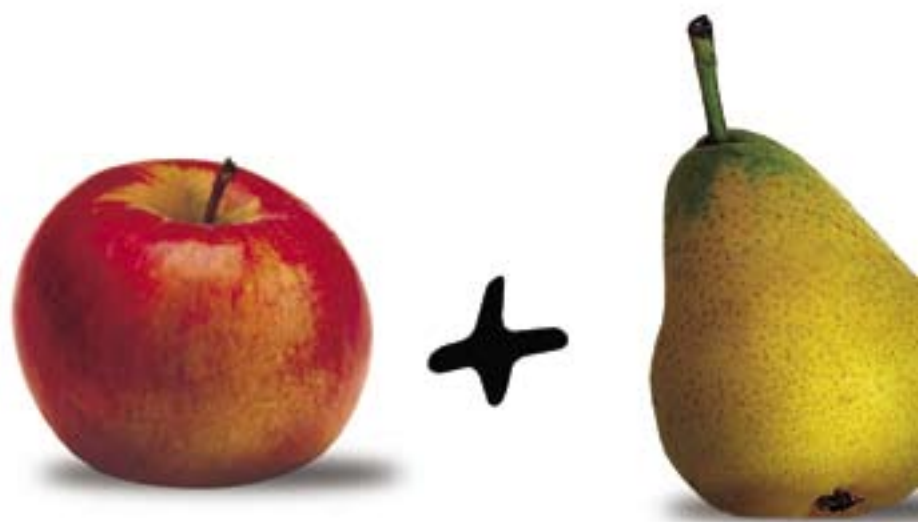




*tuzlanska banka d.d. tuzla*



godišnji izvještaj  
annual report  
2004





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2004





***tuzlanska banka d.d. tuzla***

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# Izveštaj direktora

## **Cijenjeni dioničari i poslovni partneri,**

Tuzlanska banka d.d. Tuzla je u prošloj godini u cjelini realizirala i premašila ciljeve postavljene Planom poslovanja. Stoga mi je izuzetno zadovoljstvo prezentirati Vam Godišnji izvještaj Banke za poslovnu 2004. godinu. Izvještaj sadrži nužne finansijske izvještaje sa nezavisnim revizorskim mišljenjem renomirane revizorske kuće Revik d.o.o. Sarajevo.

Ostvareni rezultati Banke imaju relativno veću vrijednost obzirom da su postignuti u ambijentu vanredno oštre konkurencije. Poznato je da je bankarski sektor u našoj zemlji područje najintenzivnijeg stranog investiranja posebno od strane referensnih inobanaka. Istovremeno bankarski sektor je svojom normativnom i institucionalom uređenošću omogućio da se banke mogu čvršće pozicionirati na tržištu poštujući zakone i principe profesionalnosti.

Unatoč još uvijek prisutnom nepovoljnom privrednom okruženju, koje se ogleda prije svega u nedovoljnom rastu izvoza, nestabilnom carinskom i poreskom sistemu i neuređenom pravnom sistemu, moramo konstatovati da su u protekloj godini postojali i neki pozitivni trendovi. Prisutan privredni rast, povećana investiciona aktivnost, rast pokrivenosti uvoza izvozom, te izvjestan rast standarda stanovništva pružio je dodatne šanse za realizaciju planskih ciljeva. Treba posebno istaći uspješno investiranje stranih ulagača u potencijalno velike kompanije na području naše regije, ali i u cijeloj Bosni i Hercegovini.

Respektujući snagu i aktivnosti konkurencije kao i pružene šanse i mogućnosti na tržištu,

provodeći dobro koncipiranu poslovnu politiku, Banka je ostvarila zavidne poslovne rezultate. Povećana je neto bilansna suma za 26% i novčana masa za 64%. Rastom neto bilansne sume zadržali smo tržišno učešće od 4% u bankarskom sektoru F BiH.

Povećanje neto bilansne sume najvećim dijelom rezultat je rasta depozita za 38%. Povjerenje u Banku je potvrđeno postojećim depozitnim ugovorima kao i potpisivanjem novih sa vrlo referensnim privrednim subjektima i budžetskim korisnicima. Posebno se ponosimo, kao domaća banka, rastom štednje stanovništva za 29%.

Politika kreditiranja uz permanentno upravljanje rizicima rezultirala je bržim rastom novčanih sredstava nego kredita, što je Banku činilo izuzetno likvidnom. Kod kreditiranja smo preferirali sigurne i solventne klijente, tako da smo i pored rasta kredita za 21% popravili i kvalitet kreditnog portfelja. Na zadovoljstvo naših klijenata postigli smo zavidnu efikasnost u brzini obrade zahtjeva i puštanja kredita.

Istovremeno, Banka je uz naglašenu likvidnost u potpunosti održala deviznu i ročnu usklađenost.

U 2004. godini ukupan kapital Banke je povećan za 8%. Najvažniji planski cilj bio je dovesti omjer fiksne aktive i kapitala u odnos 50:100. Fiksnu aktivnu smo smanjili za 33%. Ovo smo ostvarili izuzetno dobrim rezultatima poslovanja jer smo na teret troškova iskknjižili 4,7 mil. KM, čime je Banka za 2004. godinu iskazala manju dobit. Ipak zadovoljstvo mi je konstatovati da je na ovaj način

Banka niješila jedini ograničavajući faktor daljem uspješnom poslovanju.

Novim proizvodima i tehnologijama smo upotpunili našu ponudu na tržištu. Neki od novih poslova ilustruju da smo i u tome bili uspješni: instalirali smo elektronsko bankarstvo i razvili kartičarstvo naročito sa Bamcardom, raširili projekat Junior štednje, uspostavili saradnju sa LRC kreditnim biroom. Krajem godine smo otvorili Filijalu u Bijeljini, našu prvu filijalu u drugom entitetu. Time smo stvorili preduvjete da budemo najjača regionalna banka u Sjeveroistočnoj Bosni.

Sve navedene rezultate ostvarili smo u uslovima smanjenja kamatnih stopa i tarifa, pune kontrole nad troškovima, te smanjenog broja zaposlenih za deset procenata.

Moram istaći činjenicu da smo iskazane rezultate postigli koordiniranim radom upravljačkih, menadžerskih i izvršnih struktura Banke u sinergiji sa našim cijenjenim klijentima. U svoje ime, kao i u ime Uprave Banke, želim se zahvaliti članovima Nadzornog odbora na njihovoj stručnoj podršci u provođenju poslovne politike. Posebno sam zahvalan klijentima koji su nam ukazali povjerenje te tako pomogli da realizujemo zajedničke ciljeve. Njihovo zadovoljstvo ostaje naš vrhunski cilj kao jedina garancija uspješnog poslovanja. Naravno, osjećam potrebu zahvaliti se i svim zaposlenicima Banke na njihovoj profesionalnosti, ali i nesebičnom zalaganju i doprinosu u ostvarenju poslovnih rezultata u protekloj godini.

Na kraju, dozvolite mi da konstatujem da dostignuta vrijednost dionica Banke na berzi od pedeset procenata iznad nominale, predsta-

vlja svojevrsnu potvrdu svemu što smo zajedno postigli. To mi daje za pravo da obećam da će se uzlazni trend u poslovanju Banke nastaviti i u vremenu koje je pred nama.

S poštovanjem



Almir Šahinpašić

Direktor Banke

# Report of the Director

## **Esteemed shareholders and business partners,**

Tuzlanska banka d.d. Tuzla fully realized and exceeded the objectives determined by business Plan last year. Therefore I am extremely pleased to present you the Annual report of Bank for business year 2004. The report contains required financial statements with independent auditor opinion of respectable auditing house Revik d.o.o. Sarajevo.

Realized results of Bank have relatively greater value considering that they were achieved in the environment of extra strong competition. The banking sector in our country is known as being the area of the most intensive foreign investment especially by reputable foreign banks. At the same time, the banking sector with its standard and institutional structure enabled the banks to be more firmly positioned at the market meeting the laws and principles of professional behaviour.

In spite of still existing the unfavourable economic surroundings, reflecting first of all in insufficient growth of export, unstable custom and tax system and not regulated legal system, we must note that there were some positive trends last year. Present economic growth, increased investment activity, increased covering of import by export, and certain increase of the population standard provided additional opportunities for realization of planned objectives. Successful investment of foreign investors into potentially big companies in our region and whole Bosnia and Herzegovina is to be particularly underlined.

Respecting the power and activity of competition as well as offered opportunities and

possibilities at the market, carrying out business policy of good concept, Bank realized outstanding business results. Net balance sum was increased by 26% and money supply by 64%. By increase of net balance sum we managed to keep market participation of 4% in banking sector of F BiH.

Increase of net balance sum mostly is the result of deposit growth by 38%. Trust in Bank was confirmed by existing deposit contracts and signing the new ones with very reputable economic subjects and budget beneficiaries. As domestic bank, we are particularly proud of increased savings of the population by 29%.

The result of credit policy with permanent management of risk was faster increase of funds than of the credits making the Bank exceptionally liquid. As for the credits we preferred reliable and solvent clients so that in addition to increase of credits by 21% we improved also the quality of credit portfolio. As for the speed in processing the applications and granting the credits we achieved remarkable effectiveness to the satisfaction of our clients. At the same time, Bank with emphasized liquidity fully kept the foreign currency and maturity well coordinated.

In 2004 total capital of Bank was increased by 8%. The most important planned objective was to bring the fixed assets and capital ratio to 50:100. We decreased fixed assets by 33%. This was achieved by extra good business results because we charged 4,7 mil.KM against the costs and therefore Bank indicated less profit for the year 2004. But I am pleased to note that in this way Bank solved



the only limiting factor of further successful business.

We made our offer more complete at the market with new products and technologies. Some of new businesses illustrate how successful we were. We installed electronic banking and card business especially with Bamcard, expanded the project of Junior savings, established cooperation with LRC credit bureau. At the end of the year we opened a branch in Bijeljina, our first branch in other entity. In that way we created preconditions to become the strongest regional bank in North-Eastern Bosnia.

All mentioned results we realized in conditions of reducing the interest rates and fees, full control of the expenses and reduced number of the employees by ten percent.

I must underline the fact that we achieved the indicated results by coordinated work of management, manager and executive structures of Bank together with our esteemed clients. On my behalf and of Bank management I would like to express my gratitude to the members of Supervisory Board for their professional support in carrying out the business policy. I am especially grateful to the clients who showed their trust and helped us in realizing mutual objectives. Their satisfaction remains our top objective as the only guarantee of successful business.

I, of course feel the obligation to express my thankfulness to all the Bank employees for their professional work, but also for unselfish efforts and contribution in realizing the business results last year.

Finally, let me state that the reached value of Bank shares at the Stock Exchange fifty percent above nominal value represents unique confirmation of what we together achieved. It gives me the right to promise that the rising trend in Bank business will be continues in time to come.

Sincerely,



Almir Šahinpašić  
Director

# Organi upravljanja

## Skupština dioničara / Shareholders Assembly

Nadzorni odbor Banke / Bank Supervisory Board

Ibrahim Morankić, Predsjednik / President

Ademir Mešetović, Član / Member

Šemso Saković, Član / Member

Sead Rešidbegović, Član / Member

Nihad Jusufović, Član / Member

Fuad Beganović, Član / Member

Dr Sejfudin Zahirović, Član / Member

Odbor za reviziju Banke / Bank Auditing Board

Šehzada Salihbašić, Predsjednik / President

Dr Adil Kurtić, Član / Member

Meliha Mustafić, Član / Member

Nekir Suljagić, Član / Member

Muhamed Šadić, Član / Member

Glavni interni revizor / Internal Head Auditor

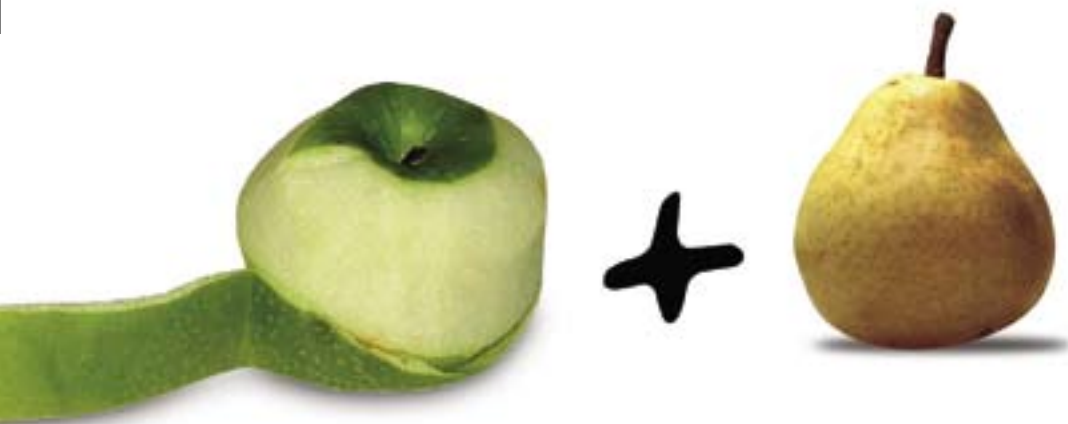
Rajka Topčić



# Management Body

## Uprava Banke / Management of the Bank

Almir Šahinpašić,	Direktor / Director
Edim Sarihodžić,	Izvršni direktor Direkcije plana, razvoja i kadrova Executive Manager of Planning, Development and Human Resource Division
Nađija Trešnjo,	Izvršni direktor Direkcije sredstava i platnog prometa Executive Manager of Funds and Payment Operations Division
Jusuf Džafić,	Izvršni direktor Direkcije plasmana Executive Manager of Loan Management Division
Dijana Olić,	Izvršni direktor Direkcije poslovne mreže Executive Manager of Branch Network Division
Boris Ferković,	Izvršni direktor Direkcije za podršku Executive Manager of Support Division
Vesna Hogić	Sekretar Banke / Bank Secretary



# Bilansna suma / Balance sheet

Bilansna suma na dan 31.12.2004.godine iznosi 279,2 mil KM i u odnosu na kraj 2003.godine veća je za 26%. Na povećanje bilansne sume najviše je uticao rast depozita.

Značajnije promjene koje su se ostvarile u bilansu stanja u 2004. godini su:

- porast kamatonosnih depozita za 45%
- porast novčanih sredstava za 64%
- porast kredita za 21%
- smanjenje dospjelih potraživanja za 19%
- smanjenje fiksne aktive za 33%

U posljednjih pet godina bilansna suma ima stalni trend rasta.

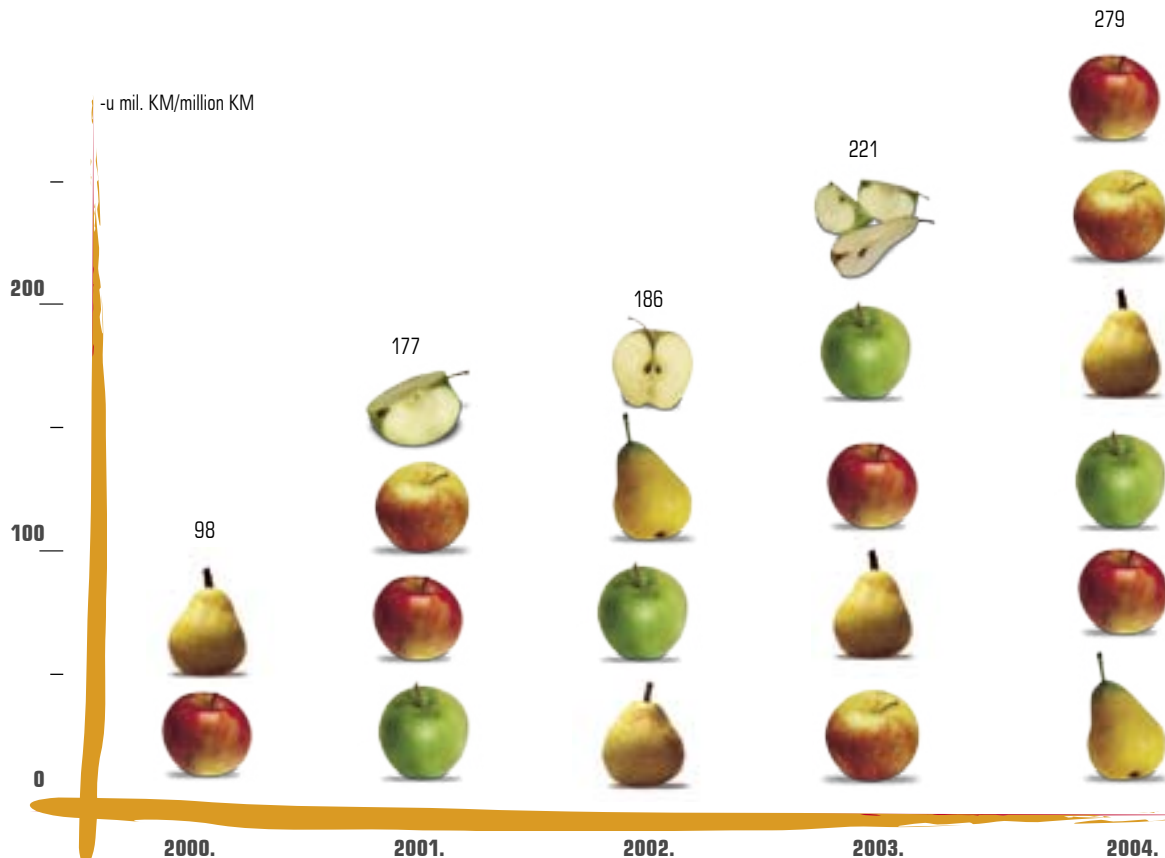
The net balance as at December 31, 2004 is 279,2 mil KM. Compared to the amount at the end of 2003, it is 26% higher as a result of increase in deposits.

The following trends are some of the more significant changes in the balance sheet for 2004:

- Interest-bearing deposits increased by 45%
- Cash increased by 64%
- Loans increased by 21%
- Receivables decreased by 19%
- Fixed assets decreased by 33%

The net balance has steadily grown during the last five years.

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# Kapital / Capital

Na dan 31.12.2004. godine Banka ima ukupan kapital u iznosu od 28,0 mil KM, od čega se na dionički odnosi 20,5 mil KM, rezerve 6,2 mil KM i neto dobit ostvarenu u 2004. godini 1,3 mil KM.

U 2004.godini povećana je nominalna vrijednost dionica sa 125 na 140 KM.

Sa stanovišta vlasničke strukture dionički kapital je u potpunosti privatni i s njim raspolaže 679 dioničara, domaćih pravnih i fizičkih lica.

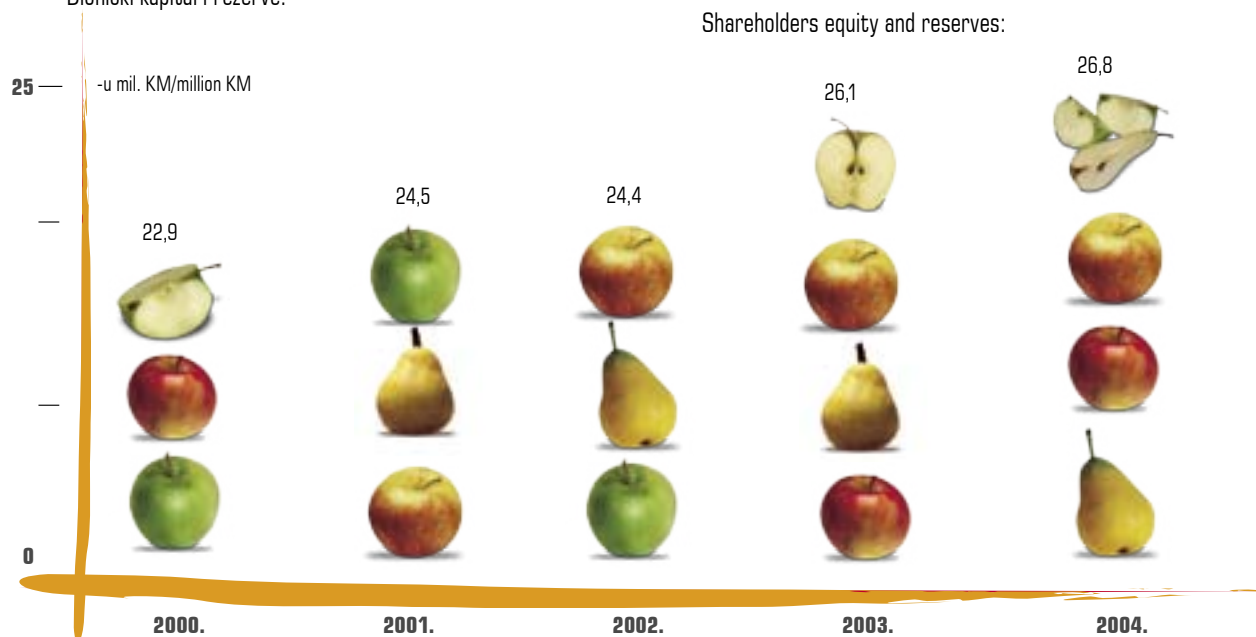
Dionički kapital i rezerve:

As at December 31, 2004 the Bank's capital is 28.0 mil KM, out of which the shareholders equity 20,5 mil KM, reserves 6,2 mil KM and net profit realized in 2004 1,3 mil KM.

The increase of the nominal share value from 125 to 140 KM is another significant occurrence that happened in 2004.

As for the ownership structure, the shareholders equity is entirely private and consists of 679 shareholders, including both legal and physical domestic entities.

Shareholders equity and reserves:



Najveći dioničari Banke su:/Our major shareholders are:

	% udjela/ % of ownership
Jata doo Srebrenik	17,42
Highway Construction Company Sarajevo	8,88
Studen & CO Arex Gradačac	4,14
Polo Kalesija	3,81
Ecoinvest Tuzla	3,40
Midhat Humić	3,29
Sony Lux Tuzla	2,81
Adem Hanić	2,55
Solana Tuzla	2,49
Hamzalija Ibrić	2,28
Ostali	48,93

# Depoziti / Deposits

Da bi obezbijedila kvalitetne izvore, Banka je vodila intenzivne aktivnosti na animiranju novih depozitara što je uticalo na porast nivoa depozita. Ukupni depoziti na dan 31.12. 2004. godine iznose 210,4 mil KM i u odnosu na kraj predhodne godine povećani su za 58,0 mil KM ili za 38%. U posljednjih pet godina ovi izvori imaju stalni trend rasta.

U toku 2004. godine nastavila su se pozitivna kretanja u ročnoj strukturi depozita. Učestće oročenih depozita preko godinu dana u ukupnim depozitima povećano je sa 16% na 24%.

Depozite Banke čine sredstva pravnih i fizičkih lica. I jedni i drugi imaju stalan trend rasta. Na kraju godine odnos depozita pravnih i fizičkih lica je 62:38.

U cilju pružanja kvalitetnijih usluga depozitarima, u 2004. godini je uvedeno elektronsko bankarstvo, te instalirano i pušteno u rad još 5 bankomata i 132 POS terminala. Usluge telefonskog servisa koje su ranije bile dostupne samo pravnim licima, proširene su i na fizička lica.

U cilju jačanja depozitne i kreditne funkcije Banka je proširila svoju poslovnu mrežu i na područje Republike Srpske otvarajući filijalu u Bijeljini.

In order to provide high quality deposits, the Bank was actively engaged throughout the year in attracting new depositors, which resulted in the deposit increase. The net deposits as at December 31, 2004 are 210,4 mil KM, which, compared to the end of the last year is by 58,0 mil KM or 38% higher. During the last five years these sources have shown steady increases.

Also the term structure of deposits changed in a favorable way during 2004. Long term deposits, the ones with terms of over one year, increased from 16% to 24%.

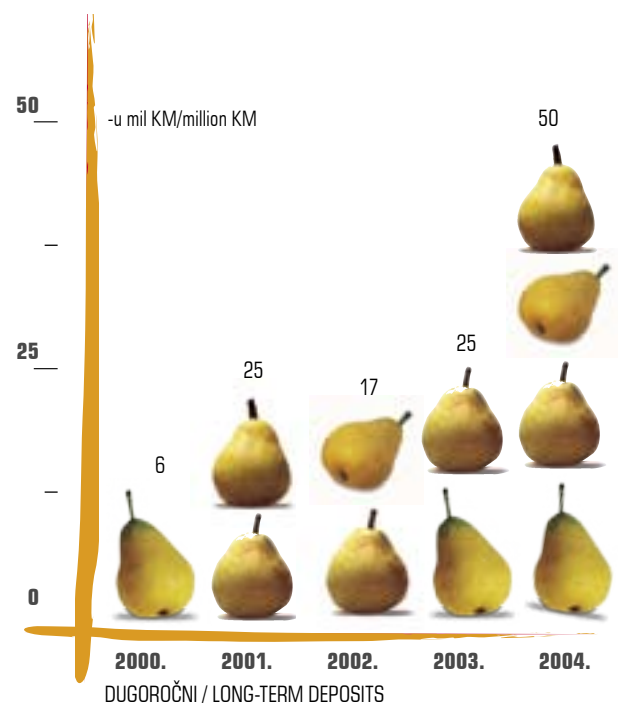
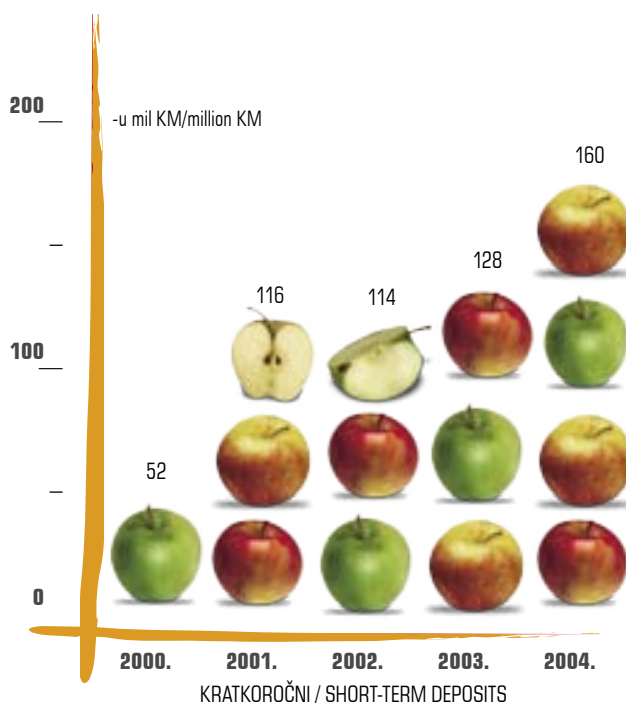
The Bank deposits are composed of both legal and physical entities. They both increased during the past year. At the end of 2004 the ratio between legal and physical entity deposits is 62:38.

Striving to offer better services to our depositors, the Bank has begun electronic banking in 2004, set up 5 more ATMs and 132 POS terminals. Telephonic services, which previously be available to legal entities, is now available to physical entities as well.

In order to strengthen its deposits and loans, the Bank expanded its business network to the area of the Republic of Srpska by opening a branch office in Bijeljina.

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GODINE / YEARS	2000.	2001.	2002.	2003.	2004.
UKUPNI DEPOZITI / TOTAL DEPOSITS	58	141	131	153	210



# Plasmani / Lending

U oblasti kreditiranja posebna pažnja je bila usmjerena na povećanje nivoa plasmana i poboljšanje kvaliteta aktive. Prioritet je dat fizičkim licima, te malim i srednjim profitabilnim firmama. Na taj način je povećana disperzija rizika i poboljšana naplata potraživanja. Tokom 2004.godine, povećani su i komisioni plasmani za koje Banka ne snosi rizik.

Ukupni plasmani na dan 31.12.2004.godine dostigli su nivo od 264,8 mil KM što predstavlja porast od 68,8 mil KM ili 35%. Najveće učešće u ukupnim plasmanima imaju kreditni plasmani koji iznose 165 mil KM. U okviru plasmana najveći rast ostvarili su kratkoročni krediti.

Sredstva su usmjeravana bonitetnim korisnicima i to pravnim i fizičkim licima. Banka je pravnim licima plasirala kredite za obrtna sredstva, povećanje izvoza i razvoj novih profitabilnih programa.

U cilju finansiranja razvojnih projekata pravnih i fizičkih lica obezbijedeno je i nekoliko kreditnih linija iz sredstava Investicijske banke Federacije BiH, Kantonalne agencije za privatizaciju, Nove Ljubljanske banke, LHB banke, Ministarstva za boračka pitanja i Društva za razvoj.

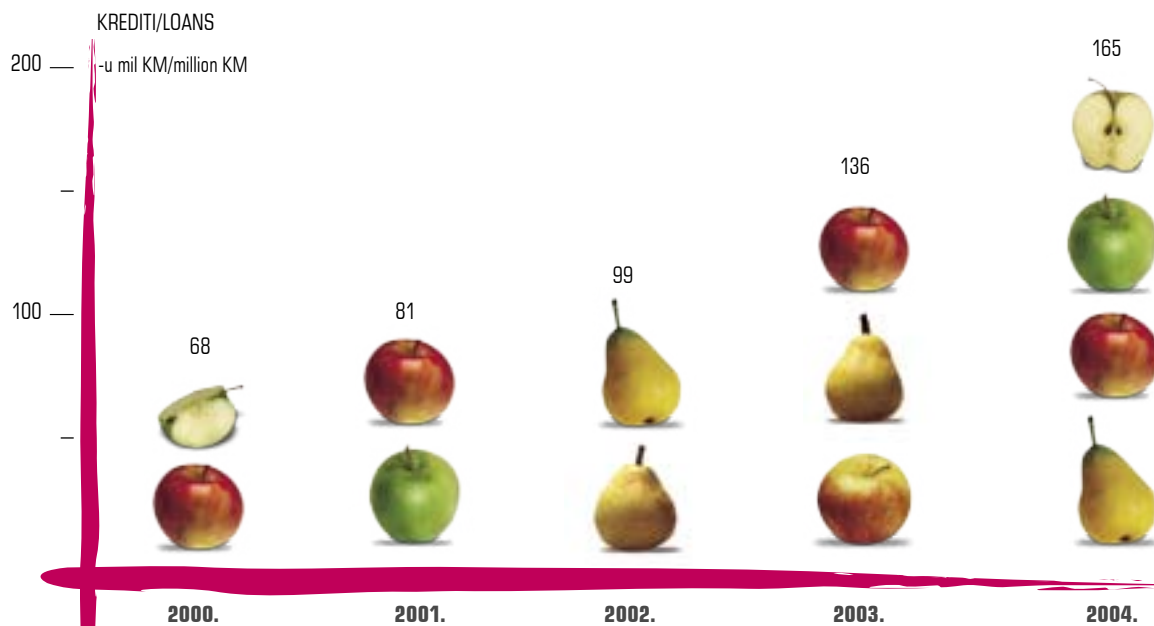
Stanje komisionih kredita je u odnosu na kraj 2003.godine povećano za 44%. Ova sredstva uglavnom su dugoročnog karaktera, a plasiralo ih je putem Banke Ministarstvo finansija TK, Ministarstvo za boračka pitanja Tuzlanskoga kantona, Investicijska banka Federacije BiH i Zavod za zapošljavanje.

In the field of lending, special efforts were made to increase level of investments and quality improvement of assets. The priority was given to physical entities, as well as to profitable small and medium sized enterprises. In such a way, the Bank has further diversified its risk and improved the collection of its receivables. During 2004 the Bank increased its commissions, which represents a no-risk business. Total lending services as at December 31, 2004 are 264,8 mil KM, which represents an increase by 68,8 mil KM or 35%. Loans constitute the largest part in total lending. They total 165 mil KM. In total loans, the greatest change is noticed in the increased short-term loans.

Money was lent to well-standing clients, both legal and physical entities. Legal entities were extended loans for operating capital, increasing export and development of new and more profitable programs.

For the purpose of financing development projects of legal and physical entities, the Bank secured several credit lines from the Investment Bank of the Federation and the Cantonal Agency for Privatisation, Nova Ljubljanska Banka d.d. Ljubljana, LHB Internationale Handelsbank, Ministry of War-Veteran Issues and Development Society.

Compared to 2003, commissions are higher in 2004 by 44%. These funds are mostly long-term funds, extended through our Bank by various domestic institutions such as Ministry of Finance of Tuzla Canton, Ministry of War-Veteran Issues of Tuzla Canton, Investment Bank of the Federation of Bosnia & Herzegovina and Employment Agency.



# Poslovni rezultat / Business results

Banka je tokom 2004.godine ostvarila ukupne prihode u iznosu od 24,4 mil KM i ukupne rashode u iznosu od 23,0 mil KM, tako da je ostvarena dobit od 1,4 mil KM.

U strukturi prihoda aktivne kamate učestvuju sa 49%, a operativni prihodi sa 51%. U okviru operativnih prihoda najveći iznos ostvaren je po osnovu usluga platnog prometa i po osnovu naplate rezervisanih potraživanja.

Prihodi od kamata iznose 13,7 mil KM i za 21% su veći u odnosu na prošlu godinu. Povećanje ovih prihoda rezultat je porasta plasmana. Najviše kamata ostvareno je plasmanima fizičkim i pravnim licima.

Najveći dio operativnih prihoda ostvaren je naknadama za izvršene usluge, zatim naplatom rezervisanih potraživanja, neto prihodima iz poslovanja sa devizama, naknadama po kreditima i vanbilansnim poslovima.

Ukupni rashodi sastoje se od pasivnih kamata u iznosu od 4,1 mil KM i neto nekamatnih rashoda u iznosu od 18,9 mil KM.

Banka je u posljednjih pet godina imala pozitivan finansijski rezultat.

Finansijski rezultat za 2004. godinu bio bi veći za 4,7 mil KM da Banka nije izvršila usklađivanje knjigovodstvene vrijednosti nekretnina sa tržišnom vrijednošću.

During 2004 the Bank's gross income is 24,4 mil KM, expenses 23,0 mil KM and gross profit 1,4 mil KM.

Interest receivable services participated with 49% of the total income, and operating income with 51%. The largest part of operating income results from money transfers, as well as from reserved receivables.

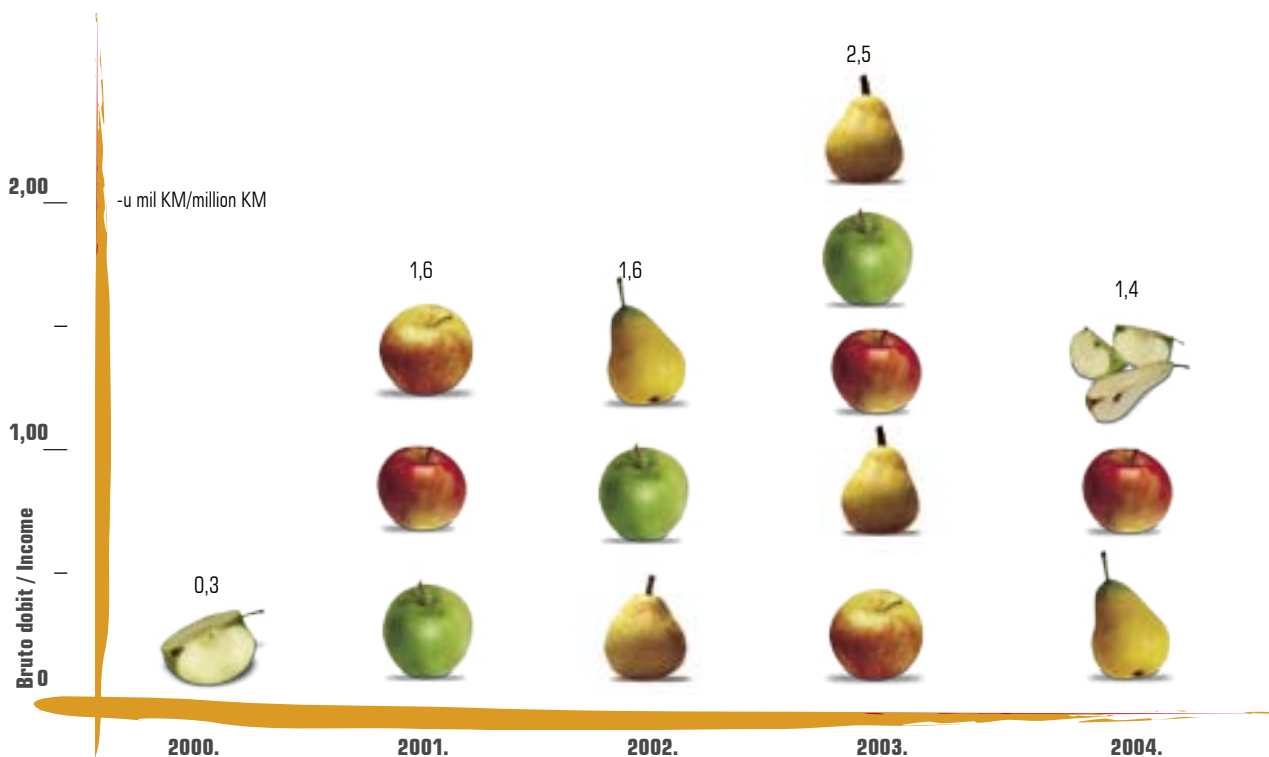
The earnings from interest receivables amounts to 13,7 mil KM, or 21% over the previous year. The increase of this type of income resulted from the increase in lending activities. The largest portion of interest earnings came from lending to physical and legal entities.

The largest parts of operating income is achieved from Bank fees, collection of reserved receivables, net income from foreign currency transfers, loan fees and off-balance-sheet fees.

Total expenses consisted of interest payable services, which totaled to 4,1 mil KM and net payables from non-interest bearing services, which totaled to 18,9 mil KM.

During the last five years the Bank has shown a positive financial trend.

Financial results in 2004 would have been for 4,7 million KM higher if the Bank had not made a reconciliation of book and market value of the real state.





# Informacioni sistem / Information system

Razvoj informatičko-tehnološke podrške tokom 2004. godine odvijao se u skladu sa planiranim aktivnostima, u raznim segmentima, koji obuhvataju hardverske, mrežne i softverske komponente, uz istovremeno usklađivanje organizacionih rješenja i proceduralno prilagođavanje novim poslovima i aktivnostima. Jedna od najvažnijih realizovanih aktivnosti u ovoj oblasti jeste definisanje strategije razvoja Informacionog sistema Banke u narednom periodu.

Jedinstveni registar računa predstavlja nadgradnju na postojeći žiro-kliring sistem. Implementacija ovog sistema zahtijevala je prilagođavanje postojećih aplikativnih rješenja za dostavu podataka u Jedinstveni registar računa, kao i prijem i kontrolu podataka od Registra. Na osnovu zaključenog Ugovora sa Upravom za indirektno oporezivanje Banka je pristupila izradi aplikativnog rješenja za izvještavanje o obavljenim platnim transakcijama uplata, prenosa, naplaćenih sredstava i povrata sredstava sa/na račun Uprave.

Banka je u 2004. godini postala članica Kreditnog biroa LRC. Time je otvorena mogućnost provjere kreditne istorije korisnika usluga Banke. Putem Interneta Banka koristi podatke Biroa o zaduženjima pravnih i fizičkih lica.

Registar zaloga predstavlja centralizirani kompjuterizirani javni sistem registra zaloga. Baziran je na internet pristupu i omogućava evidenciju pokretne imovine koja se koristi kao zalog.

Banka je u posljednjem tromjesječju 2004. godine počela sa pružanjem usluga elektronskog bankarstva pravnim licima. Krajem godine završena je instalacija programskih rješenja za podršku poslovima telefonskog servisa za fizička lica.

The development of information and technological support during 2004 was in accordance with plan. It reached different levels, from hardware, network and software components, to the adjustment of their very organization and procedural adjustment to new activities and business operations. One of the most important activities from this scope of work is the definition of the Bank's information system strategy in relation to its future activities.

The upgrading of the already existing soft-currency area system was reflected in the usage of a uniform account system. The implementation of this system required an adjustment to the existing information systems. Thus they were compiled into a uniform account registry, as well as a registry data acquisition and control system. Based on the Contract that the Bank entered into with the Institution for Indirect Taxation, the Bank created an application-based software for providing statements on payments, transfers, collection of funds and re-deposits into and from the Institution's account.

During 2004 the Bank became a member of the Credit Bureau of LRC. That permits the possibility of checking a potential clients credit history. The Bank uses Bureau's on-line data system has on the indebtedness of legal and physical persons.

The loan registry is also recorded on-line. It contains information on movable assets used as collateral.

In the last quarter of 2004, the Bank started to provide electronic services to its clients who were legal entities. By the end of 2004, the Bank finished the process of installing the software applications necessary for telephonic services to our physical entities.



## Kadrovi / Personnel

Banka na dan 31.12.2004. godine ima 337 zaposlenika od čega 137 radi u direkcijama, a 200 u filijalama. U odnosu na predhodnu godinu broj zaposlenika smanjen je za 31.

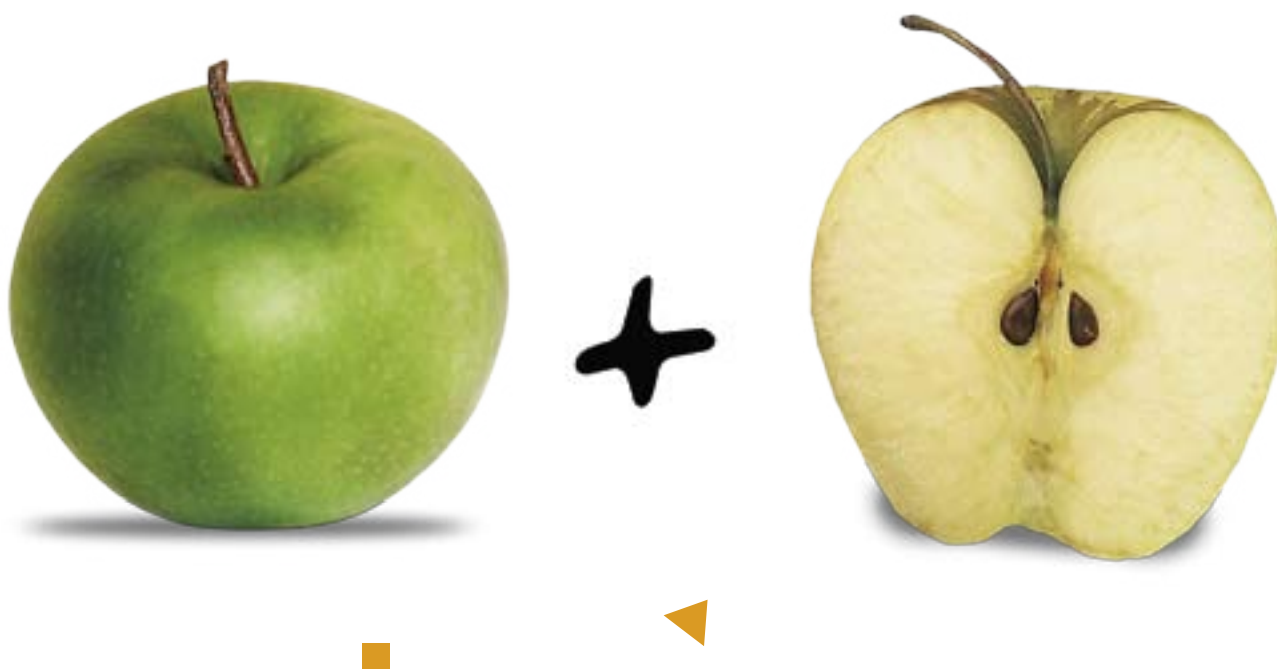
U cilju održavanja i poboljšanja kvaliteta usluga koje Banka pruža svojim klijentima kontinuirano se vrši eksterna i interna obuka i educiranje zaposlenika Banke na svim nivoima. Najveći broj internih seminara obavljen je u oblasti unapređenja prodaje usluga Banke sa posebnim naglaskom na kartično poslovanje i oblast koja reguliše načine sprječavanja pranja novca. Osim ovih održani su i seminari koji se odnose na ocjenu boniteta pravnih lica, platni promet u zemlji i inostranstvu, garancije i blokade transakcijskih računa.

Zaposlenici Banke su prisustvovali svim simpozijima, seminarima i savjetovanjima koji su organizovani od strane stručnih institucija.

As at December 31, 2004 the Bank had 337 employees in the following divisions: 137 in head offices and 200 throughout its branches. Compared to last year, the total number of employees deceased by 31.

In order to maintain and improve our service quality we have persisted in our efforts to provide our personnel with continual professional development at various education and expertize levels by holding seminars both inside and outside the Bank. The largest number of internal seminars was about the sales of our services with an emphasis on credit card transactions and prevention of money laundering. Besides these, we also held many seminars on screening the payment and/or credit ability of legal entities, domestic and foreign transfers, bank guarantees and blocking of bank accounts.

In addition, Bank personnel had the opportunity to take part in various congresses, seminars and counseling meetings, organized by professional institutions.



# Lista korespondenata / Correspondent Banks

Zemlja/Country	Korespondent / Correspondent	SWIFT	Račun / Account	Valuta / Currency
<b>AUSTRIJA / AUSTRIA</b>				
	Bank Austria Creditanstalt Wien	BKAUATWW	0101-66031/00	EUR
	Bawag Bank Wien	BAWAATWW	0118800630	EUR
	Zveza Bank Klagenfurt	VSGKAT2K	40.600	EUR
<b>BELGIJA / BELGIUM</b>				
	ING Belgium SA/NA Brussels	BBRUBEBB	3010102451-03-978	EUR
<b>HRVATSKA / CROATIA</b>				
	Zagrebačka Banka DD Zagreb	ZABHR2X	1690000136-191 2690000198-currency	HRK
	HVB Splitska Banka DD Split	BACXHR22	10000051002 10000051000 10000051001	HRK USD EUR
	Privredna Banka DD Zagreb	PBZGHR2X	709200-840-921484 709200-978-921484	USD EUR
<b>ITALIJA / ITALY</b>				
	Banca Antoniana Popolare Veneta	ANTBIT2P480	00400-01-027401578	EUR
	Banca Agricola Mantovana	BAMNIT22	0081024	EUR
<b>NJEMAČKA / GERMANY</b>				
	Deutsche Bank AG Frankfurt/M	DEUTDEFF	936272405 936272410	USD EUR
	LHB Internationale Handelsbank	LHBIDEFF	9791302 9791013	USD EUR
	Postbank Frankfurt/M	PBNKDEFF	624912609	EUR
	JPMorgan AG Frankfurt/M	CHASDEFF	6231605467	EUR
<b>SLOVENIJA / SLOVENIA</b>				
	Nova Ljubljanska Banka DD Ljubljana	LJBASI2X	900-8010-705-4010/64 900-7010-currency-4010/64	SIT
	ABanka Vipava DD Ljubljana	ABANSI2X	051001010004325 051001010004325	USD EUR
	Nova Kreditna Banka Maribor	KBMASI2X	7010-06389/4-978 7010-06389/4-840 81800-06389/4-705	EUR USD SIT
	Banka Celje DD Celje	SBCESI2X	4500393-978	EUR
<b>ŠVEDSKA / SWEDEN</b>				
	Svenska Handelsbanken Stockholm	HANDSESS	40 388 409	SEK

Izveštaj nezavisnog revizora o reviziji finansijskih izvještaja  
za godinu koja je završila 31. decembra 2004. godine



Financial Statements and Independent Auditors' Report  
for the Year Ended 31 December 2004



# Odgovornost za finansijske izvještaje

U skladu sa Zakonom o računovodstvu FBiH ("Službene novine" 2/95 i 12/98), Uprava je dužna pobrinuti se da za svaku finansijsku godinu budu sastavljeni finansijski izvještaji u skladu s Međunarodnim standardima finansijskog izvještavanja (MSFI) koje je objavio Odbor za međunarodne računovodstvene standarde, koji pružaju istinit i fer pregled stanja u Banci, kao i njegove rezultate poslovanja za navedeno razdoblje.

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

Odgovornosti Uprave pri izradi finansijskih izvještaja obuhvataju sljedeće:

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

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

Za i u ime Uprave

Almir Šahinpašić, direktor



Tuzlanska Banka d.d.  
Ulica Maršala Tita 34  
75000 Tuzla  
Bosna i Hercegovina

23. februar 2005. godine

# Responsibility for the Financial Statements

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

After making enquiries, the Board has a reasonable expectation that the bank has 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

Almir Šahinpašić, director



Tuzlanska Banka d.d.  
Ulica Maršala Tita 34  
75000 Tuzla  
Bosnia and Herzegovina

23 February 2005



# Izveštaj nezavisnog revizora

## Skupštini dioničara Tuzlanske banke d.d. Tuzla

1. Obavili smo reviziju finansijskih izvještaja TUZLANSKE BANKE d.d. Tuzla (u daljnjem tekstu: Banka), za godinu koja je završila 31. decembra 2004. godine. Za ove finansijske izvještaje odgovorna je Uprava Banke. Naša je odgovornost da izrazimo mišljenje o tim finansijskim izvještajima na osnovu naše revizije.

2. Finansijski izvještaji Banke za godinu koja je završila 31. decembra 2003. godine revidovani su od strane Deloitte d.o.o. Sarajevo, u čijem Izveštaju se izražava pozitivno mišljenje.

3. Reviziju smo obavili u skladu sa Međunarodnim revizijskim standardima. Navedeni standardi zahtijevaju da reviziju planiramo i obavimo na način da prikupimo dovoljno dokaza koji nam, u razumnoj mjeri, pružaju garancije da finansijski izvještaji ne sadrže značajne pogreške. Revizija uključuje ispitivanja, na osnovi provjere podataka, koja potkrepljuju iznose i napomene uz finansijske izvještaje. Revizija također uključuje i procjenu primijenjenih računovodstvenih načela, te ocjenu značajnih procjena Uprave, kao i ocjenu ukupnog prikaza finansijskih izvještaja. Smatramo da naša revizija obezbjeđuje adekvatnu osnovu za formiranje našeg mišljenja.

4. Prema našem mišljenju finansijski izvještaji prikazuju istinit i fer pregled o finansijskom položaju Društva na dan 31. decembra 2004. godine, rezultatima njegovog poslovanja i gotovinskim tokovima za period koji je završen na taj dan i u skladu su sa Međunarodnim standardima za finansijsko izvještavanje.

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REVIK d.o.o. Sarajevo

REVIK d.o.o. Sarajevo  
Sarajevo, 23. februar 2005. godine



# Independent Auditors' Report

To the shareholders of Tuzlanska banka d.d. Tuzla

1. We have audited the accompanying balance sheets of Tuzlanska Banka d.d. Tuzla (the "Bank") as at 31 December 2004 and the related statements of income, cash flows and changes in shareholders' equity for the year 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 audits.
2. The financial statements for the year ended 31 December 2003 were audited by Deloitte d.o.o. Sarajevo, who expressed unqualified opinion.
3. We conducted our audit 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 unconsolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Bank, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.
4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2004 and the results of its operations, its cash flows and changes in shareholders' equity for the year then ended, in accordance with International Financial Reporting Standards.

  
REVIK d.o.o. Sarajevo



REVIK d.o.o. Sarajevo  
Sarajevo, 23 February 2005

# Bilans uspjeha / Income Statement

Za godinu koja je završila 31. decembra 2004. godine  
For the year ended 31 December 2004

U hiljadama KM / All amounts are expressed in thousands of KM

	Napomena/ Notes	2004.	2003.
Prihodi od kamata / Interest income	3	13.728	11.309
Rashodi od kamata / Interest expense	4	(4.079)	(2.872)
<b>Neto prihod od kamata / Net Interest Income</b>		<b>9.649</b>	<b>8.437</b>
Prihodi od naknada i provizija / Fee and commission income	5	7.983	7.735
Rashodi od naknada i provizija / Fee and commission expense	6	(1.224)	(687)
<b>Neto prihod od naknada i provizija / Net Fee and Commission Income</b>		<b>6.759</b>	<b>7.048</b>
Prihodi od finansijskih operacija / Net income from financial operations	7	1.142	1.813
Prihodi od naplaćenih otpisanih potraživanja / Income from collection of written-off receivables	8	1.296	1.660
Ostali poslovni prihodi / Other operating income	9	290	641
<b>PRIHODI IZ REDOVNOG POSLOVANJA / OPERATING INCOME</b>		<b>19.136</b>	<b>19.599</b>
Troškovi zaposlenih / Salaries and employment benefits	10	(7.645)	(7.195)
Amortizacija materijalne i nematerijalne imovine / Depreciation and amortisation expense	22	(1.084)	(1.347)
Umanjenje u skladu sa RS 36 / Impairment according to IAS 36	22	(3.689)	(699)
Ostali administrativni troškovi / Other administrative expenses	11	(5.822)	(5.457)
<b>RASHODI IZ REDOVNOG POSLOVANJA / OPERATING EXPENSE</b>		<b>(18.240)</b>	<b>(14.698)</b>
<b>DOBIT PRIJE UKALKULISANOG REZERVISANJA / PROFIT BEFORE IMPAIRMENT LOSSES, PROVISIONS AND INCOME TAXES</b>		<b>896</b>	<b>4.901</b>
Ukalkulisana rezervisanja - neto / Impairment losses and provisions - net	12	546	(2.398)
<b>DOBIT PRIJE POREZA NA DOBIT / PROFIT BEFORE INCOME TAXES</b>		<b>1.442</b>	<b>2.503</b>
Porez na dobit / Income tax	13	(154)	(112)
<b>NETO DOBIT ZA GODINU / NET PROFIT FOR THE YEAR</b>		<b>1.288</b>	<b>2.391</b>
<b>OSNOVNA ZARADA PO DIONICI ( u KM ) / BASIC EARNINGS PER SHARE (in KM)</b>	<b>35</b>	<b>8,96</b>	<b>16,91</b>

# Bilans stanja / Balance Sheet

Na dan 31. decembra 2004. godine  
At 31 December 2004

U hiljadama KM / All amounts are expressed in thousands of KM

	Napomena Notes	2004.	2003.
<b>SREDSTVA / ASSETS</b>			
Gotovina i računi kod banaka / Cash and cash equivalents	14	47.201	33.444
Sredstva kod Centralne Banke BiH / Obligatory reserves with the Central Bank	15	22.988	9.377
Plasmani drugim banakama / Placements with other banks	16	54.817	41.829
Kreditni kljentima / Loans to customers	17	135.106	112.441
Potraživanja za obračunatu kamatu / Interest receivable	18	673	551
Ostala imovina / Other assets	19	2.395	1.260
Ulaganja u ovisna društva / Investments	20	1.326	1.323
Vrijednosni papiri koji se drže do dospelja / Securities held to maturity	21	1.068	255
Dugotrajna materijalna i nematerijalna imovina / Net tangible and intangible fixed assets	22	13.630	20.406
<b>UKUPNO SREDSTVA / TOTAL ASSETS</b>		<b>279.204</b>	<b>220.886</b>
<b>OBAVEZE / LIABILITIES</b>			
Obaveze prema bankama / Due to banks	23	41.894	38.478
Obaveze prema kljentima / Due to customers	24	203.746	152.450
Rezervisanja za potencijalne obaveze / Provisions for contingent liabilities and commitments	27	844	757
Ostale obaveze / Other liabilities	25	4.680	3.149
<b>UKUPNO OBAVEZE / TOTAL LIABILITIES</b>		<b>251.164</b>	<b>194.834</b>
<b>KAPITAL / SHAREHOLDERS' EQUITY</b>			
Dionički kapital / Share capital	26	20.496	17.675
Rezerve / Reserves		6.256	5.986
Dobit / Net income		1.288	2.391
<b>UKUPNO KAPITAL / TOTAL SHAREHOLDER'S EQUITY</b>		<b>28.040</b>	<b>26.052</b>
<b>UKUPNO OBAVEZE I KAPITAL / TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>279.204</b>	<b>220.886</b>

Potpisali za i u ime TUZLANSKE BANKE d.d. Tuzla dana 23. februara 2005. godine /  
Signed on behalf of TUZLANSKA BANKA d.d. Tuzla on 23 February 2005

  
Almir Šahinpašić  
Direktor/Director

  
Boris Ferković,  
Izvršni direktor Direkcije za podršku  
Executive Manager of Support Division

Napomene u prilogu su sastavni dio ovih finansijskih izvještaja.  
The accompanying accounting policies and notes are an integral part of these financial statements.

# Izveštaj o promjenama na kapitalu

## Statement of Changes of Shareholder's Equity

Za godinu koja je završila 31. decembra 2004. godine  
For the year ended 31 December 2004

U hiljadama KM / All amounts are expressed in thousands of KM

	Dionički kapital/ Share capital	Rezerve/ Reserves	Dobit/ Profit	Ukupno kapital/ Total equity
Stanje na dan 31. decembra 2002. godine / Balance at 31 December 2002	18.375	4.439	1.547	24.361
Raspodjela dobiti za 2002. godinu / Allocation of net income for 2002	-	1.547	(1.547)	-
Smanjenje kapitala prema Odluci Agencije za bankarstvo Federacije Bosne i Hercegovine / Decrease of equity according to the Federal Banking Agency Decision	(700)	-	-	(700)
Neto dobit za 2003. godinu / Profit for 2003	-	-	2.391	2.391
<b>Stanje na dan 31. decembra 2003. godine / Balance at 31 December 2003</b>	<b>17.675</b>	<b>5.986</b>	<b>2.391</b>	<b>26.052</b>
Stanje na dan 31. decembra 2003. godine / Balance at 31 December 2003	17.675	5.986	2.391	26.052
Raspodjela dobiti za 2003. godinu / Allocation of profit for 2003	-	2.391	(2.391)	-
Povećanje dioničkog kapitala iz vlastitih sredstava - rezervi / Increase in shares nominal value	2.121	(2.121)	-	-
Povećanje dioničkog kapitala izdavanjem V emisije dionica putem zatvorene prodaje / The Fifth closed share issue	700	-	-	700
Neto dobit za 2004. godinu / Profit for 2004	-	-	1.288	1.288
<b>Stanje na dan 31. decembra 2004. godine / Balance at 31 December 2004</b>	<b>20.496</b>	<b>6.256</b>	<b>1.288</b>	<b>28.040</b>

# Izveštaj o gotovinskom toku Cash Flow Statement

Za godinu koja je završila 31. decembra 2004. godine  
For the year ended 31 December 2004

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Neto dobit / Net profit	1.288	2.391
<b>Usklađenje na neto gotovinu ostvarenu poslovnim aktivnostima: / Adjustments to reconcile net income to net cash from operating activities:</b>		
Amortizacija / Depreciation and amortisation	1.084	1.347
Ukalkulisana rezervisanja - neto / Impairment losses and provisions - net	(546)	2.398
<b>Promjene u sredstvima i izvorima: / Changes in assets and liabilities:</b>		
Otpis kredita, kamate, ostale aktive i potencijalnih obaveza / Write-offs of loans, interests, other assets and commitments and contingent liabilities	(555)	(5.860)
Povećanje obavezne rezerve kod Centralne Banke BiH / Increase of obligatory reserves with Central Bank of B&H	(13.611)	(8.937)
Povećanje plasmana bankama, prije rezervisanja / Increase of placements with other banks, before provisions	(13.105)	(36.161)
Neto povećanje kredita klijentima, prije rezervisanja / Increase in loans to customers, before provisions, net	(21.321)	(29.735)
Neto povećanje potraživanja za obračunatu kamatu, prije rezervisanja / Increase in interest receivable, before provisions, net	(125)	(154)
Povećanje ostale aktive, prije rezervisanja / Increase in other assets, before provisions	(1.172)	(236)
Povećanje obaveza prema klijentima / Increase in due to customers	51.297	21.931
Povećanje / (Smanjenje) ostale pasive / Increase / (Decrease) in other liabilities	1.531	(1.844)
<b>Neto gotovina korištena u poslovnim aktivnostima / Net cash used in operating activities</b>	<b>4.765</b>	<b>(54.860)</b>
<b>Ulagačke aktivnosti: / Investing Activities:</b>		
Kupovina vrijednosnih papira koji se drže do dospelja / Purchase of securities held to maturity (Kupovina) / Prodaja ulaganja, prije rezervisanja / (Purchase) / Sale of investments, before provisions	(813)	(255)
Kupovina dugotrajne materijalne i nematerijalne imovine / Purchase of tangible and intangible assets – net	(3)	173
Prodaja dugotrajne materijalne i nematerijalne imovine - neto / Sale of tangible and intangible assets – net	(339)	(218)
Umanjenje po RS 36 - neto / Impairment based on IAS 36 – net	2.342	350
	3.689	699
<b>Neto gotovina ostvarena / (korištena) u ulagačkim aktivnostima / Net cash provided by/(used in) investing activities</b>	<b>4.876</b>	<b>749</b>
<b>Finansijske aktivnosti: / Financing Activities:</b>		
Povećanje obaveza po kreditima / Increase of liabilities based on borrowings	3.416	12.940
Povećanje kapitala emisijom dionica / Increase of Equity based on issuing of shares	700	-
Smanjenje kapitala prema odluci Agencije za bankarstvo FBiH / Decrease in equity according to the Federal Banking Agency Decision	-	(700)
<b>Neto gotovina ostvarena u finansijskim aktivnostima / Net cash provided by financing activities</b>	<b>4.116</b>	<b>12.240</b>
<b>Povećanje / (Smanjenje) gotovine i računa kod banaka / Net increase/(decrease) in cash and cash equivalents</b>		
Početno stanje gotovine i računa kod banaka / Opening balance of cash and cash equivalents	33.444	75.315
Konačno stanje gotovine i računa kod banaka / Closing balance of cash and cash equivalents	47.201	33.444

# Napomene uz Finansijske izvještaje Notes to the Financial Statements



## Napomena 1. Opšti podaci / Note 1. General

Tuzlanska Banka d.d. Tuzla, Bosna i Hercegovina, Tuzla, Maršala Tita 34 (Banka) konstantno posluje više od stotinu godina. Poslije mnogih vlasničkih transformacija Banka je postala odvojeno pravno lice tokom 1990. godine, kada se Privredna Banka Sarajevo – predhodna banka, razdvojila na 9 različitih banaka. Tokom 1998. godine, većina vlasništva u Banci je privatizirana. Proces privatizacije okončan je u novembru 2000. godine.

Tuzlanska Banka d.d. Tuzla, Maršala Tita 34, Tuzla, Bosnia and Herzegovina (the "Bank") has been in continuous business for more than one hundred years. After many ownership transformations the Bank has become a separate legal entity in 1990, when Privredna Banka Sarajevo, the predecessor bank, split into 9 different banks. During 1998, the majority holding in the Bank was privatised. Privatisation process was finished in November 2000.

Banka je registrovana kod Kantonalnog suda u Tuzli, posljednjim Rješenjem broj: U/I-1128/04, dana 9. avgusta 2004. godine, s upisanim temeljnim (osnovnim) kapitalom u iznosu od KM 20.495.860, koji je upisan u registar kod Komisije za vrijednosne papire FBiH, Rješenjem broj: 03-19-313/04 od 28. juna 2004. godine i prijavljen Registru vrijednosnih papira FBiH.

The bank is registered at the Cantonal court in Tuzla, the last decree number: U/I-1128/04, dd 9 August 2004, with subscribed capital of KM 20,495,860, that is also registered by F BiH Security Commission under number: 03-19-313/04 dd 28 June 2004 and registered by the F BiH Registry of Securities.

Počev od 1. septembra 2003. godine, Banka je članica programa osiguranja depozita i posjeduje Certifikat o članstvu izdat od strane Agencije za osiguranje depozita Bosne i Hercegovine.

The Bank took participation in deposit insurance program as at 1 September 2003 and has Membership Certificate issued from Deposit Insurance Agency in Bosnia and Herzegovina.

Mr. Almir Šahinpašić has been named a new General Director by the Supervisory Board on 27 November 2002.

Nadzorni odbor Banke je 27. novembra 2002. godine imenovao gospodina Almira Šahinpašića direktorom Banke.

### 1.1. Osnovna djelatnost Banke

### 1.1. Activities and operations

Osnovne djelatnosti Banke su kako slijedi:

Bank's main operations are as follows:

1. Primanje svih vrsta novčanih depozita
2. Davanje i uzimanje kredita
3. Davanje svih oblika novčanog jemstva
4. Kupovina i prodaja strane valute
5. Gotovinske transakcije na međubankarskom tržištu
6. Platni promet u zemlji i inostranstvu
7. Kartičarsko poslovanje

1. Receiving and placing of deposits
2. Making and purchasing of loans
3. Extending of all kinds of guarantees
4. Buying and selling foreign currencies
5. Cash transactions in interbank market
6. Cash payment and transfer, both national and abroad
7. Debit/credit card operations

Banka ima Centralni Ured u Tuzli i filijale u Banovićima, Bijeljini, Brčkom, Čelincu, Doboju Istok, Gračanici, Gradačcu, Kalesiji, Kladnju, Lukavcu, Orašju, Sapni, Sarajevu, Srebreniku, Teočaku, Tuzli i Živinicama.

The Bank has Head Office in Tuzla and branch offices in Banovići, Bijeljina, Brčko, Čelić, Doboj Istok, Gračanica, Gradačac, Kalesija, Kladanj, Lukavac, Orašje, Sapna, Sarajevo, Srebrenik, Teočak, Tuzla and Živinicame.

## 1.2. Tijela Banke / Bank's Management

### NADZORNI ODBOR / SUPERVISORY BOARD

Predsjednik / President

Ibrahim  
Morankić

Član / Member

Ademir  
Mešetović

Član / Member

Šemso Saković

Član / Member

Sead  
Rešidbegović

Član / Member

Nihad Jusufović

Član / Member

Fuad Beganović

Član / Member

Dr. Sejfudin  
Zahirović

### UPRAVA / MANAGEMENT BOARD

Direktor / Director

Almir Šahinpašić

Izvršni direktor Direkcije plana, razvoja i kadrova / Executive Manager of Planning, Development and Human Resource Division

Edim Sarihodžić

Izvršni direktor Direkcije sredstava i platnog prometa / Executive Manager of Funds and Payment Operations Division

Nadžija Trešnjo

Izvršni direktor Direkcije plasmana / Executive Manager of Loan Management Division

Jusuf Džafić

Izvršni direktor Direkcije poslovne mreže / Executive Manager of Branch Network Division

Dijana Olić

Izvršni direktor Direkcije za podršku / Executive Manager of Support Division

Boris Ferković

Sekretar Banke / Secretary of the Bank

Vesna Hogić

### ODBOR ZA REVIZIJU / AUDIT COMMITTEE

Predsjednik / President

Šehzada  
Salihbašić

Član / Member

Dr. Adil Kurtić

Član / Member

Meliha Mustafić

Član / Member

Nekir Suljagić

Član / Member

Muhamed Šadić

Glavni inerni revizor / Internal Auditor

Rajka Topčić

## 1.3. Privredno okruženje

Bankarski sektor u Bosni i Hercegovini je još uvijek pod uticajem programa restrukturiranja privrede koji je u toku kao i makro i mikro-ekonomskog oporavka zemlje nakon završetka rata u bivšoj Jugoslaviji i raspada države. Razvoj privrede u Bosni i Hercegovini još uvijek nije na zadovoljavajućoj razini. Proces reformi se nastavlja a odnosi se na privatizaciju, stvaranje uslova za rast stranih investicija, poboljšanje poslovnog okruženja, stimulanje izvoza te svođenje sive ekonomije na razumnu razinu. Za očekivati je da će nastavak procesa reformi stvoriti još povoljniju klimu za razvoj bankarskog sektora. Trenutno u Bosni i Hercegovini posluju 33 banke, od toga 24 u FBiH i 9 u RS. Banke su registrovane prema entitetskim Zakonima o bankama i njihov rad nadziru entitetske Agencije za bankarstvo. Banka posluje u skladu sa propisima i zahtjevima bankarskog pravila razboritosti.

## 1.3. Economic Environment

Banking sector in Bosnia and Herzegovina is still affected by restructuring programme of economy that is in course as well as post-war macro and micro recovery of the country. Development of economy in Bosnia and Herzegovina has not yet achieved satisfactory level. Process of reforms is to be continued and relates to privatisation, increase of foreign investments, improvement of business environment, export incentives, and decrease of black market. It is expected that continuation of reforms will result in better climate for development of banking sector. At the moment there are 33 banks in Bosnia and Herzegovina, out of which 24 in FBiH and 9 in RS. The banks are registered in accordance with the entities' laws and their operations are supervised by the entities' banking agencies. The Bank operates according to positive regulations and prudence principle requirements.

## Napomena 2.

### Pregled osnovnih računovodstvenih politika

Osnovne računovodstvene politike primjenjene kod sastavljanja finansijskih izvještaja navedene su dalje u tekstu:

#### 2.1. Osnova za sastavljanje finansijskih izvještaja

Finansijski izvještaji Banke pripremljeni su u skladu sa Međunarodnim Standardima Finansijskog Izveštavanja (MSFI) primjenom konvencije historijskog troška usklađenog za revalorizaciju određene finansijske imovine i finansijskih obaveza.

Finansijski izvještaji pripremljeni su na obračunskoj osnovi, što znači da se efekti transakcija i ostalih događaja evidentiraju kada se dogode, a prezentiraju se u finansijskim izvještajima za period u kojem su nastali i to pod pretpostavkom da će Banka biti sposobna podmirivati dospjele obaveze i neograničeno poslovati, te realizirati potraživanja i podmirivati obaveze u normalnom toku poslovanja.

Finansijski izvještaji iskazani su u službenoj valuti Bosne i Hercegovine, odnosno u Konvertibilnim markama ("KM"), čiji je kurs fiksno vezan uz euro (1 EUR = 1,955830 KM).

Sastavljanje finansijskih izvještaja u skladu s MSFI zahtijevaju od Uprave da daje procjene i pretpostavke koje utiču na iskazane iznose sredstava i obaveza te objavu potencijalne imovine i obaveza na datum finansijskih izvještaja, kao i iznose prihoda i rashoda za izvještajno razdoblje. Procjene se temelje na informacijama koje su dostupne na datum sastavljanja finansijskih izvještaja, dok se stvarni rezultati mogu razlikovati od procijenjenih.

Banka vodi svoje računovodstvene evidencije i priprema statutarne finansijske izvještaje u skladu sa bankarskim, privrednim i fiskalnim propisima važećim u Federaciji Bosne i Hercegovine, a gdje se ova regulativa razlikuje od MSFI za potrebe ovih finansijskih izvještaja napravljene su određene reklasifikacije i usklađenja sa MSFI.

#### 2.2. Prihodi i rashodi od kamata

Prihodi i rashodi od kamata iskazuju se u bilansu uspjeha za sve kamatonosne instrumente po načelu obračunatih kamata primjenom metode stvarnog prinosa a na temelju stvarne kupovne cijene. Prihod od zatezних kamata evidentira se po naplati.

Kamate se obračunavaju u skladu sa važećim zakonskim propisima ili prema ugovoru zaključenom između vjerovnika i dužnika. Kamate se pripisuju glavnici ako je to ugovorom predviđeno. Kamata se suspendira kada se ustanovi da prihod od kamate nije izvjestan. Suspendirana kamata se iskazuje kao prihod od kamata kada se naplati.

#### 2.3. Prihodi i rashodi od naknada i provizija

Naknade i provizije sastoje se uglavnom od naknada za plaćanja u zemlji i inozemstvu, naknade za kredite, garancije i akreditive.

Naknade za odobrenje kredita se amortiziraju do dospijeca kredita, koristeći metodu efektivne kamatne stope. Kada su nematerijalne, naknade za odobrenje kredita se priznaju kao prihod pri odobrenju kredita. Naknade za plaćanja u inozemstvo knjiže se kao prihod nakon što su naplaćene.

#### 2.4. Naknade zaposlenima

U normalnom toku poslovanja Banka plaća u ime zaposlenih penziona i zdravstveno osiguranje i poreze na i iz plate koji se obračunavaju na bruto plaće, kao i topli obrok i regres za godišnji odmor prema propisima. Ovi troškovi terete bilans uspjeha u istom periodu na koji se odnose plaće.

Banka nema nikakvih drugih penzionih šema ili obaveza prema sadašnjim ili bivšim uposlenim.

#### 2.5. Oporezivanje

Porezi se obračunavaju u skladu sa zakonima i propisima Federacije Bosne i Hercegovine, a na temelju dobiti i gubitka priznatog u bilansu uspjeha koji je sastavljen u skladu s računovodstvenim standardima. Porez na dobit obračunava se primjenom stope od 30% na oporezivu dobit za period izvještavanja.

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 vjerojatno da će biti raspoloživa za smanjivanje porezne obaveze u budućnosti.



## Note 2.

### Basis of presentation and summary of 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 recognized 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 at the date of the financial statements and actual results may differ from those estimates.

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

#### 2.2. Interest income and expense

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

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

#### 2.3. Fee and commission income and expense

Fee and commission consist of fees related to foreign currency transactions, loans, guarantees and letters of credit.

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

#### 2.4. Employee benefits

During the normal operating activities the Bank pays payroll taxes and contributions on behalf of its employees, as well as meal and vacation allowances according to the local legislation. These expenses are recognised in income statement in the same period as the related salary costs.

The Bank does not have any other pension schemes or obligations related to present or former employees.

#### 2.5. Taxation

Taxes are calculated in accordance with the provisions of the relevant legislation of Federation of Bosnia and Herzegovina on the basis of income statement prepared in accordance with accounting standards. Income tax is calculated as 30% of taxable income in the reporting 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. Provisions are recognised in total amount for deferred tax liabilities. Deferred tax assets are recorded to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised.



## 2.6. Gotovina i računi kod banaka

Za potrebe izvještavanja o gotovinskom toku, gotovina i računi kod banaka obuhvataju gotovinu, sredstva kod Centralne Banke BiH i račune kod drugih banaka.

## 2.7. Ulaganja

Banka ima kontrolirajući udio u povezanim pravnim licima, što se priznaje kao trošak, a iskazuje po metodi udjela. Promjena Bančinog udjela u neto imovini povezanog lica iskazuje se u bilansu uspjeha. Ako su finansijski izvještaji povezanih lica nematerijalni, isti nisu uključeni u finansijske izvještaje Banke.

## 2.8. Ulaganja raspoloživa za prodaju

Ulaganja raspoloživa za prodaju sastoje se od dionica i udjela u drugim pravnim licima, a koje nisu klasifikovane kao dionice namijenjene trgovanju. Finansijska imovina raspoloživa za prodaju se ponovo mjeri po fer vrijednosti na temelju kotiranih cijena ili iznosa koji su izvedeni iz modela novčanih tokova. Nerealizirani dobiti i gubici koji proizilaze iz promjena fer vrijednosti ulaganja svrstanih u kategoriju za prodaju, priznaju se u glavnici do trenutka prodaje finansijske imovine, a nakon toga se ostvareni dobiti ili gubici iskazuju u okviru neto dobiti, odnosno gubitka.

Ako nema aktivnog tržišta za bilo koji finansijski instrument, ako je nivo fer vrijednosti značajan i ako se ne mogu napraviti procjene na koje se može osloniti, onda se finansijski instrument mjeri kao trošak umanjen za rezervisanje, ako je potrebno.

## 2.9. Vrijednosni papiri držani do dospelja

Vrijednosni papiri držani do dospelja su finansijska sredstva sa fiksnim ili određenim uplatama tako da Banka ima pozitivnu namjeru i mogućnost da ih drži do dospelja. Ovaj portfolio se sastoji od vrijednosnih papira – mjenica. Sredstva držana do dospelja se priznaju po trošku i evidentiraju po amortizovanom trošku upotrebljavajući metodu efektivne kamatne stope, umanjena za rezervisanja za moguće gubitke.

## 2.10. Krediti kreirani od Banke i rezervisanja za umanjenje vrijednosti

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

Kreditni klijentima i finansijskim institucijama iskazuju se umanjeno za rezervisanja utvrđena za umanjenje vrijednosti. Rezervisanje za umanjenje vrijednosti utvrđuje se ako postoji objektivni dokaz da Banka neće biti u mogućnosti naplatiti cijeli iznos o dospelju. Iznos rezervisanja predstavlja razliku između knjigovodstvenog i nadoknadivog iznosa, koji predstavlja sadašnju vrijednost očekivanih novčanih tokova, uključivši nadoknativne iznose po garancijama i kolateralima, diskontiranih primjenom izvorne efektivne kamatne stope na kredit. Posebna rezervisanja procjenjuju se na temelju kreditne sposobnosti i redovitosti podmirenja zajmoprimca, uzimajući u obzir vrijednost instrumenta osiguranja ili jamstvo treće strane.

Nenaplativi krediti otpisuju se u iznosu povezanog rezervisanja za umanjenje vrijednosti; naknadni povratni knjiže se u korist bilansa uspjeha u okviru "Prihodi od naplaćenih otpisanih potraživanja". Opće rezervisanje za umanjenje kredita utvrđuje se da bi se pokrili gubici za koje je Uprava procijenila da su prisutni u kreditnom portfelju na datum bilansa, ali koji nisu pripisani specifičnim ili pojedinim izloženostima.

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 umanjen 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 stopu zajmoprimateljima za kašnjenje u naplati potraživanja, koju iskazuje u okviru "Prihoda od kamata", a na bazi naplaćenih iznosa.

## 2.11. Dugotrajna materijalna i nematerijalna imovina

Dugotrajna materijalna i nematerijalna imovina iskazana je po historijskom trošku umanjeno za akumuliranu amortizaciju. Amortizacija se obračunava linearno kako bi se otpisao trošak sredstva do ostatka vrijednosti tokom procijenjenog vijeka upotrebe sredstva. Zemljišta i imovina u pripremi se ne amortiziraju. Primjenjene stope za obračun amortizacije su kako slijedi:

## 2.6. Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents comprise of cash on hand and current accounts with other banks, including obligatory reserve with Central Bank of Bosnia and Herzegovina.

## 2.7. Investments

The Bank has controlling influence in subsidiaries that is stated at cost and subsequently recognised per equity method. Change of bank's participation in equity is recognised in the income statement. When financial statements of subsidiaries are immaterial they are not included in financial statements of the Bank.

## 2.8. Investments available-for-sale

Available-for-sale investments consist of shares and stakes in other legal entities that are not classified as trading. 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 reported in equity until the asset is sold, at which time the realised gain or loss is reported in net profit or loss.

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 needed.

## 2.9. Securities held to maturity

Securities held to maturity are financial assets with fixed or determinable payments and fixed maturities and the Bank has the positive intent and ability to hold to maturity. This portfolio comprises bills of exchange securities. Held to maturity investments are carried at amortised cost using the effective yield method, less any provision for impairment.

## 2.10. Loans to customers and provision 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. A general provision for loan impairment is established to cover losses that are judged by the management of the Bank to be present in the loan portfolio as at the balance sheet date, but which have not been allocated to specific or individual exposures.

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

## 2.11. Fixed and intangible assets

Fixed and intangible assets are stated at historical 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 depreciation rates are set out below:

Građevine	3 %
Računari	33,3 %
Transportna sredstva	15,5 %
Namještaj i ostala uredska oprema	6 – 20 %
Nematerijalna imovina	20 %

Ulaganja na tuđoj imovini kapitaliziraju se i amortizuju pravolinijski ili tokom njihovog vijeka upotrebe, ili tokom razdoblja najma. 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. Kada je knjigovodstvena vrijednost imovine povećana kao rezultat revalorizacije, povećanje se direktno pripisuje revalorizacijskim rezervama kapitala. Povećanje sredstava nastalo revalorizacijom priznaje se kao prihod do iznosa prethodnog troška revalorizacije istog sredstva. Kada se knjigovodstvena vrijednost imovine smanji kao rezultat relavorizacije, to smanjenje se tretira kao trošak. Smanjenje vrijednosti nastalo revalorizacijom tereti račun revalorizacijskih rezervi kapitala do iznosa revalorizacijske rezerve priznate po prethodnoj procjeni istog sredstva. Troškovi popravka i održavanja terete bilans uspjeha kad su nastali.

## 2.12. Preračunavanje stranih valuta

Transakcije u stranim valutama preračunavaju se u konvertibilne marke po službenom kursu Centralne banke Bosne i Hercegovine na datum transakcije, koje su približno jednake trenutnim tržišnim stopama. 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 stjecanja 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:

Na dan 31. decembra 2004. godine	1 EUR = 1,955830	1 USD = 1,437687
Na dan 31. decembra 2003. godine	1 EUR = 1,955830	1 USD = 1,565165

## 2.13. Fer vrijednost finansijske aktive i obaveza

Fer vrijednost finansijskih instrumenata 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 diskontne stope i procijenjene buduće novčane tokove, značajno utiču 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.

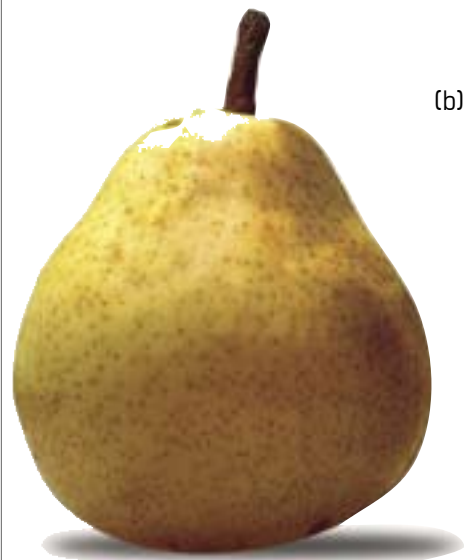
U procjeni fer vrijednosti finansijskih instrumenata Banke korištene su slijedeće metode i pretpostavke:

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

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

### (b) Plasmani drugim bankama

Procijenjene 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 procijenjene vrijednosti kolaterala. Prilikom izračunavanja fer vrijednosti, rezervisanja se ne uzimaju u obzir.



Buildings	3 %
Computers	33,3 %
Vehicles	15,5 %
Furniture and other office equipment	6 – 20 %
Intangible assets	20 %

Leasehold improvements are capitalised and depreciated over the lesser of their useful life and the remaining lease term on a straight-line basis. 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. When an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading of revaluation surplus. A revaluation increase is recognized as income to the extent that it reverses a revaluation decrease of the same assets previously recognised as an expense. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense. A revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Repairs and renewals are charged to the income statement when the expenditure is incurred.

## 2.12. 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 the 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 financial activities. Monetary assets and liabilities, including outstanding commitments to deliver or acquire foreign currencies under spot exchange transactions, are translated at the official exchange rate valid at the balance sheet date. The principal exchange rates 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:

31 December 2004	1 EUR = 1,955830	1 USD = 1,437687
31 December 2003	1 EUR = 1,955830	1 USD = 1,565165

## 2.13. Fair value of financial assets and liabilities

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

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

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

### (a) Cash and balances with Central Bank

The carrying values of cash and balances with the Central Bank approximate their fair values.

### (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) Krediti**

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 dospijea.

**2.14. Preuzete vanbilansne obaveze**

U okviru redovnog poslovanja Banka sklapa aranžmane o obavezi za kreditiranjem, koje vodi u vanbilansnoj evidenciji, a koje prvenstveno obuhvataju garancije, akreditive i nepovučene odobrene kredite. Banka navedene preuzete finansijske obaveze iskazuje u bilansu stanja ako i kad iste postanu plative.

Uprava Banke održava rezervisanja za moguće preuzete i potencijalne obaveze na razini za koju vjeruje da je primjerena da bi se apsorbirali vjerojatni buduć gubitci. Uprava utvrđuje primjerenost rezervisanja na temelju pregleda pojedinih stavki, iskustva s gubicima u proteklm razdobljima, razmatrajući sadašnje privredne uslove, obilježja rizika raznih kategorija transakcija i druge relevantne faktore.

Banka priznaje rezervisanje ako ima sadašnju obavezu koja je nastala temeljem prošlih događaja, ako postoji vjerojatnoća da će za podmirenje obaveze biti potreban odliv resursa koji predstavljaju sredstva Banke, te ako je moguće pouzdano procijeniti iznos obaveze.

**2.15. Poslovi u ime i za tuđi račun**

Banka upravlja sredstvima stanovništva, preduzeća i ostalih organizacija, a za koje obračunava naknadu. Budući da ti iznosi ne predstavljaju aktivu, odnosno sredstva Banke, oni su isključeni iz Bilansa stanja koji je prezentiran ovim Izvještajem (vidi Napomenu 29.).

**2.16. Porez**

Banka obračunava porez na oporezivu dobit. Oporeziva dobit je određena prema računovodstvenoj dobiti, po povijesnim cijenama, ispravljenoj za oporezive, odnosno neoporezive troškove i prihode.

**2.17. Reklasifikacije**

Određeni iznosi iz finansijskih izvještaja za prethodnu godinu reklasifikovani su da bi bi



**(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 at 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 at the balance sheet date. The fair value of term deposits at variable interest rates approximates their carrying values as at 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.

**2.14. Off-balance-sheet commitments**

In the ordinary course of business, the Bank enters into credit related commitments, which are recorded in off-balance-sheet accounts and primarily include guarantees, letters of credit and unused parts of granted loans. Such financial commitments are recorded in the Bank's balance sheet if and when they become payable.

The provision for commitments and contingent liabilities is maintained at a level Bank's management believes is adequate to absorb probable future losses. Management Board determines the adequacy of the provision based upon reviews of individual items, recent loss experience, current economic conditions, the risk characteristics of the various categories of transactions and other pertinent factors.

The Bank recognises a provision when it has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate of the obligation can be made.

**2.15. Managed funds – Agency business**

The Bank manages assets on behalf and for the account of citizens, companies and other organizations for which a fee is charged. As such amounts do not represent assets of the Bank, they have been excluded from the accompanying balance sheet (see Note 29).

**2.16. Taxation**

The Bank calculates tax on taxable profit. Taxable profit is determined according to the amount of book profit, at historical prices adjusted for taxable, i.e. non-taxable expenses and income in accordance with the Corporation Income Tax.

**2.17. Comparatives**

Certain items included in the financial statements for 2003 were reclassified for the purpose of comparison with the current year. The reclassification had no effect on net profit and net assets.



### Napomena 3. / Note 3. Prihod od kamata / Interest income

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Kamate na kredite odobrene privrednim društvima / Interest on loans to companies	5.852	4.723
Kamate na kredite odobrene stanovništvu / Interest on loans to individuals	5.858	4.822
Kamate na plasirana sredstva drugim bankama / Interest on loans to banks	1.364	1.388
Ostalo / Other	654	376
<b>Ukupno / Total</b>	<b>13.728</b>	<b>11.309</b>

### Napomena 4. / Note 4. Rashodi od kamata / Interest expense

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Kamate na depozite privrednih društava / Interest on companies' deposits	1.520	742
Kamate na depozite stanovništa / Interest on individuals' deposits	1.922	1.283
Kamate na depozite banaka / Interest on amounts due to other banks	637	580
Ostalo / Other	-	267
<b>Ukupno / Total</b>	<b>4.079</b>	<b>2.872</b>

### Napomena 5. / Note 5. Prihodi od naknada i provizija Fee and commission income

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Naknade od gotovinskih transakcija / Fees and commissions from money transfers	6.578	6.404
Naknade od kredita / Fees and commissions from loan issuing	933	967
Naknade od garancija / Fees and commissions from guarantees	472	364
<b>Ukupno / Total</b>	<b>7.983</b>	<b>7.735</b>

### Napomena 6. / Note 6. Rashodi od naknada i provizija Fee and commission expense

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Naknade iz operativnih aktivnosti / Fees and commission from operational activities	558	423
Ostalo / Other	666	264
<b>Ukupno / Total</b>	<b>1.224</b>	<b>687</b>



## Napomena 7. / Note 7. Prihodi iz finansijskog poslovanja, neto Net income from financial operations

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Dobici iz poslovnih aktivnosti u stranoj valuti / Foreign exchange gains from operating activities	1.360	1.841
Dobici iz poslova konverzije u stranoj valuti / Foreign exchange gains from foreign currency conversions	2.934	2.099
Gubici iz poslovnih aktivnosti u stranoj valuti / Foreign exchange losses from operating activities	(27)	(36)
Gubici iz poslova konverzije u stranoj valuti / Foreign exchange losses from foreign currency conversions	(3.125)	(2.091)
<b>Ukupno / Total</b>	<b>1.142</b>	<b>1.813</b>

## Napomena 8. / Note 8. Prihodi od naplaćenih otpisanih potraživanja Income from collection of written-off receivables

	2004.	2003.
Prihodi od naplaćene otpisane glavnice / Income from collection of written-off loan principle	606	1.007
Prihodi od naplaćene suspendirane kamate / Income from collection of written-off interest receivables	251	104
Prihodi od naplaćenih ostalih potraživanja / Income from collection of written-off other receivables	439	549
<b>Ukupno / Total</b>	<b>1.296</b>	<b>1.660</b>

U hiljadama KM / All amounts are expressed in thousands of KM

## Napomena 9. / Note 9. Ostali poslovni prihodi Other operating income

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Vanredni prihod / Extraordinary income	93	223
Ostalo / Other	197	418
<b>Ukupno / Total</b>	<b>290</b>	<b>641</b>

## Napomena 10. / Note 10. Troškovi zaposlenih Salaries and employment benefits

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Neto plate / Net salaries	3.681	3.638
Porezi i doprinosi / Taxes and contributions	2.548	2.501
Ostalo / Other	1.416	1.056
<b>Ukupno / Total</b>	<b>7.645</b>	<b>7.195</b>

Prosječan broj zaposlenih u Banci tokom 2004. godine bio je 348 (2003. 371).  
The average number of personnel employed by the Bank during 2004 was 348 (2003: 371).

## Napomena 11. / Note 11. Ostali administrativni troškovi Other administrative expenses

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Materijal / Material	426	427
Energija / Electricity	348	358
Zakupnina / Rent	166	170
Reklame / Advertising and marketing	317	519
Održavanje / Maintenance	626	678
Neproizvodne usluge / Other non-production services	415	449
Osiguranje / Insurance premiums	620	347
Ostali administrativni troškovi / Other administrative expenses	2.904	2.509
<b>Ukupno / Total</b>	<b>5.822</b>	<b>5.457</b>

## Napomena 12. / Note 12. Troškovi ukalkulisanog rezervisanja - neto Impairment losses and provisions - net

U hiljadama KM / All amounts are expressed in thousands of KM

	Napomena	2004.	2003.
Plasmani bankama / Impairment losses on placements	16.1.	117	181
Kreditni / Impairment losses on loans	17.1.	(1.071)	1.537
Obračunata kamata / Impairment losses on interests	18.1.	73	93
Ostala imovina / Impairment losses on other assets	19.1.	102	201
Ulaganja / Impairment losses on investments	20.1.	-	91
Vanbilansne obaveze / Provision for potential liabilities	27.1.	233	295
<b>Ukupno - neto / Total - net</b>		<b>(546)</b>	<b>2.398</b>

## Napomena 13. / Note 13. Porez na dobit / Taxation

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Dobit iz poslovanja / Profit before income taxes	1.442	2.503
Poreski nepriznati rashodi / Tax non-deductible expenses	828	928
Oporeziva dobit / Taxable income	2.270	3.431
Izdvajanje u rezerve (do 15 % dobiti) / Transfer to reserves (up to 15 % of profit)	(216)	(375)
Akumulirani gubitak iz prethodnih godina / Accumulated loss from previous years	-	(1.557)
Poreska osnovica / Tax base	2.054	1.499
Obračunati porez po propisanoj stopi od 30 % / Income tax at 30 %	616	450
Poresko oslobađanje na ulaganja u dugotrajnu materijalnu i nematerijalnu imovinu (75 %) / Tax relief on investments in fixed assets (75 %)	(462)	(338)
<b>Obaveza poreza na dobit (vidi Napomenu 25.) / Income tax charge (see Note 25)</b>	<b>154</b>	<b>112</b>

Porez predstavlja iznos koji se plaća u skladu sa propisima po stopi od 30 % (2003. 30 %) na porezno usklađenu dobit iz poslovanja.  
The corporate income tax rate for the years ended 31 December 2004 and 2003 was 30%.

## Napomena 14. / Note 14 Gotovina i računi kod banaka / Cash and cash equivalents

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Gotovina u blagajni - KM / Cash on hand in KM	8.821	5.700
Gotovina u blagajni - strana valuta / Cash on hand in foreign currencies	7.800	6.690
	16.621	12.390
Računi kod banaka u inostranstvu / Accounts with foreign banks	6.416	11.163
Tekući računi / Current account	24.157	9.862
Čekovi / Cheques	7	29
<b>Ukupno / Total</b>	<b>47.201</b>	<b>33.444</b>

## Napomena 15. / Note 15. Sredstva kod Centralne banke BiH Obligatory reserve with the Central Bank

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Sredstva kod Centralne banke BiH / Obligatory reserve with Central Bank of Bosnia and Herzegovina	22.988	9.377
<b>Ukupno / Total</b>	<b>22.988</b>	<b>9.377</b>

Na dan 31. decembra 2004. minimalna obavezna rezerva izračunata je kao 10 % od prosječnog stanja ukupnih depozita i pozajmljenih sredstava u svim valutama tokom prethodnih 10 kalendarskih dana.

Banka drži dovoljno likvidnih sredstava kako bi u potpunosti ispunila zahtjeve Centralne banke.

As at 31 December 2004 the minimum obligatory reserve is calculated as 10% 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 (2003: 5%). The bank maintains sufficient amount of cash in order to meet Central bank requirements.

## Napomena 16. / Note 16. Plasmani drugim bankama Placements with other banks

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Depoziti po viđenju kod banaka: / Term deposits with banks registered in:		
- Zemlje OECD-a / OECD countries	15.557	13.082
- Ostale zemlje / Other countries	39.576	28.946
	55.133	42.028
Ukalkulisana rezervisanja / Provision for possible placement losses	(316)	(199)
<b>Ukupno / Total</b>	<b>54.817</b>	<b>41.829</b>

Oročeni depoziti u zemljama OECD-a uključuju iznos od 11.735 hiljada KM ili 6.000 hiljada EUR, koji se odnosi na depozit kod Nove Ljubljanske Banke d.d. Ljubljana, Slovenija. Kamatna stopa na ovaj depozit je 1 % (2003. šestomjesečni EURIBOR plus 0,25 %). Depozit predstavlja instrument osiguranja za Bančina pozajmljena sredstva kod Nove Ljubljanske Banke d.d. Ljubljana, Slovenija (vidi Napomenu 23).

Kamatna stopa na ostale plasmane je 1,7 - 2,2 % godišnje.

Term deposits with banks in OECD countries include the amount of KM 11,735 thousand, which is deposit with Nova Ljubljanska Banka d.d. Ljubljana, Slovenia, in the original amount of EUR 6,000 thousand. The interest rate on this deposit is 1% (2003: 6 month EURIBOR plus 0.25%). The deposit represents the collateral against Bank's borrowings from Nova Ljubljanska Banka d.d. Ljubljana, Slovenia (See note 23).

Interest rate for other placements is 1.7 to 2.2 % annually (2003: 1.7% to 2.15% and 2.75% to 3.28%).

## Napomena 16.1. / Note 16.1 Promjene na ukalkuliranim rezervisanjima Changes in accrued provisioning

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Stanje na dan 1. januara / Balance as at 1 January	199	18
Troškovi rezervisanja (vidi Napomenu 12.) / Impairment losses/(release of provision) (see Note 12.)	117	181
<b>Stanje na dan 31. decembra / Balance at December 31st</b>	<b>316</b>	<b>199</b>

## Napomena 17. / Note 17. Kreditni klijentima Loans to customers

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Kratkoročni krediti (uključujući kratkoročna dospjeća) / Short-term loans (including current portion of long-term loans):		
U KM / in KM	54.636	63.839
U stranoj valuti / in foreign currencies	48	68
Tekuća dospjeća dugoročnih kredita / current portion of long-term loans	15.830	18.218
Ukupno kratkoročni krediti / subtotal short-term loans	70.514	82.125
Dugoročni krediti (bez kratkoročnih dospjeća) / Long-term loans (excluding current portions of long-term loans):		
U KM / - in KM	86.509	54.613
U stranoj valuti / - in foreign currencies	774	2.126
Minus: tekuća dospjeća / - current portion of long-term loans	(15.830)	(18.218)
Ukupno dugoročni krediti / Subtotal long-term loans	71.453	38.521
<b>Ukupno krediti / Total loans before provision for impairment</b>	<b>141.967</b>	<b>120.646</b>
Ukalkulisana rezervisanja / Provision for loan impairment	(6.861)	(8.205)
<b>Ukupno / Total</b>	<b>135.106</b>	<b>112.441</b>

Kreditni klijentima odobreni su u Federaciji Bosne i Hercegovine. Kratkoročni krediti su odobreni na period do jedne godine. Za kredite koji su odobreni na rok kraći od 1 godine može se izvršiti produženje roka, ali maksimalno do 1 godine. Većina kratkoročnih kredita u KM odobrenih komitentima su za obrtni kapital. Krediti odobreni u stranim valutama, čine 0,6 % ukupnog kreditnog portfelja Banke na dan 31. decembra 2004. godine (2003. 1,8 %), kao krediti za obrtni kapital i finansiranje uvoza roba za prodaju u lokalnim prodavnicama. Kamatne stope za date kredite su se kretale od 6 % do 11,75 % godišnje (2003. od 8 % do 12 %). Banka je smanjila kamatne stope prema komitentima koji ispunjavaju određene uslove. Kamatne stope za kredite date stanovništvu se kreću od 7,9 % do 13,5 % godišnje (2003. od 7,9 % do 12,9 %). Banka upravlja svojim zajmovnim rizikom primjenom mnogih kontrolnih mjera: redovnom procjenom uz primjenu dogovorenih kriterija za zajmove, diversifikacijom rizika po sektorima da bi se izbjegla koncentracija rizika prema vrsti poslovanja i geografskim okvirima. Tamo gdje je to potrebno Banka uzima prihvatljive instrumente osiguranja plaćanja da bi smanjila nivo kreditnog rizika.

Loans to customers are granted principally within Federation of Bosnia and Herzegovina. Short-term loans are granted for period of up to 1 year and can be rolled over, max for 1 year. The majority of short-term loans in KM are granted to clients for working capital. Loans granted in foreign currency represents 0.6% of the total portfolio at December 31st, 2004 (2003 1.8%) are primarily comprised of loans granted to clients for working capital and import financing. Interest rates on loans to companies were ranged from 6 to 11.75% p.a. (2003 from 8% to 12% p.a.) The Bank has decreased interest rates for the clients that fulfil certain conditions. Interest rates for loans to citizens ranged from 7.9% to 13.5% p.a. (2003 7.9% to 12.9%). The Bank manages its exposure to credit risk by the application of a range of control measures: regular assessment using agreed credit criteria; diversification of sector risk to avoid undue concentration in type of business or geographic terms. Where necessary the bank obtains acceptable collateral to reduce the level of credit risk.

## Napomena 17.1. / Note 17.1

### Promjene na ukalkulisanim rezervisanjima

### Changes in provisions for loan impairment

	U hiljadama KM / Amounts are expressed in thousands of KM	
	2004.	2003.
Stanje na dan 1. januara / Balance as at 1 January	8.205	11.696
Troškovi rezervisanja – neto (vidi Napomenu 12.) / Impairment losses – net (see note 12)	(1.071)	1.537
Otpisi / Write-offs	(273)	(5.028)
<b>Stanje na dan 31. decembra / Balance as at 31 December</b>	<b>6.861</b>	<b>8.205</b>

## Napomena 17.2. / Note 17.2

### Analiza bruto kredita prije rezervisanja

### po privrdnim granama /

### Industry analysis

	U hiljadama KM / All amounts are expressed in thousands of KM	
	2004.	2003.
Poljoprivreda i šumarstvo / Agriculture and forestry	2.302	1.495
Rudarstvo / Mining	4.530	4.776
Građevinarstvo / Construction	9.864	8.699
Trgovina / Trade	19.372	17.900
Saobraćaj i komunikacije / Transportation and communications	3.147	2.207
Administracija i druge javne institucije / Administration and other public institutions	2.329	3.733
Turizam / Tourism	1.589	1.089
Stanovništvo / Citizens	56.899	54.514
Ostalo / Other	41.935	26.233
<b>Ukupno / Total</b>	<b>141.967</b>	<b>120.646</b>

Ukupni krediti kategorija "C" i "D" na dan 31. decembra 2004. godine na koje se ne obračunava kamata iznosili su 9.235 hiljada KM (2003. 11.032 hiljade KM).

The total amount of non-performing loans on which interest was suspended as at 31 December 2004 was KM 9,235 thousand KM (2003 KM 11,032 thousand)

## Napomena 18. / Note 18.

### Potraživanja za obračunatu kamatu

### Interest receivable

	U hiljadama KM / All amounts are expressed in thousands of KM	
	2004.	2003.
Obračunata kamata u KM / Accrued interest receivables in KM	684	539
Obračunata kamata u stranoj valuti / Accrued interest receivables in foreign currency	10	31
	694	570
Ukalkulisana rezervisanja / Provision for interest receivables impairment	(21)	(19)
<b>Ukupno / Total</b>	<b>673</b>	<b>551</b>

## Napomena 18.1. / Note 18.1 Promjene na ukalkuliranim rezervisanjima Changes in provision

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Stanje na dan 1. januara / Balance as at 1 January	19	1
Troškovi rezervisanja – neto (vidi Napomenu 12.) / Impairment losses – net (see note 12)	73	93
Otpisi / Write-offs	(71)	(75)
<b>Stanje na dan 31. decembra / Balance as at 31 December</b>	<b>21</b>	<b>19</b>

## Napomena 19. / Note 19. Ostala imovina / Other assets

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Provizije i naknade / Fees and commissions receivable	69	31
Akontacija poreza na dobit / Prepaid income tax	1.041	553
Pretplaćeni troškovi / Prepaid expenses	208	336
Sitan inventar / Small inventory	179	53
Ostalo / Other	975	327
	2.472	1.300
Ukalkulisana rezervisanja / Provision for possible other asset losses	(77)	(40)
<b>Ukupno / Total</b>	<b>2.395</b>	<b>1.260</b>

## Napomena 19.1. / Note 19.1 Promjene na ukalkuliranim rezervisanjima Changes in provision

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Stanje na dan 1. januara / Balance as at 1 January	40	69
Troškovi rezervisanja (vidi Napomenu 12.) / Impairment losses – net (see note 12)	102	201
Otpisi / Write-offs	(65)	(230)
<b>Stanje na dan 31. decembra / Balance as at 31 December</b>	<b>77</b>	<b>40</b>

## Napomena 20. / Note 20. Ulaganja u ovisna društva / Investments

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Sarajevo osiguranje d.d. Sarajevo	28	28
Privredna Banka Sarajevo d.d. Sarajevo	226	226
LHB banka, Frankfurt	960	960
Centar za poduzetništvo d.o.o. Tuzla	2	2
BAMCARD d.o.o. Sarajevo	113	113
SWIFT	22	19
Ostalo / Other	2	2
	1.353	1.350
Ukalkulisana rezervisanja / Provision for possible losses	(27)	(27)
<b>Ukupno / Total</b>	<b>1,326</b>	<b>1,323</b>



## Napomena 20.1. / Note 20.1

### Promjene na ukalkuliranim rezervisanjima

### Changes in provision

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Stanje na dan 1. januara / Balance as at 1 January	27	36
Troškovi rezervisanja (vidi Napomenu 12.) / Impairment losses – net (see note 12)	-	91
Otpisi / Write-offs	-	(100)
<b>Stanje na dan 31. decembra / Balance as at 31 December</b>	<b>27</b>	<b>27</b>

## Napomena 20.2. / Note 20.2

### Struktura ulaganja / Structure of investments

	Djelatnost / Activity	% Vlasništva / % ownership	Zemlja poslovanja/Country
Sarajevo osiguranje d.d.	Osiguranje / Insurance	0,06	Bosna i Hercegovina
Privredna Banka Sarajevo d.d.	Bankarstvo / Banking	2,20	Bosna i Hercegovina
LHB Banka Frankfurt	Bankarstvo / Banking	0,74	Njemačka / Germany
Centar za poduzetništvo d.o.o.	Savjetodavne usluge / Consulting	1,09	Bosna i Hercegovina
BAMCARD d.o.o. Sarajevo	Kartičarsko poslovanje / Card operations	4,63	Bosna i Hercegovina
SWIFT	Platni promet / Payment operations	0,09	Belgija / Belgium

U navedenim subjektima Banka nema značajni vlasnički utjecaj.  
In above mentioned companies the Bank has no significant influence.

## Napomena 21. / Note 21.

### Vrijednosni papiri držani do dospijeca

### Securities held to maturity

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Vrijednosni papiri sa fiksnim prihodom / Fixed income debt securities	1.068	255
<b>Ukupno / Total</b>	<b>1.068</b>	<b>255</b>

Na dan 31. decembra 2004. godine, portfelj vrijednosnih papira koji se drže do dospijeca sastoji se od mjenica izdatih od:

- Direkcija za puteve Tuzla u iznosu od 781 hiljadu KM (2003. 255 hiljada KM) sa stopom od 8 % godišnje i dospjećem u periodu od 1. februara 2005. do 3. maja 2006. godine.
- Opština Živinice u iznosu od 150 hiljada KM sa stopom od 11,75 % godišnje i dospjećem u periodu od 20. aprila 2005. do 20. januara 2006. godine.
- Opština Gradačac u iznosu od 137 hiljada KM sa stopom od 11,75 % godišnje i dospjećem u periodu od 3. januara 2005. do 3. maja 2005. godine

As at 31 December 2004, the portfolio of securities held to maturity consisted of bills of exchange issued by:

U hiljadama KM / All amounts are expressed in thousands of KM

	%	Dospjeće / Maturity	2004	2003
Direkcija za puteve Tuzla	8,00	od 1. februara 2005. do 3. maja 2006. godine. 1 Feb 2005 to 3 May 2006	781	255
Municipality of Živinice	11,75	od 20. aprila 2005. do 20. januara 2006. godine. 20 April to 20 January 2006	150	-
Municipality of Gradačac	11,75	Od 3. januara 2005. do 3. maja 2005. godine 3 January - 3 May 2005	137	-

## Napomena 22. / Note 22. Dugotrajna materijalna i nematerijalna imovina Fixed and intangible assets

U hiljadama KM / All amounts are expressed in thousands of KM

	Zemljište i građevine/ Buildings and land	Uredska oprema / Office equipment	Nematerijalna imovina / Intangible assets	Imovina van upotrebe / Assets not used	Ukupno / Total
<b>Nabavna vrijednost / Cost</b>					
Na dan 1. januara 2004. / At 1 January 2004	29.303	7.812	460	157	37.732
Povećanja u 2004. godini / Additions in 2004	-	309	30	-	339
Otuđenja / Disposals	(3.089)	(460)	-	-	(3.549)
Umanjenje u skladu sa RS 36 / Impairment (IAS 36)	(5.667)	-	-	-	(5.667)
Na dan 31. decembra 2004. / At 31 December 2004	20.547	7.661	490	157	28.855
<b>Ispravka vrijednosti / Accumulated depreciation</b>					
Na dan 1. januara 2004. / At 1 January 2004	10.121	7.008	197	-	17.326
Amotrizacija za 2004. / Depreciation for 2004	812	197	75	-	1.084
Otuđenja / Disposals	(748)	(459)	-	-	(1.207)
Umanjenje u skladu sa RS 36 / Impairment (IAS 36)	(1.978)	-	-	-	(1.978)
Na dan 31. decembra 2004. / At 31 December 2004	8.207	6.746	272	-	15.225
<b>Neto knjigovodstvena vrijed. / Carrying amount</b>					
Na dan 31. decembra 2003. / At 31 December 2003	19.182	805	262	157	<b>20.406</b>
Na dan 31. decembra 2004. / At 31 December 2004	12.340	915	218	157	<b>13.630</b>

U toku 2004. i 2003. godine Banka je izvršila procjenu svojih nekretnina u skladu sa RS 36. Rezultat procjene je bilo smanjenje vrijednosti nekretnina u iznosu od 3.689 hiljada KM (2003. 699 hiljada KM). Ovo je prikazano kao smanjenje vrijednosti dugotrajne materijalne i nematerijalne imovine i kao povećanje ostalih rashoda u Bilansu uspjeha.

Prema Odluci Federalne Bankarske Agencije Bosne i Hercegovine od 3. septembra 2004. godine, Banci je odobren decembar 2004. kao krajnji rok za realizaciju svog koeficijenta – odnos ulaganja u dugotrajnu materijalnu i nematerijalnu imovinu i kapital, kao što je definisano Zakonom o bankama.

During the years 2004 and 2003, the Bank performed a valuation of its real estate in accordance with IAS 36. The result of the valuation was a decrease in the amount of KM 3,689 thousand (2003: KM 699 thousand). This is recorded as a decrease in fixed and intangible assets value and charge as an impairment loss in the Income Statement.

According to the Decision of Federation of Bosnia and Herzegovina Banking Agency dated 3 September 2004, the Bank has December 2004 as a deadline to realize its fixed asset investments to main capital ratio, as defined by the Law on Banks.

## Napomena 23. / Note 23. Obaveze prema bankama / Due to banks

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Vlada Tuzlanskog Kantona / Government of Tuzla Canton	6.738	10.715
LHB Internationale Handelsbank AG Frankfurt / LHB Internationale Handelsbank AG Frankfurt	9.779	9.779
Nova Ljubljanska Banka d.d. Ljubljana / Nova Ljubljanska Banka d.d. Ljubljana	11.735	11.735
Investicijska Banka FBiH / Investicijska Banka FBiH	6.954	6.231
LHB Internationale Handelsbank AG Frankfurt – kratkoročni oročeni depozit na 3 mjeseca sa kamatnom stopom od 2,25 i 2,29 % godišnje / short term deposit (3 months, interest rate 2.25 and 2.29 p.a.)	5.867	-
Depoziti po viđenju u stranoj valuti – međubankarski odnosi / Sight deposit in foreign currency - interbanks	821	18
<b>Ukupno / Total</b>	<b>41.894</b>	<b>38.478</b>



Dugoročna pozajmljena sredstva na dan 31. decembra 2004. godine u iznosu od 6.738 hiljada KM (2003. 10.715 hiljada KM), se uglavnom odnose na obaveze prema Agenciji za privatizaciju Tuzlanskog kantona. Ova sredstva se koriste kao krediti komitentima za stimulaciju lokalne ekonomije, čija su dospjeća 6 godina. Banka je svjesna rizika za odobrena sredstva. Kamatna stopa iznosi 1 %.

Pozajmljena sredstva od LHB Internationale Handelsbank AG na dan 31. decembra 2004. i 2003. godine iznose 9.779 hiljada KM i trebaju biti vraćena do 18. marta 2010. godine uz kamatnu stopu EURIBOR + 1 %.

Pozajmljena sredstva od Nove Ljubljanske Banke d.d. Ljubljana na dan 31. decembra 2004. i 2003. godine iznose 11.735 hiljada KM i dospjevaju na dan 28. juna 2008. godine, sa kamatnom stopom 2 % (2003. EURIBOR + 1,25 % i EURIBOR + 1 %).

Obaveze prema Investicijskoj Banci Federacije Bosne i Hercegovine na dan 31. decembra 2004. godine iznose 6.954 hiljade KM (2003. 6.231 hiljadu KM). Banka je svjesna rizika vezano za plasirane kredite, te isti imaju fiksnu kamatnu maržu. Kamatna stopa za korištenje tih sredstava je 4 % fiksno i EURIBOR + 1 % godišnje (2003. 4 % fiksno i EURIBOR +1 %).

Long-term borrowings in the amount of KM 6,738 thousand (2003: KM 10,715 thousand), refer to liabilities toward Privatisation Agency of Tuzla County. These funds can be used for loans to customers with purpose of stimulating the local economy, with 6 years maturity. The Bank assumes the risk in respect of the loans granted. Interest rate was 1% during year 2004 and 2003.

Borrowing from LHB Internationale Handelsbank AG in the amount of KM 9,779 thousand (2003: KM 9,779 thousand) at EURIBOR + 1% interest is to be repaid by 18 March 2010.

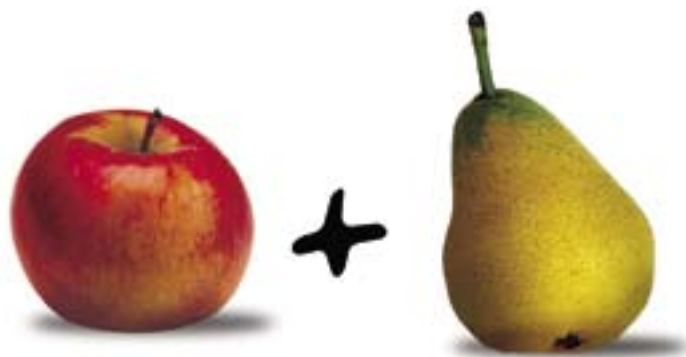
Borrowing from Nova Ljubljanska banka d.d. Ljubljana as at 31 December 2004 amount to KM 11,735 thousand (2003: KM 11,735 thousand), with the maturity as at 28 June 2008 and an interest rates of 2% annually (2003 EURIBOR + 1.25% and EURIBOR + 1% annually)

Liabilities toward the Federal Investment Bank of Bosnia and Herzegovina amounted to KM 6,954 thousand (2003: KM 6,231 thousand). The Bank assumes the risk in respect of the loans granted and the loans have a fixed interest margin. Interest rate for the usage of those sources was 4% and EURIBOR+1% (2003: 4 % fixed and EURIBOR +1 %).

## Napomena 24. / Note 24. Obaveze prema klijentima Due to customers

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Depoziti po videnju: / Demand deposits:		
Fizičke osobe: / Individuals:		
U KM / In KM	24.395	17.353
U stranoj valuti / In foreign currencies	9.631	9.834
<b>Ukupno / Subtotal</b>	<b>34.026</b>	<b>27.187</b>
Pravne osobe: / Companies:		
U KM / In KM	37.635	47.468
U stranoj valuti / In foreign currencies	6.400	6.507
<b>Ukupno / Subtotal</b>	<b>44.035</b>	<b>53.975</b>
Ostali – u KM / Others – in KM	357	320
Vladine i nevladine organizacije – u KM / Governmental and non-governmental organisations – in KM	31.856	19.183
<b>Ukupno depoziti po videnju / Total demand deposits</b>	<b>110.274</b>	<b>100.665</b>



U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Oročeni depoziti: / Term deposits:		
Fizičke osobe: / Individuals:		
U KM / In KM	10.291	7.735
U stranoj valuti / In foreign currencies	35.882	27.432
<b>Ukupno / Subtotal</b>	<b>46.173</b>	<b>35.167</b>
Pravne osobe: / Companies:		
U KM / In KM	25.714	8.635
U stranoj valuti / In foreign currencies	3.193	3.477
<b>Ukupno / Subtotal</b>	<b>28.907</b>	<b>12.112</b>
Vladine i nevladine organizacije: / Other governmental and non-governmental organisations:		
U KM / In KM	18.360	4.400
U stranoj valuti / In foreign currencies	32	106
<b>Ukupno / Subtotal</b>	<b>18.392</b>	<b>4.506</b>
<b>Ukupno oročeni depoziti / Total term deposits</b>	<b>93.472</b>	<b>51.785</b>
<b>Ukupno obaveze prema klijentima / Total</b>	<b>203.746</b>	<b>152.450</b>

Kamatna stopa na depozite po viđenju iznosila je od 0,4 do 0,75 % godišnje (2003. 0,7 % - samo za KM depozite).  
Za oročene depozite kamatne stope su bile od 0,75 % do 6,50 % godišnje (2003. od 1 % do 8 %).

Annual interest rates on demand deposits in KM ranged from 0.4 to 0.75 % (2003: 0.7 % - only KM deposits).  
For term deposits interest rate ranged from 0.75 % do 6.50 % annually (2003: 1 % to 8 %).

## 25. Ostale obaveze / Other liabilities

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Dospjele obaveze iz osnova kamata / Interest payable	945	483
Obaveze za plate / Employee liabilities	-	207
Obaveze prema dobavljačima / Supplier liabilities	208	190
Obaveze iz komisionih poslova (vidi Napomenu 29.) / Managed funds liability (see Note 29)	751	302
Obaveza za porez na dobit (vidi Napomenu 13.) / Income tax (see Note 13)	154	112
Obaveze za ostale poreze / Liabilities for other taxes	62	176
Neraspoređeni prilivi / Undistributed inflow	512	212
Obaveze prema članovima Nadzornog odbora / Liabilities to Supervisory Board members	69	325
Ostalo / Other	1.979	1.142
<b>Ukupno / Total</b>	<b>4.680</b>	<b>3.149</b>

## Napomena 26. / Note 26. Dionički kapital / Share capital

Dionički (osnovni) kapital Banke na dan 31. decembra 2004. godine iznosi 20.496 hiljada KM (2003. 17.675 hiljada KM) i sastoji se od 141.217 običnih dionica oznake TZLBRK2, 5.000 običnih dionica oznake TZLBF i 182 preferencijalne dionice oznake TZLBPK2, nominalne vrijednosti od 140 KM (2003. 141.217 običnih dionica i 182 preferencijalne dionice nominalne vrijednosti od 125 KM). Prioritetne dionice nemaju zagantovano pravo na dividendu. Međutim u slučaju isplaćivanja dividende, isti imaju prioritet u odnosu na one dioničare koji posjeduju obične dionice. Prioritetni dioničari također imaju preferencijalna prava na povrat kapitala pri likvidaciji.

U skladu sa Odlukom o povećanju nominalne vrijednosti dionica broj: I-100-18/04, koju je dana 11. maja 2004. godine donijela Skupština Banke, nominalna vrijednost dionica iznosi 140 KM.

Dioničari Banke koji imaju više od 2 % dioničkog kapitala na dan 31. decembra 2004. i 2003. su kako slijedi:

As at 31 December 2004 the Bank's share capital is KM 20,496 thousand (2003: KM 17,675 thousand) and consisted of 141,217 ordinary shares with code TZLBRK2, 5,000 ordinary shares with code TZLBF and 182 preferred shares with code TZLBPK2 with a nominal value of KM 140 each (2003: 141,217 ordinary shares and 182 preferred shares with the nominal value of KM 125 each). Preferred shares have no guaranteed dividend 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 capital in case of liquidation.

In accordance with decision on increase of nominal value of shares that was adopted by the Shareholders' Assembly at 11 May 2004 (number I-100-18/04), nominal value of a share amounts to KM 140.

Shareholders holding more than 2% of the Bank's capital as at 31 December 2004 and 2003 are as follows:

U hiljadama KM / All amounts are expressed in thousands of KM

	Iznos / Amount (2004)	%	Iznos / Amount (2003)	%
1 Jata d.o.o. Srebrenik	3.569	17,42	3.186	18,03
2 Highway Construction Company Sarajevo	1.821	8,88	1.343	7,60
3 Studen & CO Arex d.o.o. Gradačac	848	4,14	376	2,12
4 Polo d.o.o. Kalesija	780	3,81	496	2,80
5 Ecoinvest d.o.o. Brčko	698	3,40	624	3,53
6 Humić Midhat	675	3,29	603	3,41
7 Soni Lux d.o.o. Tuzla	576	2,81	514	2,91
8 Hanić Adem	522	2,55	-	-
9 Solana d.d. Tuzla	511	2,49	456	2,58
10 Ibrić Hamzaliya	467	2,28	-	-
Ostali / Other	10.029	48,93	10.077	57,02
<b>Ukupno / Total</b>	<b>20.496</b>	<b>100</b>	<b>17.675</b>	<b>100</b>



## Napomena 27. / Note 27.

### Preuzete i potencijalne finansijske obaveze

### Financial commitments and contingencies liabilities

U sljedećoj tabeli navedeni su ugovoreni iznosi vanbilansnih finansijskih instrumenata po kojima je Banka preuzela obavezu kreditiranja komećenata:  
The following table indicates the contractual amounts of the Bank's off-balance sheet financial instruments that commit to extend credit to customers.

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Plative garancije / Payment guarantees	13.431	5.631
Činidbene garancije / Performance guarantees	9.431	9.654
Akreditivi / Letters of credit	1.030	699
Preuzete obaveze kreditiranjem / Contracted loans	15.125	11.904
	<b>39.017</b>	<b>27.888</b>
Rezervisanje za moguće gubitke / Provision for commitments	(844)	(757)
<b>Ukupno / Total</b>	<b>38.173</b>	<b>27.131</b>

**Preuzete kreditne obaveze.** Osnovna je svrha svih instrumenata da se osigura raspoloživost sredstava prema potrebama klijenata. Garancije i odobreni akreditivi, koji predstavljaju neopoziva jamstva da će Banka izvršiti isplatu u slučaju da klijent ne može podmiriti svoje obaveze prema trećim stranama, nose isti kreditni rizik kao i zajmovi. Dokumentarni i komercijalni akreditivi, koji predstavljaju pisane pothvate Banke u ime klijenta temeljem kojih treća strana ima pravo podizati sredstva Banke do ugovorenog iznosa sukladno specifičnim uvjetima i rokovima, osigurani su instrumentima osiguranja u obliku isporuka za koje su izdani, pa time predstavljaju značajno manji rizik. Potrebna gotovinska sredstva temeljem garancija i odobrenih akreditiva znatno su manja od iznosa preuzetih obaveza jer Banka u pravilu ne očekuje da treća strana podiže sredstva temeljem ugovora.

Kreditni rizik po preuzetim obavezama za produženje kredita kojem je Banka izložena predstavlja potencijalni gubitak jednak iznosu neiskorištene preuzete obaveze. No, vjerovatni iznos gubitka, iako ga nije lako odrediti, ipak je znatno manji od ukupnog iznosa neiskorištenih obaveza jer je obaveza za produženjem kreditiranja potencijalna s obzirom da klijent mora održavati specifične standarde kreditiranja. I dok postoji kreditni rizik povezan s preostalim dijelom preuzetih obaveza, taj rizik drži se skromnim jer proizlazi iz mogućnosti da klijent podigne neiskorišteni dio zajma i drugo, da se taj dio podignutih iznosa kasnije ne otplati po dospeljeću. Banka nadzire dospeljeće kreditnih obaveza jer dugoročne obaveze općenito imaju veći stupanj kreditnog rizika nego kratkoročne obaveze. Ukupan iznos nepodmirenih preuzetih obaveza za produženjem kredita ne predstavlja nužno buduću potrebu za gotovim novcem, jer će većina tih obaveza isteći ili se raskinuti bez potrebnih sredstava.

**Contingent liabilities:** The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party 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 guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement.

Commitments to extend credit issued by the Bank represent issued loan commitments or guarantees, unused portions of and approved overdrafts loans. Commitments to extend credit or guarantees issued by the Bank, that 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 unused portions of authorised loans and approved overdraft facilities because they result from contractual terms and conditions in the credit agreements.

## Napomena 27.1. / Note 27.1.

### Promjene na ukalkuliranim rezervisanjima

### Changes in the provision

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Stanje na dan 1. januara / Balance as at 1 January	757	889
Troškovi rezervisanja – neto (vidi Napomenu 12.) / Provision charge – net (see Note 12)	233	295
Otpisi / Write-offs	(146)	(427)
<b>Stanje na dan 31. decembra / Balance as at 31 December</b>	<b>844</b>	<b>757</b>

## Napomena 28. / Note 28. Transakcije sa povezanim stranama Related-party transactions

Stanja koja proizlaze iz transakcija s povezanim stranama obuhvataju sljedeće: /  
Related-party transactions consist of:

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.		2003.	
	Plasmani prije rez./ Balance sheet exposure	Vanbilans prije rez./ Off balance sheet exposure	Plasmani prije rez./ Balance sheet exposure	Vanbilans prije rez./ Off balance sheet exposure
Dioničari sa više od 2 % dioničkog kapitala:/ Shareholders holding more than 2%				
Jata d.o.o., Srebrenik	-	975	231	62
Highway Construction Sarajevo	502	-	-	-
Studen & CO Arex d.o.o., Gradačac	856	-	1.209	400
Polo d.o.o., Kalesija	738	107	926	1
Ecoinvest d.o.o., Brčko	31	7	-	22
Hanić Adem	251	-	-	-
Solana d.d., Tuzla	613	100	1.016	70
Ibrić Hamzalija	4	-	2	84
Ostali/Others	12.286	9.064	16.104	6.995
<b>Ukupno/Total</b>	<b>15.281</b>	<b>10.253</b>	<b>19.488</b>	<b>7.634</b>

Na dan 31. decembra 2004. godine zaposlenima – dioničarima su odobreni krediti u iznosu od 1.650 hiljada KM (2003. 1.453 hiljada KM). Sve navedene transakcije obavljene su po tržišnim bankarskim uvjetima. Transakcije s povezanim strankama tumače se kao transakcije s onim strankama koje imaju sposobnost da kontroliraju drugu stranku ili koje imaju značajan utjecaj na drugu stranku pri donošenju finansijskih ili poslovnih odluka.

Loans granted to employees amounted to KM 1,650 thousand (2003: KM 1,453 thousand). All the transactions stated above have been made under commercial banking conditions. Related-parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

## Napomena 29. / Note 29 Poslovi u ime i za tuđi račun Managed funds – agency business

Prema MSFI, sredstva kojima Banka upravlja kao povjerenik za i u ime pojedinaca, zaklada i drugih institucija ne predstavljaju sredstva povjerenika, te stoga nisu uključena u njegov bilans. Niže u tabeli analizirana su sredstva kojima Banka upravlja za i u ime svojih klijenata:

Under IFRS, funds managed by the Bank on behalf of individuals, trusts and other institutions are not regarded as assets of the trustee and, therefore, are not included in its balance sheet. The table below provides analysis of the funds managed on behalf of customers by investment type:

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Privreda / Legal entities	20.967	14.475
Stanovništvo / Individuals	109	149
<b>Ukupno plasmani / Total assets</b>	<b>21.076</b>	<b>14.624</b>
Vlada Tuzlanskog Kantona / Government of Tuzla Canton	13.051	12.409
Investicijska Banka FBiH / Federal Investment Bank of Bosnia and Herzegovina	7.260	1.861
Ostale organizacije / Other organizations	1.516	656
Ukupno izvori / Total sources	21.827	14.926
<b>Razlika (vidi Napomenu 25.) / Difference (see Note 25)</b>	<b>751</b>	<b>302</b>

Banka upravlja značajnim sredstvima u ime i za tuđi račun, plasirana uglavnom u vidu dugoročnih kredita pravnim licima i stanovništvu. Banka ne snosi rizik po ovim plasmanima, a za svoje usluge ostvaruje naknadu.  
The Bank manages certain amount of assets on behalf of third entities through long-term loans granted to companies and individuals. The Bank does not bear the risk for these placements and charges a fee for its services.

## Napomena 30. / Note 30. Valutni rizik / Foreign currency risk

Banka je izložena učincima promjena u valutnim kursovima na svoj finansijski položaj i novčane tokove.

Niže u tabeli 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 Centralna banka BiH definirala kao limite otvorenih pozicija. Banka nastoji sučeliti svoju imovinu i obaveze u stranim valutama kako bi izbjegla izloženost valutnom riziku.

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 position for compliance with the regulatory requirements of the Bosnia and Herzegovina Central bank 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.

U hiljadama KM / All amounts are expressed in thousands of KM

	KM	EUR	USD	Ostale valute Other currencies	Rezervisanje Provision	Ukupno Total
<b>SREDSTVA / ASSETS</b>						
Gotovina i računi kod banaka / Cash and balances with banks	32.985	7.660	2.678	3.878	-	47.201
Sred. kod Centralne banke / Obligatory reserves at Central Bank BiH	22.988	-	-	-	-	22.988
Plasmani drugim bankama / Placement with other banks	-	53.695	1.438	-	(316)	54.817
Kreditni klijentima / Loans to customers	141.145	822	-	-	(6.861)	135.106
Potraž. za obračunatu kamatu / Accrued Interest receivables	684	10	-	-	(21)	673
Ostala imovina / Other assets	2.139	206	127	-	(77)	2.395
Ulaganja u ovisna društva / Investments	367	986	-	-	(27)	1.326
Sredstva držana do dospelja / Assets held to maturity	1.068	-	-	-	-	1.068
Dugot. mat. i nemat. imovina / Fixed and intangible assets	13.630	-	-	-	-	13.630
<b>Ukupna sredstva (1) / Total Assets (1)</b>	<b>215.006</b>	<b>63.379</b>	<b>4.243</b>	<b>3.878</b>	<b>(7.302)</b>	<b>279.204</b>
<b>OBAVEZE / LIABILITIES</b>						
Obaveze prema bankama / Due to banks	13.473	28.421	-	-	-	41.894
Obaveze prema klijentima / Due to customers	148.608	48.582	4.174	2.382	-	203.746
Rezervisanja za potenc. ob. / Provisions for commitment and contingent liabilities	-	-	-	-	844	844
Ostale obaveze / Other liabilities	3.917	513	225	25	-	4.680
<b>Ukupne obaveze (2) / Total Liabilities (2)</b>	<b>165.998</b>	<b>77.516</b>	<b>4.399</b>	<b>2.407</b>	<b>844</b>	<b>251.164</b>
<b>Neto bilans na dan 31. decembra 2004. (1) – (2)</b>	<b>49.008</b>	<b>(14.137)</b>	<b>(156)</b>	<b>1.471</b>	<b>(8.146)</b>	<b>28.040</b>
<b>Net Balance Position at 31 December 2004 (1) – (2)</b>	<b>49.008</b>	<b>(14.137)</b>	<b>(156)</b>	<b>1.471</b>	<b>(8.146)</b>	<b>28.040</b>
Ukupna sredstva na dan 31. decembra 2003. godine Total assets at 31 December 2003	166.150	55.498	839	6.889	(8.490)	220.886
Ukupne obaveze na dan 31. decembra 2003. godine Total liabilities at 31 December 2003	124.565	65.271	2.574	1.667	757	194.834
<b>Neto bilans na dan 31. decembra 2003. godine</b>	<b>41.585</b>	<b>(9.773)</b>	<b>(1.735)</b>	<b>5.222</b>	<b>(9.247)</b>	<b>26.052</b>
<b>Net balance position at 31 December 2003</b>	<b>41.585</b>	<b>(9.773)</b>	<b>(1.735)</b>	<b>5.222</b>	<b>(9.247)</b>	<b>26.052</b>

## Napomena 31. / Note 31 Kamatni rizik / Interest rate risk

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

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 reprising 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 reprising 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.

U hiljadama KM / All amounts are expressed in thousands of KM

	Do 1 mjes. Up to 1 month	Od 1 - 6 mj. 1-6 months	Od 6 - 12 mj. 6-12 months	Iznad 1 god. Over 1 year	Nedef. dospj. Maturity undefined	Rezervisanje Provision	Ukupno Total
<b>SREDSTVA / ASSETS</b>							
Gotovina i rač. kod banaka / Cash and balances with banks	47.201	-	-	-	-	-	47.201
Sred. kod Centralne banke / Obligatory reserves with the CB	22.988	-	-	-	-	-	22.988
Plasmani kod banaka / Placements with other banks	33.619	-	-	21.514	-	(316)	54.817
Kreditni klijentima / Loans to customers	18.992	59.020	25.425	38.530	-	(6.861)	135.106
Potraž. za obračun. kamatu / Accrued interest receivables	694	-	-	-	-	(21)	673
Ostala imovina / Other assets	2.472	-	-	-	-	(77)	2.395
Ulaganja u ovisna društva / Investments	-	-	-	-	1.353	(27)	1.326
Sredstva držana do dospj. / Assets held to maturity	28	377	425	238	-	-	1.068
Dug. mat. i nemat. imovina / Fixed and intangible assets	-	-	-	13.630	-	-	13.630
<b>Ukupna sredstva (1) / Total Assets (1)</b>	<b>125.994</b>	<b>59.397</b>	<b>25.850</b>	<b>73.912</b>	<b>1.353</b>	<b>(7.302)</b>	<b>279.204</b>
<b>OBAVEZE / LIABILITIES</b>							
Obaveze prema bankama / Due to banks	3.415	6.986	3.168	28.325	-	-	41.894
Obaveze prema klijentima / Due to customers	115.043	44.245	36.748	7.710	-	-	203.746
Rezervisanja za potenc. ob. / Provisions for c/c liabilities	-	-	-	-	-	844	844
Ostale obaveze / Other liabilities	4.680	-	-	-	-	-	4.680
<b>Ukupne obaveze (2) / Total Liabilities (2)</b>	<b>123.138</b>	<b>51.231</b>	<b>39.916</b>	<b>36.035</b>	<b>-</b>	<b>844</b>	<b>251.164</b>
<b>Bilansna neusklađenost na dan 31. decembra 2004. godine (1) – (2) On-balance-sheet interest rate sensitivity gap at 31 December 2004 (1) - (2)</b>							
	<b>2.856</b>	<b>8.166</b>	<b>(14.066)</b>	<b>37.877</b>	<b>1.353</b>	<b>(8.146)</b>	<b>28.040</b>
Ukupna sredstva na dan 31. decembra 2003. godine Total assets at 31 December 2003	73.132	26.938	50.917	77.039	1.350	(8.490)	220.886
Ukupne obaveze na dan 31. decembra 2003. godine Total liabilities at 31 December 2003	107.675	17.803	7.010	61.589	-	757	194.834
<b>Bilansna neusklađenost na dan 31. decembra 2003. godine On-balance-sheet interest rate sensitivity gap at 31 December 2003</b>							
	<b>(34.543)</b>	<b>9.135</b>	<b>43.907</b>	<b>15.450</b>	<b>1.350</b>	<b>(9.247)</b>	<b>26.052</b>

**Napomena 32. / Note 32.****Prosječne kamatne stope na dan 31. decembra 2004  
Average interest rates as at 31 december 2004**

Prosječne kamatne stope za decembar 2004. godine, izračunate su kao ponderirani prosjek za svaku kategoriju imovine i obaveza.  
The average interest rates for 2004 calculated as a weighted average for each asset and liability category.

	KM %	Strana valuta Foreign currencies %
<b>Sredstva / Assets</b>		
Plasmani kod drugih banaka / Placements with other banks	-	1,95
Kreditni klijentima / Originated loans to customers, net	9,9	9,9
<b>Obaveze / Liabilities</b>		
Obaveze prema bankama i nebankarskim institucijama / Due to banking and non banking institutions	2,26	2,55
Obaveze prema klijentima / Amounts due to customers	2,03	2,03

**Napomena 33. / Note 33.  
Rizik likvidnosti / Liquidity risk**

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

Banka je izložena svakodnevnim isplatama iznosa na poziv koje podmiruje raspoloživim novčanim izvorima koji se sastoje od prekonocnih depozita, sredstava na tekućim računima, depozitima koji dospijevaju, povlačenja sredstava kredita, jamstava 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 koja se povlače na zahtjev.

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 Central Bank of Bosnia and Herzegovina. The table below provides an analysis of assets, liabilities 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 is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, 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.





U hiljadama KM / All amounts are expressed in thousands of KM

	Na poziv On demand	Do 6 mjes. Up to 6 months	6-12 mj. 6-12 months	Iznad 1 god. Over 1 year	Nedef. dospj. Maturity undefined	Rezer- visanje Provision	Ukupno Total
<b>SREDSTVA / ASSETS</b>							
Gotovina i rač. kod banaka / Cash and balances with banks	47.201	-	-	-	-	-	47.201
Sred. kod Centralne banke / Obligatory reserves at Central Bank BiH	22.988	-	-	-	-	-	22.988
Plasmani kod banaka / Placements with other banks	33.619	-	-	21.514	-	(316)	54.817
Kreditni klijentima / Loans to customers	11.782	66.230	25.425	38.530	-	(6.861)	135.106
Potraž. za obračun. kamatu / Interest receivables	694	-	-	-	-	(21)	673
Ostala imovina / Other assets	2.472	-	-	-	-	(77)	2.395
Ulaganja u ovisna društva / Minority interest investments	-	-	-	-	1.353	(27)	1.326
Sredstva držana do dospj. / Assets held to maturity	28	377	425	238	-	-	1.068
Dug. mat. i nemat. imovina / Tangible and intangible fixed assets, net	-	-	-	13.630	-	-	13.630
<b>Ukupna sredstva (1) / Total Assets (1)</b>	<b>118.784</b>	<b>66.607</b>	<b>25.850</b>	<b>73.912</b>	<b>1.353</b>	<b>(7.302)</b>	<b>279.204</b>
<b>OBAVEZE / LIABILITIES</b>							
Obaveze prema bankama / Due to banking and non banking financial institutions	928	9.473	3.168	28.325	-	-	41.894
Obaveze prema klijentima / Amounts due to customers	110.917	48.371	36.748	7.710	-	-	203.746
Rezervisanja za potenc. ob. / Provisions for commitment and contingent liabilities	-	-	-	-	-	844	844
Ostale obaveze / Other liabilities	4.680	-	-	-	-	-	4.680
<b>Ukupne obaveze (2) / Total Liabilities (2)</b>	<b>116.525</b>	<b>57.844</b>	<b>39.916</b>	<b>36.035</b>	<b>-</b>	<b>844</b>	<b>251.164</b>
<b>Neusklađenost na dan 31. decembra 2004. godine (1) – (2) On-balance sheet liquidity gap at 31 december 2004 (1) - (2)</b>							
	<b>2.259</b>	<b>8.763</b>	<b>(14.066)</b>	<b>37.877</b>	<b>1.353</b>	<b>(8.146)</b>	<b>28.040</b>
Ukupna sredstva na dan 31. decembra 2003. godine Total assets at 31 December 2003	77.240	64.924	33.501	52.361	1.350	(8.490)	220.886
Ukupne obaveze na dan 31. decembra 2003. godine Total liabilities at 31 December 2003	104.347	31.553	18.337	39.840	-	757	194.834
<b>Neusklađenost na dan 31. decembra 2003. godine On-balance-sheet liquidity gap at 31 December 2003</b>							
	<b>(27.107)</b>	<b>33.371</b>	<b>15.164</b>	<b>12.521</b>	<b>1.350</b>	<b>(9.247)</b>	<b>26.052</b>

## Napomena 34. / Note 34. Kreditni rizik / Credit risk

Banka je izložena kreditnom riziku, koji predstavlja rizik nemogućnosti druge strane da podmiri iznose obaveza u cijelosti po dospeljeću. Banka razvrstava kreditni rizik utvrđujući limite za iznos prihvaćenog rizika koji 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 godišnje ili češće.

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 osobnih jamstava.

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

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

## Napomena 35. / Note 35. Osnovna zarada po dionici / Basic earnings per share

Osnovna zarada po dionici izračunata je dijeljenjem dobiti koja je na raspolaganju dioničarima sa prosječnim brojem običnih dionica tokom godine, isključujući prosječan broj običnih dionica kupljenih od strane Banke i držanih kao trezorske dionice. U svrhu izračunavanja osnovne zarade po dionici, preferencijalnim dionicama se smatraju obične dionice s obzirom da ne nose nikakva preferencijalna prava na iznos dividende, kao što je opisano u Napomeni 26.

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares. For the purpose of calculating basic earnings per share, preferred shares are considered as ordinary shares as they do not bear any preferential right, as described in Note 26.

U hiljadama KM / All amounts are expressed in thousands of KM

	2004.	2003.
Dobit na raspolaganju dioničarima - u hiljadama KM / Income attributable to ordinary shareholders (KM '000)	1.288	2.391
Prosječan broj običnih dionica tokom godine / Weighted average number of regular shares outstanding	143.717	141.399
<b>Osnovna zarada po dionici - u KM / Basic earnings per share (KM)</b>	<b>8,96</b>	<b>16,91</b>

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

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





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