

***VAKUFSKA BANKA DD***  
***SARAJEVO***

# Sadržaj

## Content

O banci .....	3
About the Bank .....	3
Poslovanje banke .....	5
Bank's Business Operations .....	5
Kreditni portfolio .....	7
Credit Portfolio .....	7
Depoziti .....	9
Deposits .....	9
Unutrašnji platni promet .....	11
Domestic Payment Operations .....	11
Poslovi sa inostranstvom .....	11
International Operations .....	11
Kartično poslovanje .....	12
Card Business .....	12
Tekući račun .....	12
Current Account .....	12
Elektronsko bankarstvo .....	13
E-Banking .....	13
Investiciono bankarstvo .....	14
Investment Banking .....	14
Dionički kapital .....	15
Shareholder's Equity .....	15
Saradnja sa IBF, IGA i IFAD .....	16
Cooperation with IBF, IGA and IFAD.....	16
Razvojni pravci banke .....	17
Development Directions.....	17
Nadzorni odbor i uprava banke .....	18
Supervisory Board & Executive Board.....	18
Organizaciona struktura .....	19
Organizational Structure.....	19
Poslovna mreža .....	20
Branch Network.....	20
Korensponentne banke .....	21
Corespondent Banks.....	21

Vakufska banka DD Sarajevo, sa jakom finansijskom strukturom, širokom mrežom filijala i ekspoziura, 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 DD Sarajevo osnovana je 1992. godine i u proteklih 15 godina bilježila je kontinuiran trend rasta. Za to vrijeme je stekla ugled uspješne i profesionalne komercijalne banke.

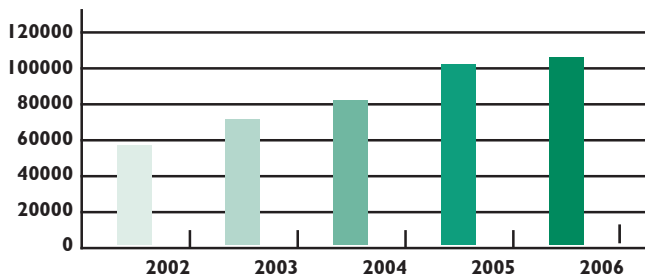
U posljednjih 5 godina Vakufska banka DD Sarajevo je imala konstantan rast aktive. Ukupna aktiva banke na dan 31.12.2006 godine iznosi 106.843 h/KM i u poređenju sa aktivom banke na dan 31.12.2005 godine povećala se za 6%.

Vakufska banka DD Sarajevo, with strong financial structure, wide network of subsidiaries and branch offices, involved network of correspondent banks in the world, with the built professional and dedicated relation with the clients, as well as with the wide client basis, offers reliable, strong and stable partnership to all economic subjects in the country and abroad, as well as to prospective investors.

Vakufska banka DD Sarajevo was established in 1992 and during previous 15 years registered the continuous trend of growth. During that time it acquired the reputation of a successful and professional commercial bank.

For the last 5 years Vakufska banka DD Sarajevo had a steady growth of its assets. The total assets of the Bank on December 31, 2006 amounted 106.843 t/KM and in comparison with the Bank's assets on December 31, 2005 it was increased for 6%.

### Ukupna aktiva zadnjih pet godina je iznosila:



### The total assets for five last years amounted to:

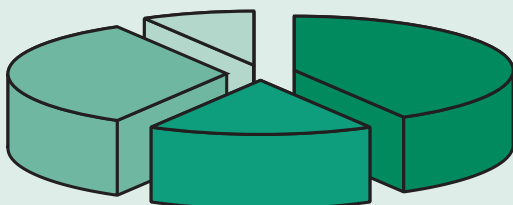
2002	55.920/t
2003	69.350/t
2004	81.951/t
2005	100.873/t
2006	106.843/t

Vakufska banka DD Sarajevo je licencirana za obavljanje svih bankarskih aktivnosti u skladu sa Zakonom.

Banka raspolaže stručnim i kvalifikovanim osobljem obučenim za profesionalno obavljanje banakarskih poslova i aktivnosti.

U stalnom radnom odnosu zaposleno je 175 radnika.

### Kvalifikaciona struktura radnika u 2006 godini



Vakufska banka DD Sarajevo was licenced for execution of all banking activities in accordance with the Law.

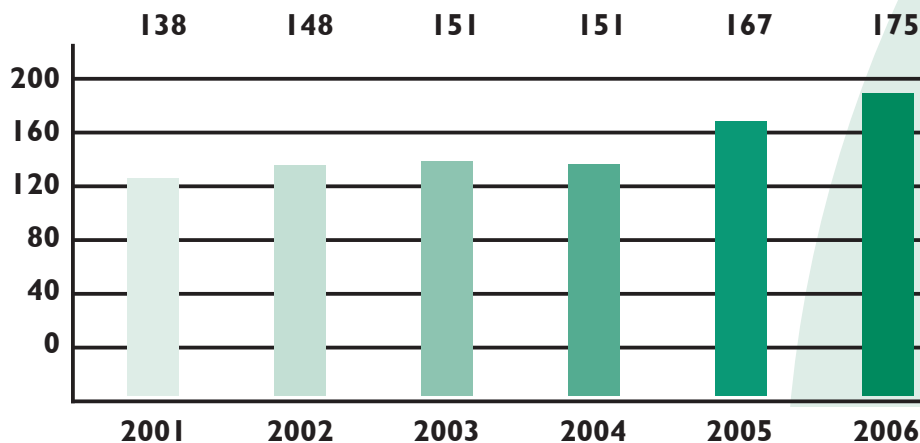
The Bank disposes of expert and qualified personnel trained for professional performance of banking business and activities.

175 workers are full time employees.

### Employees educational structure in the year 2006

VSS / University Degree and higher	60 (34.3%)
VŠŠ / College	18 (10.3%)
SSS / Secondary	74 (42.3%)
Ostali / Others	23 (13.1%)

**Broj zaposlenih radnika u zadnjih 6 godina /  
Number of employees in the last 6 years**



4

Svojim uposlenicima Banka omogućava kontinuiranu edukaciju i usmjerava ih uvijek ka prihvaćanju novih i modernih bankarskih koncepata.

Vakufska banka DD Sarajevo koristi norveški bankarski software, VIEW 21 Plus, koji je, sopstvenim snagama, unaprijeđen i prilagođen potrebama Banke tako da obezbjeđuje pouzdanu i brzu obradu podataka, visoki kvalitet izvještavanja i stalnu mogućnost nadogradnje i poboljšanja. Software uspješno funkcioniše, pruža mogućnost za efikasan menadžment informacionog sistema i obezbjeđuje precizne i tačne podatke klijentima Banke.

VIEW 21 Plus baziran je na dvoslojnoj klijent server arhitekturi sa Informix dynamic serverom kao bazom podataka i aplikacijom rađenom informixovim razvojnim oruđem NewEra.

Zbog dešavanja na svjetskom tržištu - napuštanje razvoja i podrške NewEra-i od strane Informix-a, kupovine firme Informix od strane IBM-a i slabe podrške Informix-ovim proizvodima u BiH, Banka planira da tokom 2007 godine izvrši izmjenu postojećih aplikacija.

The Bank enables to its employees continuous education and always directs them toward acceptance of new and modern banking concepts.

Vakufska banka DD Sarajevo uses VIEW 21 Plus the Norwegian banking software that enables reliable and fast data processing, high quality of reporting and permanent possibility of upgrading and improvement. The software functions successfully, offers the possibility of efficient information system management and provides for precise and accurate data for the Bank clients.

VIEW21 Plus is based on two-layer client server architecture with an Informix dynamic server as a database and application created by Informix's NewEra development tool.

Due to the world market development – abandoning development and support to NewEra by Informix, purchase of Informix by IBM and poor support to Informix's products in BiH, the Bank plans to replace the existing applications during y2007.

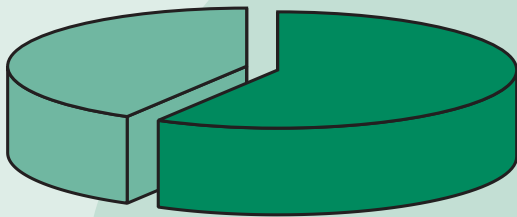
# Poslovanje banke

Bank's business

Poslovanje Banke posljednjih godina karakteriše konstantan rast u svim njenim segmentima. U 2006 godini, kao i u prethodnim godinama, Banka je ostvarila pozitivan finansijski rezultat, dobit prije oporezivanja 492/h KM.

Ukupni prihodi Banke u 2006. godini iznose 9.617/h KM, od čega najveći dio predstavljaju prihodi od kamata 5.727/h KM.

## Prihodi



Od ukupnih prihoda od kamata, 3.799/h KM se odnosi na privredu, 1.072/h KM na stanovništvo, 254/h KM na plasmane drugim bankama, 602/h KM na plasman kod Centralne banke BiH.

The Bank's business in the last years is characterized with permanent growth in all its segments. In 2006, as well as in previous years, the Bank has realized positive financial results, profit before taxation of KM 492/t.

The total Bank's revenue in 2006 amounts to KM 9.617/t, of which the biggest part represent the interest revenue of KM 5.727/t.

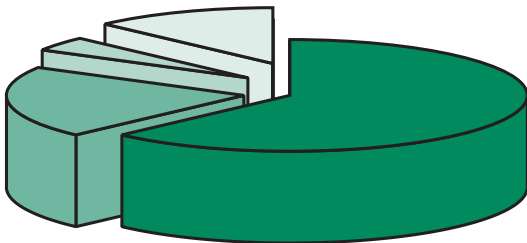
## Revenues

Prihodi od kamata/Interest revenues	<b>5.727/t (59,55%)</b>
Operativni prihodi/Operational revenues	<b>3.890/t (40,45%)</b>
<b>Ukupni prihodi/Total revenues</b>	<b>9.617/t (100%)</b>

Of the total interest revenue, KM 3.799/t relates to the economy, KM 1.072/t to individuals, KM 254/t to placements to other banks, KM 602/t to placements to Central Bank of BiH.

5

## Prihodi od kamata



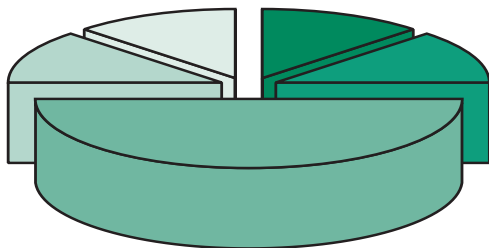
Od operativnih prihoda, 330/h KM se odnosi na naknade po kreditima, 639/h KM na naknade po izdatim garancijama, 2.017/h KM na izvršene usluge, 453/h KM na poslovanje sa devizama i 451/h KM na ostale prihode.

## Interest revenue

Privreda/Industry	<b>3.799/t (66,33%)</b>
Stanovništvo/Individuals	<b>1.072/t (18,72%)</b>
Plasmani drugim bankama/Placement to other banks	<b>254/t (4,44%)</b>
Plasman kod CBBiH/ Placement with CBBiH	<b>602/t (10,51%)</b>
<b>Ukupni prihodi od kamata/Total interest revenues</b>	<b>5.727/t (100%)</b>

Of the operational revenue, KM 330/t relates to the credit fees, KM 639/t to the fees on issued guarantees, KM 2.017/t to the performed services, KM 453/t to foreign currency business, and KM 451/t to other revenues.

## Operativni prihodi



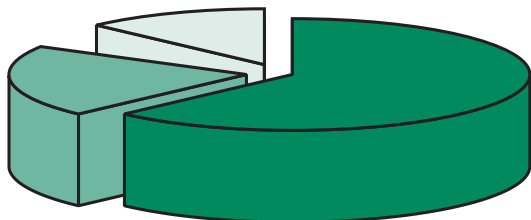
## Operational revenue

Naknade po kreditima/Credit fees	<b>330/t</b>	<b>(8,48%)</b>
Naknade po izdatim garancijama/ Fees for guaranties issued	<b>639/t</b>	<b>(16,43%)</b>
Izvršene usluge/Services	<b>2.017/t</b>	<b>(51,85%)</b>
Prihodi od poslovanja sa devizama/Revenues from currency trade	<b>453/t</b>	<b>(11,65%)</b>
Ostali prihodi/Other revenues	<b>451/t</b>	<b>(11,59%)</b>
<b>Operativni prihodi ukupno/Total operational revenues</b>	<b>3.890/t</b>	<b>(100%)</b>

U ukupnim rashodima, 9.087/h KM koji su ostvareni u 2006 godini, najveći udio od 6.077/h KM se odnosi na dio koji predstavlja operativne rashode, 1.595/h KM odnosi se na poslovne rashode, 1.415/h KM odnosi se na pasivne kamate.

In the total expenditures of KM 9.087/t which have been realized in y2006 the major part of KM 6.077/t relates to the part that represents the operational expenditures, KM 1.595/t relates to business expenditures, and KM 1.415/t relates to passive interests.

## Rashodi



## Expenditures

Operativni rashodi/Operational expenditures	<b>6.077/t</b>	<b>(66,9%)</b>
Poslovni rashodi/Business expenditures	<b>1.595/t</b>	<b>(17,6%)</b>
Pasivne kamate/Interest payable	<b>1.415/t</b>	<b>(15,5%)</b>
<b>Ukupni rashodi/Total expenditures</b>	<b>9.087/t</b>	<b>(100%)</b>

# Kreditni portfolio

Credit Portfolio

Vakufska banka DD Sarajevo je banka univerzalnog tipa i orijentisana je kako na privredu, tako i na poslovanje sa stanovništvom.

Banka svojim klijentima, pravnim i fizičkim licima, vrši plasman sredstava na bazi kratkoročnog i dugoročnog kreditiranja.

Široka rasprostranjena mreža filijala omogućava blizak kontakt s Klijentom, i uz razumijevanje potreba Klijenta, Banka ažurno, brzo i profesionalno pruža finansijsku podršku. To je jedan od razloga dugogodišnje saradnje sa postojećim i sve većim brojem novih Klijenata.

Ukupan kreditni portfolio iznosi 53.340/h KM. Od toga 12.060/h KM plasirano je fizičkim licima, a 41.280/h KM pravnim licima.

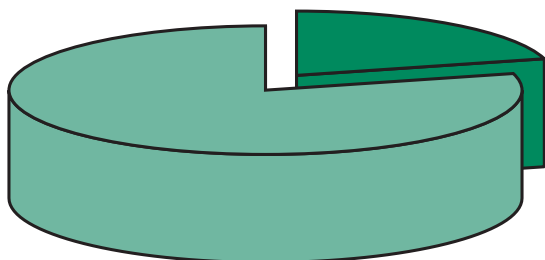
Vakufska banka DD Sarajevo is the bank of universal type and oriented both to the economy and business with individuals.

For its clients, corporate bodies and individuals, the Bank carries out the placement of funds on basis of short-term and long-term credit granting.

Widespread network of subsidiaries enables close contact with the Client, and with understanding of the Client's needs, the Bank gives the financial support in a prompt, fast and professional way. It is one of reasons of long-term cooperation with the existing, and increased number of new Clients.

The total credit portfolio amounts to KM 53.340/t, of which KM 12.060/t was placed to individuals, and KM 41.280/t to legal entities.

## Kreditni



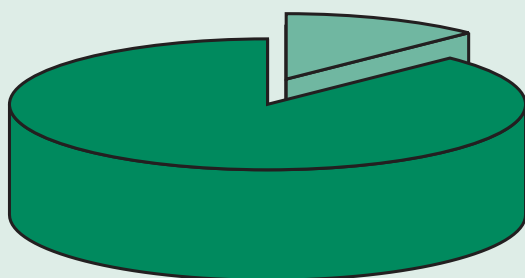
## Credits

Pravna lica/Legal entities	41.280/t	(77.4%)
Fizička lica/Individuals	12.060/t	(22.6%)
<b>Ukupni krediti/Total Credits</b>	<b>53.340/t</b>	<b>(100%)</b>

## Kreditni fizičkim licima:

- kratkoročni krediti 1.074/h KM i
- dugoročni krediti 10.986/h KM.

## Kreditni fizičkim licima



## Credits to individuals:

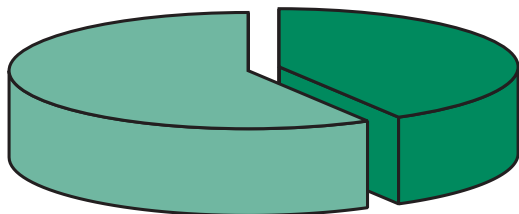
- Short-term credits KM 1.074/t and
- Long-term credits KM 10.986/t

## Credits to individuals

Kratkoročni/Short-term	1.074/t	(8.9%)
Dugoročni/Long-term	10.986/t	(91.1%)

### Kreditni pravni licima:

- kratkoročni krediti 18.573/h KM i
- dugoročni krediti 22.707/h KM.



### Credits to legal entities

- Short-term credits KM 18.573/t, and
- Long-term credits KM 22.707/t

### Kreditni pravni licima

Kratkoročni/Short-term	<b>18.573/t</b>	<b>(45.0%)</b>
Dugoročni/Long-term	<b>22.707/t</b>	<b>(55.0%)</b>

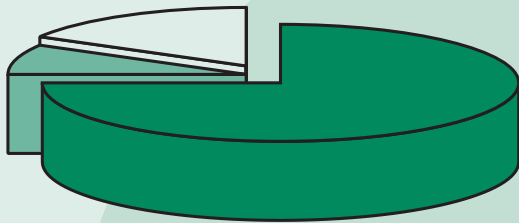


# Depoziti

Deposits

U ročnoj strukturi ukupnih depozita, koji iznose 81.695/h KM, depoziti po viđenju su imali udio od 56.894/h KM, oročeni kratkoročni depoziti 8.091/h KM i oročeni dugoročni depoziti 16.710/h KM.

## Ročna struktura depozita/



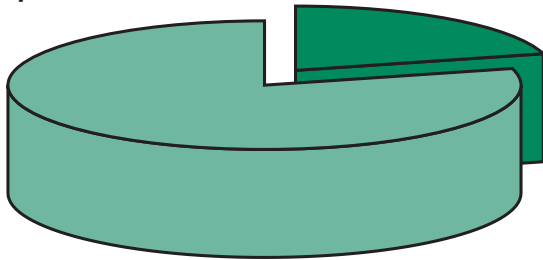
In the maturity structure of total deposits that amount to KM 81.695/t, demand deposits participated with KM 56.894/t, short-term deposits KM 8.091/t, and long-term deposits KM 16.710/t

## Deposits' Maturity Structure

Depoziti po viđenju/Demand deposits	<b>56.894</b>	<b>(69.6%)</b>
Oročeni kratkoročni depoziti/Short-term deposits	<b>8.091</b>	<b>(9.9%)</b>
Oročeni dugoročni depoziti/Long-term deposits	<b>16.710</b>	<b>(20.5%)</b>
<b>Ukupni depoziti/Total deposits</b>	<b>81.695</b>	<b>(100%)</b>

Depoziti fizičkih lica iznose 23.416/h KM, a pravnih lica 58.279/h KM.

## Depoziti



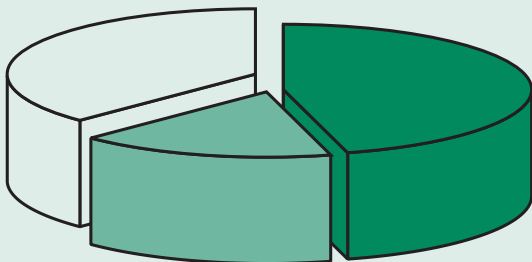
Deposits from individuals amount to KM 23.416/t, and from legal entities KM 58.279/t.

## Deposits

Depoziti fizičkih lica/Deposits from individuals	<b>23.416</b>	<b>(28.7%)</b>
Depoziti pravnih lica/Deposits from legal entities	<b>58.279</b>	<b>(71.3%)</b>
<b>Ukupna struktura depozita/Total deposit structure</b>	<b>81.695</b>	<b>(100%)</b>

U ročnoj strukturi depozita fizičkih lica, depoziti po viđenju su imali udio od 11.172/h KM, oročeni kratkoročni depoziti 3.304/h KM i oročeni dugoročni depoziti 8.940/h KM.

## Depoziti fizičkih lica - Ročna struktura



In the individuals' deposits maturity structure, demand deposits had the share of KM 11.172/t, short-term deposits were KM 3.304/t, and long-term deposits were KM 8.940/t.

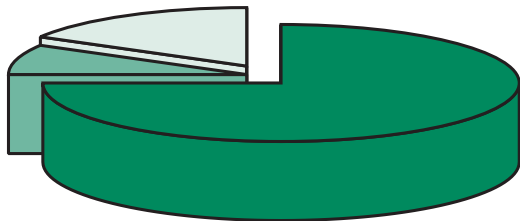
## Deposits from individuals - Maturity Structure

Depoziti po viđenju/Demand deposits	<b>11.172</b>	<b>(47.7%)</b>
Oročeni kratkoročni depoziti/Short-term deposits	<b>3.304</b>	<b>(14.1%)</b>
Oročeni dugoročni depoziti/Long-term deposits	<b>8.940</b>	<b>(38.2%)</b>
<b>Ročna struktura dep.fizičkih lica/ Term structure for deposits from individuals</b>	<b>23.416</b>	<b>(100%)</b>

U ročnoj strukturi depozita pravnih lica, depoziti po viđenju su imali udio od 45.721/h KM, oročeni kratkoročni depoziti 4.787/h KM i oročeni dugoročni depoziti 7.771/h KM.

In the deposits' maturity structure of legal entities, demand deposits had the share of KM 45.721/t, short-term deposits were KM 4.787/t, and the long-term deposits were KM 7.771/t

### Depoziti pravnih lica - Ročna structura



### Deposits from legal entities - Maturity Structure

Depoziti po viđenju/Current deposits

**45.722 (78.5%)**

Oročeni kratkoročni depoziti/Short-term fixed deposits

**4.787 (8.2%)**

Oročeni dugoročni depoziti/Long-term fixed deposits

**7.770 (13.3%)**

**Ročna structura dep.pravnih lica/**

**Term structure deposits from legal entities**

**58.279 (100%)**

# Unutrašnji platni promet

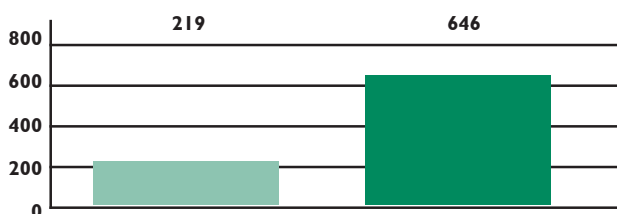
## Domestic Payment Operations

Sa danom 31. decembar 2006. godine, kod Banke je otvoreno 3.516 transakcijskih računa pravnih lica za koje obavlja poslove unutrašnjeg platnog prometa. Taj se broj svakodnevno povećava. U toku 2006. godine otvoreno je novih 323 transakcijskih računa.

Tokom 2006 godine izvršeno je 476.522 platnih transakcija platnog prometa u zemlji u ukupnom iznosu od 865,0 miliona KM, od toga je 57.777 transakcija niskog rizika, medju klijentima Vakufske banke, u ukupnom iznosu od 219,0 milion KM.

On December 31, 2006, 3516 transaction accounts of legal entities were opened with the Bank for the domestic payment operations. That number increases on a daily basis. During y2006 new 323 transaction accounts were opened.

During y2006 in the country were carried 476.522 domestic payment transactions in total amount of KM 865,0 million of which 57.777 low risk transactions between the clients of Vakufska banka in total amount of KM 219,0 million.



Međubankarske transakcije/Interbanking transactions	646/t	(74,7%)
Transakcije unutar banke/Intrabank transactions	219/t	(25,3%)
<b>Ukupno transakcije/Total transactions</b>	<b>865/t</b>	<b>(100%)</b>

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.

The Bank performs payment transactions through giro clearing and RTGS. The statements about changes on clients' accounts are delivered daily to the clients on the next working day after executed, i.e. accepted orders.



# Poslovi sa inostranstvom

## International operations

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 2006 godine, preko računa Vakufske banke DD Sarajevo, izvršeno je 13.410 transakcija platnog prometa sa inostranstvom (5.305 prilivi na račun, 8.105 odlivi sa računa) u ukupnom iznosu od 313,0 miliona KM.

Vakufska banka DD Sarajevo successfully executes the international operations through a wide network of correspondents.

The first class correspondents enable fast and qualitative money transfers and joint appearance of the Bank and its clients abroad.

During y2006 through the accounts of Vakufska were performed 13.410 international payment transactions payment operations with abroad (5.305 inflows to the account, 8.105 outflows from the account) in total amount of KM 313,0 million.

# Kartično poslovanje

## Card Business

Proces uvođenja domaće kartice BamCard, započeo u 2004 godini, nastavljen je i u 2006 godini. Prije svega, ogleda se u pridobijanju novih klijenata kojima je omogućeno korištenje debitne kartice. Ukupan broj izdatih debitnih kartica na kraju 2006 godine iznosi 2155. Ukupan broj izvršenih transakcija u 2006 godini iznosi 55.330, odnosno 6.262h/KM.

U cilju unapređenja i širenja prihvatne mreže kartica Banke, kao i kartica koje izdaju druge članice BamCard sistema, Banka je u 2006 godini instalirala dodatnih 21 POS terminala i 2 bankomata. Na kraju 2006 godine kako naši tako i drugi korisnici iz sistema BamCard mogli su koristiti usluge 83 POS terminala i 8 bankomata.

U narednoj godini banka planira ponuditi i izdavanje domaće kreditne kartice. Okončanje ovog dijela projekta očekuje se koncem prvog kvartala 2007 godine.

Za narednu fazu, planira se uvođenje Visa international kreditne kartice čime će se upotrijebiti dijapazon usluga prema našim klijentima.

Process of introduction of domestic card BamCard started in 2004 and continued in 2006. First of all it reflects in acquiring of new clients who got the possibility of debit card use. Total number of issued debit cards at the end of 2006 was 2155. Total number of the performed transactions in 2006 was 55.330, i.e. KM 6.262/t.

In order to improve and expand the accepting network of the Bank's cards, as well as the cards issued by other BamCard system members, in y2006 the Bank installed 21 POS terminals and 2 ATMs. At the end of y2006 both our and other users of BamCard system could use the services of 83 POS terminals and 8 ATMs.

In the following year the Bank plans to offer issuing of domestic credit card. Completion of this part of the project is expected at the end of first quarter of y2007.

For the next phase the introduction of Visa International Card is planned, by which the scale of services to our clients will be supplemented.

12

# Tekući račun

## Current Account

Kao i u prethodnim godinama i u ovoj godini zabilježen je značajan trend rasta broja korisnika tekućeg računa. Broj klijenata koji su otvorili tekući račun u 2006 godini, u poređenju sa 2005 godinom, porastao je za 20% i na kraju 2006 godine iznosi 3.630. Porast broja otvorenih tekućih računa doprinosi kontinuiranom rastu štednje što je još jedan dokaz povjerenja u Banku.

Klijentima koji preko Banke primaju platu ili imaju redovni mjesečni priliv, omogućeno je korištenje revolving kredita po tekućem računu (LIMIT).

Banka svojim klijentima omogućava usluge plaćanja režijskih troškova putem trajnog naloga, čime klijenti vrijeme provedeno u Banci mogu iskoristiti za završavanje drugih obaveza.

The same as in previous years, a significant user's trend of the current account growth was registered. Number of clients who opened an current account in y2006 in comparison to y2005 increased for 20% and presents 3.630 at the end of y2006. Increased number of opened current accounts contributes to continuous growth of savings and is one more proof of confidence in the Bank.

The clients who draw their salary through the Bank or have regular monthly inflow have the possibility to use revolving credit under the current account (overdraft).

The Bank enables its clients the service of overhead expenses payment through the permanent order which enables the clients to use the time spent in the bank for fulfilling other obligations.

# Elektronsko bankarstvo

E-Banking

Usluga elektronskog bankarstva koja je uspješno implementirana tokom 2004 godine, nastavljena je i u 2006 godini. Zabilježen je značaj porast broja korisnika ove usluge.

Uvođenjem elektronskog bankarstva, kao jednog od niza proizvoda Vakufke banke DD Sarajevo, našim klijentima je omogućeno da svoje poslovanje obavljaju putem Interneta sa svojih radnih mjesta ili od kuće. Usluga je dostupna 24 sata dnevno, tokom cijele godine.

Za sigurnost transakcija koje se vrše putem elektronskog bankarstva koriste se najsavremenije i najsigurnije metode zaštite podataka.

**Svi argumenti i razlozi za uvođenje ove usluge su se pokazali tačnim i opravdanim:**

- brz i efikasan pristup sredstvima i obavljanje transakcija unutrašnjeg platnog prometa bez fizičkog dolaska u banku,
- niži troškovi usluge;
- brz uvid u stanje na računima;
- dostupnost usluge

Važno je spomenuti da su dosadašnji korisnici ove usluge izrazili zadovoljstvo kvalitetom ponuđenih usluga i Software-a.

Nakon uspješno odrađene testne faze za pružanje ove usluge fizičkim licima očekujemo da će se značajan broj naših klijenata opredijeliti za ovu uslugu i biti korisnici u skoroj budućnosti.

E-banking service that was successfully implemented during 2004 continued also in 2006. A significant increase of this service number of users was registered.

By introduction of e-banking as one of many products of Vakufska banka DD Sarajevo our clients have got the possibility to carry out their business via Internet from their work places or from home. The service is available round the clock during the year.

For security of transactions that are carried out via e-banking the most modern and most safe data protection methods are used.

**All arguments and reasons for introduction of this service appeared to be accurate and justified:**

- Fast and efficient approach to the funds and execution of interior payment operations transactions without physical arrival into the bank,
- Lower service costs;
- Fast insight into the state on the accounts;
- Availability of service.

It is necessary to mention that the previous users of this service expressed the satisfaction with the quality of offered services and software.

After successfully performed test phase for offering of this service to individuals we expect a significant number of our clients to decide for this service and be the users in near future.

# Investiciono bankarstvo

## Investment Banking

Sektor investicionog bankarstava obavlja poslove depozitara privatizacijskih investicijskih fondova i poslove depozitara u emisiji i prometu vrijednosnih papira. Dozvolu za obavljanje poslova depozitara privatizacijskog investicijskog fonda Banka posjeduje od 2001 godine, a Rješenjem br. 05/2-19-428/5 od 25.08.2005 godine, Komisija za vrijednosne papire Federacije BiH je obnovila tu dozvolu.

### Navedene funkcije se ostvaruju kroz

- Ugovaranje depozitarskih poslova sa klijentima;
- Upis i prijem uplata u novcu za dionice/investicijske kupone IF-a;
- Kreiranje izvještaja o upisanim i uplaćenim dionicama/investicionim kuponima IF-a;
- Utvrđuje stvarne troškove osnivanja IF-a;
- Obračunava neto vrijednost imovine IF-a;
- Utvrđuje ispravnost svakog naloga društva koji se odnosi na naknadu provizije i troškova upravljanja IF-a;
- Izvršavanje naloga privatizacijskog društva;
- Informisanje privatizacijskog društva i Komisije za vrijednosne papire FBiH po osnovama predviđenim važećim propisima;
- Obavljanje i drugih poslova predviđenim zakonskim propisima.

Komisija za vrijednosne papire Rješenjem br. 04/3-19-656/05 od 24.11.2005.godine izdala dozvolu Banci za obavljanje poslova depozitara u emisiji i prometu vrijednosnim papirima.

### Navedeni poslovi se ostvaruju kroz:

- vođenje namjenskog računa za obavljanje brokerskih poslova i dilerskih poslova, ovlaštenih posrednika za poslovanje vrijednosnim papirima,
- poslovi depozitara prilikom nove emisije vrijednosnih papira (otvorena i zatvorena emisija dionica),
- poslovi depozitara u poslovima preuzimanja dioničkih društava putem tender ponuda.

Ove poslove Banka uspješno obavlja na zadovoljstvo svojih klijenata, te je, u toku 2006 godine, po namjenskom računu za obavljanje brokerskih poslova ukupno izvršeno 5.702 transakcije sa ukupnim prometom 22,0 miliona KM.

Banka uspješno razvija poslove primanja naloga za kupovinu vrijednosnih papira na svim šalterima Banke u saradnji sa našim partnerom brokerskom kućom NBC doo Sarajevo, te je u proteklog godini realizovano 417 naloga zaprimljenih na šalterima Banke.

Iako Banka ove poslove obavlja bez posebnog angažmana ukupni prihodi iz poslovanja sa klijentima ovog sektora su iznosili oko KM 50/h.

The sector of investment banking executes all jobs of privatization investment funds depositors and the jobs of depositors in emission and turnover of the securities. The Bank has the Permit for execution of depositor's activities of private investment fund since y2001, and by the Decision no. 05/2-19-428/5 dated 25th of August 2005 the Federation of BiH Securities Commission renewed that Permit.

### The mentioned functions are realized through

- Contracting depositors' jobs with the clients;
- Registration and receipt of incoming cash payments for the stocks/investment coupons of IF;
- Creation of the reports on registered and paid stocks/investment coupons of IF;
- Determine real costs of IF establishing;
- Accrues net value of IF's property;
- Fortifies correctness of each order given by the company related to fee and IF's management costs;
- Execution of the order given by Privatization company;
- Inform privatization companies and Security Commission of FBiH on subjects stipulated in regulations;
- Perform other activities in accordance with regulations.

By the Decision no. 04/3-19-656/05 of November 24, 2005 the Securities Commission issued to the Bank the permit for execution of depositor's business in the emission and turnover of the securities.

### The mentioned business is realized through:

- Keeping of specific purpose account for execution of broker's and dealer's jobs, the mediators authorized for business with the securities,
- Depositor's business on the occasion of the new emission of securities (open and closed shares emission);
- Depositors' jobs on taking over stock companies by tender offers.

The Bank successfully carries out these operations to the satisfaction of its clients. Therefore in y2006, at the specific purpose account for brokerage activities there were 5.702 transactions performed in total amount of KM 22,0 million

In cooperation with our partner brokerage company NBC d.o.o. Sarajevo the Bank successfully develops activities on receipt of orders for security purchase on all its counters. Therefore in the last year 417 orders were carried out at Bank's counters.

Although the Bank performs these activities without any special engagement, total revenue of this Sector amounted to KM 50/h.

# Dionički kapital

## Shareholders' Equity

Dionički kapital iznosi 15.924/h KM, i sastoji se od 155.240 običnih dionica i 4.000 preferencijalnih dionica svaka nominalne vrijednosti 100,00 KM .

U strukturi dioničkog kapitala banke privatni kapital učestvuje sa 93%, od čega 36% predstavlja privatni domaći kapital i 57% strani kapital. Ostatak kapitala (7%) predstavlja državni kapital koji je u procesu privatizacije.

Neto kapital iznosi 20.284/h KM i uključuje iznos od 1.328/h KM dopunskog kapitala koji je odobren u svrhu kreditiranja i finansiranja razvoja poljoprivrede i poboljšanja zapošljavanja na području HNK.

Stopa adekvatnosti kapitala na dan 31.12.2006 godine iznosi 28% .

The shareholders' equity amounts to KM 15,924/t and consists of 155,240 common shares and 4,000 preferential shares each with nominal value of KM 100,00.

In the structure of shareholders' equity of the Bank the private capital participates with 93% of which 36% represents the domestic private capital and 57% is foreign capital. The rest of capital (7%) represents the state capital that is in privatization process.

Net capital amounts KM 20,284/t and includes the amount of KM 1.328/t of additional capital that was approved for purpose of crediting and financing agricultural development and foster the employment at territory of HNK.

The capital adequacy ratio as of December 31, 2006 was 28%.

# Saradnja sa financijskim institucijama (IBF, IGA, IFAD)

## Cooperation with Financial institutions (IBF, IGA, IFAD)

Da bi svojim klijentima omogućila korištenje povoljnih kreditnih sredstava, posebno sa aspekta ročnosti, Vakufska banka DD Sarajevo već dugi niz godina ostvaruje saradnju sa Investicijskom bankom FBiH u realizaciji povoljnih kreditnih linija: SME – investicioni krediti (investicioni krediti za mala i srednja preduzeća), restrukturirani krediti komercijalnim bankama i revolving kreditna linija za podsticanje zapošljavanja (Federalni Zavod za zapošljavanje Sarajevo).

Vakufska banka DD Sarajevo učesnik u Projektu Svjetske banke koji implementira IGA d.o.o. Sarajevo (Agencija za izdavanje garancija od političkog i ratnog rizika). Ovim načinom saradnje Vakufska banka DD Sarajevo pomaže svojim izvozno orjentisanim klijentima. Vlada Federacije BiH dobila je kredit od Međunarodnog fonda za razvoj poljoprivrede (IFAD) u cilju implementacije Projekta razvoja stočarstva i ruralnog finansiranja.

Vakufska banka DD Sarajevo potpisala je Subsidijarni kreditni ugovor sa Federalnim Ministarstvom finansija, a vezano za projekat razvoja stočarstva i ruralnog finansiranja čija se realizacija obavlja putem PCU (project Coordination Unit), Ministarstvo poljoprivrede, vodoprivrede i šumarstva FBiH.

Učešćem u ovom Projektu, Vakufska banka DD Sarajevo pruža podršku i pomaže razvoju ruralnog stanovništva.

In order to enable its clients to use favorable credit funds especially from the maturity aspect, Vakufska banka DD Sarajevo already many years cooperates with Investiciona banka of FBiH in realization of favorable credit lines: SME – investment credits (investment credits for small and medium enterprises), restructured credits to the commercial banks and revolving credit line for stimulating of the employment (Sarajevo Federal Employment Bureau).

Vakufska banka DD Sarajevo is a participant in World Bank Project implemented by IGA d.o.o. Sarajevo (Agency for Issuing of Guarantees of Political and War Risk). By this way of cooperation Vakufska banka DD Sarajevo supports its export-oriented clients. The Federation of BiH Government was granted the credit for International Fund for Agriculture Development (IFAD) with the aim of implementation of Development Project of Cattle Breeding and Rural Financing.

Vakufska banka DD Sarajevo signed the Subsidiary Credit Agreement with the Federal Ministry of Finance regarding the Development Project of Cattle Breeding and Rural Financing whose realization is performed through PCU (Project Coordination Unit), Ministry of Agriculture, Water Management and Forestry of the Federation of BiH)

Participating in this project Vakufska banka DD Sarajevo gives the support and helps in development of rural population.



# Razvojni pravci banke

Developmental directions of the Bank

Koncem 2003 godine, Vakufska banka je postala članica Programa za osiguranje depozita. Ovo članstvo, uslovljeno visoko postavljenim standardima, potvrđuje stabilnost i sigurnost Banke, te, dokazuje da je, dosadašnje zalaganje i opredijeljenost Vakufske banke da organizuje i uskladi svoje aktivnosti sa međunarodnim standardima modernog komercijalnog bankarstva, garancija uspješnosti i opstanka, kao i daljnjeg jačanja i razvoja Banke u svim segmentima poslovanja.

Za siguran, kontinuiran i stabilan rast Vakufske banke, u budućnosti, neophodno je animirati postojeće dioničare ili naći odgovarajuće nove strateške partnere, iz zemlje ili inostranstva. Cilj je, uz povećanje dioničkog i ukupnog kapitala, obezbijediti dugoročne izvore sredstava (subordinisani kapital, kreditne linije, dugoročne depozite) koji će Banci omogućiti novi iskorak u pružanju raznovrsnije i kvalitetne ponude. To je težak i dugotrajan proces, koji se, stvaranjem zakonitih uslova za isključenje blokiranog dioničkog kapitala, u saradnji sa Agencijom za bankarstvo Federacije BiH, uspješno okončava.

Potreba Banke za kapitalom za naredne 2 godine (kraj 2008), procijenjuje se na ukupno 30,0 miliona KM.

Do ostvarenja procijenjenih potreba za kapitalom, Vakufska banka će voditi politiku laganog razvoja poslovne mreže što podrazumjeva otvaranje novih šaltera u postojećim organizacionim dijelovima (filijalama) i orjentisati se na stručno osposobljavanje zaposlenika i stvaranje optimalnih uslova za rad postojećih organizacionih dijelova.

At the end of 2003 Vakufska banka DD Sarajevo became the member of Deposit Insurance Program. This membership caused by highly placed standards confirms the Bank's stability and safety and proofs that the previous efforts and orientation of Vakufska banka in organizing and harmonizing of its activities with international standards of modern commercial banking are the guarantee of successfulness and existence, as well as the further strengthening and development of the Bank in all business segments.

For the safe, continuous and stable growth of Vakufska banka, in future it is necessary to stimulate the existing shareholders or find the adequate new strategic partners from the country or abroad. Together with increase of shareholders' equity and total capital the goal is to provide for the long-term sources of funds (subordinated capital, credit lines, long-term deposits) that will enable the Bank a new step forward in giving more diversified and high-quality offer. That is a difficult and long process which has, by creating conditions for exclusion of the blocked part of the equity capital, in cooperation with Banking Agency of FBiH successfully being finalized.

The Bank's need for capital in the following 2 years (end of 2008) is estimated to KM 30.0 million in total.

Until the estimated need for capital is achieved, Vakufska banka shall run the policy of slow development of business network i.e. opening of new teller's windows in the existing organizational parts (branches) and orient itself towards the professional education of its employees and creation of optimum working conditions of the existing organizational parts.

# Nadzorni odbor i Uprava Banke

## Supervisory Board & Executive Board

### NADZORNI ODBOR / SUPERVISORY BOARD

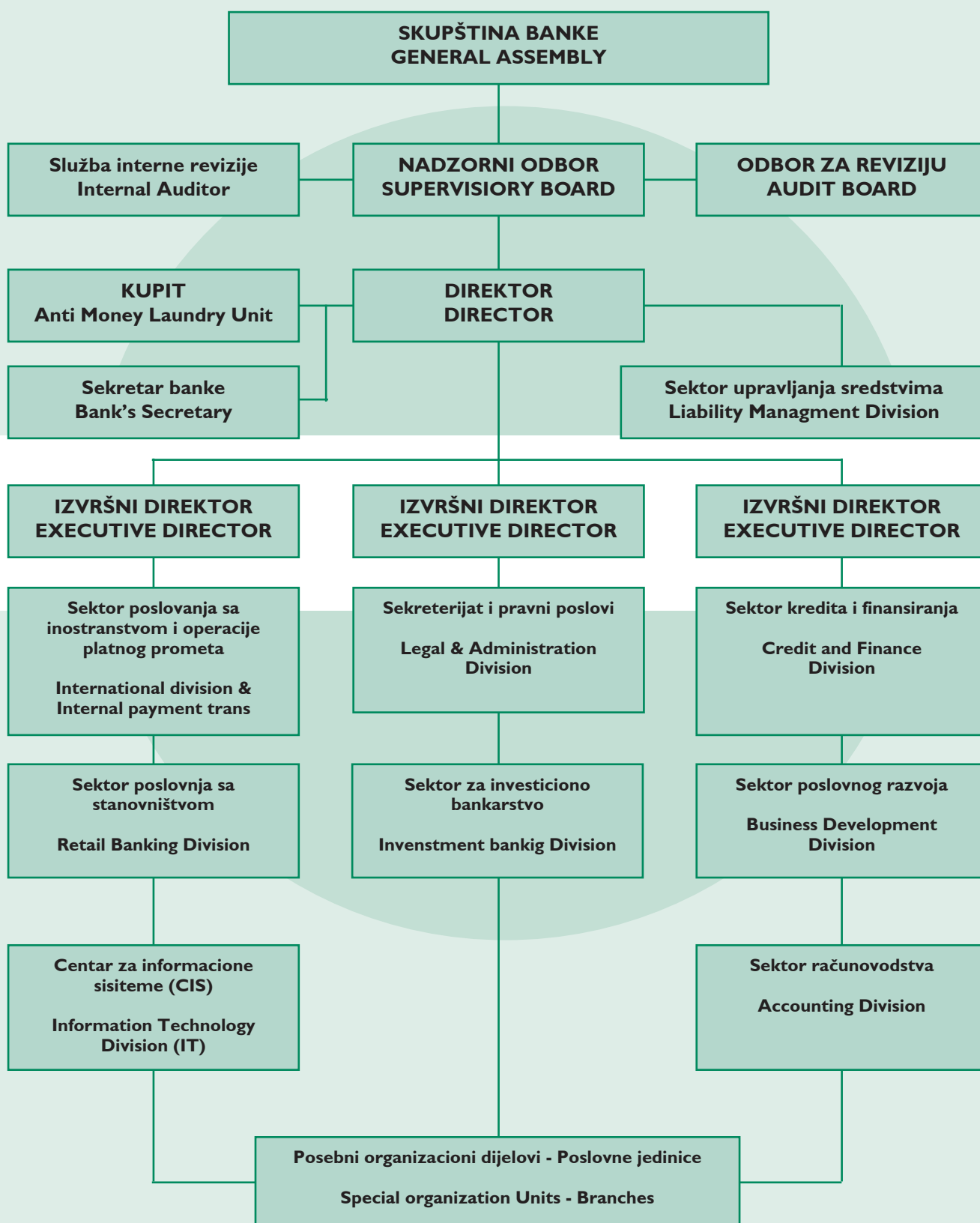
Ms. Bedrija Gavranović	predsjednik / president
Mr. Mujo Ahmetspahić	član / member
Mr. Mustafa ef. Jahić	član / member
Mr. Džemaludin Peljto	član / member
Mr. Smajo Abaza	član / member
Mr. Izet Šahović	član / member
Mr. Sulejman Vranj	član / member

### UPRAVA BANKE / EXECUTIVE BOARD

Mr. Amir Rizvanović	Direktor / Director
Mr. Edis Kusturica	Izvršni direktor / Executive Director
Ms. Bahra Imamović	Izvršni direktor / Executive Director
Mrs. Belma Mulaosmanović	Izvršni direktor / Executive Director

# Organizациона структура

Organizational Structure



# Poslovna mreža

## Branch Network

**DIREKCIJA** M.Tita 13, 71000 Sarajevo, BiH E-mail:vakufska@vakuba.ba  
Tel: ++ 387 33 280 100,  
Fax: ++ 387 33 663 399  
B. Mutevelća 2A, 71000 Sarajevo  
Tel:++ 387 33 661 531(6) (8),  
Fax; ++ 387 33 661 533

### FILIJALE:

**FIJALA SARAJEVO** B.Grada 49, 71000 Sarajevo BiH E-mail:sarajevo@vakuba.ba  
Tel: ++ 387 33 200 598, Fax: ++ 387 33 200 597  
Ekspozitura FERHADIIJA Ferhadija 4, 71000 Sarajevo, BiH  
Tel: ++ 387 33 200 598, Fax: ++ 387 33 200 597  
Ekspozitura Centar 2 V.Perića 11, 71000 Sarajevo, BiH  
Tel: ++ 387 33 206 930, Fax: ++ 387 33 272 110  
Ekspozitura Centar1 B. Đurđeva 8, 71000 Sarajevo, BiH  
Tel/Fax:: ++ 387 33 666 899,  
Ekspozitura ILIJAŠ Ul. 126 brigade 58, 71380 Ilijaš, BiH  
Tel/Fax: ++ 387 33 400 230  
Ekspozitura ILIDŽA Mala Aleja bb, 71210 Ilidža, BiH  
Tel:++ 387 33 764 160(1) Fax: ++387 33 762 906  
Ekspozitura HRASNO Trg Heroja 17, 71000 Sarajevo, BiH  
Tel: ++ 387 33 716 995, Fax: ++387 33 716 996  
Ekspozitura BREZA Bosanska 28, 71370 Breza, BiH  
Tel:++387 32 789 440,Fax: ++ 387 32 783 636

20

**FILIJALA MO MOSTAR** Trg Musala 4, 88000 Mostar, BiH E-mail: mostar@vakuba.ba  
Tel: ++ 387 36 502 200, Fax: ++ 387 36 502 217  
Šalter STARI MOST Mala Tepa 28, 88000 Mostar BiH  
Tel: ++ 387 36 555 571, Fax:++387 36 555 570  
Šalter POTOCI Potoci bb,88000 Mostar,BiH  
Tel/Fax:++387 36 556 871  
Poslovnica JABLANICA Željeznička bb, 88420 Jablanica  
Tel:++387 36 750 381 Fax:++ 387 36 750 380  
Poslovnica KONJIC Šehidska 2, 88400 Konjic, BiH E-mail: konjic@vakuba.ba  
Tel: ++ 387 36 735 010, 734 381 Fax: ++ 387 36 735 011  
Šalter D.C.KONJIC Sarajevska 43,88400 Konjic, BiH  
Tel:++387 36 735 210, Fax: ++387 36 735 211

**FILIJALA TEŠANJ** Osmana Pobraća bb, 74260 Tešanj, BiH E-mail: tesanj@vakuba.ba  
Tel: ++ 387 32 656 421, Fax: ++ 387 32 656 431

**FILIJALA GRAČANICA** Alije Izetbegovića 31B, 75320 Gračanica, BiH E-mail: gracanica@vakuba.ba  
Tel: ++ 387 35 700 272, Fax: ++ 387 35 703 185

**FILIJALA ZENICA** M.Tita 28, 72000 Zenica, BiH E-mail: zenica@vakuba.ba  
Tel:++387 32 449 984, Fax:++387 32 449 989

Poslovnica BUGOJNO Zlatnih Ljiljana 8, 72300 Bugojno, BiH E-mail: bugojno@vakuba.ba  
Tel/Fax: ++ 387 30 260 150

**FILIJALA BIHAĆ** Ešrefa Kovačevića H-2/IV, 77000 Bihać, BiH E-mail: bihac@vakuba.ba  
Tel/Fax: ++ 387 37 223 592

# Korespodentne banke

Correspondent Banks

Country Zemlja	Bank Banka	SWIFT Code	Currency Valuta	Account number Broj računa
Austria	BAWAG P.S.K. (FORMERLY BANK FUER ARBEIT UND WIRTSCHAFT AG) Vienna	BAWAATWW	EUR USD	00118-800-079 00151-082-106
	BANK AUSTRIA CREDITANSTALT AG Vienna	BKAUATWW	EUR USD	126-154672/02 126-154672/00
Croatia	ZAGREBACKA BANKA d.d. Zagreb	ZABAHR2X	EUR	2690000243-978
			USD	2690000243-840
			CHF	2690000243-756
			AUD	2690000243-036
			CAD	2690000243-124
			HRK	1690000169-191
Germany	DRESDNER BANK AG Frankfurt Am Main	DRESDEFF	EUR	08 081 268 00/888
			USD	08 081 268 00/400
			GBP	08 081 268 00/006
			CHF	08 081 268 00/039
	COMMERZBANK AG Frankfurt Am Main	COBADEFF	EUR	400 8768137 01
	LHB INTERNATIONALE HANDELSBANK AG Frankfurt Am Main	LHBIDEFF	EUR USD GBP	9935 008 9935 305 9935 313
Slovenia	ABANKA VIPA D.D. Ljubljana	ABANSI2X	EUR	051001010004616
	NOVA LJUBLJANSKA BANKA D.D. Ljubljana	LJBASI2X	EUR USD	7010-978-04030/08 7010-840-04030/08
Sweden	SKANDINAVISKA ENSKILDA BANKEN Stockholm	ESSESESS	SEK	5201-85-07095
			EUR	5552-82-02264
Turkey	ALBARAKA TURK PARTICIPATION BANK Istanbul	BTFHTRIS	EUR USD	50025 142651

---

---

---

# Finansijski izvještaji i izvještaj nezavisnog revizora

22

**VAKUFSKA BANKA D.D. SARAJEVO**  
Finansijski izvještaji i izvještaj  
nezavisnog revizora za godine koje  
su završile 31. decembra 2006. i 2005.

# Financial Statements and Independent Auditors' Report

**VAKUFSKA BANKA D.D. SARAJEVO**  
Financial Statements and Independent  
Auditors' Report for the years ended  
31 December 2006 and 2005

# Sadržaj

Odgovornost za finansijske izvještaje	26
Izvještaj nezavisnog revizora	28
Finansijski izvještaji:	
Bilansi uspjeha	30
Bilansi stanja	32
Izvještaji o toku novca	34
Izvještaji o promjenama u vlasničkoj glavnici	36
Napomene uz finansijske izvještaje	38 - 90



# Contents

Responsibility for the financial statements	27
Independent Auditors' Report	29
Financial Statements:	
Income Statements	31
Balance Sheets	33
Statements of Cash Flows	35
Statements of Changes in Shareholders' Equity	37
Notes to the Financial Statements	39 – 91

# Finansijski izvještaji i izvještaj nezavisnog revizora

## Odgovornost za finansijske izvještaje

Uprava je dužna osigurati da za svaku finansijsku godinu finansijski izvještaji budu sastavljeni 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.

26

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. Sarajevo  
M.Tita 13, Sarajevo  
Bosna i Hercegovina  
19. februar 2007.

# Financial Statements and Independent Auditors' Report

## Responsibility for the financial statements

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**

Director

Vakufska banka d.d. Sarajevo

M.Tita 13, Sarajevo

Bosnia and Herzegovina

19 February 2007

# Nezavisno revizorsko mišljenje

**REVIK d.o.o. SARAJEVO**  
**REVIZIJA, RAČUNOVODSTVO I KONSALTING**  
Sarajevo, Branilaca Sarajeva 20  
tel/fax: (387)(33) 200-383 i 660-571  
e-mail: revik@bih.net.ba

**Dioničarima**  
**Vakufske banke d.d. Sarajevo:**

Obavili smo reviziju bilansa stanja Vakufske banke d.d. Sarajevo (u daljnjem tekstu: "Banka") sa stanjem na 31. decembra 2006. i 2005. godine 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 potvrđuju 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.

28

Po našem mišljenju, finansijski izvještaji prikazuju istinito i fer, u svim materijalno značajnim stavkama, finansijski položaj Banke na dan 31. decembra 2006. i 2005. godine, 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.

Revik d.o.o. Sarajevo  
Sarajevo, 19. februar 2007. godine

# Independent Auditors' Report

**REVIK d.o.o. SARAJEVO**  
**AUDIT, ACCOUNTING AND CONSULTING**  
Sarajevo, Branilaca Sarajeva  
tel./fax: (387) (33) 200-383 and 660-571  
e-mail: revik@bih.net.ba

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

**W**e have audited the accompanying balance sheet of Vakufska Banka d.d. Sarajevo (the "Bank") as of 31 December 2006 and 2005 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 2006 and 2005, the results of its operations, changes in shareholders' equity and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Revik d.o.o. Sarajevo  
Sarajevo, 19 February 2007

## Bilansi uspjeha za godine koje su završile 31. decembra 2006. i 2005.

30

	Napomena	2006. '000 KM	2005 '000 KM
Prihodi od kamata	3	5.727	5.411
Rashodi od kamata	4	(1,415)	(1,218)
<b>Neto prihod od kamata</b>		<b>4,312</b>	<b>4,193</b>
Prihodi od naknada i provizija	5	2,989	2,854
Rashodi od naknada i provizija	6	(278)	(272)
<b>Neto prihod od naknada i provizija</b>		<b>2.711</b>	<b>2.582</b>
Neto dobit iz poslovanja sa devizama		451	461
Ostali poslovni prihodi	7	408	428
<b>Poslovni prihodi</b>		<b>7.883</b>	<b>7.664</b>
Troškovi zaposlenih	8	(4.037)	(3.632)
Trošak amortizacije	19	(465)	(500)
Opšti i administrativni troškovi	9	(2.137)	(1.779)
<b>DOBIT PRIJE REZERVISANJA I POREZA NA DOBIT</b>		<b>1.245</b>	<b>1.753</b>
Rezervisanja za moguće gubitke	10	(715)	(1.294)
DOBIT PRIJE POREZA NA DOBIT		530	459
Porez na dobit	11	(38)	(69)
<b>NETO DOBIT GODINE</b>		<b>492</b>	<b>390</b>
OSNOVNA ZARADA PO DIONICI	32	KM 3,17	KM 2,51

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

# Income Statements For the Years Ended 31 December 2006 and 2005

	Notes	2006. '000 KM	2005 '000 KM
Interest income	3	5.727	5.411
Interest expense	4	(1,415)	(1,218)
<b>Net Interest Income</b>		<b>4,312</b>	<b>4,193</b>
Fee and commission income	5	2,989	2,854
Fee and commission expense	6	(278)	(272)
<b>Net Fee and Commission Income</b>		<b>2.711</b>	<b>2.582</b>
Foreign exchange gains, net		451	461
Other operating income	7	408	428
<b>Operating Income</b>		<b>7.883</b>	<b>7.664</b>
Personnel expenses	8	(4.037)	(3.632)
Depreciation and amortization expense	19	(465)	(500)
General and administrative expenses	9	(2.137)	(1.779)
<b>PROFIT BEFORE IMPAIRMENT LOSSES AND INCOME TAX</b>		<b>1.245</b>	<b>1.753</b>
Impairment losses	10	(715)	(1.294)
PROFIT BEFORE INCOME TAX		530	459
Income tax expense	11	(38)	(69)
<b>NETO DOBIT GODINE / NET PROFIT FOR THE YEAR</b>		<b>492</b>	<b>390</b>
BASIC EARNINGS PER SHARE	32	KM 3,17	KM 2,51

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

# Bilansi stanja na dan 31. decembra 2006. i 2005.

32

	Napomena	31. Decembar 2006 '000 KM	31. Decembar 2005 '000 KM
<b>SREDSTVA</b>			
Novac i sredstva kod banaka	12	30,237	23,482
Potraživanja od Centralne Banke	13	13,295	11,386
Plasmani kod drugih banaka	14	5,458	6,126
Kreditni iz sredstava banke	15	50,581	52,479
Ulaganja raspoloživa za prodaju	16	306	300
Potraživanja za obračunatu kamatu	17	416	469
Ostala imovina	18	581	803
Dugotrajna materijalna i nematerijalna imovina	19	5,969	5,828
<b>Ukupna sredstva</b>		<b>106,843</b>	<b>100,873</b>
<b>OBAVEZE</b>			
Obaveze po kreditima	20	4,546	3,719
Obaveze prema klijentima	21	81,695	77,398
Subordinisani dug	22	1,328	1,297
Ostale obaveze i razgraničenja	23	1,390	1,037
<b>Ukupne obaveze</b>		<b>88,959</b>	<b>83,451</b>
<b>VLASNIČKA GLAVNICA</b>			
Dioničarski kapital	24	15,924	15,924
Zadržana dobit		1,960	1,498
Ukupna vlasnička glavnica		17,884	17,422
<b>UKUPNE OBAVEZE I VLASNIČKA GLAVNICA</b>		<b>106,843</b>	<b>100,873</b>

Potpisali za i u ime Vakufske banke d.d. Sarajevo 19. februara 2007. godine:

**Amir Rizvanović**  
Direktor

**Feriha Šehić**  
Šef računovodstva

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



## Balance Sheets as of 31 December 2006 and 2005

	Notes	31. Decembar / December 2006 '000 KM	31. Decembar / December 2005 '000 KM
<b>ASSETS</b>			
Cash and due from banks	12	30,237	23,482
Due from Central Bank	13	13,295	11,386
Plasmani Placements with other banks	14	5,458	6,126
Loans to customers	15	50,581	52,479
Investments available for sale	16	306	300
Accrued interest receivable	17	416	469
Other assets	18	581	803
Fixed and intangible assets	19	5,969	5,828
<b>Total Assets</b>		<b>106,843</b>	<b>100,873</b>
<b>LIABILITIES</b>			
Borrowed funds	20	4,546	3,719
Due to customers	21	81,695	77,398
Subordinated debt	22	1,328	1,297
Other liabilities	23	1,390	1,037
<b>Total Liabilities</b>		<b>88,959</b>	<b>83,451</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	24	15,924	15,924
Retained earnings		1,960	1,498
Total Shareholders' Equity		17,884	17,422
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>106,843</b>	<b>100,873</b>

Signed on behalf of Vakufska banka d.d. Sarajevo on 19 February 2007:

**Amir Rizvanović**  
General Manager

**Feriha Šehić**  
Head of Accounting

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

## Izveštaji o toku novca za godine koje su završile 31. decembra 2006. i 2005.

Poslovne aktivnosti	2006 KM 000	2005 KM 000
<b>Neto dobit</b>	<b>492</b>	<b>390</b>
Usklađenje na neto novčana sredstva ostvarena poslovnim aktivnostima:		
<b>Amortizacija</b>	<b>465</b>	<b>500</b>
Troškovi rezervisanja	715	1,294
Promjene u sredstvima i izvorima:		
Neto (Povećanje) potraživanja od Centralne banke	(1,909)	(5,868)
Neto smanjenje / (povećanje) plasmana kod drugih banaka, prije rezervisanja	668	(504)
Neto (povećanje) / smanjenje kredita, prije rezervisanja	1,468	(7,949)
Neto (povećanje) potraživanja za obračunatu kamatu, prije rezervisanja	(42)	(176)
Neto smanjenje / (povećanje) ostale aktive, prije rezervisanja	59	(115)
Neto povećanje depozita od klijenata	4,297	15,004
Neto povećanje ostalih obaveza i razgraničenja	327	9
<b>NETO NOVČANA SREDSTVA OSIGURANA U POSLOVNIM AKTIVNOSTIMA</b>	<b>6,540</b>	<b>2,585</b>
<b>Investicijske aktivnosti</b>		
Nabavka materijalne i nematerijalne imovine	(783)	(2,399)
Primici od prodaje materijalne i nematerijalne imovine	177	41
Neto smanjenje / (povećanje) ulaganja za prodaju, prije rezervisanja	(6)	194
<b>NETO NOVČANA SREDSTVA UPOTREBLJENA U INVESTICIJSKIM AKTIVNOSTIMA</b>	<b>(612)</b>	<b>(2,164)</b>
<b>Finansijske aktivnosti</b>		
Neto (smanjenje) / povećanje obaveza po kreditima	827	3,404
Neto povećanje subordinisanog duga	31	19
Dividenda	(30)	-
<b>NETO NOVČANA SREDSTVA (UPOTREBLJENA) OSTVARENA U FINANSIJSKIM AKTIVNOSTIMA</b>	<b>828</b>	<b>3,423</b>
<b>NETO POVEĆANJE NOVCA I NOVČANIH SREDSTAVA</b>	<b>6,755</b>	<b>3,844</b>
<b>NOVAC I NOVČANA SREDSTVA 1. JANUARA</b>	<b>23,482</b>	<b>19,638</b>
<b>NOVAC I NOVČANA SREDSTVA 31. DECEMBRA</b>	<b>30,237</b>	<b>23,482</b>

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

## Cash Flows Statements For the Years Ended 31 December 2006 and 2005

Operating Activities	2006 KM 000	2005 KM 000
<b>Net profit</b>	<b>492</b>	<b>390</b>
Adjustments to reconcile net profit to net cash provided by operating activities:		
<b>Depreciation</b>	<b>465</b>	<b>500</b>
Provision for impairment	715	1,294
Changes in operating assets and liabilities:		
Net (increase) / decrease in due from Central Bank	(1,909)	(5,868)
Net (increase) / decrease in placements with other banks, before impairment	668	(504)
Net decrease / (increase) in loans to customers, before impairment	1,468	(7,949)
Net increase in accrued interest receivable, before impairment	(42)	(176)
Net increase in other assets, before impairment	59	(115)
Net increase / (decrease) in deposits from customers	4,297	15,004
Net increase / (decrease) in other liabilities	327	9
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>6,540</b>	<b>2,585</b>
<b>Investing Activities</b>		
Purchase of fixed assets	(783)	(2,399)
Proceeds from sale of fixed assets	177	41
Net decrease / (increase) in investments available for sale , before impairment	(6)	194
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(612)</b>	<b>(2,164)</b>
<b>Financing Activities</b>		
Net increase / (decrease) in borrowings	827	3,404
Net increase in subordinated debt	31	19
Dividend payment	(30)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>828</b>	<b>3,423</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6,755</b>	<b>3,844</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>23,482</b>	<b>19,638</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>30,237</b>	<b>23,482</b>

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

## Izveštaji o promjenama u vlasničkoj glavnici za godine koje su završile 31. decembra 2006. i 2005.

	Dionički kapital '000 KM	Trezorske dionice '000 KM	Zadržana dobit i rezerve	Ukupno '000 KM
Stanje 31. decembra 2004.	16,149	(225)	1,108	17,032
Povlačenje trezorskih dionica (Napomena 24)	(225)	225	-	-
Dobit za godinu	-	-	390	390
Stanje 31. decembra 2005.	15,924	-	1,498	17,422
Isplata dividende za 2005. (Napomena 24)	-	-	(30)	(30)
Dobit za godinu	-	-	492	492
Stanje 31. decembra 2006.	15,924	-	1,960	17,884

36

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

## Statements of Changes in Shareholders' Equity For the Years Ended 31 December 2006 and 2005

	Share capital '000 KM	Treasury shares '000 KM	Retained earnings and reserves	Total '000 KM
Balance as at 31 December 2004	16,149	(225)	1,108	17,032
Withdrawal of treasury shares (Note 24)	(225)	225	-	-
Profit for the year	-	-	390	390
Balance as at 31 December 2005	<u>15,924</u>	<u>-</u>	<u>1,498</u>	<u>17,422</u>
Dividend (Note 24)	-	-	(30)	(30)
Profit for the year	-	-	492	492
Balance as at 31 December 2006	<u>15,924</u>	<u>-</u>	<u>1,960</u>	<u>17,884</u>

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

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## I. OPĆENITO

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 Maršala Tita 13., Sarajevo, Bosna i Hercegovina.

Na dan 31. decembra 2006. godine Banka je imala 6 filijala u Sarajevu, Mostaru, Zenici, Tešnju, Gračanici i Bihaću i 2 poslovnice u Jablanici i Konjicu.

U aprilu 1999. godine, na osnovu odgovarajućih odluka Skupština dioničara, Vakufska banka d.d. Sarajevo je pripojila MO banku d.d. Mostar.

Na osnovu odgovarajućih odluka Skupština dioničara iz juna 2001. godine počeo je proces pripajanja Depozitne banke d.d. Sarajevo. 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

38

## NADZORNI ODBOR

<b>Bedrija Gavranović</b>	Predsjednica
<b>Smajo Abaza</b>	Član
<b>dr. 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 2006 and 2005

## I. 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 2005, the Bank operated through 6 branches in Sarajevo, Mostar, Zenica, Tešanj, Gracanica and Bihac and 2 business offices in Sarajevo and Konjic.

In April 1999, based on appropriate decision of the Shareholder's Assembly, MO Bank d.d. Mostar was merged to Vakufska banka d.d. Sarajevo.

Merging process of Depozitna Bank d.d. Sarajevo to Vakufska Bank d.d. Sarajevo started in 2001, based on appropriate decision of the Shareholder's Assembly. 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

## NADZORNI ODBOR / SUPERVISORY BOARD

<b>Bedrija Gavranović</b>	President
<b>Smajo Abaza</b>	Member
<b>dr. Mustafa Jahić</b>	Member
<b>Sulejman Vranj</b>	Member
<b>Mujo Ahmetpahić</b>	Member
<b>Izet Šahović</b>	Member
<b>Džemaludin Peljto</b>	Member

## UPRAVA / EXECUTIVE DIRECTORS

<b>Amir Rizvanović</b>	Director
<b>Edis Kusturica</b>	Executive Director
<b>Bahra Imamović</b>	Executive Director
<b>Belma Mulaosmanović</b>	Executive Director

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 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 prezentiranje finansijskih izvještaja

Finansijski izvještaji sastavljeni su u skladu sa Međunarodnim standardima finansijskog izvještavanja (MSFI), po metodi historijskog troška sa modifikacijama revalorizacije odgovarajućih 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. 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.

### 2.3 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. Naknade za transakcije u stranoj valuti priznaju se u trenutku naplate.

### 2.4. Naknade zaposlenim

Banka, u normalnom toku poslovanja, placa u ime zaposlenih penziona i zdravstveno osiguranje, porez na i iz plate koji se obračunavaju na bruto plate, kao i topli obrok, prevoz na posao i regres za godišnji odmor prema propisima. Ovi troškovi terete bilans uspjeha u istom periodu na koji se odnose. Banka nema druge penziona aranžmane, odnosno nema nikakvih obaveza isplate penzija zaposlenima nakon penzionisanja. Banka je u 2006. godini formirala rezervisanja na ime budućih isplata svim zaposlenim.

### 2.5 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.



# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 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. 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 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. Commissions on foreign currency transactions are credited to income on receipt.

### 2.4. Employees Benefits

The bank, in the normal course of business, makes payments on behalf of its employees for pensions, health care, employment and personnel tax that are calculated on the basis of gross salaries and wages, as well as food allowances, travel expenses and vacancy allowances according to the local legislation. The company makes these contributions to the Government's health and retirement funds, at the statutory rates in force during the year, based on gross salary payments. The cost of these payments is charged to the income statement in the same period as the related salary cost. The company does not operate any other pension scheme or post retirement benefits plan and consequently, has no obligation in respect of pensions. During 2006 the bank has made provisions relating to future payments of some benefits to all employees.

### 2.5. 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.

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 2. TEMELJ ZA PREZENTIRANJE I SAŽETAK RAČUNOVODSTVENIH POLITIKA (NASTAVAK)

### 2.6 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 dospijeću. Iznos rezervisanja predstavlja razliku između knjigovodstvenog i nadoknadivog iznosa, koji predstavlja sadašnju vrijednost očekivanih novčanih tokova, uključivši nadoknadle 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".

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.

42

### 2.7 Ulaganja raspoloživa za prodaju

Nakon početnog priznavanja po trošku nabavke, 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 po trošku stjecanja, umanjeno za rezervisanje ako je potrebno.

### 2.8 Subordinisani dug

Subordinisani dug iskazan je po amortiziranom trošku primjenom metode stvarnog prinosa.

### 2.9 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.

# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6. 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.

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 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'.

### 2.7. Investment available for sale

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.

### 2.8. Subordinated Debt

Subordinated debt is stated at amortised cost using the effective interest rate method.

### 2.9. 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 may not be realised in a current sale of the financial instrument.

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 2. TEMELJ ZA PREZENTIRANJE I SAŽETAK RAČUNOVODSTVENIH POLITIKA (NASTAVAK)

### 2.9 Fer vrijednost finansijske aktive i obaveza (nastavak)

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 približni su 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 obaveze 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 dospijeća.

### 2.10 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 slijedecih stopa amortizacije na nabavnu vrijednost:

	2006.	2005.
Zgrade	1.3%	1.3%
Računari i druga oprema	10-20%	10-20%
Namještaj i automobili	10-16.5%	10-16.5%
Softver i druga nematerijalna imovina	20%	20%

# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Fair Value of Financial Assets and Liabilities (Continued)

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. 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 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.

### 2.10 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:

	<u>2006.</u>	<u>2005.</u>
<b>Buildings</b>	1.3%	1.3%
<b>Computers and other equipment</b>	10-20%	10-20%
<b>Furniture and motor vehicles</b>	10-16.5%	10-16.5%
<b>Software and other intangible assets</b>	20%	20%

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 2. TEMELJ ZA PREZENTIRANJE I SAŽETAK RAČUNOVODSTVENIH POLITIKA (NASTAVAK)

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.

### 2.11 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:

31. decembra 2006.	1 EUR = 1,95583 KM	1 USD = 1,485065 KM
31. decembra 2005.	1 EUR = 1,95583 KM	1 USD = 1,657905 KM

46

### 2.12 Finansijski instrumenti koji se vode u vanbilansnoj evidenciji

Tokom svog poslovanja Banka izdaje garancije, akreditive i odobrava kredite 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.

### 2.13 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.

# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

### 2.11 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 2006.</b>	<b>1 EUR = 1,95583 KM</b>	<b>1 USD = 1,485065 KM</b>
<b>31. December 2005.</b>	<b>1 EUR = 1,95583 KM</b>	<b>1 USD = 1,657905 KM</b>

### 2.12 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.

### 2.13 Statement of Cash Flows

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

## Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

### 3. PRIHODI OD KAMATA

	2006 KM'000	2005 KM'000
<b>Prihodi od kamata sastoje se od sljedećeg</b>		
Kamate na kredite preduzećima	3,799	3,877
Kamate na kredite stanovništvu	1,072	1,051
Kamate na sredstva kod Centralne banke BiH	602	296
Kamate na sredstva kod drugih banaka	254	187
<b>Ukupno</b>	<b>5,727</b>	<b>5,411</b>

### 4. RASHODI OD KAMATA

48

Rashodi od kamata sažeto su prikazani kako slijedi

Kamate na depozite preduzeća	1,110	1,062
Kamate na depozite stanovništva	179	123
Kamate na sredstva kod drugih banaka	126	33
<b>Ukupno</b>	<b>1,415</b>	<b>1,218</b>

### 5. PRIHODI OD NAKNADA I PROVIZIJA

Prihodi od naknada i provizija obuhvataju:

Naknade od usluga preduzećima	2,507	2,422
Naknade od usluga stanovništvu	428	399
Naknade od ostalih usluga	54	33
<b>Ukupno</b>	<b>2,989</b>	<b>2,854</b>



# Notes to the Financial Statements

## For the Years Ended 31 December 2006 and 2005

### 3. INTEREST INCOME

**2006**  
**KM'000**

**2005**  
**KM'000**

**Interest income is comprised of the following:**

Interest on loans and advances to companies	3,799	3,877
Interest on loans and advances to individuals	1,072	1,051
Interest on clearing account with Central Bank	602	296
Interest on balances due from other banks	254	187
<b>Total</b>	<b>5,727</b>	<b>5,411</b>

### 4. INTEREST EXPENSE

**Interest expense is summarised as follows:**

Interest on deposits from companies	1,110	1,062
Interest on deposits from individuals	179	123
Interest on amount due to other banks	126	33
<b>Total</b>	<b>1,415</b>	<b>1,218</b>

### 5. FEE AND COMMISSION INCOME

**Fee and commission income comprises:**

Fees from services to individuals	2,507	2,422
Fees from services to companies	428	399
Fees from other services	54	33
<b>Total</b>	<b>2,989</b>	<b>2,854</b>

## Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

### 6. RASHODI OD NAKNADA I PROVIZIJA

	2006 KM'000	2005 KM'000
<b>Rashodi od naknada i provizija obuhvataju</b>		
Naknade po osnovu usluga drugih banaka	278	272
<b>Ukupno</b>	<b>278</b>	<b>272</b>

### 7. OSTALI PRIHODI IZ POSLOVANJA

#### Ostali prihodi iz poslovanja obuhvataju

Naplaćena otpisana potraživanja	314	257
Prihodi od prodaje ulaganja raspoloživih za prodaju	1	141
Ostali prihodi	93	30
<b>Ukupno</b>	<b>408</b>	<b>428</b>

### 8. TROŠKOVI ZAPOSLENIH

#### Troškovi zaposlenih uključuju

Neto plaće	1,848	1,694
Porezi i doprinosi	1,294	1,180
Ostali troškovi zaposlenih	895	758
<b>Ukupno</b>	<b>4,037</b>	<b>3,632</b>

Prosječan broj zaposlenih u Banci za godinu koja je završila 31. decembra 2006. i 2005. bio je 172, odnosno 162.

# Notes to the Financial Statements

## For the Years Ended 31 December 2006 and 2005

### 6. FEE AND COMMISSION EXPENSE

	2006 KM'000	2005 KM'000
<b>Fee and commission expense comprises:</b>		
Commissions for services provided by banks	278	272
<b>Total</b>	<b>278</b>	<b>272</b>

### 7. OTHER OPERATING INCOME

#### Other operating income includes:

Collected written-off receivables	314	257
Sale of investments available for sale	1	141
Other income	93	30
<b>Total</b>	<b>408</b>	<b>428</b>

### 8. PERSONNEL EXPENSE

#### Personnel expense includes:

Net salaries	1,848	1,694
Taxes and contributions	1,294	1,180
Other employee expenses	895	758
<b>Total</b>	<b>4,037</b>	<b>3,632</b>

The average number of personnel employed by the Bank during the years ended 31 December 2006 and 2005 was 172 and 162, respectively.

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 9. OPŠTI I ADMINISTRATIVNI TROŠKOVI

2006.  
'000 KM

2005.  
'000 KM

### Opšti i administrativni troškovi obuhvataju:

Kancelarijski materijal i sitan inventar	127	114
Održavanje materijalne imovine	102	59
Energija, režije, pošta i telefon	437	390
Reklama i reprezentacija	124	114
Profesionalne usluge i naknade regulatornim tijelima	158	92
Naknade članovima NO i Odbora za reviziju	129	114
Osiguranje depozita	172	158
Osiguranje imovine	83	87
Zakupnina	357	303
52 Ukalkulisana sredstva na ime budućih isplata zaposlenicima	127	-
Ostali porezi i doprinosi	98	21
Ostale usluge	88	81
Ostali troškovi	134	246
<b>Ukupno</b>	<b>2.137</b>	<b>1.779</b>

## 10. REZERVISANJA ZA MOGUĆE GUBITKE

### Rezervisanja za moguće gubitke uključuju:

Povećanje/(smanjenje) rezervisanja za plasmane kod drugih banaka	-	(4)
Povećanje rezervisanja na kredite date klijentima	575	934
Rezervisanja za garancije i ostale obaveze vezane za kredite	26	96
Povećanje/(smanjenje) rezervisanja na ulaganja	-	(4)
Povećanje rezervisanja na obračunate kamate	95	203
Povećanje rezervisanja ostale aktive	19	69
<b>Ukupno</b>	<b>715</b>	<b>1.294</b>

# Notes to the Financial Statements

## For the Years Ended 31 December 2006 and 2005

### 9. GENERAL AND ADMINISTRATIVE EXPENSES

	2006. '000 KM	2005. '000 KM
<b>General and administrative expenses comprise:</b>		
Office supplies and small inventories	127	114
Fixed assets maintenance	102	59
Energy, utilities, postal and telephone	437	390
Advertising and representation	124	114
Professional services and fees to regulatory bodies	158	92
Board of Directors and Audit committee fees	129	114
Insurance of deposits	172	158
Insurance of assets	83	87
Rent	357	303
Accrued benefits for future payments to employees	127	-
Other taxes and contributions	98	21
Other services	88	81
Other	134	246
<b>Total</b>	<b>2.137</b>	<b>1.779</b>

### 10. IMPAIRMENT LOSSES AND PROVISIONS

#### Impairment losses and provisions charged comprises:

Impairment losses on amounts due from banks	-	(4)
Impairment losses on loans to customers	575	934
Provision for guarantees and other credit related commitments	26	96
Impairment losses on investments	-	(4)
Impairment losses for accrued interest	95	203
Impairment losses on other assets	19	69
<b>Total</b>	<b>715</b>	<b>1.294</b>

# Napomene uz financijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 11. POREZ NA DOBIT

	2006. '000 KM	2005. '000 KM
Dobit prije poreza	530	459
Porezno nepriznati troškovi	63	541
Umanjenje poreza	(80)	(69)
Oporeziva dobit	513	931
Porez na dobit 30%	154	279
Smanjenje poreza na dobit	(116)	(210)
<b>Trošak poreza na dobit</b>	<b>(38)</b>	<b>69</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 2006. i 2005. je iznosila 30%. Banka može koristiti poresku olakšicu na osnovu investicija u materijalnu imovinu, kao i izdvajanja u rezerve.

54

## 12. NOVAC I SREDSTVA KOD BANAKA

	31. decembra 2006. '000 KM	31. decembra 2005. '000 KM
<b>Novac i sredstva kod banaka obuhvataju slijedeće:</b>		
Novac u blagajni	2.650	2.513
Novac na žiro računu kod Centralne banke	23.934	18.105
Čekovi	4	41
Tekući računi kod drugih banaka	3.649	2.823
<b>Ukupno</b>	<b>30.237</b>	<b>23.482</b>

# Notes to the Financial Statements

## For the Years Ended 31 December 2006 and 2005

### 11. INCOME TAX

	2006. '000 KM	2005. '000 KM
Profit before income tax	530	459
Non-deductible expenses	63	541
Income tax relief from allocation to reserves	(80)	(69)
Taxable income	513	931
Income tax at 30%	154	279
Income tax relief from investments in fixed assets	(116)	(210)
<b>Income tax expense</b>	<b>(38)</b>	<b>69</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 2006 and 2005 was 30%. The Bank is eligible to use income tax relief based on investments in fixed assets and allocation to reserves.

### 12. CASH AND DUE FROM BANKS

	31. December 2006. '000 KM	31. december 2005. '000 KM
<b>Cash and due from banks comprise:</b>		
Cash on hand	2.650	2.513
Cash on clearing account with Central Bank 2	23.934	18.105
Checks	4	41
Current accounts with foreign banks	3.649	2.823
<b>Total</b>	<b>30.237</b>	<b>23.482</b>

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 13. POTRAŽIVANJA OD CENTRALNE BANKE

	31. decembra 2006. '000 KM	31. decembra 2005. '000 KM
Minimalna obavezna rezerva kod Centralne Banke Bosne i Hercegovine	13.229	11.320
Blokirana sredstva kod Centralne Banke	66	66
<b>Ukupno</b>	<b>13.295</b>	<b>11.386</b>

Na dan 31. decembra 2006. i 2005. godine, minimalna obavezna rezerva izračunata je kao 15% od prosječnog stanja primljenih depozita i pozajmljenih sredstava u svim valutama tokom prethodnih 10 kalendarskih dana.

U skladu sa Odlukom Agencije za bankarstvo Federacije Bosne i Hercegovine od marta 2004. godine,

Banka je bila u obavezi da prenese sredstva u iznosu od KM 66 hiljada na specijalni beskamatni račun kod Centralne banke Bosne i Hercegovine, koliko iznosi stanje blokiranih sredstava na dan 31. decembar 2006. godine

56

## 14. PLASMANI KOD DRUGIH BANAKA

### Plasmani kod drugih banaka uključuju:

Kratkoročni depoziti u bankama u:

Zemljama OECD-a	5.459	6.127
Rezervisanja za moguće gubitke	(1)	(1)
<b>Ukupno</b>	<b>5.458</b>	<b>6.126</b>

Kamatna stopa na dan 31. decembra 2006 i 2005. godine na plasmane u EUR iznosila je 3,57 %, odnosno 2,01% godišnje, a na plasmane u USD 5,22 %, odnosno od 3,39% godišnje.

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

Stanje na dan 1. januara	1	5
Nova rezervisanja	4	7
Smanjenje rezervisanja	(4)	(11)
<b>Stanje na dan 31. decembra</b>	<b>1</b>	<b>1</b>



# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 13. DUE FROM CENTRAL BANK

	31. December 2006. '000 KM	31. December 2005. '000 KM
Compulsory minimum reserve with the Central Bank of Bosnia and Herzegovina	13.229	11.320
Restricted deposit with the Central Bank	66	66
<b>Total</b>	<b>13.295</b>	<b>11.386</b>

Minimum obligatory reserve as at 31 December 2006 and 2005 is calculated as a percentage 15% 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.

According to the Federal Banking Agency decision dated 29 March 2004, funds were unfrozen, leaving KM 66 thousand in a special non – interest bearing account with the Central Bank of Bosnia and Herzegovina as at 31 December 2006.

57

## 14. PLACEMENTS WITH OTHER BANKS

### Placements with other banks include:

Short-term deposits with banks registered in:

OECD countries	5.459	6.127
Less: Provision for impairment	(1)	(1)
<b>Total</b>	<b>5.458</b>	<b>6.126</b>

Interest rate spread as of 31 December 2006 and 2005 on placements with banks stated in EUR was 3.57% and 2,01% annually, and on placements stated in USD was 5.22% and 3,39% annually, respectively .

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

Balance as at 1 January	1	5
Additional provision	4	7
Release of provision due to write-offs	(4)	(11)
<b>Balance as at 31 December</b>	<b>1</b>	<b>1</b>

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

<b>15. KREDITI IZ SREDSTAVA BANKE</b>	<b>31. decembra 2006. '000 KM</b>	<b>31. decembra 2005. '000 KM</b>
<b>Kratkoročni krediti:</b>		
Preduzeća	18.572	21.000
Stanovništvo	1.074	1.329
Ukupno kratkoročni krediti	19.646	22.329
<b>Dugoročni krediti:</b>		
Preduzeća	22.708	22.471
Stanovništvo	10.986	10.221
Ukupno dugoročni krediti	33.694	32.692
Ukupno krediti prije rezervisanja za moguće gubitke	53.340	55.021
Rezervisanja za moguće gubitke	(2.759)	(2.542)
<b>Ukupno</b>	<b>50.581</b>	<b>52.479</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.

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

Stanje na dan 1. januara	2.542	3.368
Nova rezervisanja	1.761	1.649
Smanjenje rezervisanja	(1.186)	(715)
Otpis potraživanja	(358)	(1.760)
<b>Stanje na dan 31. decembra</b>	<b>2.759</b>	<b>2.542</b>

# Notes to the Financial Statements

## For the Years Ended 31 December 2006 and 2005

<b>15. LOANS TO CUSTOMERS</b>	<b>31. December 2006. '000 KM</b>	<b>31. December 2005. '000 KM</b>
<b>Short-term loans:</b>		
Companies	18.572	21.000
Individuals	1.074	1.329
Total short-term loans	19.646	22.329
<b>Long-term loans:</b>		
Companies	22.708	22.471
Individuals	10.986	10.221
Total long-term loans	33.694	32.692
Total loans before provision for impairment	53.340	55.021
Less: Provision for loan impairment	(2.759)	(2.542)
<b>Total</b>	<b>50.581</b>	<b>52.479</b>

Loans to customers are made principally within the 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.

**Movements in provision for impairment may be summarized as follows:**

Balance as at 1 January	2.542	3.368
Additional provision	1.761	1.649
Release of provision	(1.186)	(715)
Release of provision due to write-offs	(358)	(1.760)
<b>Balance as at 31 December</b>	<b>2.759</b>	<b>2.542</b>

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 15. KREDITI IZ SREDSTAVA BANKE (NASTAVAK)

Kreditni portfelj prema djelatnosti na dan 31. decembra 2006. i 31. decembra 2005. godine može se prikazati kako slijedi:

	31. decembra 2006. '000 KM	31. decembra 2005. '000 KM
Trgovina	14.050	18.354
Građevinska industrija	7.090	5.947
Turizam, hoteli i restorani	1.873	3.135
Ostalo	30.327	27.585
<b>Ukupno</b>	<b>53.340</b>	<b>55.021</b>

Ukupan iznos kredita čija je kamata suspendovana na dan 31. decembra 2006. godine i 31. decembra 2005. godine bio je 3.266 hiljade KM, odnosno 3.724 hiljade KM.

60

Kamatne stope po kreditima na dan 31. decembra 2006. i 31. decembra 2005. godine, mogu se prikazati kako slijedi:

Preduzeća	8 - 12%	8% - 12%
Stanovništvo	8 - 11,5%	8% - 11,5%

## 16. ULAGANJA RASPOLOŽIVA ZA PRODAJU

Tuzlatransport d.d. Tuzla	103	103
BOR banka d.d. Sarajevo	115	115
Union banka d.d. Sarajevo	80	80
Komisija za vrijednosne papire	5	-
BiH POS - Card Business Sarajevo	4	4
Swift	5	4
Ukupno ulaganja	312	306
Rezervisanja za moguće gubitke	(6)	(6)
<b>Ukupno</b>	<b>306</b>	<b>300</b>

# Notes to the Financial Statements

## For the Years Ended 31 December 2006 and 2005

### 15. LOANS TO CUSTOMERS (CONTINUED)

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

	31. December 2006. '000 KM	31. December 2005. '000 KM
Trade	14.050	18.354
Construction	7.090	5.947
Tourism, hotels and restaurants	1.873	3.135
Other	30.327	27.585
<b>Total</b>	<b>53.340</b>	<b>55.021</b>

Total amount of non-performing loans on which interest was suspended as at 31 December 2006 and 31 December 2005 was KM 3,266 thousand and KM 3,724 thousand, respectively.

Loan interest rates are summarised as follows:

Companies	8 – 12%	8% - 12%
Individuals	8 -11,5%	8% - 11,5%

### 16. INVESTMENTS AVAILABLE FOR SALE

Tuzlatransport d.d. Tuzla	103	103
BOR Banka d.d. Sarajevo	115	115
Union Banka d.d. Sarajevo	80	80
Securities Commission	5	-
BiH POS - Card Business	4	4
SWIFT	5	4
Total investments	312	306
Less: Provision for impairment	(6)	(6)
<b>Total</b>	<b>306</b>	<b>300</b>

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 16. ULAGANJA RASPOLOŽIVA ZA PRODAJU (NASTAVAK)

	31. decembar 2006 % vlasništva	Djelatnost	Zemlja
Tuzlatransport d.d. Tuzla	5,26	Transport	Bosna i Hercegovina
BOR 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:	2006. '000 KM	2006. '000 KM
Stanje 1. januara	6	10
Smanjenje rezervisanja	-	(4)
<b>Stanje 31. decembra</b>	<b>6</b>	<b>6</b>

## 17. POTRAŽIVANJA ZA OBRAČUNATU KAMATU

Potraživanja za obračunate kamate	435	483
Rezervisanja za moguće gubitke	(19)	(14)
<b>Ukupno</b>	<b>416</b>	<b>469</b>
Promjene na rezervisanjima za moguće gubitke po kamatama mogu se prikazati kako slijedi:		
Stanje na dan 1. januara	14	17
Nova rezervisanja	116	216
Smanjenje rezervisanja	(21)	(13)
Otpis	(90)	(206)
<b>Stanje na dan 31. decembra</b>	<b>19</b>	<b>14</b>

# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 16. INVESTMENTS AVAILABLE FOR SALE (CONTINUED)

	31 December 2006 % share	Industry	Country of origin
Tuzlatransport d.d. Tuzla	5.26	Transport	Bosnia and Herzegovina
BOR 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:

	2006. '000 KM	2006. '000 KM
Balance as at 1 January 6 10	6	10
Additional provision - (4)	-	(4)
Balance as at 31 December	<b>6</b>	<b>6</b>

## 17. ACCRUED INTEREST RECEIVABLE

Accrued interest receivable	435	483
Less: Provision for impairment	(19)	(14)
<b>Total</b>	<b>416</b>	<b>469</b>

### Movements in provision for impairment may be summarized as follows:

Balance as at 1 January	14	17
Additional provision	116	216
Release of provision	(21)	(13)
Release of provision due to write-offs	(90)	(206)
<b>Balance as at 31 December</b>	<b>19</b>	<b>14</b>

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 18. OSTALA IMOVINA

	31. decembra 2006. '000 KM	31. decembra 2005. '000 KM
<b>Ostala imovina može se prikazati kako slijedi:</b>		
Unaprijed plaćeni troškovi	141	285
Pretplata poreza na dobit	262	295
Potraživanja za naknade	53	65
Potraživanja od CB BiH	97	50
Ostala imovina	89	188
Ukupno ostala imovina	642	883
Rezervisanja za moguće gubitke	(61)	(80)
<b>Ukupno</b>	<b>581</b>	<b>803</b>

64

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

Stanje na dan 1. januara	80	62
Nova rezervisanja	63	70
Smanjenje rezervisanja	(44)	(1)
Otpis	(38)	(51)
<b>Stanje na dan 31. decembra</b>	<b>61</b>	<b>80</b>



# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 18. OTHER ASSETS

**31. December  
2006.  
'000 KM**

**31. December  
2005.  
'000 KM**

**Other assets are comprised of the following:**

Prepaid expenses	141	285
Prepaid income tax	262	295
Fees receivable	53	65
Receivables from CB BiH	97	50
Other	89	188
<b>Total other assets</b>	<b>642</b>	<b>883</b>
Less: Provision for impairment	(61)	(80)
<b>Total</b>	<b>581</b>	<b>803</b>

**Movements in provision for impairment may be summarized as follows:**

Balance as at 1 January	80	62
Additional provision	63	70
Release of provision	(44)	(1)
Release of provision due to write-offs	(38)	(51)
<b>Balance as at 31 December</b>	<b>61</b>	<b>80</b>

# Napomene uz financijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 19. DUGOTRAJNA MATERIJALNA I NEMATERIJALNA IMOVINA

	Gradevine	Uredska oprema i vozila	Računari	Investicije u toku	Nematerijalna imovina	<b>Ukupno</b>
<b>Nabavna vrijednost</b>						
31. decembra 2005.	2.894	1.268	944	1.730	1.639	<b>8.475</b>
Nabavka	-	-	-	783	-	<b>783</b>
Prijenos sa investicija u toku	1.841	295	229	(2.395)	30	-
Rashodovanje prodaja	(95)	(197)	(51)	-	(285)	<b>(628)</b>
31. decembra 2006.	4.640	1.366	1.122	118	1.384	<b>8.630</b>
<b>Ispravka vrijednosti</b>						
31. decembra 2005.	182	669	562	-	1.234	<b>2.647</b>
Amortizacija za 2006.	38	130	140	-	157	<b>465</b>
Rashodovanje	(21)	(113)	(32)	-	(285)	<b>(451)</b>
31. decembra 2006.	199	686	670	-	1.106	<b>2.662</b>
<b>Sadašnja vrijednost 31. decembra 2006.</b>						
	4.441	680	452	118	278	<b>5.969</b>
31. decembra 2005.	2.712	599	382	1.730	405	<b>5.828</b>

# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 19. FIXED AND INTANGIBLE ASSETS

The movements in fixed and intangible assets during the year ended 31 December 2003 are summarised as follows:

	Buildings	Office equipment and vehicles	Computers	Investments in progress	Intangible assets	Total
<b>COST OR VALUATION</b>						
At 31 December 2005	2,894	1,268	944	1,730	1,639	<b>8,475</b>
Additions	-	-	-	783	-	<b>783</b>
Transfers	1,841	295	229	(2,395)	30	-
Disposals	(95)	(197)	(51)	-	(285)	<b>(628)</b>
At 31 December 2006	4,640	1,366	1,122	118	1,384	<b>8,630</b>
<b>ACCUMULATED DEPRECIATION</b>						
At 31 December 2005	182	669	562	-	1,234	<b>2,647</b>
Depreciation for 2006	38	130	140	-	157	<b>465</b>
Eliminated on disposals	(21)	(113)	(32)	-	(285)	<b>(451)</b>
At 31 December 2006	199	686	670	-	1,106	<b>2,662</b>
<b>CARRYING AMOUNT</b>						
<b>At 31 December 2006</b>	<b>4,441</b>	<b>680</b>	<b>452</b>	<b>118</b>	<b>278</b>	<b>5,969</b>
At 31 December 2005	2,712	599	382	1,730	405	<b>5,828</b>

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 20. OBAVEZE PO KREDITIMA

Obaveze po kreditima na dan 31. decembra mogu se prikazati kako slijedi:

	31 decembra 2006 '000 KM	31 decembra 2005 '000 KM
Investicijska banka Federacije BiH, Sarajevo *	851	2.255
Ministarstvo finansija Federacije BiH **	3.493	1.214
BOR Banka, Sarajevo	202	250
<b>Ukupno</b>	<b>4.546</b>	<b>3.719</b>

68

\* Dugoročna pozajmljena sredstva od Investicijske banke Federacije Bosne i Hercegovine su namijenjena restrukturiranju postojećih kredita za obrtna sredstva koje su klijenti koristili iz izvora Banke kao i za finansiranje investicija razvojnih programa i projekata malih i srednjih preduzeća u Federaciji BiH. Pozajmljena sredstva su odobrena na period od 2,5 do 5 godina sa kamatnom stopom na nivou šestomjesečnog EURIBOR-a, na godišnjem nivou. Otplata kredita se vrši u jednakim mjesečnim ratama.

\*\* Dana 17.5.2005. godine Banka je sklopila Subsidijarni kreditni ugovor sa Ministarstvom finansija Federacije BiH o korištenju sredstava iz zajma koji je Bosni i Hercegovini osigurao Međunarodni fond za poljoprivredni razvoj (IFAD), od kojih je jedan dio namijenjen za pružanje pozajmica komercijalnim bankama za dalje kreditiranje fizičkih lica i pravnih subjekata u ruralnim područjima, koja se odnose na poljoprivredu. Ukupan iznos iskorištenih pozajmica bit će vraćan u jednom iznosu (jednokratno) nakon 12 (dvanaest) godina od datuma povlačenja prve, odnosno svake tranše sredstava. Kamata na sredstva pozajmica od 2% (fiksna) će se plaćati na godišnjem nivou u dvije polugodišnje rate i to: 1. marta i 1. septembra.

Banka je obavezna da sredstva pozajmice koristi isključivo za kreditiranje krajnjih korisnika pod uslovima iz Projekta koji su definisani u Dodatku A naprijed pomenutog ugovora. Sredstva pozajmica imaju karakter revolving sredstava koje će Banka isključivo koristiti za iste namjene i pod uslovima koji su definisani za sredstva pozajmica. Banka preuzima rizik u slučajevima da korisnik (primaoc kredita) ne ispunjava uslove svoje obaveze prema Banci.

# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 20. BORROWED FUNDS

Borrowed funds as of 31 December are summarised as follows:

	31 December 2006 '000 KM	31 December 2005 '000 KM
Investment Bank of Federation of Bosnia and Herzegovina *	851	2,255
BH Federal Ministry of finance **	3,493	1,214
BOR Bank, Sarajevo	202	250
<b>Total</b>	<b>4,546</b>	<b>3,719</b>

\* Borrowed funds from the Investment Bank of Federation of Bosnia and Herzegovina with the purpose of restructuring of existing loans for working capital as well as financing of development programmes and projects of SME enterprises in Federation BiH. Repayment of the loans is scheduled in 2.5 to 5 years period with the 6-month EURIBOR interest rate.

69

\*\* The Bank undersigned a subsidiary loan agreement with BH Federal Ministry of finance at 17 May 2005 on utilisation of IFAD's fund for financing agricultural activities of citizens and legal entities in rural areas. Total amount of borrowed funds will be repaid in one amount after 12 years of withdrawal of each instalment. Interest of 2% will be paid through 2 semi-annual instalments at 1 March and 1 September.

The bank is obliged to finance ultimate clients in accordance with conditions prescribed by the Project – Annex A of the above mentioned agreement. The fund will be used as revolving credit line for the same purposes as defined in agreement. The Bank bears risk if ultimate customer fails to repay loan.

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 21. OBAVEZE PREMA KLIJENTIMA

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

### Depoziti po viđenju:

#### Fizičke osobe:

	31. decembra 2006. '000 KM	31. decembra 2005. '000 KM
U KM	4.692	3.864
U stranoj valuti	4.641	3.578
Podzbir	9.333	7.442
<b>Preduzeća:</b>		
U KM	17.463	24.754
U stranoj valuti	4.758	6.281
Podzbir	22.221	31.035
<b>Druge vrste depozita:</b>		
U KM	17.686	10.935
U stranoj valuti	7.653	4.169

#### Podzbir

**26.389**

**15.104**

70

### Ukupno depoziti po viđenju

**56.893**

**53.581**

### Oročeni depoziti:

#### Fizičke osobe:

U KM	3.468	2.315
U stranoj valuti	8.776	5.936
Podzbir	12.244	8.251
<b>Preduzeća:</b>		
U KM	8.210	8.723
U stranoj valuti	1.488	4.076
Podzbir	9.698	12.799
<b>Druge vrste depozita:</b>		
U KM	2.336	2.264
U stranoj valuti	524	503

#### Podzbir

**2.860**

**2.767**

### Ukupno oročeni depoziti

**24.802**

**23.817**

### Ukupno

**81.695**

**77.398**

Godišnje kamatne stope na depozite po viđenju u 2006. i 2005. godini kretale su se od 0,6% do 1,1%. Godišnje kamatne stope na oročene depozite u 2006. i 2005. godini kretale su se od 2,5% do 6,5%, zavisno od perioda oročenja.

# Notes to the Financial Statements

## For the Years Ended 31 December 2006 and 2005

### 21. AMOUNTS DUE TO CUSTOMERS

	<b>31. December 2006. '000 KM</b>	<b>31. December 2005. '000 KM</b>
<b>Amounts owed to customers, by type of deposit, comprise:</b>		
<b>Demand deposits from:</b>		
<b>Individuals:</b>		
In KM	4.692	3.864
In foreign currencies	4.641	3.578
Subtotal	9.333	7.442
<b>Companies:</b>		
In KM	17.463	24.754
In foreign currencies	4.758	6.281
Subtotal	22.221	31.035
<b>Other purpose deposits</b>		
In KM	17.686	10.935
In foreign currencies	7.653	4.169
<b>Subtotal</b>	<b>26.389</b>	<b>15.104</b>
<b>Total demand deposits</b>	<b>56.893</b>	<b>53.581</b>
<b>Term deposits from</b>		
<b>Individuals:</b>		
In KM	3.468	2.315
In foreign currencies	8.776	5.936
Subtotal	12.244	8.251
<b>Companies:</b>		
In KM	8.210	8.723
In foreign currencies	1.488	4.076
Subtotal	9.698	12.799
<b>Other purpose deposits:</b>		
In KM	2.336	2.264
In foreign currencies	524	503
<b>Subtotal</b>	<b>2.860</b>	<b>2.767</b>
<b>Total term deposits</b>	<b>24.802</b>	<b>23.817</b>
<b>Total</b>	<b>81.695</b>	<b>77.398</b>

Interest rates on demand deposits ranged from 0,6% to 1,1% in 2006 and 2005 respectively. Interest rates on term deposits ranged from 2,5% to 6.5% 2006 and 2005, respectively.

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 22. SUBORDINISANI DUG

### Subordinirani dug odnosi se na:

Fondacija Bošnjaci, Mostar

Vlada Hercegovačkog Kantona

### Ukupno

Iznos od 320 i 309 hiljada KM na dan 31. decembar 2006. i 2005. godine 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 10. januara 2001. godine. Također, Banka je od Vlade Hercegovačkog Kantona imala sredstva u iznosu od 1.008 hiljada sa 31. Decembar 2006, i 988 hiljada KM sa 31. Decembar 2005, 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 16. aprila 2001. i 17. aprila 2003. godine.

31. decembra  
2006.  
'000 KM

31. decembra  
2005.  
'000 KM

320

309

1.008

988

**1.328**

**1.297**

72

## 23. OSTALE OBAVEZE I RAZGRANIČENJA

Ostale obaveze i razgraničenja sažeto su prikazane kako slijedi:

Obaveze za obračunatu kamatu

Obaveze prema dobavljačima

Obaveze za neraspoređni priliv

Obaveze za zatečenu gotovinu JIK Banka, Beograd

Obaveze za blokirana sredstva (račune)

Obaveze prema bankama

Ostale obaveze prema stanovništvu

Ostale obaveze iz tekućeg poslovanja

Poslovi u ime i za tuđi račun (Napomena 26)

Dugoročno razgraničeni prihodi (naknade)

Dugoročno razgraničeni rashodi

(ukalkulisana sredstva na ime

budućih isplata zaposlenicima)

Rezervisanja za potencijalne i preuzete obaveze (Napomena 25)

228

132

56

35

5

50

-

52

3

67

-

65

68

34

67

31

95

82

271

45

127

-

470

444

### Ukupno

**1.390**

**1.037**



# Notes to the Financial Statements

## For the Years Ended 31 December 2006 and 2005

### 22. SUBORDINATED DEBT

	31. December 2006. '000 KM	31. December 2005. '000 KM
Foundation Bošnjaci, Mostar	320	309
Government of Herzegovina Municipality	1.008	988
<b>Total</b>	<b>1.328</b>	<b>1.297</b>

The amount of KM 320 and 309 thousand as of 31 December 2006 and 2005, respectively represents funds granted by Foundation Bošnjaci, Mostar, for further lending and financing. Funds are placed indefinitely, and bear no interest. These funds are considered as additional equity for regulatory purposes based on the Decision of Banking Agency of the Federation of Bosnia and Herzegovina dated 10 January 2001. The amount of KM 1,008 thousands as of 31 December 2006 and KM 988 thousand as of 31 December 2005 represents funds granted by the Government of Herzegovina Canton for lending and financing of agriculture development and improvement of employment situation. Funds are placed indefinitely, and bear no interest. These funds are considered as additional equity for regulatory purposes, based on the Decision of Banking Agency of the Federation of Bosnia and Herzegovina dated 16 April 2001 and 17 April 2003.

### 23. OTHER LIABILITIES AND ACCRUALS

Other liabilities are summarised as follows:

Accrued interest payable		
Liabilities to vendors	228	132
Liabilities for undistributed inflow	56	35
Due to JIK Banka, Beograd	5	50
Liabilities for blocked accounts	-	52
Due to banks	3	67
Other liabilities to citizens	-	65
Other current liabilities	68	34
Managed funds surplus (Note 26)	67	31
Deferred revenue (fee)	95	82
	271	45
Accrued payments to employees		
Provisions for obligations and credit commitments (Note 25)	127	-
	470	444
<b>Total</b>	<b>1.390</b>	<b>1.037</b>

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 24. DIONIČARSKI KAPITAL

Na dan 31. decembra 2006. godine dionički kapital Banke iznosi 15.923.700 KM i sastoji se od 155.237 običnih dionica i 4.000 preferencijalnih dionica svaka nominalne vrijednosti 100 KM.

Na dan 31. decembra 2005. godine dionički kapital Banke iznosi 15.923.700 KM i sastoji se od 155.237 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 dionicare. Preferencijalni dioničari također imaju preferencijalna prava u povratu kapitala u slučaju likvidacije.

Dana 12.4.2005. godine, na osnovu naloga Agencije za bankarstvo Federacije BiH, Nadzorni odbor Banke je donio Odluku o smanjenju osnovnog kapitala Banke povlačenjem vlastitih (trezorskih) dionica koje je Banka stekla statusnom promjenom pripajanja bivše Depozitne banke d.d. Sarajevo i to: 2.249 običnih (redovnih) dionica u nominalnoj vrijednosti KM 100 po dionici, odnosno u ukupnoj vrijednosti KM 225 hiljada.

Dana 19.5.2005. godine Komisija za vrijednosne papire Federacije BiH je, na osnovu zahtjeva Banke, donijela Rješenje o odobravanju smanjenja osnovnog kapitala Banke za iznos KM 225 hiljada po osnovu povlacenja vlastitih dionica.

74

Dana 12.6.2006. godine Skupština dioničara Banke je donijela Odluku o raspodjeli i načinu upotrebe dobiti iz poslovanja u 2005. godini u kojoj je, između ostalog navedeno, da se iz ostvarene dobiti isplati dividenda na prioritetne dionice u iznosu od 30 hiljada KM, prije isplate za obične dionice.

Nalogom Agencije za bankarstvo Federacije BiH broj 01-1006/01 od 23.10.2001. godine, zbog sumnje da je povezan sa finansiranjem terorističkih aktivnosti, privremeno su blokirana dionička prava fizičkog lica Yassina A. Kadi koji je vlasnik 34.133 običnih dionica. Veze Vakufske Banke d.d. Sarajevo i gospodina Yassina A. Kadi ostvarene su, isključivo preko dioničkog kapitala koji je u martu 2002. godine Vakufska banka d.d. Sarajevo preuzela pripajanjem Depozitne banke d.d. Sarajevo i koji je pomenutim nalogom Agencije za bankarstvo Federacije BiH već bio privremeno zamrznut. Pripajanje bivše Depozitne banke d.d. Sarajevo od strane Vakufske banke d.d. Sarajevo izvršeno je legalno, pod stalnim nadzorom i uz saglasnost Agencije za bankarstvo Federacije BiH i Komisije za vrijednosne papire Federacije BiH. Gospodin Yassin A. Kadi, lično ili putem svojih opunomoćnika, nije nikada imao mogućnost učestovati u radu Skupštine dioničara Vakufske banke d.d. Sarajevo, niti predlagati svoje predstavnike u organe Banke, niti uticati na izbor Uprave i poslovnu politiku Vakufske banke d.d. Sarajevo. U poslovnim knjigama Vakufske Banke d.d. Sarajevo nije zabilježena niti jedna transakcija izvršena po nalogu gospodina Yassina A. Kadi. Kontrole izvršene od strane nadležnih organa potvrdile su da nije zabilježena niti jedna sumnjiva transakcija koja bi upućivala na pretpostavku da se preko Vakufske banke d.d. Sarajevo finansiraju terorističke aktivnosti. Na zahtjev Vakufske banke d.d. Sarajevo, Registar vrijednosnih papira u Federaciji BiH upisao je zabilježbu privremene zabrane raspolaganja vrijednosnim papirima za navedeno lice. Vakufska banka d.d. Sarajevo, u saradnji sa Agencijom za bankarstvo Federacije Bosne i Hercegovine, vodi postupak za rješenje statusa blokiranog dijela dioničkog kapitala. Dana 15.02.2007. godine, dopisom broj 03-1-429-13/06, Agencija za bankarstvo Federacije Bosne i Hercegovine obavijestila je Vakufsku banku d.d. Sarajevo da je potrebno da izradi plan kapitala koji treba da temelji na mogućnosti zamjene zamrznutih upravljačkih prava dioničara Yassina A. Kadi za zamrzavanje depozita koji bi se dobio prodajom dionica ovoga dioničara.

# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 24. SHARE CAPITAL

As of 31 December 2005, the Bank's share capital amounted to KM 15,923,700 and consisted of 155,237 ordinary shares and 4,000 preferred shares with a nominal value of KM 100 each.

As of 31 December 2004, 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.

Based on order of the Federal banking agency, the Supervisory board adopted a decision on decrease of share capital through withdrawal of treasury shares that Bank had obtained through merging with former Depozitna banka d.d. Sarajevo as follows: 2,249 common shares at KM 100 face value i.e. KM 225 thousands at 12 April 2005. Based on request of the Bank, Security commission adopted a decree on decrease of share capital in amount of KM 225 thousands by withdrawal of treasury shares at 19 May 2005.

As at 12 June 2006 the Shareholders' assembly adopted decision on appropriation of net income from 2005 through which, among others, an amount of 30 thousand KM was appropriated to the preferred shares, before payment to the ordinary shares. As per request from Banking Agency of Federation BiH no. 01-1006/01 dated October 23, 2001, shareholding rights of Mr Yassin A. Kadi who is a shareholder of 34.133 ordinary shares have been temporary suspended due to suspicion of connection with financing terrorist activities. Connection between Vakufska banka d.d. Sarajevo and Mr Yassin A. Kadi are only through the equity which was acquired by Vakufska Banka d.d. Sarajevo through merger with former Depozitna Banka d.d. Sarajevo (see note 1). At the time of merger, equity of Mr Yassin A. Kadi was temporary suspended in Depositna Banka as per above mention Decision from Banking Agency of Federation BiH. Merger of former Depositna Banka d.d. Sarajevo to Vakufska banka d.d. Sarajevo is performed legally, under constant supervision and approval from Banking Agency of Federation BiH and Securities Exchange Commission of Federation BiH. Mr Yassin A. Kadi had never had an opportunity, neither directly or indirectly, to participate in work of Shareholders' Assembly of Vakufska banka d.d. Sarajevo, nominate own representatives to the Banks management and affect business policies of the Bank. In the accounting records of the Bank, there are no transactions recorded on behalf of Mr Yassin A. Kadi. Controls performed by relevant authorities found no suspicious transactions which would indicate that terrorist activities are being financed through Vakufska bank d.d. Sarajevo. As per Banks' request Securities Exchange Commission of Federation BiH has recorded a temporary suspension of securities for the above mention individual. Vakufska banka d.d. Sarajevo, in collaboration with the Banking agency of Federation of Bosnia and Herzegovina, is carrying out procedure for solving status of a part of shareholders equity. As at 15 February 2007, the Agency instructed the bank by its letter No 03-1-429-13/06, to prepare plan of capital taking in consideration possibility of replacement blocked rights of shareholder Mr. Yassin A. Kadi for blocked deposit that should be formed through sale of his shares.

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 24. DIONIČARSKI KAPITAL (NASTAVAK)

Struktura dioničara za 2006. godinu prikazana je kako slijedi:

	Obične dionice			Preferencijalne dionice			Ukupno		
	Broj dionica	Iznos 000'KM	%	Broj dionica	Iznos 000'KM	%	Broj dionica	Iznos 000'KM	%
Mahmal Investment Co. Limited, UK	34.057	3.406	21,94	-	-	-	34.057	3.406	21,38
Katarina Urban	18.565	1.857	11,96	4.000	400	100	22.565	2.257	14,16
Fondacija Bošnjaci Mostar	14.165	1.416	9,12	-	-	-	14.165	1.416	8,89
Ministarstvo finansija FBiH	11.527	1.153	7,43	-	-	-	11.527	1.153	7,24
Rijaset Islamske zajednice	8.304	830	5,34	-	-	-	8.304	830	5,21
Fabrika Duhana Sarajevo	7.986	799	5,15	-	-	-	7.986	799	5,01
Fizička lica	38.321	3.832	24,69	-	-	-	38.321	3.832	24,06
Ostali	22.312	2.231	14,37	-	-	-	22.312	2.231	14,05
<b>Ukupno</b>	<b>155.237</b>	<b>15.524</b>	<b>100,00</b>	<b>4.000</b>	<b>400</b>	<b>100</b>	<b>159.237</b>	<b>15.924</b>	<b>100,00</b>

76

## 25. POTENCIJALNE I PREUZETE FINANSIJSKE OBAVEZE

U sljedećoj tabeli navedeni su vanbilansni finansijski instrumenti Banke:

	31. decembra 2006. '000 KM	31. decembra 2005. '000 KM
Plative garancije	7.412	7.707
Činidbene garancije	11.156	10.329
Neiskorišteni krediti	5.008	3.504
Akreditivi	103	811
<b>Ukupno</b>	<b>23.679</b>	<b>22.351</b>
<b>Rezervisanja za potencijalne i preuzete obaveze</b>	<b>470</b>	<b>444</b>
Slijedi sažeti prikaz promjena u rezervisanjima za ostale rizike:		
Stanje na dan 1. januara	444	348
Nova rezervisanja	26	96
<b>Stanje na dan 31. decembra</b>	<b>470</b>	<b>444</b>

# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 24. SHARE CAPITAL (CONTINUED)

The shareholding structure as at 31 December 2006 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	21,94	-	-	-	34.057	3.406	21,38
Katarina Urban	18.565	1.857	11,96	4.000	400	100	22.565	2.257	14,16
Fondacija Bošnjaci Mostar	14.165	1.416	9,12	-	-	-	14.165	1.416	8,89
Ministarstvo finansija FBiH	11.527	1.153	7,43	-	-	-	11.527	1.153	7,24
Rijaset Islamske zajednice	8.304	830	5,34	-	-	-	8.304	830	5,21
Fabrika Duhana Sarajevo	7.986	799	5,15	-	-	-	7.986	799	5,01
Individual shareholders	38.321	3.832	24,69	-	-	-	38.321	3.832	24,06
Other companies	22.312	2.231	14,37	-	-	-	22.312	2.231	14,05
<b>Total</b>	<b>155.237</b>	<b>15.524</b>	<b>100,00</b>	<b>4.000</b>	<b>400</b>	<b>100</b>	<b>159.237</b>	<b>15.924</b>	<b>100,00</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 2006. '000 KM	31. December 2005. '000 KM
Notes to the Financial Statements	7.412	7.707
Performance guarantees	11.156	10.329
Unused loan facilities	5.008	3.504
Letters of credit	103	811
<b>Total</b>	<b>23.679</b>	<b>22.351</b>
<b>Provisions</b>	<b>470</b>	<b>444</b>

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

Balance as at 1 January	444	348
Additional provision	26	96
<b>Balance as at 31 December</b>	<b>470</b>	<b>444</b>

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 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 naknadu na plasirana sredstva u skladu sa ugovorom zaključenim sa davaocem sredstava.

### Izvori

	<b>31. decembra 2006. '000 KM</b>	<b>31. decembra 2005. '000 KM</b>
Ministarstvo poljoprivrede FBiH	2.805	2.835
Kanton Sarajevo	1.464	1.531
Sarajevo osiguranje d.d. Sarajevo	-	322
Agencija za zapošljavanje Kanton Sarajevo	1.402	1.549
Privredna komora Kantona Sarajevo	415	436
Poštanska banka d.d. Sarajevo	-	405
<b>78</b> BH Pošta	665	665
Agencija za zapošljavanje FBiH	124	132
Fondacija Bošnjaci	130	141
IGA	390	695
Ostala preduzeća	-	563
Stanovništvo	-	104
<b>Ukupno</b>	<b>7.395</b>	<b>9.378</b>

Plasmani		
Kreditni preduzećima	2.661	5.613
Kreditni stanovništvu	4.639	3.683
<b>Ukupno</b>	<b>7.300</b>	<b>9.296</b>
Razlika	(95)	(82)

Razlika između plasmana i izvora je prikazana u Bilansu stanja kao komisiona aktivnost (vidi Napomenu 23).

# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 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 in accordance with agreement concluded with the third parties.

### Sources of funds:

	<b>31. December 2006. '000 KM</b>	<b>31. December 2005. '000 KM</b>
Ministry of agriculture FBiH	2.805	2.835
Canton Sarajevo	1.464	1.531
Sarajevo osiguranje d.d. Sarajevo	-	322
Employment Agency Canton Sarajevo	1.402	1.549
Canton Sarajevo Chamber of Commerce	415	436
Poštanska banka d.d. Sarajevo	-	405
BH Post	665	665
Employment Agency FbiH	124	132
Foundation Bošnjaci	130	141
IGA	390	695
Companies	-	563
Citizens	-	104
<b>Total</b>	<b>7.395</b>	<b>9.378</b>
Placements:		
Loans to companies	2.661	5.613
Loans to citizens	4.639	3.683
<b>Total</b>	<b>7.300</b>	<b>9.296</b>
Surplus of Sources over Placements	(95)	(82)

The difference between placements and sources is presented in the Balance Sheet as other liabilities (See Note 23).

## Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

### 27. TRANSAKCIJE S POVEZANIM STRANAMA

Ostatak duga povezanih strana sa stanjem na dan 31. decembra 2006. i 2005. godine, prikazan je kako slijedi:

	31. decembra 2006. '000 KM	31. decembra 2005. '000 KM
Kreditni dati dioničarima	7.204	7.772
Potencijalne obaveze prema dioničarima	2.959	3.741
Kreditni dati Upravi i članovima Nadzornog Odbora i s njima povezanim licima	2.341	1.456
<b>Ukupno</b>	<b>12.504</b>	<b>12.969</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.



# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 27. RELATED-PARTY TRANSACTIONS

As at 31 December 2006 and 31 December 2005, balances outstanding with related parties comprised:

	31. December 2006. '000 KM	31. December 2005. '000 KM
Loans to shareholders	7.204	7.772
Contingent liabilities to shareholders	2.959	3.741
Loans to Management and Supervisory Board Members and related parties to them	2.341	1.456
<b>Total</b>	<b>12.504</b>	<b>12.969</b>

All of the transactions stated above have been made under 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.

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 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.

82

	'000 KM	EUR	Ostale valute	Ukupno
<b>SREDSTVA</b>				
Novac i sredstva kod banaka	25.453	2.130	2.654	30.237
Potraživanja od Centralne banke BiH	13.261	34	-	13.295
Plasmani kod drugih banaka	-	2.117	3.341	5.458
Kredit iz sredstava banke	20.016	30.565	-	50.581
Ulaganja raspoloživa za prodaju	306	-	-	306
Potraživanja za obračunatu kamatu	416	-	-	416
Ostala imovina	528	35	18	581
Neto dugotrajna materijalna i nematerijalna imovina	5.969	-	-	5.960
<b>Ukupna sredstva (1)</b>	<b>65.949</b>	<b>34.881</b>	<b>6.013</b>	<b>106.843</b>
<b>OBAVEZE</b>				
Obaveze po kreditima	4.546	-	-	4.546
Obaveze prema klijentima	53.855	22.627	5.213	81.695
Subordinisani dug	1.008	320	-	1.328
Ostale obaveze i razgranicenja	1.006	348	36	1.390
<b>Ukupne obaveze (2)</b>	<b>60.415</b>	<b>23.295</b>	<b>5.249</b>	<b>88.959</b>
Neto bilans stanja na dan 31. decembra 2006. (1) - (2)	5.534	11.586	764	17.884
Ukupna sredstva na dan 31. decembra 2005.	61.374	31.967	7.532	100.873
Ukupne obaveze na dan 31. decembra 2005.	58.205	18.112	7.134	83.451
<b>UKUPNI NETO BILANS STANJA NA DAN 31. DECEMBRA 2005.</b>	<b>3.169</b>	<b>13.855</b>	<b>398</b>	<b>17.422</b>

# Notes to the Financial Statements

## For the Years Ended 31 December 2006 and 2005

### 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	EUR	Other currencies	Total
<b>ASSETS</b>				
Cash and due from banks	25.453	2.130	2.654	30.237
Due from the Central bank	13.261	34	-	13.295
Placements with other banks	-	2.117	3.341	5.458
Originated loans and advances to customers	20.016	30.565	-	50.581
Investments available for sale	306	-	-	306
Accrued interest receivable	416	-	-	416
Other assets	528	35	18	581
Tangible and intangible fixed assets	5.969	-	-	5.960
<b>Total Assets (1)</b>	<b>65.949</b>	<b>34.881</b>	<b>6.013</b>	<b>106.843</b>
<b>LIABILITIES</b>				
Borrowed funds	4.546	-	-	4.546
Due to customers	53.855	22.627	5.213	81.695
Subordinated debt	1.008	320	-	1.328
Other liabilities and accruals	1.006	348	36	1.390
<b>Total Liabilities (2)</b>	<b>60.415</b>	<b>23.295</b>	<b>5.249</b>	<b>88.959</b>
Net FX Position at 31 December 2006 (1) - (2)	5.534	11.586	764	17.884
Total assets at 31 December 2005	61.374	31967	7.532	100.873
Total liabilities at 31 December 2005	58.205	18.112	7.134	83.451
<b>TOTAL NET FX POSITION AT 31 DECEMBER 2005</b>	<b>3.169</b>	<b>13.855</b>	<b>398</b>	<b>17.422</b>

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 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 Vakufska banka d.d. Sarajevo analizirana ili na temelju ugovornog dospijeca finansijskog instrumenta, ili, kod instrumenata čija kamatna stopa se mijenja prije dospijeca, u razdoblju do idućeg datuma promjene kamatne stope. Politika Banke je da svojom izloženosti promjenama u neto prihodima od kamata koji proizlaze iz promjena kamatnih stopa upravlja kontroliranim neusklađivanjem datuma promjene cijena u bilansu.

84

<b>SREDSTVA</b>	<b>Do 1 mjeseca</b>	<b>Od 1 do 3 mjeseca</b>	<b>Od 3 do 12 mjeseca</b>	<b>Od 1 do 5 godina</b>	<b>Preko 5 godina</b>	<b>Ukupno</b>
Novac i sredstva kod banaka	30.237	-	-	-	-	30.237
Potraživanja od Centralne banke BiH	13.295	-	-	-	-	13.295
Plasmani kod drugih banaka	5.458	-	-	-	-	5.458
Kredit iz sredstava banke	9.139	8.839	12.875	18.493	1.235	50.581
Ulaganja	306	-	-	-	-	306
Potraživanja za obračunatu kamatu	416	-	-	-	-	416
Ostala imovina	581	-	-	-	-	581
Neto dugotrajna materijalna i nematerijalna imovina	-	-	-	-	5.967	5.969
<b>Ukupna sredstva (1)</b>	<b>59.432</b>	<b>8.839</b>	<b>12.875</b>	<b>18.493</b>	<b>7.204</b>	<b>106.843</b>
<b>OBAVEZE</b>						
Obaveze po kreditima	9	43	196	805	3.493	4.546
Obaveze prema klijentima	58.703	3.781	12.205	6.341	665	81.695
Subordinisani dug	-	-	-	-	1.328	1.328
Ostale obaveze i razgranicenja	1.263	-	-	-	127	1.390
<b>Ukupne obaveze (2)</b>	<b>59.975</b>	<b>3.824</b>	<b>12.401</b>	<b>7.146</b>	<b>5.613</b>	<b>88.959</b>
<b>Bilansna neusklađenost na dan 31. decembra 2006. (1) - (2)</b>	<b>(543)</b>	<b>5.015</b>	<b>474</b>	<b>11.347</b>	<b>1.591</b>	<b>17.884</b>
Ukupna sredstva na dan 31. decembra 2005.	56.132	7.046	14.448	16.716	6.531	100.873
Ukupne obaveze na dan 31. decembra 2005.	55.389	3.566	13.747	7.582	3.167	83.451
<b>Bilansna neusklađenost na dan 31. decembra 2005.</b>	<b>743</b>	<b>3.480</b>	<b>701</b>	<b>9.134</b>	<b>3.364</b>	<b>17.422</b>

# Notes to the Financial Statements

## For the Years Ended 31 December 2006 and 2005

### 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.

<b>ASSETS</b>	<b>Up to 1 month</b>	<b>1 - 3 months</b>	<b>3 -12 months</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Cash and due from banks	30.237	-	-	-	-	30.237
Due from the Central bank	13.295	-	-	-	-	13.295
Placements with other banks	5.458	-	-	-	-	5.458
Originated loans and advances to customers	9.139	8.839	12.875	18.493	1.235	50.581
Investments available for sale	306	-	-	-	-	306
Accrued interest receivable	416	-	-	-	-	416
Other assets	581	-	-	-	-	581
Tangible and intangible fixed assets	-	-	-	-	5.967	5.969
<b>Total Assets (1)</b>	<b>59.432</b>	<b>8.839</b>	<b>12.875</b>	<b>18.493</b>	<b>7.204</b>	<b>106.843</b>
<b>LIABILITIES</b>						
Borrowed funds	9	43	196	805	3.493	4.546
Amounts due to customers	58.703	3.781	12.205	6.341	665	81.695
Subordinated debt	-	-	-	-	1.328	1.328
Other liabilities and accruals	1.263	-	-	-	127	1.390
<b>Total Liabilities (2)</b>	<b>59.975</b>	<b>3.824</b>	<b>12.401</b>	<b>7.146</b>	<b>5.613</b>	<b>88.959</b>
<b>INTEREST RATE SENSITIVITY GAP AT 31 DECEMBER 2006 (1) - (2)</b>	<b>(543)</b>	<b>5.015</b>	<b>474</b>	<b>11.347</b>	<b>1.591</b>	<b>17.884</b>
Total assets at 31 December 2005	56.132	7.046	14.448	16.716	6.531	100.873
Total liabilities at 31 December 2005	55.389	3.566	13.747	7.582	3.167	83.451
<b>INTEREST RATE SENSITIVITY GAP AT 31 DECEMBER 2005</b>	<b>743</b>	<b>3.480</b>	<b>701</b>	<b>9.134</b>	<b>3.364</b>	<b>17.422</b>

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 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 Vakufska banka d.d. Sarajevo Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005. vlasnicke glavnice prema preostalim razdobljima od datuma bilanse do ugovornog dospjeća, 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 dospijee svrstana su u okviru kategorije "Nedefinirano dospijeće".

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 isplata iznosa na poziv koje podmiruje raspoloživim novčanim izvorima koji se sastoje od prekončnih 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 dospjelih 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 povlace na zahtjev.

# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 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.

# Napomene uz finansijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 30. RIZIK LIKVIDNOSTI (NASTAVAK)

<b>SREDSTVA</b>	<b>Na poziv</b>	<b>Do 3 mjeseca</b>	<b>Od 3 do 12 mjeseca</b>	<b>Od 1 do 5 godina</b>	<b>Preko 5 godina</b>	<b>Ukupno</b>
Novac i sredstva kod banaka	30.237	-	-	-	-	30.237
Potraživanja od Centralne Banke	13.295	-	-	-	-	13.295
Plasmani kod drugih banaka	5.458	-	-	-	-	5.458
Kredit iz sredstava banke	6.157	11.821	12.875	18.493	1.235	50.581
Ulaganja raspoloživa za prodaju	80	226	-	-	-	306
Potraživanja za obračunatu kamatu	416	-	-	-	-	416
Ostala imovina	581	-	-	-	-	581
Neto dugotrajna materijalna i nematerijalna imovina	-	-	-	-	5.969	5.969
<b>Ukupna sredstva (1)</b>	<b>56.224</b>	<b>12.047</b>	<b>12.875</b>	<b>18.493</b>	<b>7.204</b>	<b>106.843</b>
<b>OBAVEZE</b>						
Obaveze po kreditima	-	52	196	805	3.493	4.546
Obaveze prema klijentima	57.252	5.232	12.205	6.341	665	81.695
Subordinisani dug	-	-	-	-	1.328	1.328
Ostale obaveze i razgraničenja	1.263	-	-	-	127	1.390
Ukupne obaveze (2)	58.515	5.284	12.401	7.146	5.613	88.959
Bilansna neusklađenost likvidnosti na dan 31. decembra 2006. (1) - (2)	-2.291	6.763	474	11.347	1.591	17.884
Ukupna sredstva na dan 31. decembra 2005.	52.871	10.431	14.448	16.592	6.531	100.873
Ukupne obaveze na dan 31. decembra 2005.	54.935	4.020	13.747	7.582	3.167	83.451
<b>UKUPNA NEUSKLAĐENOST LIKVIDNOSTI NA DAN 31. DECEMBRA 2005.</b>	<b>(2.064)</b>	<b>6.411</b>	<b>701</b>	<b>9.010</b>	<b>3.364</b>	<b>17.422</b>



# Notes to the Financial Statements

## For the Years Ended 31 December 2006 and 2005

### 30. LIQUIDITY RISK (CONTINUED)

<b>ASSETS</b>	<b>On demand</b>	<b>Up to 3 months</b>	<b>3 - 12 months</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Cash and due from banks	30.237	-	-	-	-	30.237
Due from the Central bank	13.295	-	-	-	-	13.295
Placements with other banks	5.458	-	-	-	-	5.458
Originated loans and advances to customers	6.157	11.821	12.875	18.493	1.235	50.581
Investments available for sale	80	226	-	-	-	306
Accrued interests receivable	416	-	-	-	-	416
Other assets	581	-	-	-	-	581
Tangible and intangible fixed assets	-	-	-	-	5.969	5.969
<b>Total Assets</b>	<b>56.224</b>	<b>12.047</b>	<b>12.875</b>	<b>18.493</b>	<b>7.204</b>	<b>106.843</b>
<b>LIABILITIES</b>						
Borrowed funds	-	52	196	805	3.493	4.546
Amounts due to customers	57.252	5.232	12.205	6.341	665	81.695
Subordinated debt	-	-	-	-	1.328	1.328
Other liabilities and accruals	1.263	-	-	-	127	1.390
Total Liabilities (2)	58.515	5.284	12.401	7.146	5.613	88.959
LIQUIDITY GAP AT 31 DECEMBER 2006 (1) - (2)	-2.291	6.763	474	11.347	1.591	17.884
Total assets at 31 December 2005	52.871	10.431	14.448	16.592	6.531	100.873
Total liabilities at 31 December 2005	54.935	4.020	13.747	7.582	3.167	83.451
<b>LIQUIDITY GAP AT 31 DECEMBER 2005</b>	<b>(2.064)</b>	<b>6.411</b>	<b>701</b>	<b>9.010</b>	<b>3.364</b>	<b>17.422</b>

# Napomene uz financijske izvještaje za godine koje su završile 31. decembra 2006. i 2005.

## 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 jemstava.

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) povlaštena povlaciti 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 dode 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.

90

## 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.

	31. decembra 2006. '000 KM	31. decembra 2005. '000 KM
Dobit na raspolaganju redovnim dioničarima (KM '000)	492	390
Ponderisani prosjecni broj redovnih dionica za godinu	155.237	155.237
<b>Osnovna zarada po dionici (KM)</b>	<b>3,17</b>	<b>2,51</b>

# Notes to the Financial Statements For the Years Ended 31 December 2006 and 2005

## 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 monthly 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. 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.

	31. December 2006. '000 KM	31. December 2005. '000 KM
Income attributable to ordinary shareholders (KM '000)	492	390
Weighted average number of ordinary shares outstanding	155.237	155.237
<b>Basic earnings per share (KM)</b>	<b>3,17</b>	<b>2,51</b>

