows:

|             | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|-------------|----------------------------|----------------------------|
| Companies   | 9% - 14%                   | 9% -16%                    |
| Individuals | 6,18% - 13%                | 8%-13%                     |

## 16. ULAGANJA RASPOLOŽIVA ZA PRODAJU

|                                  | 31. Decembar 2003.<br>KM'000 | 31. Decembar 2002.<br>KM'000 |
|----------------------------------|------------------------------|------------------------------|
| Bosna Osiguranje d.d. Sarajevo   | 60                           | 60                           |
| Tuzlatransport d.d. Tuzla        | 103                          | 103                          |
| BOR banka d.d. Sarajevo          | 115                          | 115                          |
| UPI banka d.d. Sarajevo          | 124                          | 124                          |
| Union banka d.d. Sarajevo        | 81                           | 81                           |
| BiH POS - Card Business Sarajevo | 4                            | 7                            |
| Swift                            | 3                            | 3                            |
| <i>Ukupno ulaganja</i>           | <i>490</i>                   | <i>493</i>                   |
| Rezervisanja za moguće gubitke   | (57)                         | (61)                         |
| <b>Ukupno</b>                    | <b>433</b>                   | <b>432</b>                   |

|                                | 31. decembar 2003.<br>% vlasništva | Djelatnost        | Zemlja              |
|--------------------------------|------------------------------------|-------------------|---------------------|
| Bosna Osiguranje d.d. Sarajevo | 2,00                               | Osiguranje        | Bosna i Hercegovina |
| Tuzlatransport d.d. Tuzla      | 2,90                               | Transport         | Bosna i Hercegovina |
| BOR banka d.d. Sarajevo        | 1,04                               | Bankarstvo        | Bosna i Hercegovina |
| UPI banka d.d. Sarajevo        | 0,54                               | Bankarstvo        | Bosna i Hercegovina |
| Union banka d.d. Sarajevo      | 0,23                               | Bankarstvo        | Bosna i Hercegovina |
| BiH POS - Card Business        | 0,16                               | Bankarske kartice | Bosna i Hercegovina |
| SWIFT                          | -                                  | Komunikacije      | Belgija             |

Kretanja na rezervisanjima mogu se prikazati kako slijedi:

|                            | 2003.<br>KM'000 | 2002.<br>KM'000 |
|----------------------------|-----------------|-----------------|
| Stanje 1. januara          | 61              | 65              |
| Smanjenje rezervisanja     | (4)             | (4)             |
| <b>Stanje 31. decembra</b> | <b>57</b>       | <b>61</b>       |



## 16. INVESTMENTS AVAILABLE FOR SALE

|                                  | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|----------------------------------|----------------------------|----------------------------|
| Bosna Osiguranje d.d. Sarajevo   | 60                         | 60                         |
| Tuzlatransport d.d. Tuzla        | 103                        | 103                        |
| BOR banka d.d. Sarajevo          | 115                        | 115                        |
| UPI banka d.d. Sarajevo          | 124                        | 124                        |
| Union banka d.d. Sarajevo        | 81                         | 81                         |
| BiH POS - Card Business Sarajevo | 4                          | 7                          |
| Swift                            | 3                          | 3                          |
| <i>Total investments</i>         | <i>490</i>                 | <i>493</i>                 |
| Less: Provision for impairment   | (57)                       | (61)                       |
| <b>Total</b>                     | <b>433</b>                 | <b>432</b>                 |

|                                | 31. decembar 2003.<br>% share | Industry      | Country of origin      |
|--------------------------------|-------------------------------|---------------|------------------------|
| Bosna Osiguranje d.d. Sarajevo | 2,00                          | Insurance     | Bosnia and Herzegovina |
| Tuzlatransport d.d. Tuzla      | 2,90                          | Transport     | Bosnia and Herzegovina |
| BOR banka d.d. Sarajevo        | 1,04                          | Banking       | Bosnia and Herzegovina |
| UPI banka d.d. Sarajevo        | 0,54                          | Banking       | Bosnia and Herzegovina |
| Union banka d.d. Sarajevo      | 0,23                          | Banking       | Bosnia and Herzegovina |
| BiH POS - Card Business        | 0,16                          | Banking cards | Bosnia and Herzegovina |
| SWIFT                          | -                             | Communication | Belgium                |

Movements in provision for impairment may be summarized as follows:

|                                  | 2003.<br>KM'000 | 2002.<br>KM'000 |
|----------------------------------|-----------------|-----------------|
| Balance as at 1 January          | 61              | 65              |
| Release of provisions            | (4)             | (4)             |
| <b>Balance as at 31 December</b> | <b>57</b>       | <b>61</b>       |

## 17. POTRAŽIVANJA ZA OBRAČUNATU KAMATU

|                                   | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|-----------------------------------|-------------------------------|-------------------------------|
| Potraživanja za obračunate kamate | 469                           | 536                           |
| Rezervisanja za moguće gubitke    | (17)                          | (23)                          |
| <b>Ukupno</b>                     | <b>452</b>                    | <b>513</b>                    |

Promjene na rezervisanjima za moguće gubitke po kamatama mogu se prikazati kako slijedi:

|                                   | 2003.<br>'000 KM | 2002.<br>'000 KM |
|-----------------------------------|------------------|------------------|
| Stanje na dan 1. januara          | 23               | 15               |
| Nova rezervisanja                 | 87               | 69               |
| Otpis potraživanja                | (93)             | (61)             |
| <b>Stanje na dan 31. decembra</b> | <b>17</b>        | <b>23</b>        |

## 18. OSTALA IMOVINA

Ostala imovina može se prikazati kako slijedi:

|                                | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|--------------------------------|-------------------------------|-------------------------------|
| Unaprijed plaćeni troškovi     | 329                           | 260                           |
| Pretplata poreza na dobit      | 383                           | 323                           |
| Sitan inventar                 | 9                             | 17                            |
| Potraživanja za naknade        | 79                            | 50                            |
| Zalihe u prodaji               | -                             | 130                           |
| Ostala imovina                 | 314                           | 40                            |
| <i>Ukupno ostala imovina</i>   | <i>1.114</i>                  | <i>820</i>                    |
| Rezervisanja za moguće gubitke | (45)                          | (152)                         |
| <b>Ukupno</b>                  | <b>1.069</b>                  | <b>668</b>                    |

## 17. ACCRUED INTEREST RECEIVABLE

|                                | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|--------------------------------|----------------------------|----------------------------|
| Accrued interest receivable    | 469                        | 536                        |
| Less: Provision for impairment | (17)                       | (23)                       |
| <b>Total</b>                   | <b>452</b>                 | <b>513</b>                 |

Movements in provision for impairment may be summarized as follows:

|  | 2003.<br>'000 KM | 2002.<br>'000 KM |
|--|------------------|------------------|
| Balance as at 1 January                | 23               | 15               |
| Additional provision                   | 87               | 69               |
| Release of provision due to write-offs | (93)             | (61)             |
| <b>Balance as at 31 December</b>       | <b>17</b>        | <b>23</b>        |

## 18. OTHER ASSETS

Other assets are comprised of the following:

|                                | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|--------------------------------|----------------------------|----------------------------|
| Prepaid expenses               | 329                        | 260                        |
| Prepaid income tax             | 383                        | 323                        |
| Small inventory                | 9                          | 17                         |
| Fees receivable                | 79                         | 50                         |
| Inventories in commission sale | -                          | 130                        |
| Other                          | 314                        | 40                         |
| <i>Total other assets</i>      | <i>1.114</i>               | <i>820</i>                 |
| Less: Provision for impairment | (45)                       | (152)                      |
| <b>Total</b>                   | <b>1.069</b>               | <b>668</b>                 |

Promjene na rezervisanjima za moguće gubitke po ostaloj aktivi mogu se prikazati kako slijedi:

|                                   | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|-----------------------------------|-------------------------------|-------------------------------|
| Stanje na dan 1. januara          | 152                           | 113                           |
| Nova rezervisanja                 | 23                            | 58                            |
| Otpis potraživanja                | (130)                         | (19)                          |
| <b>Stanje na dan 31. decembra</b> | <b>45</b>                     | <b>152</b>                    |

## 19. DUGOTRAJNA MATERIJALNA I NEMATERIJALNA IMOVINA

|                             | Gradevine<br>i zemljište<br>'000 KM | Uredska<br>oprema i<br>vozila<br>'000 KM | Računari<br>'000 KM | Investicije<br>u toku<br>'000 KM | Nematerijalna<br>imovina<br>'000 KM | Ukupno<br>'000 KM |
|-----------------------------|-------------------------------------|--|---------------------|----------------------------------|-------------------------------------|-------------------|
| <b>Nabavna vrijednost</b>   |                                     |  |                     |                                  |                                     |                   |
| <b>31. decembra 2002.</b>   | <b>1.818</b>                        | <b>914</b>                               | <b>691</b>          | <b>159</b>                       | <b>1.311</b>                        | <b>4.893</b>      |
| Nabavke                     | -                                   | -  | -                   | 594                              | -                                   | 594               |
| Rashodovanje/prodaja        | -                                   | (116)                                    | (7)                 | -                                | (46)                                | (169)             |
| Prijenos sa/na              | -                                   | 189                                      | 119                 | (368)                            | 60                                  | -                 |
| <b>31. decembra 2003.</b>   | <b>1.818</b>                        | <b>987</b>                               | <b>803</b>          | <b>385</b>                       | <b>1.325</b>                        | <b>5.318</b>      |
| <b>Ispravka vrijednosti</b> |                                     |  |                     |                                  |                                     |                   |
| <b>31. decembra 2002.</b>   | <b>104</b>                          | <b>398</b>                               | <b>398</b>          | <b>-</b>                         | <b>618</b>                          | <b>1.518</b>      |
| Amortizacija za 2003.       | 23                                  | 120                                      | 120                 | -                                | 228                                 | 491               |
| Rashodovanje                | -                                   | (1)                                      | (4)                 | -                                | (31)                                | (36)              |
| <b>31. decembra 2003.</b>   | <b>127</b>                          | <b>517</b>                               | <b>514</b>          | <b>-</b>                         | <b>815</b>                          | <b>1.973</b>      |
| <b>Sadašnja vrijednost</b>  |                                     |  |                     |                                  |                                     |                   |
| <b>Na dan</b>               |                                     |  |                     |                                  |                                     |                   |
| <b>31. decembra 2003.</b>   | <b>1.691</b>                        | <b>470</b>                               | <b>289</b>          | <b>385</b>                       | <b>510</b>                          | <b>3.345</b>      |
| <b>Na dan</b>               |                                     |  |                     |                                  |                                     |                   |
| <b>31. decembra 2002.</b>   | <b>1.714</b>                        | <b>516</b>                               | <b>293</b>          | <b>159</b>                       | <b>693</b>                          | <b>3.375</b>      |

Movements in provision for impairment may be summarized as follows:

|  | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|--|----------------------------|----------------------------|
| Balance as at 1 January                | 152                        | 113                        |
| Additional provision                   | 23                         | 58                         |
| Release of provision due to write-offs | (130)                      | (19)                       |
| <b>Balance as at 31 December</b>       | <b>45</b>                  | <b>152</b>                 |

## 19. FIXED AND INTANGIBLE ASSETS

|                                 | Buildings<br>'000 KM | Office<br>equipment<br>and<br>vehicles<br>'000 KM | Computers<br>'000 KM | Investments<br>in progress<br>'000 KM | Intangible<br>assets<br>'000 KM | Total<br>'000 KM |
|---------------------------------|----------------------|---|----------------------|---------------------------------------|---------------------------------|------------------|
| <b>Cost or valuation</b>        |                      |   |                      |                                       |                                 |                  |
| <b>At 31 December 2002</b>      | <b>1.818</b>         | <b>914</b>  | <b>691</b>           | <b>159</b>                            | <b>1.311</b>                    | <b>4.893</b>     |
| Additions                       | -                    | -   | -                    | 594                                   | -                               | 594              |
| Disposals                       | -                    | (116)   | (7)                  | -                                     | (46)                            | (169)            |
| Transfers                       | -                    | 189   | 119                  | (368)                                 | 60                              | -                |
| <b>At 31 December 2003</b>      | <b>1.818</b>         | <b>987</b>  | <b>803</b>           | <b>385</b>                            | <b>1.325</b>                    | <b>5.318</b>     |
| <b>Accumulated depreciation</b> |                      |   |                      |                                       |                                 |                  |
| <b>At 31 December 2002</b>      | <b>104</b>           | <b>398</b>  | <b>398</b>           | <b>-</b>                              | <b>618</b>                      | <b>1.518</b>     |
| Depreciation for 2003           | 23                   | 120   | 120                  | -                                     | 228                             | 491              |
| Eliminated on disposals         | -                    | (1)   | (4)                  | -                                     | (31)                            | (36)             |
| <b>At 31 December 2003</b>      | <b>127</b>           | <b>517</b>  | <b>514</b>           | <b>-</b>                              | <b>815</b>                      | <b>1.973</b>     |
| <b>Carrying amount</b>          |                      |   |                      |                                       |                                 |                  |
| <b>At</b>                       |                      |   |                      |                                       |                                 |                  |
| <b>31 December 2003</b>         | <b>1.691</b>         | <b>470</b>  | <b>289</b>           | <b>385</b>                            | <b>510</b>                      | <b>3.345</b>     |
| <b>At</b>                       |                      |   |                      |                                       |                                 |                  |
| <b>31 December 2002</b>         | <b>1.714</b>         | <b>516</b>  | <b>293</b>           | <b>159</b>                            | <b>693</b>                      | <b>3.375</b>     |

## 20. OBAVEZE PREMA DRUGIM BANKAMA

Obaveze prema bankama na dan 31. decembra mogu se prikazati kako slijedi:

|                                    | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|------------------------------------|-------------------------------|-------------------------------|
| Tekući računi u stranim valutama   | -                             | 23                            |
| <i>Podzbir</i>                     | -                             | 23                            |
| Pozajmljena sredstva:              |                               |                               |
| Kratkoročna pozajmljena sredstva   | -                             | 400                           |
| Dugoročna pozajmljena sredstva     | 463                           | -                             |
| <i>Ukupno pozajmljena sredstva</i> | <i>463</i>                    | <i>400</i>                    |
| <b>Ukupno</b>                      | <b>463</b>                    | <b>423</b>                    |

Dugoročna pozajmljena sredstva su odobrena od Investicijske banke Federacije Bosne i Hercegovine u svrhu daljeg finansiranja preduzeća House Milos i TMP Ahmetović. Pozajmljena sredstva su odobrena na period od četiri godine sa kamatnom stopom, šestomjesečni EURIBOR. Otplata kredita se vrši u 48 jednakih mjesečnih rata sa grace periodom od tri mjeseca za glavniciu kredita.

## 20. AMOUNTS DUE TO OTHER BANKS

Due to banks as of 31 December is summarised as follows:

|  | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|--|----------------------------|----------------------------|
| Current accounts in foreign currencies | -                          | 23                         |
| <i>Subtotal</i>                        | -                          | 23                         |
| Borrowings:                            |                            |                            |
| Short-term borrowings                  | -                          | 400                        |
| Long-term borrowings                   | 463                        | -                          |
| <i>Total borrowings</i>                | 463                        | 400                        |
| <b>Total</b>                           | <b>463</b>                 | <b>423</b>                 |

The long-term borrowings are granted from Investment Bank of Federation of Bosnia and Herzegovina with the purpose of financing companies House Milos and TMP Ahmetovic. The borrowings are granted for the period of four years with the 6-month EURIBOR interest rate. Repayment of the loans is scheduled in 48 equal monthly instalments with 3 months grace period for the principal.

## 21. OBAVEZE PREMA KLIJENTIMA

Obaveze prema klijentima, analizirane po vrsti depozita, obuhvataju sljedeće:

|                                   | 31. decembra 2003.<br>‘000 KM | 31. decembra 2002.<br>‘000 KM |
|-----------------------------------|-------------------------------|-------------------------------|
| <b>Depoziti po viđenju:</b>       |                               |                               |
| <b>Fizičke osobe:</b>             |                               |                               |
| U KM                              | 2.156                         | 1.698                         |
| U stranoj valuti                  | 3.660                         | 4.109                         |
| <i>Podzbir</i>                    | <i>5.816</i>                  | <i>5.807</i>                  |
| <b>Preduzeća:</b>                 |                               |                               |
| U KM                              | 12.188                        | 12.369                        |
| U stranoj valuti                  | 5.350                         | 3.389                         |
| <i>Podzbir</i>                    | <i>17.538</i>                 | <i>15.758</i>                 |
| <b>Druge vrste depozita:</b>      |                               |                               |
| U KM                              | 5.413                         | 2.080                         |
| U stranoj valuti                  | 5.165                         | 2.944                         |
| <i>Podzbir</i>                    | <i>10.578</i>                 | <i>5.024</i>                  |
| <b>Ukupno depoziti po viđenju</b> | <b>33.932</b>                 | <b>26.589</b>                 |
| <b>Oročeni depoziti:</b>          |                               |                               |
| <b>Fizičke osobe:</b>             |                               |                               |
| U KM                              | 761                           | 382                           |
| U stranoj valuti                  | 2.488                         | 1.362                         |
| <i>Podzbir</i>                    | <i>3.249</i>                  | <i>1.744</i>                  |
| <b>Preduzeća:</b>                 |                               |                               |
| U KM                              | 5.249                         | 858                           |
| U stranoj valuti                  | 3.598                         | 3.410                         |
| <i>Podzbir</i>                    | <i>8.847</i>                  | <i>4.268</i>                  |
| <b>Druge vrste depozita</b>       |                               |                               |
| U KM                              | 3.406                         | 1.395                         |
| U stranoj valuti                  | 570                           | 3.617                         |
| <i>Podzbir</i>                    | <i>3.976</i>                  | <i>5.012</i>                  |
| <b>Ukupno oročeni depoziti</b>    | <b>16.072</b>                 | <b>11.024</b>                 |
| <b>Ukupno</b>                     | <b>50.004</b>                 | <b>37.613</b>                 |

Godišnje kamatne stope na depozite po viđenju u 2003. i 2002. godini kretale su se od 1% do 2%. Godišnje kamatne stope na oročene depozite u 2003. i 2002. godini kretale su se od 3% do 6,5% odnosno od 2% do 5%.



## 21. AMOUNTS DUE TO CUSTOMERS

Amounts owed to customers, by type of deposit, comprise:

|                              | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|------------------------------|----------------------------|----------------------------|
| <b>Demand deposits from</b>  |                            |                            |
| Individuals:                 |                            |                            |
| In KM                        | 2.156                      | 1.698                      |
| In foreign currencies        | 3.660                      | 4.109                      |
| <i>Subtotal</i>              | <i>5.816</i>               | <i>5.807</i>               |
| Companies:                   |                            |                            |
| In KM                        | 12.188                     | 12.369                     |
| In foreign currencies        | 5.350                      | 3.389                      |
| <i>Subtotal</i>              | <i>17.538</i>              | <i>15.758</i>              |
| Other purpose deposits       |                            |                            |
| In KM                        | 5.413                      | 2.080                      |
| In foreign currencies        | 5.165                      | 2.944                      |
| <i>Subtotal</i>              | <i>10.578</i>              | <i>5.024</i>               |
| <b>Total demand deposits</b> | <b>33.932</b>              | <b>26.589</b>              |
| <b>Term deposits from</b>    |                            |                            |
| Individuals:                 |                            |                            |
| In KM                        | 761                        | 382                        |
| In foreign currencies        | 2.488                      | 1.362                      |
| <i>Subtotal</i>              | <i>3.249</i>               | <i>1.744</i>               |
| Companies:                   |                            |                            |
| In KM                        | 5.249                      | 858                        |
| In foreign currencies        | 3.598                      | 3.410                      |
| <i>Subtotal</i>              | <i>8.847</i>               | <i>4.268</i>               |
| Other purpose deposits:      |                            |                            |
| In KM                        | 3.406                      | 1.395                      |
| In foreign currencies        | 570                        | 3.617                      |
| <i>Subtotal</i>              | <i>3.976</i>               | <i>5.012</i>               |
| <b>Total term deposits</b>   | <b>16.072</b>              | <b>11.024</b>              |
| <b>Total</b>                 | <b>50.004</b>              | <b>37.613</b>              |

Interest rates on demand deposits ranged from and from 1% to 2% during 2003 and 2002. Interest rates on term deposits ranged from 3% to 6.5% and from 2% to 5% during 2003 and 2002, respectively.

## 22. SUBORDINISANI DUG

|                             | 31. decembra 2003.<br>‘000 KM | 31. decembra 2002.<br>‘000 KM |
|-----------------------------|-------------------------------|-------------------------------|
| Fondacija Bošnjaci, Mostar  | 304                           | 304                           |
| Vlada Hercegovačkog Kantona | 948                           | 394                           |
| <b>Ukupno</b>               | <b>1.252</b>                  | <b>698</b>                    |

Iznos od 304 hiljade KM predstavlja Bančina sredstva dobijena od Fondacije Bošnjaci, Mostar u svrhu daljeg kreditiranja i finansiranja. Sredstva su odobrena bespovratno i na njih se ne obračunava kamata. Ova sredstva su također priznata kao dodatni kapital, bazirano na Odluci Agencije za bankarstvo Federacije Bosne i Hercegovine od 16. aprila 2001. godine.

Također, Banka je od Vlade Hercegovačkog Kantona dobila sredstva u iznosu od 948 hiljada KM u svrhu daljeg kreditiranja i finansiranja razvoja poljoprivrede i poboljšanje zaposlenosti. Ova sredstva su također priznata kao dodatni kapital, bazirano na Odluci Agencije za bankarstvo Federacije Bosne i Hercegovine od 17. aprila 2003. godine.

## 23. OSTALE OBAVEZE

Ostale obaveze sažeto su prikazane kako slijedi:

|   | 31. decembra 2003.<br>‘000 KM | 31. decembra 2002.<br>‘000 KM |
|---|-------------------------------|-------------------------------|
| Obaveze za obračunatu kamatu                    | 74                            | 52                            |
| Obaveze prema dobavljačima                      | 73                            | 61                            |
| Obaveze prema dioničarima                       | 4                             | 7                             |
| Obaveze za poreze i doprinose                   | 10                            | 15                            |
| Obaveze za neraspoređeni priliv                 | 63                            | 73                            |
| Ostale obaveze iz tekućeg poslovanja            | 19                            | 41                            |
| Poslovi u ime i za tuđi račun                   | 102                           | 34                            |
| Rezervisanja za potencijalne i preuzete obaveze | 272                           | 266                           |
| <b>Ukupno</b>                                   | <b>617</b>                    | <b>549</b>                    |

## 22. SUBORDINATED DEBT

|  | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|--|----------------------------|----------------------------|
| Foundation Bošnjaci, Mostar            | 304                        | 304                        |
| Government of Herzegovina Municipality | 948                        | 394                        |
| <b>Total</b>                           | <b>1.252</b>               | <b>698</b>                 |

The amount of KM 304 thousand as of 31 December 2003 and 2002 represents funds granted by Foundation Bošnjaci, Mostar, for further lending and financing. Funds are granted permanently, and bear no interest. These funds are also considered an additional equity for regulatory purposes based on the Decision of Banking Agency of the Federation of Bosnia and Herzegovina dated 16 April 2001.

The amount of KM 948 thousands as of 31 December 2003 and KM 394 thousand as of 31 December 2002 presents funds granted by the Government of Herzegovina Canton for lending and financing of agriculture development and improvement of employment situation. Funds are granted permanently, and bear no interest. These funds are viewed as an additional equity for regulatory purposes, based on the Decision of Banking Agency of the Federation of Bosnia and Herzegovina dated 17 April 2003.

## 23. OTHER LIABILITIES

Other liabilities are summarised as follows:

|   | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|---|----------------------------|----------------------------|
| Accrued interest payable                          | 74                         | 52                         |
| Liabilities to vendors                            | 73                         | 61                         |
| Liabilities to shareholders                       | 4                          | 7                          |
| Liabilities for taxes and contributions           | 10                         | 15                         |
| Liabilities for undistributed inflow              | 63                         | 73                         |
| Other liabilities from current activities         | 19                         | 41                         |
| Managed funds surplus                             | 102                        | 34                         |
| Provisions for obligations and credit commitments | 272                        | 266                        |
| <b>Total</b>                                      | <b>617</b>                 | <b>549</b>                 |

## 24. DIONIČARSKI KAPITAL

Na dan 31. decembra 2003. godine dionički kapital Banke iznosi 16.148.600 KM i sastoji se od 157.486 običnih dionica i 4.000 preferencijalnih dionica svaka nominalne vrijednosti 100 KM. Preferencijalni dioničari nemaju zagarantovano pravo na dividende niti pravo glasanja. Međutim, u slučaju da se vrši isplata dividendi isti imaju prioritet u naplati u odnosu na obične dioničare. Preferencijalni dioničari također imaju preferencijalna prava u povratu kapitala u slučaju likvidacije.

Struktura dioničara za 2003. i 2002. godinu je prikazana u tabeli:

|                                   | Obične dionice |               |            | Preferencijalne dionice |            |            | Ukupno         |               |            |
|-----------------------------------|----------------|---------------|------------|-------------------------|------------|------------|----------------|---------------|------------|
|                                   | Broj dionica   | Iznos         | %          | Broj dionica            | Iznos      | %          | Broj dionica   | Iznos         | %          |
|                                   |                | 000'          |            |                         | 000'       |            |                | 000'          |            |
| Mahmal Investment Co. Limited, UK | 34.057         | 3.406         | 21,63      | -                       | -          | -          | 34.057         | 3.406         | 21,09      |
| Fondacija Bošnjaci Mostar         | 14.165         | 1.416         | 8,99       | -                       | -          | -          | 14.165         | 1.416         | 8,77       |
| Ministarstvo finansija FBiH       | 11.527         | 1.153         | 7,32       | -                       | -          | -          | 11.527         | 1.153         | 7,14       |
| Rijaset Islamske zajednice        | 8.304          | 830           | 5,27       | -                       | -          | -          | 8.304          | 830           | 5,14       |
| Fizička lica                      | 55.404         | 5.541         | 35,18      | 4.000                   | 400        | 100        | 59.404         | 5.941         | 36,79      |
| Ostali                            | 34.029         | 3.403         | 22,61      | -                       | -          | -          | 34.029         | 3.403         | 21,07      |
| <b>Ukupno</b>                     | <b>157.486</b> | <b>15.749</b> | <b>100</b> | <b>4.000</b>            | <b>400</b> | <b>100</b> | <b>161.486</b> | <b>16.149</b> | <b>100</b> |

## 25. POTENCIJALNE I PREUZETE FINANSIJSKE OBAVEZE

U sljedećoj tabeli navedeni su vanbilansni finansijski instrumenti Banke:

|   | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|---|-------------------------------|-------------------------------|
| Plative garancije                               | 5.300                         | 4.949                         |
| Činidbene garancije                             | 6.337                         | 5.943                         |
| Neiskorišteni krediti                           | 1.882                         | 2.590                         |
| Akreditivi                                      | 175                           | 274                           |
| <b>Ukupno</b>                                   | <b>13.694</b>                 | <b>13.756</b>                 |
| Rezervisanja za potencijalne i preuzete obaveze | 272                           | 266                           |

## 24. SHARE CAPITAL

As of 31 December 2003 and 2002, the Bank's share capital amounted to KM 16,148,600 and consisted of 157,486 ordinary shares and 4,000 preferred shares with a nominal value of KM 100 each. Preferred shareholders have no guaranteed dividend rights, and no voting rights. However, in case the dividend is declared, they have priority in actual receipt of dividend payments over ordinary shareholders. Preferred shareholders also have preferential rights to return of capital in case of liquidation.

The shareholding structure as at 31 December 2003 and 2002 is as follows:

|                                   | Ordinary shares  |                |            | Preferred shares |                |            | Total            |                |            |
|-----------------------------------|------------------|----------------|------------|------------------|----------------|------------|------------------|----------------|------------|
|                                   | Number of shares | Amount 000' KM | %          | Number of shares | Amount 000' KM | %          | Number of shares | Amount 000' KM | %          |
| Mahmal Investment Co. Limited, UK | 34.057           | 3.406          | 21,63      | -                | -              | -          | 34.057           | 3.406          | 21,09      |
| Fondacija Bošnjaci Mostar         | 14.165           | 1.416          | 8,99       | -                | -              | -          | 14.165           | 1.416          | 8,77       |
| Ministarstvo finansija FBiH       | 11.527           | 1.153          | 7,32       | -                | -              | -          | 11.527           | 1.153          | 7,14       |
| Rijaset Islamske zajednice        | 8.304            | 830            | 5,27       | -                | -              | -          | 8.304            | 830            | 5,14       |
| Individual shareholders           | 55.404           | 5.541          | 35,18      | 4.000            | 400            | 100        | 59.404           | 5.941          | 36,79      |
| Other companies                   | 34.029           | 3.403          | 22,61      | -                | -              | -          | 34.029           | 3.403          | 21,07      |
| <b>Total</b>                      | <b>157.486</b>   | <b>15.749</b>  | <b>100</b> | <b>4.000</b>     | <b>400</b>     | <b>100</b> | <b>161.486</b>   | <b>16.149</b>  | <b>100</b> |

## 25. GUARANTEES, COMMITMENTS AND OTHER OBLIGATIONS

The following table indicates the contractual amounts of the off-balance-sheet financial instruments that commit the Bank to extend credit to customers.

|                        | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|------------------------|----------------------------|----------------------------|
| Payment guarantees     | 5.300                      | 4.949                      |
| Performance guarantees | 6.337                      | 5.943                      |
| Unused loan facilities | 1.882                      | 2.590                      |
| Letters of credit      | 175                        | 274                        |
| <b>Total</b>           | <b>13.694</b>              | <b>13.756</b>              |
| Provisions             | 272                        | 266                        |

Slijedi sažeti prikaz promjena u rezervisanjima za ostale rizike:

|                                   | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|-----------------------------------|-------------------------------|-------------------------------|
| <b>Stanje na dan 1. januara</b>   | 266                           | 185                           |
| Nova rezervisanja                 | 6                             | 81                            |
| <b>Stanje na dan 31. decembra</b> | <b>272</b>                    | <b>266</b>                    |

## 26. POSLOVI U IME I ZA RAČUN

Banka upravlja određenim sredstvima u ime i za račun trećih osoba. Ta su sredstva iskazana odvojeno od ostalih bančnih sredstava. Za te usluge Banka zaračunava nakanadu od 1% na plasirana sredstva.

|   | 31. decembra 2003.<br>'000 KM | 31. decembra 2002.<br>'000 KM |
|---|-------------------------------|-------------------------------|
| <b>Izvori</b>                             |                               |                               |
| Privredna komora Kantona Sarajevo         | 486                           | 397                           |
| Kanton Sarajevo                           | 1.668                         | 1.776                         |
| Ministarstvo privrede FBiH                | 3.095                         | 3.101                         |
| Sarajevo osiguranje d.d. Sarajevo         | 191                           | 285                           |
| Poštanska banka d.d. Sarajevo             | 405                           | 405                           |
| BH Pošta                                  | 685                           | -                             |
| Agencija za zapošljavanje FBiH            | 822                           | 920                           |
| Agencija za zapošljavanje Kanton Sarajevo | 150                           | -                             |
| Fondacija Bošnjaci                        | 146                           | -                             |
| Hercegovačko-Neretvanski Kanton, Mostar   | -                             | 152                           |
| IGA                                       | 475                           | -                             |
| Ostala preduzeća                          | 651                           | 875                           |
| Stanovništvo                              | 363                           | 237                           |
| <b>Ukupno</b>                             | <b>9.137</b>                  | <b>8.148</b>                  |
| <b>Plasmani</b>                           |                               |                               |
| Krediti preduzećima                       | 4.976                         | 3.968                         |
| Krediti stanovništvu                      | 4.059                         | 4.146                         |
| <b>Ukupno</b>                             | <b>9.035</b>                  | <b>8.114</b>                  |
| <b>Razlika</b>                            | <b>(102)</b>                  | <b>(34)</b>                   |

Razlika između plasmana i izvora je prikazana u Bilansu stanja kao komisiona aktivnost

The movements in the provision for off-balance-sheet financial instruments losses are summarized as follows:

|                                  | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|----------------------------------|----------------------------|----------------------------|
| Balance as at 1 January          | 266                        | 185                        |
| Additional provision             | 6                          | 81                         |
| <b>Balance as at 31 December</b> | <b>272</b>                 | <b>266</b>                 |

## 26. MANAGED FUNDS

The Bank manages assets on behalf of third parties. These assets are recorded separately from the Bank's assets. For its services, the Bank charges a fee amounting to 1% of the total amount contributed.

|   | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|---|----------------------------|----------------------------|
| <b>Sources of funds:</b>                  |                            |                            |
| Canton Sarajevo Chamber of Commerce       | 486                        | 397                        |
| Canton Sarajevo                           | 1.668                      | 1.776                      |
| Ministry of agriculture FBiH              | 3.095                      | 3.101                      |
| Sarajevo osiguranje d.d. Sarajevo         | 191                        | 285                        |
| Poštanska banka d.d. Sarajevo             | 405                        | 405                        |
| BH Post                                   | 685                        | -                          |
| Employment Agency FBiH                    | 822                        | 920                        |
| Employment Agency Canton Sarajevo         | 150                        | -                          |
| Foundation Bošnjaci                       | 146                        | -                          |
| Canton Hercegovina-Neretvanski, Mostar    | -                          | 152                        |
| IGA                                       | 475                        | -                          |
| Other companies                           | 651                        | 875                        |
| Citizens                                  | 363                        | 237                        |
| <b>Total</b>                              | <b>9.137</b>               | <b>8.148</b>               |
| <b>Placements:</b>                        |                            |                            |
| Loans to companies                        | 4.976                      | 3.968                      |
| Loans to citizens                         | 4.059                      | 4.146                      |
| <b>Total</b>                              | <b>9.035</b>               | <b>8.114</b>               |
| <b>Surplus of Sources over Placements</b> | <b>(102)</b>               | <b>(34)</b>                |

The difference between placements and sources is presented in the Balance Sheet as other liabilities

## 27. TRANSAKCIJE S POVEZANIM STRANAMA

Ostatak duga povezanih strana sa stanjem na dan 31. decembra 2003. i 2002. godine, prikazan je kako slijedi:

|   | 31. decembra 2003.<br>KM'000 | 31. decembra 2002.<br>KM'000 |
|---|------------------------------|------------------------------|
| Kreditni dati dioničarima   | 5.590                        | 4.260                        |
| Potencijalne obaveze prema dioničarima  | 2.890                        | 2.139                        |
| Kreditni dati Upravi i članovima Nadzornog Odbora<br>i s njima povezanim licima | 671                          | 217                          |
| <b>Ukupno</b>   | <b>9.151</b>                 | <b>6.616</b>                 |

Sve gore prikazane transakcije su nastale pod komercijalnim bankarskim uslovima. Banka nije odobravalala kredite dioničarima sa udjelom većim od 5% u dioničkom kapitalu i u smislu Zakona o bankama predstavljaju povezana lica s Bankom.



## 27. RELATED-PARTY TRANSACTIONS

As at 31 December 2003 and 31 December 2002, balances outstanding with related parties comprised:

|   | 31 December 2003<br>KM'000 | 31 December 2002<br>KM'000 |
|---|----------------------------|----------------------------|
| Loans to shareholders                             | 5.590                      | 4.260                      |
| Contingent liabilities to shareholders            | 2.890                      | 2.139                      |
| Loans to Management and Supervisory Board Members | 671                        | 217                        |
| <b>Total</b>                                      | <b>9.151</b>               | <b>6.616</b>               |

All of the transactions stated above have been made under arm's-length commercial and banking conditions. The Bank did not granted loans to shareholders with participation over 5% in Shareholder's Equity that would be considered as related parties under the Banking Law.

## 28. VALUTNI RIZIK

Banka je izložena učincima promjena u deviznim kursovima na svoj finansijski položaj i novčane tokove. Niže u tablici analizirane su osnovne valute po kojima je Banka izložena riziku. Ostale valute obuhvaćene su u okviru stavke "Ostale valute". Banka prati svoj valutni položaj u odnosu na udovoljavanje regulatornim zahtjevima koje je Agencija za bankarstvo Federacije Bosne i Hercegovine definirala kao limite otvorenih pozicija. Banka nastoji sučeliti svoju imovinu i obaveze u stranim valutama kako bi izbjegla izloženost valutnom riziku.

| '000 KM   | KM            | EUR             | Ostale valute  | Ukupno        |
|---|---------------|-----------------|----------------|---------------|
| <b>SREDSTVA</b>   |               |                 |                |               |
| Novac i sredstva kod banaka                                   | 10.554        | 2.491           | 129            | 13.174        |
| Potraživanja od Centralne banke BiH                           | 1.982         | 1.128           | -              | 3.110         |
| Plasmani kod drugih banaka                                    | -             | 1.515           | 5.319          | 6.834         |
| Kreditni iz sredstava banke                                   | 12.692        | 28.241          | -              | 40.933        |
| Ulaganja raspoloživa za prodaju                               | 433           | -               | -              | 433           |
| Potraživanja za obračunatu kamatu                             | 452           | -               | -              | 452           |
| Ostala imovina  | 1.021         | 25              | 23             | 1.069         |
| Neto dugotrajna materijalna i nematerijalna imovina           | 3.345         | -               | -              | 3.345         |
| <b>Ukupna sredstva (1)</b>                                    | <b>30.479</b> | <b>33.400</b>   | <b>5.471</b>   | <b>69.350</b> |
| <b>OBAVEZE</b>  |               |                 |                |               |
| Obaveze prema drugim bankama                                  | 463           | -               | -              | 463           |
| Obaveze prema klijentima                                      | 25.590        | 18.982          | 5.432          | 50.004        |
| Subordinisani dug   | 1.252         | -               | -              | 1.252         |
| Ostale obaveze  | 65            | 520             | 32             | 617           |
| <b>Ukupne obaveze (2)</b>                                     | <b>27.370</b> | <b>19.502</b>   | <b>5.464</b>   | <b>52.336</b> |
| <b>Neto bilans stanja na dan 31. decembra 2003. (1) - (2)</b> | <b>3.109</b>  | <b>13.898</b>   | <b>7</b>       | <b>17.014</b> |
| Ukupna sredstva na dan 31. decembra 2002.                     | 51.549        | 2.519           | 1.852          | 55.920        |
| Ukupne obaveze na dan 31. decembra 2002.                      | 23.225        | 12.847          | 3.211          | 39.283        |
| <b>UKUPNI NETO BILANS STANJA NA DAN 31. DECEMBRA 2002.</b>    | <b>28.324</b> | <b>(10.328)</b> | <b>(1.359)</b> | <b>16.637</b> |

## 28. FOREIGN CURRENCY BALANCE SHEET AND FOREIGN CURRENCY RISK

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The table below provides an analysis of the Bank's main currency exposures. The remaining currencies are shown within 'Other currencies.' The Bank monitors its foreign exchange (FX) position for compliance with the regulatory requirements of the Central Bank of Bosnia and Herzegovina established in respect of limits on open positions. The Bank seeks to match assets and liabilities denominated in foreign currencies to avoid foreign currency exposures.

| '000 KM  | KM            | EUR             | Other currencies | Total         |
|--|---------------|-----------------|------------------|---------------|
| <b>ASSETS</b>  |               |                 |                  |               |
| Cash and due from banks                              | 10.554        | 2.491           | 129              | 13.174        |
| Due from the Central bank                            | 1.982         | 1.128           | -                | 3.110         |
| Placements with other banks                          | -             | 1.515           | 5.319            | 6.834         |
| Originated loans and advances to customers           | 12.692        | 28.241          | -                | 40.933        |
| Investments  | 433           | -               | -                | 433           |
| Accrued interest receivable                          | 452           | -               | -                | 452           |
| Other assets   | 1.021         | 25              | 23               | 1.069         |
| Tangible and intangible fixed assets                 | 3.345         | -               | -                | 3.345         |
| <b>Total Assets (1)</b>                              | <b>30.479</b> | <b>33.400</b>   | <b>5.471</b>     | <b>69.350</b> |
| <b>LIABILITIES</b>                                   |               |                 |                  |               |
| Due to other banks                                   | 463           | -               | -                | 463           |
| Due to customers                                     | 25.590        | 18.982          | 5.432            | 50.004        |
| Subordinated debt                                    | 1.252         | -               | -                | 1.252         |
| Other liabilities                                    | 65            | 520             | 32               | 617           |
| <b>Total Liabilities (2)</b>                         | <b>27.370</b> | <b>19.502</b>   | <b>5.464</b>     | <b>52.336</b> |
| <b>Net FX Position at 31 December 2003 (1) - (2)</b> | <b>3.109</b>  | <b>13.898</b>   | <b>7</b>         | <b>17.014</b> |
| Total assets at 31 December 2002                     | 51.549        | 2.519           | 1.852            | 55.920        |
| Total liabilities at 31 December 2002                | 23.225        | 12.847          | 3.211            | 39.283        |
| <b>TOTAL NET FX POSITION AT 31 DECEMBER 2002</b>     | <b>28.324</b> | <b>(10.328)</b> | <b>(1.359)</b>   | <b>16.637</b> |

## 29. KAMATNI RIZIK

Kamatni rizik je rizik promjene vrijednosti finansijskog instrumenta uslijed promjena kamatnih stopa na tržištu. Stoga razdoblje u kojem je kamatna stopa za finansijski instrument nepromjenjiva ukazuje na izloženost kamatnom riziku. U idućoj tabeli nalaze se podaci o izloženosti Banke kamatnom riziku, koja je analizirana ili na temelju ugovornog dospijea finansijskog instrumenta, ili, kod instrumenata čija kamatna stopa se mijenja prije dospijea, u razdoblju do idućeg datuma promjene kamatne stope. Politika Banke je da svojom izloženošću promjenama u neto prihodima od kamata koji proizlaze iz promjena kamatnih stopa upravlja kontroliranim neusklađivanjem datuma promjene cijena u bilansu. Imovina i obaveze za koje ne postoji ugovoreni datum dospijea ili na koje se ne obračunava kamata svrstani su u okviru kategorije "Nedefinirano dospijee".

| '000 KM   | Do 1 mjeseca    | Od 1 do 3 mjeseca | Od 3 do 12 mjeseci | Od 1-5 godina | Preko 5 godina | Nedefinirano dospijee | Ukupno        |
|---|-----------------|-------------------|--------------------|---------------|----------------|-----------------------|---------------|
| <b>SREDSTVA</b>   |                 |                   |                    |               |                |                       |               |
| Novac i sredstva kod banaka                                       | 13.174          | -                 | -                  | -             | -              | -                     | 13.174        |
| Potraživanja od Centralne banke BiH                               | 3.110           | -                 | -                  | -             | -              | -                     | 3.110         |
| Plasmani kod drugih banaka  | 6.834           | -                 | -                  | -             | -              | -                     | 6.834         |
| Kredit iz sredstava banke   | 298             | 5.473             | 11.995             | 20.368        | 2.796          | -                     | 40.933        |
| Ulaganja  | 433             | -                 | -                  | -             | -              | -                     | 433           |
| Potraživanja za obračunatu kamatu                                 | 452             | -                 | -                  | -             | -              | -                     | 452           |
| Ostala imovina  | 1.069           | -                 | -                  | -             | -              | -                     | 1.069         |
| Neto dugotrajna materijalna i nematerijalna imovina               | 3.345           | -                 | -                  | -             | -              | -                     | 3.345         |
| <b>Ukupna sredstva (1)</b>  | <b>28.715</b>   | <b>5.473</b>      | <b>11.998</b>      | <b>20.368</b> | <b>2.796</b>   | -                     | <b>69.350</b> |
| <b>OBAVEZE</b>  |                 |                   |                    |               |                |                       |               |
| Obaveze prema drugim bankama                                      | -               | -                 | -                  | 463           | -              | -                     | 463           |
| Obaveze prema klijentima  | 33.624          | 715               | 8.082              | 6.916         | 667            | -                     | 50.004        |
| Subordinisani dug   | -               | -                 | -                  | -             | 1.252          | -                     | 1.252         |
| Ostale obaveze  | 617             | -                 | -                  | -             | -              | -                     | 617           |
| <b>Ukupne obaveze (2)</b>   | <b>34.241</b>   | <b>715</b>        | <b>8.082</b>       | <b>7.379</b>  | <b>1.919</b>   | -                     | <b>52.336</b> |
| <b>Bilansna neusklađenost na dan 31. decembra 2003. (1) - (2)</b> | <b>(5.526)</b>  | <b>4.758</b>      | <b>3.916</b>       | <b>12.989</b> | <b>877</b>     | -                     | <b>17.014</b> |
| Ukupna sredstva na dan 31. decembra 2002.                         | 14.724          | 1.245             | 10.954             | 24.627        | 4.370          | -                     | 55.920        |
| Ukupne obaveze na dan 31. decembra 2002.                          | 33.055          | 583               | 4.357              | 1.023         | 265            | -                     | 39.283        |
| <b>Bilansna neusklađenost na dan 31. decembra 2002.</b>           | <b>(18.331)</b> | <b>662</b>        | <b>6.597</b>       | <b>23.604</b> | <b>4.105</b>   | -                     | <b>16.637</b> |

## 29. INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument, therefore, indicates to what extent it is exposed to interest rate risk. The table below provides information on the extent of the Bank's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that reprice to a market rate of interest before maturity, the next repricing date. It is the policy of the Bank to manage the exposure to fluctuations in net interest income arising from changes in interest rates by the degree of repricing mismatch in the balance sheet. Those assets and liabilities that do not have contractual maturity date or are not interest bearing are grouped in 'maturity undefined' category.

| '000 KM  | Up to 1 month   | 1-3 months   | 3-12 months   | 1-5 years     | Over 5 years | Maturity undefined | Total         |
|--|-----------------|--------------|---------------|---------------|--------------|--------------------|---------------|
| <b>ASSETS</b>  |                 |              |               |               |              |                    |               |
| Cash and due from banks  | 13.174          | -            | -             | -             | -            | -                  | 13.174        |
| Due from the Central bank  | 3.110           | -            | -             | -             | -            | -                  | 3.110         |
| Placements with other banks  | 6.834           | -            | -             | -             | -            | -                  | 6.834         |
| Originated loans and advances to customers                         | 298             | 5.473        | 11.995        | 20.368        | 2.796        | -                  | 40.933        |
| Investments  | 433             | -            | -             | -             | -            | -                  | 433           |
| Accrued interest receivable  | 452             | -            | -             | -             | -            | -                  | 452           |
| Other assets, net  | 1.069           | -            | -             | -             | -            | -                  | 1.069         |
| Tangible and intangible fixed assets                               | 3.345           | -            | -             | -             | -            | -                  | 3.345         |
| <b>Total Assets (1)</b>  | <b>28.715</b>   | <b>5.473</b> | <b>11.998</b> | <b>20.368</b> | <b>2.796</b> | <b>-</b>           | <b>69.350</b> |
| <b>LIABILITIES</b>   |                 |              |               |               |              |                    |               |
| Amounts due to other banks   | -               | -            | -             | 463           | -            | -                  | 463           |
| Amounts due to customers   | 33.624          | 715          | 8.082         | 6.916         | 667          | -                  | 50.004        |
| Subordinated debt  | -               | -            | -             | -             | 1.252        | -                  | 1.252         |
| Other liabilities  | 617             | -            | -             | -             | -            | -                  | 617           |
| <b>Total Liabilities (2)</b>                                       | <b>34.241</b>   | <b>715</b>   | <b>8.082</b>  | <b>7.379</b>  | <b>1.919</b> | <b>-</b>           | <b>52.336</b> |
| <b>Interest rate sensitivity gap at 31 december 2003 (1) - (2)</b> | <b>(5.526)</b>  | <b>4.758</b> | <b>3.916</b>  | <b>12.989</b> | <b>877</b>   | <b>-</b>           | <b>17.014</b> |
| Total assets at 31 December 2002                                   | 14.724          | 1.245        | 10.954        | 24.627        | 4.370        | -                  | 55.920        |
| Total liabilities at 31 December 2002                              | 33.055          | 583          | 4.357         | 1.023         | 265          | -                  | 39.283        |
| <b>Interest rate sensitivity gap at 31 december 2002</b>           | <b>(18.331)</b> | <b>662</b>   | <b>6.597</b>  | <b>23.604</b> | <b>4.105</b> | <b>-</b>           | <b>16.637</b> |

### 30. RIZIK LIKVIDNOSTI

Rizik likvidnosti predstavlja moguću izloženost Banke vezano uz pribavu sredstava koja su potrebna Banci da bi podmirila svoje preuzete obaveze po finansijskim instrumentima. Banka održava likvidnost u skladu s propisima koje je utvrdila Centralna banka BiH. Tabela u nastavku sadrži analizu sredstava, obaveza i vlasničke glavnice prema preostalim razdobljima od datuma bilanse do ugovornog dospijeca, pri čemu su rokovi dospijeca utvrđeni uzevši u obzir moguće ranije rokove otplate za opcije ili temeljem plana otplate. Sredstva i obaveze za koje ne postoji ugovorno dospijecje svrstana su u okviru kategorije “Nedefinirano dospijecje”.

Banka je uspostavila pravila za upravljanje rizikom likvidnosti tako što održava svoj profil likvidnosti u normalnim uslovima (osnovni scenario za likvidnost) i kriznim uslovima (scenario likvidnosti za krizne situacije). Banka je definisala set indikatora sa uspostavljenim limitima.

Banka je izložena svakodnevnim isplatama iznosa na poziv koje podmiruje raspoloživim novčanim izvorima koji se sastoje od prekonoćnih depozita, sredstava na tekućim računima, depozitima koji dospijevaju, povlačenja sredstava kredita, jemstava i ostalih derivata koji se podmiruju iz marži i ostalih iznosa na poziv za gotovinske derivate. Banka ne održava novčane izvore da bi pokrila sve navedene potrebe jer je iz iskustva moguće s velikom pouzdanošću predvidjeti minimalne iznose ponovnog ulaganja dospelih sredstava. Banka utvrđuje limite za najniže iznose sredstava koja dospijevaju a koja su raspoloživa za podmirivanje iznosa plativih na poziv, kao i najniže iznose međubankarskih i ostalih kredita za pokriće neočekivanih iznosa sredstava koji se povlače na zahtjev.

### 30. LIQUIDITY RISK

Liquidity risk is a measure of the extent to which the Bank may be required to raise funds to meet its commitments associated with financial instruments. The Bank maintains its liquidity profiles in accordance with regulations laid down by the Federation of Bosnia and Herzegovina Central Bank. The table below provides an analysis of assets, liabilities and shareholders' equity into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. It is presented under the most prudent consideration of maturity dates where options or repayment schedules allow for early repayment possibilities. Those assets and liabilities that do not have a contractual maturity date are grouped together under 'maturity undefined' category.

The Bank has established its liquidity risk management rules such that it maintains its liquidity profile in normal conditions (basic liquidity scenario) and in crisis conditions (crisis liquidity scenario). As such, the Bank has defined a set of indicators for which binding limits are established.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan drawdowns, guarantees and from margin and other calls on cash-settled derivatives. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Bank sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

| '000 KM  | Na poziv       | Do 3 mjeseci | Od 3 do 12 mjeseci | Od 1-5 godina | Preko 5 godina | Nedefinirano dospijeće | Ukupno        |
|--|----------------|--------------|--------------------|---------------|----------------|------------------------|---------------|
| <b>SREDSTVA</b>  |                |              |                    |               |                |                        |               |
| Novac i sredstva kod banaka  | 13.174         | -            | -                  | -             | -              | -                      | 13.174        |
| Potraživanja od Centralne Banke  | 3.110          | -            | -                  | -             | -              | -                      | 3.110         |
| Plasmani kod drugih banaka   | 6.834          | -            | -                  | -             | -              | -                      | 6.834         |
| Kredit iz sredstava banke  | 8.311          | 9.146        | 12.412             | 10.228        | 836            | -                      | 40.933        |
| Ulaganja raspoloživa za prodaju  | 433            | -            | -                  | -             | -              | -                      | 433           |
| Potraživanja za obračunatu kamatu  | 452            | -            | -                  | -             | -              | -                      | 452           |
| Ostala imovina   | 1.069          | -            | -                  | -             | -              | -                      | 1.069         |
| Neto dugotrajna materijalna i nematerijalna imovina                          | 3.345          | -            | -                  | -             | -              | -                      | 3.345         |
| <b>Ukupna sredstva (1)</b>   | <b>36.728</b>  | <b>9.146</b> | <b>12.412</b>      | <b>10.228</b> | <b>836</b>     | <b>-</b>               | <b>69.350</b> |
| <b>OBAVEZE</b>   |                |              |                    |               |                |                        |               |
| Obaveze prema drugim bankama   | -              | -            | -                  | 463           | -              | -                      | 463           |
| Obaveze prema klijentima   | 34.109         | 2.234        | 9.448              | 3.546         | 667            | -                      | 50.004        |
| Subordinisani dug  | -              | -            | -                  | -             | 1.252          | -                      | 1.252         |
| Ostale obaveze   | 617            | -            | -                  | -             | -              | -                      | 617           |
| <b>Ukupne obaveze (2)</b>  | <b>34.726</b>  | <b>2.234</b> | <b>9.448</b>       | <b>4.009</b>  | <b>1.919</b>   | <b>-</b>               | <b>52.336</b> |
| <b>Bilansna neusladenost likvidnosti na dan 31. decembra 2003. (1) - (2)</b> | <b>2.002</b>   | <b>6.912</b> | <b>2.964</b>       | <b>6.219</b>  | <b>(1.083)</b> | <b>-</b>               | <b>17.014</b> |
| Ukupna sredstva na dan 31. decembra 2002.                                    | 27.494         | 4.914        | 10.486             | 12.209        | 817            | -                      | 55.920        |
| Ukupne obaveze na dan 31. decembra 2002.                                     | 33.209         | 1.810        | 2.866              | 435           | 963            | -                      | 39.283        |
| <b>UKUPNA NEUSKLADENOST LIKVIDNOSTI NA DAN 31. DECEMBRA 2002.</b>            | <b>(5.715)</b> | <b>3.104</b> | <b>7.620</b>       | <b>11.774</b> | <b>(146)</b>   | <b>-</b>               | <b>16.637</b> |



| '000 KM                                    | On demand      | Up to 3 months | 3-12 months   | 1-5 years     | Over 5 years   | Maturity undef. | Total         |
|--|----------------|----------------|---------------|---------------|----------------|-----------------|---------------|
| <b>ASSETS</b>                              |                |                |               |               |                |                 |               |
| Cash and due from banks                    | 13.174         | -              | -             | -             | -              | -               | 13.174        |
| Due from the Central bank                  | 3.110          | -              | -             | -             | -              | -               | 3.110         |
| Placements with other banks                | 6.834          | -              | -             | -             | -              | -               | 6.834         |
| Originated loans and advances to customers | 8.311          | 9.146          | 12.412        | 10.228        | 836            | -               | 40.933        |
| Investments                                | 433            | -              | -             | -             | -              | -               | 433           |
| Accrued interests receivable               | 452            | -              | -             | -             | -              | -               | 452           |
| Other assets,                              | 1.069          | -              | -             | -             | -              | -               | 1.069         |
| Tangible and intangible fixed assets       | 3.345          | -              | -             | -             | -              | -               | 3.345         |
| <b>Total Assets (1)</b>                    | <b>36.728</b>  | <b>9.146</b>   | <b>12.412</b> | <b>10.228</b> | <b>836</b>     | <b>-</b>        | <b>69.350</b> |
| <b>LIABILITIES</b>                         |                |                |               |               |                |                 |               |
| Amounts due to other banks                 | -              | -              | -             | 463           | -              | -               | 463           |
| Amounts due to customers                   | 34.109         | 2.234          | 9.448         | 3.546         | 667            | -               | 50.004        |
| Subordinated debt                          | -              | -              | -             | -             | 1.252          | -               | 1.252         |
| Other liabilities                          | 617            | -              | -             | -             | -              | -               | 617           |
| <b>Total Liabilities (2)</b>               | <b>34.726</b>  | <b>2.234</b>   | <b>9.448</b>  | <b>4.009</b>  | <b>1.919</b>   | <b>-</b>        | <b>52.336</b> |
| <b>LIQUIDITY GAP AT</b>                    |                |                |               |               |                |                 |               |
| <b>31 DECEMBER 2003 (1) - (2)</b>          | <b>2.002</b>   | <b>6.912</b>   | <b>2.964</b>  | <b>6.219</b>  | <b>(1.083)</b> | <b>-</b>        | <b>17.014</b> |
| Total assets at 31 December 2002           | 27.494         | 4.914          | 10.486        | 12.209        | 817            | -               | 55.920        |
| Total liabilities at 31 December 2002      | 33.209         | 1.810          | 2.866         | 435           | 963            | -               | 39.283        |
| <b>LIQUIDITY GAP AT 31 DECEMBER 2002</b>   | <b>(5.715)</b> | <b>3.104</b>   | <b>7.620</b>  | <b>11.774</b> | <b>(146)</b>   | <b>-</b>        | <b>16.637</b> |

### 31. KREDITNI RIZIK

Banka je izložena kreditnom riziku, koji predstavlja rizik nemogućnosti druge strane da podmiri iznose obaveza u cijelosti po dospijeću. Banka razvrstava kreditni rizik utvrđujući limite za iznos prihvaćenog rizika koje očekuje da će nastati u vezi s jednim zajmoprimcem ili skupinom zajmoprimaca te u pojedinim privrednim granama. Banka redovno prati navedene rizike i preispituje ih jednom mjesečno.

Banka upravlja kreditnim rizikom redovnom analizom sposobnosti postojećih i potencijalnih zajmoprimatelja da otplate svoje obaveze po glavnici i kamatama i promjenom kreditnih limita po potrebi. Pored toga, svojom izloženošću kreditnom riziku djelomično upravlja i pribavljanjem kolaterala, te korporativnih i ličnih jamstava.

Preuzete obaveze na temelju izdatih akreditiva. Dokumentirani akreditivi, koji predstavljaju pisane neopozive obaveze koje je Banka preuzela u ime klijenta (ovlastitelj) a po kojima je treća strana (korisnik) ovlaštena povlačiti sredstva kod Banke do utvrđenog iznosa pod utvrđenim uvjetima, osigurani su instrumentima osiguranja u obliku isporuka dobara za koje su izdani, pa time predstavljaju i značajno manji rizik. Potrebna novčana sredstva za otvorene akreditive značajno su manja od preuzetih obaveza po izdatim garancijama ili standby akreditivima. Međutim, Banka knjiži rezervisanja za navedene instrumente po istoj osnovi kao i za kredite.

Obaveze za kreditiranjem, po nepovučenim kreditnim sredstvima, neiskorištenim prekoračenjima i odobrenim prekoračenjima. Osnovna svrha obaveza za kreditiranjem je osigurati raspoloživost sredstava na zahtjev klijenta. Obaveze za kreditiranjem predstavljaju neiskorišteni dio odobrenih kredita, garancija ili standby akreditiva. Obaveze Banke za kreditiranjem predstavljaju preuzete obaveze po kreditima ili jamstvima, neiskorištena i odobrena prekoračenja. Obaveze za kreditiranjem ili jamstava koje je izdala Banka a koje su vezane uz određene kriterije kreditiranja kojima klijenti trebaju udovoljavati (uključivši uvjet da ne dođe do pogoršanja solventnosti klijenta) predstavljaju opozive obaveze. Neopozive obaveze postoje po osnovi odobrenih prekoračenja jer su one proizašle na temelju uvjeta koji su utvrđeni ugovorima o kreditu.

## 31. CREDIT RISK

The Bank takes on exposure to credit risk which is the risk upon credit approval and when counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Commitments arising from the issuance of letters of credit. Documentary letters of credit, which are written irrevocable undertakings by the Bank on behalf of a customer (mandatory) authorizing a third party (beneficiary) to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore have significantly less risk. Cash requirements under open letters of credit are considerably less than the commitments under issued guarantees or stand-by letters of credit. However, the Bank records provisions against these instruments on the same basis as is applicable to loans.

Commitments to extend credit, undrawn loan commitments, unutilised overdrafts and approved overdraft loans. The primary purpose of commitments to extend credit is to ensure that funds are available to a customer as required. Commitments to extend credit represent unused portions of authorisations to extend credits in the form of loans, guarantees or stand-by letters of credit. Commitments to extend credit issued by the Bank represent issued loan commitments or guarantees, undrawn portions of and approved overdrafts loans. Commitments to extend credit or guarantees issued by the Bank which are contingent upon customers maintaining specific credit standards (including the condition that a customer's solvency does not deteriorate) are revocable commitments. Irrevocable commitments represent undrawn portions of authorised loans and approved overdraft facilities because they result from contractual terms and conditions in the credit agreements.

### 32. OSNOVNA ZARADA PO DIONICI

Osnovna zarada po dionici je izračunata dijeljenjem dobiti koja je na raspolaganju redovnim dioničarima, sa ponderisanim prosječnim brojem redovnih dionica tokom godine, isključujući prosječan broj običnih dionica koje je Banka kupila, a drži ih kao trezorske dionice.

|   | 31. decembra 2003. | 31. decembra 2002. |
|---|--------------------|--------------------|
| Dobit na raspolaganju redovnim dioničarima (KM '000)  | 406                | 405                |
| Ponderisani prosječni broj redovnih dionica za godinu | 157.486            | 157.486            |
| Osnovna zarada po dionici (KM)                        | 2,58               | 2,57               |

Smanjena zarada po dionici nije izračunata jer Banka nije izdala finansijske instrumente koji bi smanjivali osnovnu zaradu po dionici.

### 33. DOGAĐAJI NAKON DATUMA BILANSA STANJA

29. marta 2004. godine Odlukom Agencije za Bankarstvo Federacije Bosne i Hercegovine deblokirana su sredstva u iznosu KM 1.114 hiljada, koja su bila držana na specijalnom računu kod Centralne banke Bosne i Hercegovine.

### 32. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

|  | 31 December 2003 | 31 December 2002 |
|--|------------------|------------------|
| Income attributable to ordinary shareholders (KM '000) | 406              | 405              |
| Basic earnings per share (KM)                          | 157.486          | 157.486          |
| Weighted average number of ordinary shares outstanding | 2,58             | 2,57             |

Diluted earnings per share are not presented, as the Bank has not issued dilutive or antidilutive equity instruments.

### 33. AFTER BALANCE-SHEET DATE EVENTS

As at 29 March 2004, according to the Federal Banking Agency Decision funds in the amount of KM 1,114 thousand held at special non-interest bearing account with the Central Bank of Bosnia and Herzegovina were unfrozen.

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