

2005

Godišnji izvještaj —
Annual report

2005

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Izvještaj predsjednika Nadzornog odbora



U ime Nadzornog odbora ABS banke, a i u svoje lično ime, veliko mi je zadovoljstvo što Vam mogu predstaviti uspješne poslovne rezultate ostvarene u 2005. godini.

Osvrćući se unazad, možemo reći da je u 2005. godini došlo do kvalitetnijeg pozicioniranja Banke na finansijskom tržištu, jačanju poslovnih kontakata s klijentima, implementaciji organizacione sheme te većem stupnju efikasnosti, racionalnosti i samoodgovornosti uposlenika.

Navedeno je bilo omogućeno konsolidacijom i stabilizacijom bankarskog sektora kroz zakonsku regulativu, ali i zdravu konkurenciju.

Rezultate poslovanja kao i to da finansijski izvještaji ABS banke za 2005. prikazuju realno i objektivno, u svim značajnim odrednicama, finansijski položaj, novčani tok i promjene vlasničke glavnice u skladu sa Međunarodnim standardima finansijskog izvještavanja, potvrdio je i Neovisni vanjski revizor, revizorska kuća Deloitte d.o.o..

U 2005. godini Nadzorni odbor održao je 11 sjednica na kojima je u skladu sa svojim zakonskim i statutarnim ovlaštenjima razmatrao teme kroz 99 tačaka dnevnog reda.

Odbor za reviziju održao je 6 sjednica na kojima je kroz izvještaje prepoznavao ključna i kritična područja rada, te svojim preporukama i mjerama iste otklanjao i na iste ukazivao Nadzornom odboru.

Jedan od osnovnih ciljeva Odbora za reviziju bio je dobro funkcioniranje Interne revizije i Interne kontrole, te minimiziranje svih vrsta rizika koji se javljaju u bankarskom poslovanju.

Odbor za reviziju analizirao je izvještaje Interne revizije, i kroz kontrolu i analizu svih izvještaja nisu uočene negativnosti koje bi mogle dovesti do povećanja rizika u upravljanju imovinom i rizicima.

Ono što je, sigurno, predstavljalo važan događaj za ABS banku u 2005. godini je uspostavljanje poslovnih odnosa sa Banca Intesa SpA i raspisivanje Tender ponude za kupovinu dionica ABS banke, poslovni kontakti sa EBRD-om i drugim finansijskim organizacijama.

Na koncu, stalan rast cijene dionice ABS banke kao i njena vrijednost na tržištu vrijednosnica, koja uveliko premašuje knjigovodstvenu, predstavlja sigurnu potvrdu opravdanog ulaganja svakog dioničara ABS banke.

Zahvaljujemo Upravi i svim uposlenicima ABS banke na postignutim rezultatima i uvjereni smo da će i u narednom periodu biti prisutan entuzijazam i volja za postizanje još boljih poslovnih rezultata.

Zahvaljujemo svim dioničarima i klijentima ABS BANKE na ukazanom povjerenju.

Amra Cogo
predsjednik Nadzornog odbora

Report of the President of the Supervisory Board –

I have a great pleasure to present to you in the name of the Supervisory board of ABS banka and myself positive results achieved in 2005.

Looking back we can say that 2005 was marked by a qualitative positioning of the bank in the financial market, by strengthening of business contacts with customers, by implementation of a new organizational scheme and by higher grade of efficiency and responsibility of employees.

All of that was made possible by consolidation and stabilization of the banking sector by legislative and healthy competition.

Our business results as well as the fact that financial reports of ABS banka for 2005 show in a realistic and objective way financial position, cash flow and changes in owner's capital and that they are in accordance with International Standards for Financial Reporting have been confirmed by independent auditor Deloitte d.o.o.. During 2005 the Supervisory Board held 11 meetings discussing 99 agenda issues in accordance with its legal and statutory authority.

The Auditor Board held 6 meetings identifying through reports analysis the key and critical areas of activity, corrected them by its recommendations and measures and kept the Supervisory Board constantly informed.

One of the main goals of the Auditor Board was efficient functioning of the Internal Revision and Internal Control as well as minimizing of all risks related to banking.

The Auditor Board analyzed the Internal Revision reports and did not spot any negative tendencies that could lead to increase of risk in assets and risks management.

Important events for ABS banka in 2005 were establishment of business relationship with Banca Intesa SpA, a tender to sell ABS banka shares as well as contacts with EBRD and other financial institutions.

Finally, a constant growth of price of ABS banka shares and their value at the securities market which is much higher than the accounting one are a confirmation and justification of investment of every ABS banka shareholder.

We congratulate the Management and every employee of ABS banka on the achieved results and we are convinced that the same enthusiasm and will for ever better results will guide them in future.

We thank all ABS banka shareholders and customers for having confidence in us.

Amra Cogo

The President of the Supervisory Board

Predgovor direktora

Poštovani klijenti, dioničari i poslovni partneri!



U ime Uprave i zaposlenika ABS banke, zadovoljstvo mi je predstaviti vam Godišnji izvještaj za 2005. godinu i konstatovati da je iza nas najuspješnija poslovna godina od osnivanja Banke do danas.

To je potvrda da se nastavlja višegodišnji trend jačanja i rasta ABS BANKE DD SARAJEVO u svim segmentima poslovanja, što ima posebnu težinu ako se uzme u obzir oštra konkurentska utakmica na bosanskohercegovačkom bankarskom tržištu kao i samo okrupnjavanje odnosno akvizicije banaka u BiH koje su se desile u protekloj godini.

Poslovanje ABS banke u protekloj godini obilježilo je:

- Ostvarenje dobiti u iznosu od 2.101.000 KM
- Povećanje aktive za 9,2%
- Povećanje kreditnog portfolija za 27,3%
- Povećanje depozita za 10,5%
- Povećanje kapitala od 10,5%

ABS banka uspostavila je saradnju sa renomiranim poslovnim partnerima kao što su EBRD, EFSE, te je istovremeno razvijala ranije uspostavljenu saradnju sa IBF-om, IGA-om...

Zasigurno bi ovi rezultati bili i bolji da je Banka bila kapitalno jača kao i da je raspolagala većim nivoom kvalitetnih dugoročnih izvora. Zbog svega toga, u Planu poslovanja za 2006. godinu, predviđena je značajnija dokapitalizacija Banke koja će omogućiti još kvalitetniji rast.

Kao potvrda našeg uspješnog poslovanja jeste izvještaj britanskog časopisa Finance Central Europe, prema čijem rangiranju je ABS banka proglašena najboljom malom bankom u BiH za 2005. godinu.

Prema zvaničnim izvještajima SASE, dionice ABS banke su po broju transakcija bile najprometnije u 2005. godini što pokazuje visok nivo zainteresovanosti investitora za ulaganje u ABS banku.

Ovi ostvareni rezultati plod su pravilnog izbora poslovne strategije orijentisane prema klijentima, rezultat uvođenja novih tehnologija u Banci uz kontinuirano unapređenje poslovnih procesa kao i stalne edukacije naših uposlenika.

Nastojat ćemo i dalje, da svim stalnim i potencijalnim klijentima, putem jedne od najvećih mreža bankarskih filijala i poslovnica učinimo dostupnim sve vrste finansijskih usluga prilagođenih njihovim potrebama.

Ovom prilikom želim zahvaliti svim poslovnim partnerima, dioničarima, Nadzornom odboru, Odboru za reviziju ali i svim uposlenicima Banke koji su doprinijeli našim zajedničkim uspjesima.

Adnan Zukić
Direktor

Introduction by the Manager

Dear customers, shareholders and business partners!

It is my pleasure to present to you, in the name of the Management and all employees of ABS banka, annual report for 2005, and say that the last year was the most successful year since foundation of the bank.

It is confirmation of continuous strengthening and growth of ABS BANKA DD SARAJEVO in every segment of activity, which is especially significant if we have in mind a sharp competition ruling the banking in Bosnia-Herzegovina as well as enlargement i.e. acquisition of BH banks during the last year.

Last year ABS banka activity was marked by:

- Profit of 2.101.000 KM
- Assets increase by 9,2%
- Credit portfolio increase by 27,3%
- Deposits increase by 10,5%
- Equity increase by 10,5%

ABS banka established relations with well-known business partners such as EBRD, EFSE and continued to develop its relations with IBF and IGA.

These results could have been better, of course, if the bank had a larger equity and better long-term assets sources.

That is the reason why a significant enlargement of equity is planned in 2006. We hope it will made possible even better growth of the bank.

Another confirmation of our successful activity was a report of a British magazine, Finance Central Europe, that ranked ABS banka as the best small bank in Bosnia-Herzegovina 2005.

According to the SASE official reports, ABS banka shares were in the first place as regards number of transactions which is a reflection of great interest for investment in ABS banka.

These results were an outcome of a successful business strategy oriented to customers, of introduction of new technologies and of constant improvement of operations as well as of constant education of the employees.

In future we are going to continue with our efforts to make all kinds of financial services accessible to our clients through our large network of branches and agencies.

I would like to use this opportunity to thank our business partners, shareholders, the Supervisory Board, the Audit Board and all the employees for they contribution to our mutual success.

Adnan Zukić
Manager

Makroekonomski pokazatelji

i Bankarski sektor u BiH

Nominalna stopa rasta bruto domaćeg proizvoda iznosila je 7,1% u 2005. godini. Zaposlenost u 2005. godini umjereno je rasla, dok su plaće i penzije zabilježile značajno povećanje. Izvoz je rastao po stopi od 25%, dok je uvoz iznosio 18%. Sve gore navedeno pozitivno je utjecalo na rast bruto domaćeg proizvoda. Industrijska proizvodnja bilježi stopu rasta od 10% na realnom nivou, što znači da dolazi do određene reindustrijalizacije.

Vanjskotrgovinski deficit visok je prema međunarodnim standardima i iznosi više od 50% od BDP-a. Vrijednost izvoza pokrila je jednu trećinu vrijednosti uvoza u 2005. godini, što je rezultiralo u deficitu tekućeg računa od oko 23% BDP-a. Dio deficita tekućeg računa pokriven je prilivom direktnih stranih ulaganja koji je umjereniji u 2005. godini, jer se u 2005. godini nije vršila privatizacija atraktivnih preduzeća. Centralna banka BiH zabilježila je rast deviznih rezervi. Ukupan iznos deviznih rezervi zabilježen krajem 2005. godine pokriva ne samo gotovinu u opticaju i depozite po viđenju nego i više od polovine oročenih i štednih depozita kod komercijalnih banaka. Centralna banka BiH kontrolira rast monetarnih agregata upotrebom nekih od instrumenata koji su joj na raspolaganju. Najznačajniji primjer bilo je povećanje stope obaveznih rezervi za komercijalne banke sa 10% na 15% u decembru 2005. godine, poduzet sa ciljem usporavanja rasta kredita. Krediti dati domaćinstvima i privatnim preduzećima bilježe slične i veoma visoke stope rasta, što je doprinijelo gotovo izjednačenju njihovih udjela u ukupnim kreditima u 2005. godini.

Stopa inflacije u 2005. godini iznosila je 2,9%. Razloge ubrzane stope inflacije ne nalazimo u faktorima na strani potražnje. Ubrzanje je posljedica prije svega povećanja nekih administrativnih cijena, kao i rasta cijena mineralnih goriva na svjetskom tržištu. Sve navedeno upućuje na to da je Monetarni sistem BiH temeljen na aranžmanu Valutnog odbora vrlo dobro funkcionisao i u 2005. godini.

Zabilježena stopa nezaposlenosti u 2005. godini bila je jedna od najvećih poteškoća bh. ekonomije, slično kao i u prethodnim godinama. Stopa nezaposlenosti iznosila je oko 45% prema registrovanim podacima.

Neto bilansna suma Bankarskog sektora BiH iznosila je 11,8 milijardi KM, što je za 2,5 milijardi KM više u odnosu na 2004. godinu. Novčana sredstva iznosila su 4,2 milijarde KM, i u ukupnoj aktivni učestvuju sa 36%, krediti su iznosili 6,8 milijardi KM i veći su za 1,6 milijardi KM, a u ukupnoj aktivni učestvuju sa 57%. Na strani pasive depoziti su iznosili 8,8 milijardi KM i veći su za 1,9 milijardi KM u odnosu na 2004. godinu, i u ukupnoj pasivi učestvuju sa 74%. Kapital banaka iznosio je 1,3 milijarde KM i u ukupnoj pasivi učestvuje sa 12%. U BiH su 31. decembra 2005. godine poslovale 33 banke, isti broj kao i krajem 2004. godine.

Privremenu upravu imalo je 5 banaka. Dozvolu za obavljanje unutrašnjeg platnog prometa imale su sve banke. Licencu za osiguranje depozita imale su 22 banke, 15 iz Federacije BiH, a 7 iz Republike Srpske.

Ukupan prihod banaka u BiH ostvaren je oko milijardu KM, i u odnosu na ostvareni prihod u 2004. godini veći je za oko 183 miliona KM ili za 22%. Poslovanje Bankarskog sektora u BiH u 2005. godini bilo je pozitivno. Broj zaposlenih u Bankarskom sektoru u odnosu na 2004. godinu povećan je za 7%.



Macroeconomic Indicators

and Banking in BiH

Nominal rate of growth of the GNP was 7,1% in 2005. Employment grew moderately in 2005, while salaries and pensions grew considerably. Export grew at a rate of 25% and import at 18%. All of that had a positive influence on growth of GNP. Industrial production grew at a rate of 10% at a realistic level, which indicated a certain re-industrialization.

According to international standards trade deficit is high being more than 50% of the GNP. In 2005 export covered one third of import and the result was deficit in current account of about 23% of the GNP. A part of the deficit was covered by direct foreign investments that were lower in 2005 than before because there was no privatization of attractive companies.

Foreign exchange reserves of the Central Bank of BiH grew. Total reserves by the end of 2005 covered not only cash in circulation and demand deposits but more than a half of time deposits and savings with commercial banks as well. The Central Bank of BiH controls the growth of monetary aggregates by some of its instruments. The most significant example was the increase of rate for mandatory reserves for commercial banks from 10% to 15% in December 2005 with aim to reduce the growth of loans. The loans to households and private companies grew at similar and a very high rate so that they were almost equal in 2005.

Inflation rate was 2,9% in 2005. The reason for increase of the inflation rate was first of all increase of some administrative prices as well as increase of price of mineral fuels in the world market. Taking all stated into account, it can be said that the monetary system of BiH based on Currency Board arrangement, was functioning very well in 2005.



Unemployment rate was one of the most serious obstacles for the BH economy in 2005 as it had been in previous years. According to registered data, it was 45%.

Net balance of the BH banking was 11,8 billion KM, 2,5 billion KM more than in 2004. Cash amounted to 4,2 billion KM, making 36% of total assets; loans were 6,8 billion KM and were higher by 1,6 billion KM, making 57% of total assets. Deposits amounted to 8,8 billion KM and were higher by 1,9 billion KM than in 2004, making 74% of total liabilities. Capital of the banks was 1,3 billion KM making 12% of total liabilities. On 31st December 2005 there were 33 banks in BiH, same as by the end of 2004.

Five banks had a temporary management. All banks had licenses for domestic payment transactions. 22 banks had licenses for deposit insurance, 15 in Federation of BiH and 7 in Republika Srpska.

Total income of the banks in BiH was about billion KM and was about 183 million KM or 22% bigger than income in 2004. Banking sector in BiH had a positive business result in 2005. Number of employees in banks was increased by 7% in comparison to 2004.

Sektor za podršku poslovanju



Odjeljenje računovodstva

U 2005. godini uspješno je dovršena centralizacija računovodstvene funkcije. Dosljedno su primjenjivana osnovna računovodstvena načela te računovodstveni standardi. Znatno je unaprijeđeno izvještavanje prema internim i eksternim korisnicima te komunikacija sa regulatornim i drugim organima.

Odjeljenje za plan i analizu

Kroz ovaj segment osigurani su kvalitetni izvještaji i informacije u cilju sagledavanja činjeničnih stanja i donošenja kvalitetnih odluka.

Odjeljenje za IT podršku

Banka se strateški opredijelila za jačanje Informacionog sistema osloncem na vlastite snage. U 2005. godini postavljeni su osnovni ciljevi Odjeljenja za IT podršku i to:

- Tehnička osposobljenost za nesmetano funkcionisanje sistema, te shodno tome zamjena i dopuna tehničkih sredstava
- Podrška razvoju kroz tzv. izvještajnu bazu i razvijanje novih programa u funkciji Banke
- Spremnost na prelazak i uspostavu novih tehnologija sistema

Sa zadovoljstvom možemo konstatovati da je IT odjel u potpunosti ispunio ove ciljeve

Hajrudin Hadžović

Izvršni direktor
Direktor Sektora za podršku poslovanju.

Logistics Department

Accounting Department

2005 process of accounting centralization was completed. Basic accounting principles as well as standards were consistently applied. Reports for the bank and for external users were considerably improved as well as communication with regulative and other institutions.

Department for planning and analysis

It provided high-grade reports and information used for estimation of the actual facts and for making high-grade decisions.

IT Support Department

The bank strategy is to strengthen its own system. Main goals of IT Department were defined in 2005 and they are:

- Equipment for undisturbed function of the system and necessary replacements and addition of equipment
- Development support through so call-ed report base and development of new programs for the bank
- Readiness for transition to new system technologies

We can say with pleasure that IT Department has completely fulfilled these goals.

Hajurdin Hadžović

Executive Manager
Logistics department Manager

Sektor plasmana

Vežano za rad Sektora plasmana u 2005. godini, kao najvažnije navodimo implementaciju nove organizacije Banke. Naime, krajem 2004. godine Nadzorni odbor usvojio je novu organizaciju koja je implementirana u toku 2005. godine. Umjesto dotadašnjeg Odjeljenja za upravljanje kreditnim rizikom formiran je Sektor plasmana sa svoja tri odjeljenja, a to su Odjeljenje za analizu kreditnih zahtjeva i procjenu kreditnih rizika, Odjeljenje za praćenje, klasifikaciju i izvještavanje, te Odjeljenje za praćenje i naplatu nekvalitetne aktive. Za kadrovsko popunjavanje Sektora iskorišteni su postojeći ljudski resursi.

Sektor plasmana, kao i ranije, nastavio je da vrši stalan i cjelovit nadzor nad rizičnom aktivom i vanbilansom Banke, te održavanjem kreditnog rizika na nivou planske eksponiranosti.

kreditnih rizika vrši analizu kreditnih aplikacija i daje svoje mišljenje. Odjeljenje za praćenje, klasifikaciju i izvještavanje vrši analizu kreditnog portfolija Banke, utvrđuje eventualne nedostajuće rezerve i priprema izvještaje iz oblasti kreditnog poslovanja za interene i eksterne korisnike. Odjeljenje za praćenje i naplatu nekvalitetne aktive obavlja poslove iz svog domena usko saradujući sa ostalim odjeljenjima u Sektoru plasmana, a također, i sa Odjeljenjem za pravne poslove.

Od ostalih važnijih dešavanja u kojima je Sektor plasmana imao aktivnu ulogu izdvajamo Superviziju FBA u februaru i martu 2005. godine. Rad Sektora pozitivno je ocijenjen, o čemu svjedoči i poboljšavanje ocjene – ranga kvaliteta aktive.

Sektor plasmana nastavio je i edukaciju uposlenika koji obavljaju poslove iz domena kreditnog poslovanja.

U saradnji sa Sektorom pravnih poslova izvršena je unifikacija svih ugovora koje Banka koristi u poslovanju sa klijentima. Održan je i seminar u Edukativnom centru u Visokom.



Sve politike, programi i procedure inovirane su i prilagođene novoj organizaciji Banke, naravno, u skladu sa Zakonom o bankama i važećim odlukama FBA. Odjeljenje za analizu kreditnih zahtjeva i procjenu

Loan Department

As regards Loan Department activities, implementation of new organization of the bank was the most important fact in 2005. Namely, by the end of 2004 the Supervisory Board adopted a new organizational scheme that was implemented during 2005. Instead of Department for Managing Credit Risk a Loan Department consisting of three sections was established. The sections of the department are: Section for analysis of loan applications and estimation of credit risk, Section for monitoring, classification and reporting and Section for monitoring and collecting of poor receivables. The existing human resources were used for work in the Department.

The Loan Department continued with constant and thorough monitoring of risk assets and off-balance of the bank as well as with keeping credit risk at the planned level.

All policies, programs and procedures were adapted to the new organization of the bank in strict accordance with the Law on banks and FBA decisions.

The Section for analysis of loan applications and estimation of credit risk analyses loan applications and gives its opinion. The section for monitoring, classification and reporting analyses credit portfolio of the bank, defines necessary reserves and prepares reports on credit activities for internal and external users. The section for monitoring and collection of poor assets does jobs in its domain and works closely together with other sections of the Loan Department as well as with the Department for legal issues.



The Loan Department had an active role in various events in 2005 out of which we point out FBA supervision in February and March 2005. Work of the Department was positively estimated and the result was better ranking of the assets quality.

The Loan Department continued with education of employees working in its sections. Together with the Legal Department it carried out unification of every form of contracts used by the Bank in its dealings with customers.

Sektor pravnih i općih poslova

Između ostalih aktivnosti, u toku 2005. godine, u okviru Sektora pravnih i općih poslova izvršene su značajne projektne aktivnosti s ciljem povećanja efikasnosti i funkcionalnosti poslovanja, a radi unapređenja konkurentnosti Banke.

Tako, na polju kadrovske politike, izrađena je nova sistematizacija radnih mjesta i opis poslova, te usklađeni i unificirani ugovori o radu za sve zaposlenike na nivou Banke.

Sigurnosni sistem Banke uzdignut je na viši stepen dogradnjom videonadzora, nabavkom blindiranih vozila za prijevoz vrijednosnih pošiljki, te obukom zaposlenika za postupanje u vanrednim prilikama, kao i adekvatnom normativnom podrškom kroz izmjene i dopune određenih unutrašnjih pravnih akata o zaštiti ljudi i imovine.

U okviru pravnih poslova, uređen je i unificiran, te organiziran postupak sticanja i prodaje materijalne aktive, registrovana poslovna mreža Banke, dovršen proces unifikacije i objedinjavanja polica osiguranja, izrađeni su i implementirani tipizirani ugovori za proi-



zvode Banke, preciziran način postupanja sa mjenicom kao sredstvom plaćanja i kao instrumentom osiguranja plaćanja, definisani postupci zasnivanja založnog prava, te regulisani i drugi procesi poslovanja.

Također, propisan je, centralizovan i implementiran segment općih poslova koji se odnosi na postupak nabavke, korištenja i organizaciju voznog parka.

Legal and General Administration Department

During 2005 this department carried out important projects to increase efficiency and effectiveness of the bank activities in order to improve its competitiveness.

For example, a new systematization of jobs and jobs description were made as well as unified contracts for all employees of the bank.

Security system of the bank was improved by installation of video cameras, by purchase of armored cars for transportation of cash and valuables, by training employees to deal with dangerous situations and by adjusting rule books as regards protection of persons and assets.

Procedure for purchase and sale of material assets was unified and organized, business network of the bank was registered, process of unification of insurance policies was completed, contracts used by the bank were standardized, procedures for handling drafts as means of payment or security were defined, mortgage procedure was defined as well as other business activities.

Furthermore, a procedure for purchase, use and organization of car pool was defined, centralized and implemented.



Sektor sredstava i platnog prometa

Odjeljenje sredstava

Rad Odjeljenja sredstava determinisan je zakonskom regulativom u dijelu upravljanja rizikom likvidnosti i deviznim rizikom, visinom i načinom obračuna obavezne rezerve.

Krajem godine, promjena visine stope obavezne rezerve izvršila je značajan utjecaj na aktivnosti u posljednjem kvartalu, te je Banka bez problema održavala nivo obavezne rezerve.

S ciljem pribavljanja ročno prihvatljivih izvora pokrenuta je akcija oročavanja slobodnih sredstva koja su držana na računima po viđenju. Akcija je rezultirala porastom dugoročnih izvora za 22%, dok ukupni depoziti bilježe rast od 11% u odnosu na prethodnu godinu.

Pokrenuta je suradnja sa međunarodnim finansijskim institucijama koja je rezultirala konkretnim ponudama kvalitetnih finansijskih sredstava.

S ciljem razvoja odnosa sa domaćim i stranim finansijskim institucijama, urađene su revizije korespondentnih odnosa, razvijeni su novi odnosi, a ugašeni manje efikasni i neprofitabilni.

U dijelu rada na novčanom tržištu značajan napredak ostvaren je donošenjem preciznih uputstava rada sa preciziranim limitima odgovornih uposlenika, kao i pojedinačnim limitima rada s bankama s obzirom na investicijski rang korespondentnih banaka.

S obzirom na nerazvijeno novčano tržište u BiH, preferirali smo kratkoročne plasmane na inotrižistu kod prvoklasnih banaka. Tokom godine Banka je razvila novi proizvod koji se odnosi na mogućnost trgovine komitenata Banke, direktno na deviznom tržištu po trenutnim cijenama.

Od Komisije za vrijednosne papire, Banka je dobila dozvolu za obavljanje depozitarnih poslova, te je tokom 2005. godine uspješno implementiran kao novi proizvod Banke.

Odjeljenje trezorskog poslovanja

Tokom 2005. godine unaprijedilo se trezorsko poslovanje donošenjem novih uputstava o radu trezora, blagajničkom minimumu i sigurnosnom aspektu pošiljki. Podizanjem organizacije ovog segmenta poslovanja na viši nivo, omogućen je razvoj gotovinskog poslovanja s domaćim bankama, koji je osim prihodovnog efekta, pozitivan utjecaj vršio i na KM i valutnu likvidnost Banke.

Odjeljenje platnog prometa

Fokus aktivnosti Odjeljenja platnog prometa u 2005. godini bio je što efikasnije procesuiranje naloga međunarodnog i unutrašnjeg platnog prometa.

Ino platni promet

Ostvareno je povećanje, kako broja, tako i vrijednosti transakcija ino platnog prometa u 2005. godini u odnosu na 2004. godinu za 7,33% pri istom broju uposlenih.

Unutrašnji platni promet

U unutrašnjem platnom prometu povećan je broj transakcija kao i njihova vrijednost u 2005. godini u odnosu na 2004. za 10%, također, pri istom broju uposlenih radnika.

Poslovnost i efikasnost Banke prepoznali su novi klijenti koji su Banci dali svoje povjerenje, čime je broj klijenata porastao za 6,7% u 2005. godini u odnosu na 2004. godinu.

Projekt isplate invalidnina putem Banke jedan je od značajnijih projekata ovog Odjeljenja. Naime, Federalno Ministarstvo za boračka pitanja početkom 2005. godine odlučilo je kompletnu isplatu invalidnina prenijeti sa pošte na komercijalne banke. Ovo je Ministarstvo ABS banku ocijenilo kao banku koja je ovaj projekt najuspješnije iznijela.

Department for Assets

Work of this department is regulated by the law in the part of management of liquidity risk and foreign currency risk and in the part of amount and calculation method of obligatory reserve.

Change of rate of obligatory reserve that happened by the end of the last year influenced significantly activities in the last quarter and the bank had no problems in maintaining the level of the obligatory reserve.

In order to provide acceptable sources as regards term the bank started an action to turn demand deposits held on accounts in the bank into term deposits. The action resulted in an increase of term deposits of 22%, while total deposits increased by 11% in comparison to the previous year.

Contacts were made with international financial institutions resulting in offers of quality financial funds.

In order to improve relationship with domestic and foreign financial institutions, correspondent banks network was revised, some new accounts were opened and those less profitable were closed.

As regards money market new and precise rules were made defining limits for employees and for foreign banks having in mind the rank of those banks.

Since the money market in BH is not developed we preferred short term placements on foreign market with first-rate banks.

During the year the bank had developed a new product that gave our customers possibility to trade directly in the currency market at actual prices.

The bank got license for deposit operations from Commission for Securities and the new product was successfully implemented during 2005.

Treasury Department

During 2005 new regulations were made for this department in order to improve its operations as regards cash desk minimum limit and security of transport. These new measures made possible development of cash transaction operations with other banks which in turn had a positive effect on KM and foreign currency liquidity of the bank.

Payment Transactions Department

In 2005 the aim of this department was to achieve as efficient as possible processing of domestic and foreign payment transactions.

Foreign payment transactions

The number as well as the amount of foreign payment transactions in 2005 was increased by 7,33% as compared to 2004 while the number of employees in the department remained the same.

Domestic payment transactions

The number and the amount of transactions in 2005 were increased by 10% in comparison to 2004 and number of employees remained the same.

Efficiency of the bank drew more new customers and the number of customers in 2005 grew by 6,7% in comparison to 2004.

One of the important projects of the department is payment of invalidity pensions. At the beginning of 2005 the Federal Ministry decided to transfer payment of these pensions from post office to commercial banks. According to the Ministry estimation, ABS banka was the most successful in this project.

Sektor za razvoj poslovanja

Sektor za razvoj poslovanja je organizacijski najmlađi sektor koji je inaugurisan s novom organizacijom i sistematizacijom, i u svom je sastavu obuhvatio

- Kartično poslovanje
- Elektronsko poslovanje
- Razvoj novih usluga
- Marketing i odnose s javnošću

Kada govorimo o kartičnom poslovanju u 2005. godini, možemo reći da smo uspjeli intenzivirati prodaju kreditnih kartica. Ovome je svakako doprinijelo smanjenje otplate duga sa 10% na 5% i smanjenje tarife naknada, tako da je ostvarena dobit u 2005. godini bila i do 3 puta veća u odnosu na 2004. godinu.

U okviru kartičnog poslovanja vođene su aktivnosti na uvođenju American Express kartice u dogovoru sa predstavničkom firmom Centurion finansijske usluge d.o.o. Sarajevo.

Inovacijom postojećih procedura i uputstava značajno je poboljšan rad kartičnog poslovanja. U domenu elektronskog bankarstva intenzivirana je prodaja paketa elektronskog bankarstva za pravna lica zahvaljujući marketinškoj akciji „Besplatan startni paket“.

U razvoju novih usluga pažnja je bila usmjerena na uvođenje WEB paketa i SMS bankarstva, međutim, implementacija uvođenja ovih paketa još nije završena.

U cilju povećanja prodaje paketa elektronskog bankarstva i kreditnih kartica organizovane su dvije prezentacije u Zenici i Sanskom Mostu za postojeće i potencijalne komitente.

U 2005. godini organizovan je i interni seminar o temi „Kartično poslovanje i elektronsko bankarstvo“ za uposlenike koji rade na poslovima prodaje paketa elektronskog bankarstva i kartica.

Kada su u pitanju marketinške i PR aktivnosti, možemo spomenuti one najvažnije:



- Akcija „Oročena štednja“
- Akcija „5%“
- Akcija „ABS Banka nagrađuje znanje“
- Akcija „Besplatan startni paket“
- Dan štednje
- Učešće na Sajmu ZEPS

Development Department

This department is the youngest in the bank and it was established by introduction of new organization of the bank. The department comprises:

- Debit and credit cards operations
- E-banking
- Development of new services
- Marketing and public relations

As regards debit and credit cards operations in 2005, sale of credit cards was intensified during the year due to reduction of debt payment from 10% to 5% and fee reduction, so that gain in 2005 was three times higher than in 2004.

Steps were taken for introduction of American Express card in accordance with an agreement with their representative Centurion Financial Services Ltd in Sarajevo.

New procedures and instructions improved significantly debit and credit cards operations. Thanks to a marketing action «Free of Charge Start Package» the sale of E-banking packages was intensified. As regards development of new services attention was focused on introduction of WEB packages and SMS banking, however their implementation have not yet been completed.

In order to increase sale of e-banking packages and credit cards two presentation for actual and potential customers were organized in Zenica and Sanski Most.

An internal seminar for the bank employees was held on «Debit and credit cards operations and E-banking» in 2005.

The most important marketing and PR activities were:

- Time savings
- Action «5%»
- ABS banka rewards knowledge
- Free of charge start package
- Savings day
- Taking part at ZEPS fair



Tuzla

Sjenjak
Živinice
Gračanica
Gradačac
Lukavac
Čelić
Brčko

Bihać

Bosanski Petrovac
Bosanska Krupa
Cazin
Bužim
Velika Kladuša

Sanski Most

Ključ

Tešanj

Maglaj
Jelah
Doboj-Jug

Travnik

Novi Travnik
Donji Vakuf
Gornji Vakuf
Bugojno

Zenica

Žepče

Visoko

Breza
Vareš
Fojnica
Olovo

Mostar

Jablanica
Konjic

Sarajevo

Stari Grad
Centar
Novi Grad
Stup
Vogošća
Goražde





Centrala i Filijale

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Mat. broj subjekta upisa 1-21946 kod Kant. suda u Sarajevu
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Reg.br.: 1020184048
Poreski br.: 1076741
PDV broj: 200128200006

MJESTO	ADRESA	TELEFON	FAX
FILIJALA SARAJEVO	Trampina 12/Prizemlje	033/722 400	033/722 419
Agencija Centar	Maršala Tita 15	033/268-420	033/268-421
Agencija Novi Grad	Bulev. Meše Selimovića 97	033/291-282	033/291-282
Agencija Stup	Kurta Schorka 24	033/639-297	033/762 241
Agencija Vogošća	Jošanička 91	033/435-573	033/435-572
Agencija Goražde	Trg branilaca bb	038/240-200	038/227-770
FILIJALA BIHAĆ	V Korpusa br.	037/227-078	037/227-079
Agencija Bos. Petrovac	Trg šehida bb	037/881-940	037/881-940
Agencija Bos. Krupa	511. Brdske brigade	037/471 671	037/471 670
Agencija Bužim	Generala Izeta Nanića bb	037/410-670	037/410-670
Agencija Cazin	Cazinskih brigada 24	037/514-013	037/514-014
Agencija V. Kladuša	Trg A.M.Brene bb	037/770-047	037/770-047
FILIJALA SANSKI MOST	Mahala 2	037/685-905	037/685-901
Agencija Desna Obala	Stanička 5	037/681 799	037/681 799
Agencija Ključ	Branilaca bb	037/661-131	037/661-131
FILIJALA TEŠANJ	Nesuha Mešića 3	032/650-652	032/665-145
Agencija Maglaj	Viteška bb	032/603-610	032/609-320
Agencija Jelah	Jelah bb	032/666-656	032/666-656
Agencija Doboj-Jug	Matuzići bb	032/691-054	032/691-054
FILIJALA TUZLA	Stupine B-3	035/300-750	035/300-757
Agencija Sjenjak	Ismeta Mujezinovića blok B	035/265-601	035/265-600
Agencija Gračanica	Fridriha Foglera br. 8	035/702-265	035/702-265
Agencija Živinice	Tuzlanskog odreda blok 1	035/772-093	035/740-006
Agencija Gradačac	Husein kap.Gradašćevića bb	035/821-506	035/820-505
Agencija Lukavac	Sarajevska br. 5	035/553-259	035/553-259
Agencija Čelić	Patriotske lige bb Tržni centar	035/660-612	035/660-612
Agencija Brčko	Bulevar mira br. 30	049/216-578	049/216-578
FILIJALA ZENICA	Aska Borica 23	032/242-010	032/242-009
Agencija Zenica	Branilaca Bosne 2	032/449-220	032/449-228
Agencija Žepče	Stjepana Tomaševića bb	032/880-157	032/880-156
FILIJALA MOSTAR	Husnije Repca bb	036/501-800	036/501-810
Agencija Konjic	Varda br. 2	036/734-121	036/734-121
Agencija Robna kuća	M.Tita bb	036/725-110	036/725-110
Agencija Jablanica	Putnikova bb	036/752-505	036/752-233
FILIJALA VISOKO	Alije Izetbegovića 16	032/730-350	032/730-386
Agencija Breza	Bosanskih namjesnika 27	032/783-282	032/783-282
Agencija Vareš	Zelena pijaca bb	032/843-137	032/843-137
Agencija Fojnica	Bosanska bb	030/837-243	030/837-243
Agencija Olovo	Branilaca bb	032/826-688	032/826-688
FILIJALA TRAVNIK	Bosanska 163	030/512-467	030/512-468
Agencija N. Travnik	Kalinska bb	030/542-591	030/542-591
Agencija Donji Vakuf	14. septembra bb	030/270-831	030/270-831
Agencija Gornji Vakuf	M. Stočanina bb	030/270-501	030/270-501
Agencija Bugojno	Trg Zlatnih ljljana 3	030/270-411	030/270-411

ABS BANKA DD SARAJEVO

najbolja mala banka u BiH u 2005. godini

Kao potvrda našeg uspješnog poslovanja jeste izvještaj britanskog časopisa Finance Central Europe, koji svake godine vrši rangiranje banaka Jugoistočne Evrope na bazi analize imovine, kapitala, bruto profita, povrata na aktivu i povrata na uloženi kapital, pri čemu se rang-liste formiraju na osnovu godišnjih izvještaja međunarodnih eksperata i revizora. Prema rangiranju ovog časopisa ABS BANKA DD SARAJEVO proglašena je najboljom malom bankom u Bosni i Hercegovini u 2005. godini.



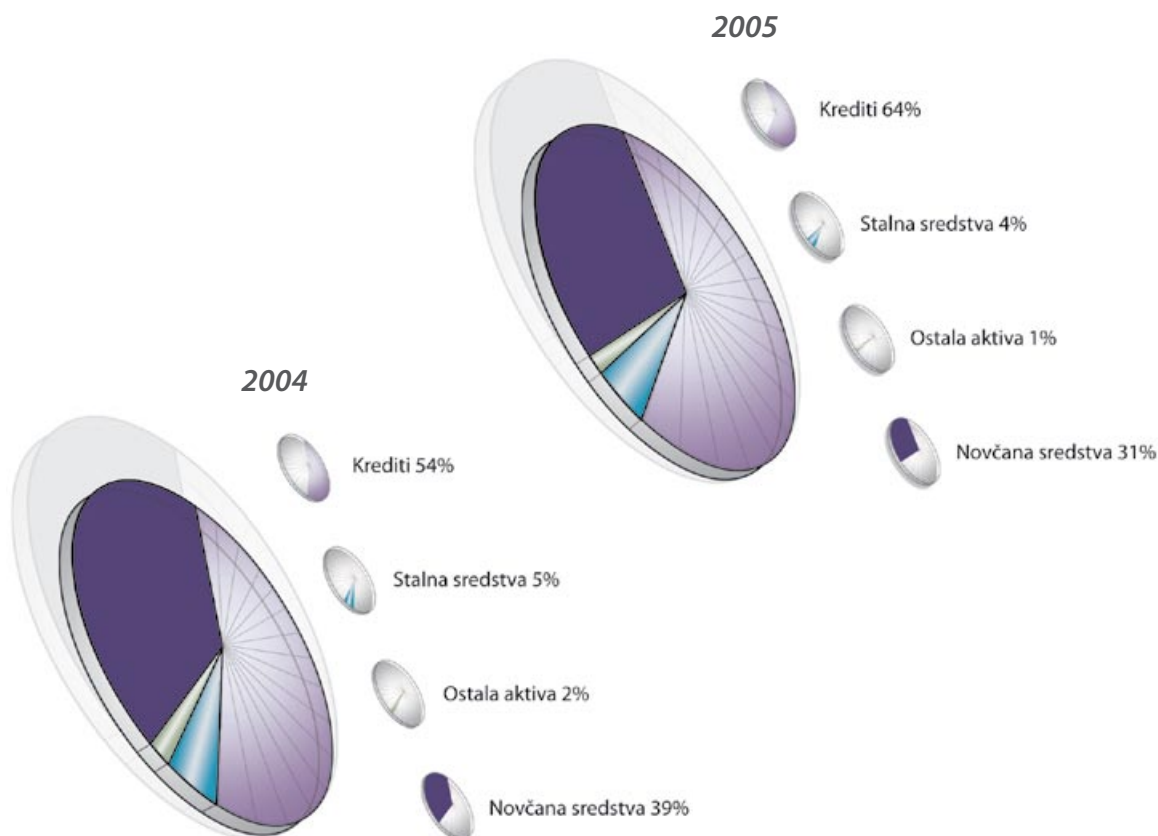
ABS BANKA DD SARAJEVO

the best small bank in Bosnia-Herzegovina 2005

Another confirmation of our successful activity is a report of a British magazine Finance Central Europe, which every year ranks the banks from South-Eastern Europe on the basis of analysis of assets, equity, gross profit, return on assets and return on equity. These data are taken from annual reports done by international experts and auditors. According to the magazine, ABS BANKA DD SARAJEVO was the best small bank in Bosnia Herzegovina 2005.

Aktiva Banke

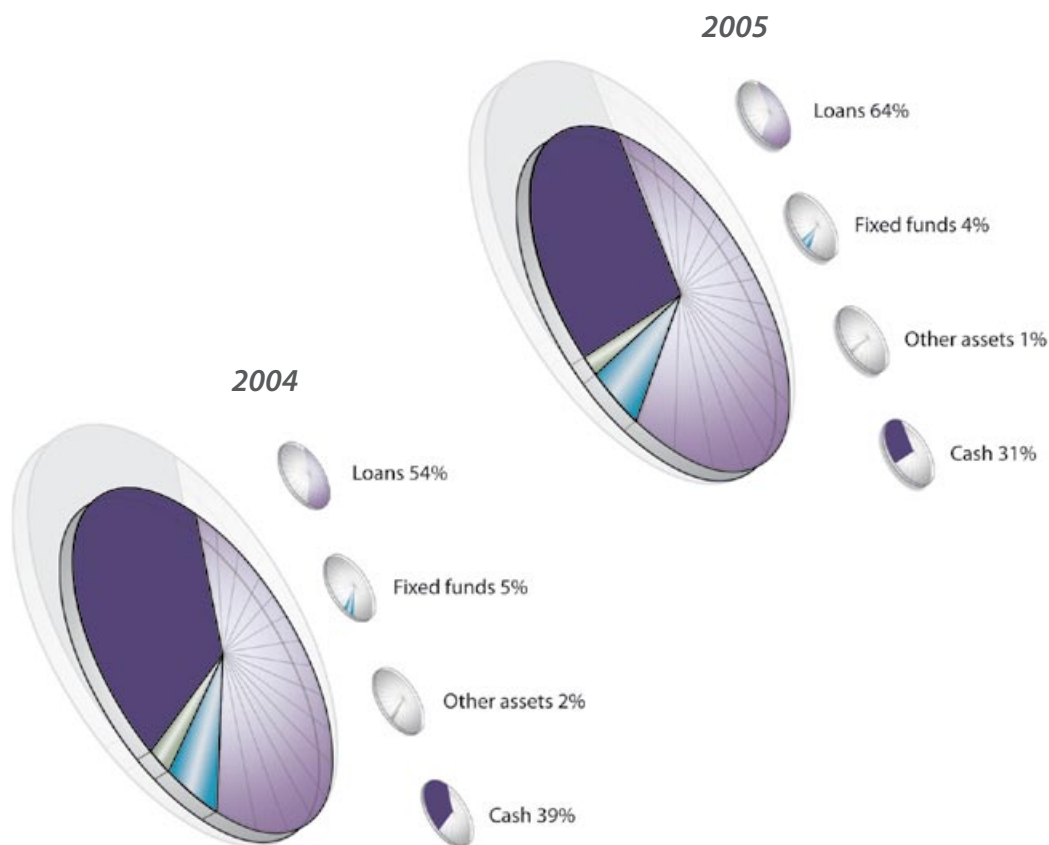
Sa 31.12.2005 godine aktiva banke iznosi 155 mil. 931 hilj. KM i povećana je u odnosu na predhodnu godinu za 13 mil. 124 hiljada KM ili 9,19%. Kao što se može primjetiti u donjem grafičkom prikazu, krediti komitenata preovladavaju u strukturi aktive Banke sa udjelom od 64% ukupne aktive.



R.br.	AKTIVA	31.12.05	%	Index	31.12.04	%
1	Novčana sredstva i računi kod depozitnih institucija	48.478	31,1	87,7	55.290	38,7
2	Kredit	98.579	63,2	127,3	77.467	54,2
3	Stalna sredstva	6.551	4,2	91,3	7.176	5,0
4	Ostala aktiva	2.323	1,5	80,8	2.874	2,0
	UKUPNO	155.931	100,0	109,2	142.807	100,0

Assets

As at 31.12.2005 the assets of the bank were 155 mil. 931 thousand and were increased by 13mil.124 thousand i.e.9,19% in comparison to the previous year. As it is shown in the graphic overview below, loans prevail in the structure of the bank assets and make 64% of the total assets.

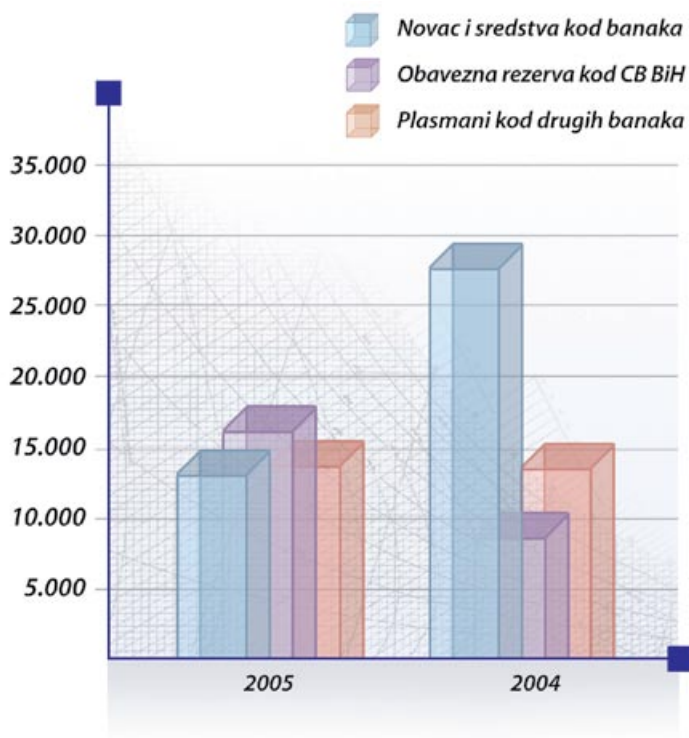


No	ASSETS	31.12.05	%	Index	31.12.04	%
1	Cash and accoutns with other banks	48.478	31,1	87,7	55.290	38,7
2	Loans	98.579	63,2	127,3	77.467	54,2
3	Fixed assets	6.551	4,2	91,3	7.176	5,0
4	Other assets	2.323	1,5	80,8	2.874	2,0
	TOTAL	155.931	100,0	109,2	142.807	100,0

Novčana sredstva

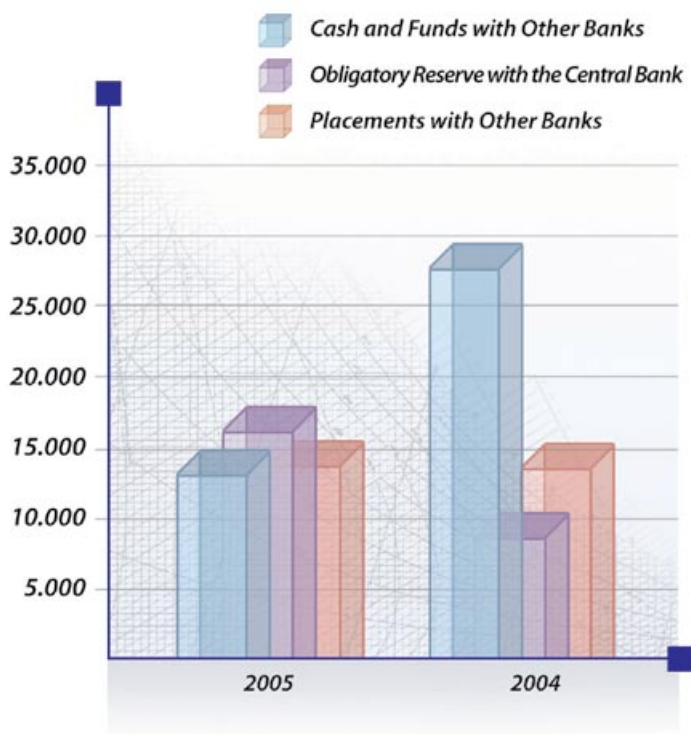
i računi depozita kod depozitnih institucija

Na svojim računima kod banaka i u gotovini krajem 2005 godine Banka je raspolagala sa 48,48 mil. KM, a krajem 2004 godine sa 55,29 mil. KM što znači da su likvidna sredstva smanjena za 6,81 mil. KM ili u procentima za 14%. Koeficijent likvidnih sredstava u odnosu na depozite sa 31.12.2005 godine iznosio je 39,29%, a u odnosu na ukupnu aktivu 31,09%. Komparirajući podatke sa 31. 12. 2004 godine koeficijent likvidnih sredstava u odnosu na depozite je 49,51%, a koeficijent likvidnosti u odnosu na ukupnu aktivu je 38,72%.



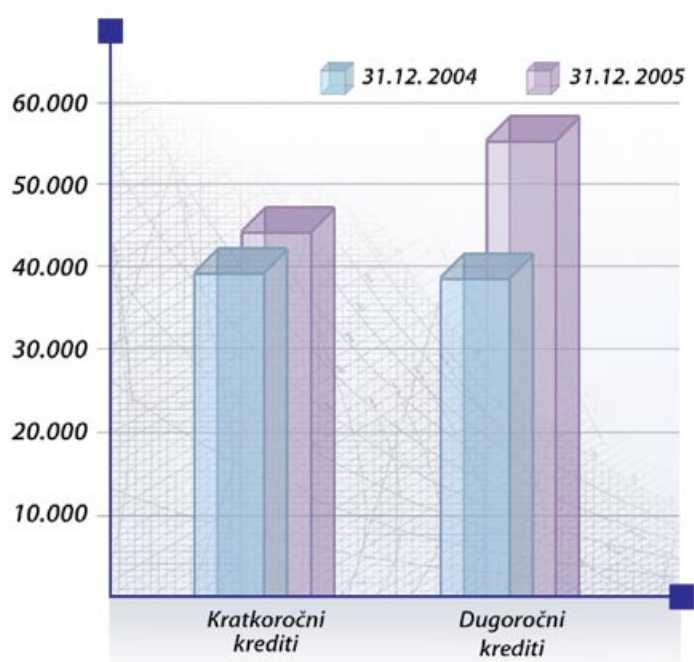
Cash and accounts with other banks

By the end of 2005 the bank had 48,48 mil.KM on its accounts with other banks and in cash and by the end of 2004 it had 55,29 mil. KM which means that the liquid funds were reduced by 6,81 mil. KM i. e. 14%. Coefficient of correlation of liquid funds and deposits as at 31.12.2005 was 39,29% and that of liquid funds and total assets was 31,09%. 31.12.2004 coefficient of correlation of liquid funds and deposits was 49,51% and that of liquid funds and total assets was 38,72%.



Bruto krediti

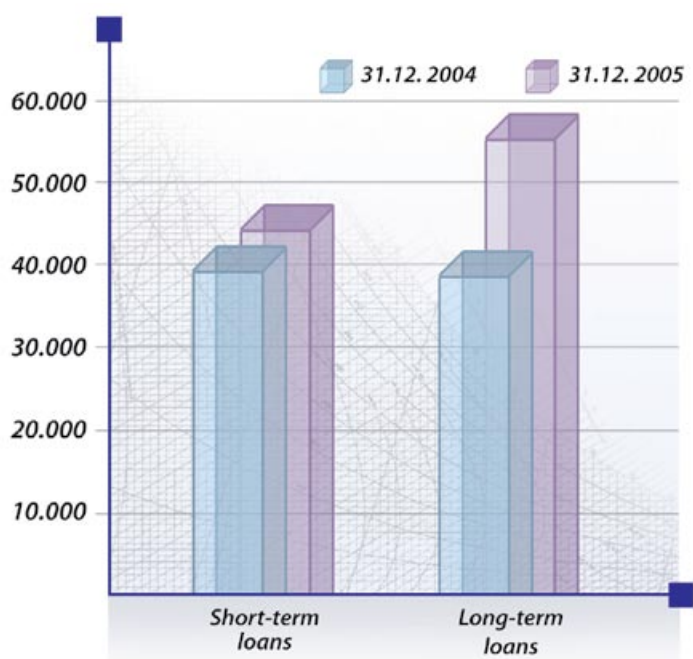
R.br.	OPIS	31.12.05	%	Index	31.12.04	%
1	Kratkoročni krediti	47.581	44,96	111,6	42.639	50,47
2	Dugoročni krediti	58.252	55,04	139,2	41.846	49,53
	Kreditni plasmani	105.833	100,0	125,3	84.485	100,0



Banka je sa 31.12.2005 godine u strukturi kredita imala 45% kratkoročnih kredita a dugoročnih kredita 55%, a sa 31.12.04 godine Banka je imala 49,92% kratkoročnih, a 50,08% dugoročnih kredita. Ukupni neto krediti na nivou banke iznose 98 mil. 579 hilj. KM. Od ukupno 47 mil. 581 hilj. KM kratkoročnih kredita na stanovništvo se odnosi 8 mil. 610 hilj. KM, na pravna lica 38 mil. 971 hilj. KM. Od 58 mil. 252 hilj. KM dugoročnih kredita na stanovništvo se odnosi 22 mil. 372 hilj. KM, a na pravna lica 35 mil. 880 hilj. KM.

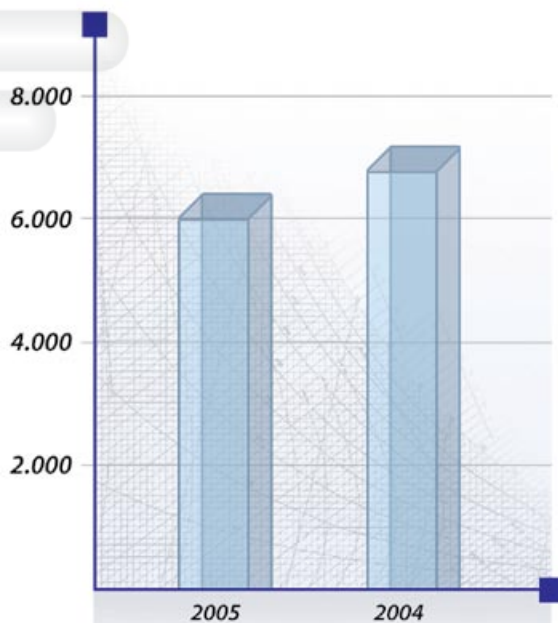
Gross loans

No	DESCRIPTION	31.12.05	%	Index	31.12.04	%
1	Short-term loans	47.581	44,96	111,6	42.639	50,47
2	Long-term loans	58.252	55,04	139,2	41.846	49,53
Kreditni plasmani		105.833	100,0	125,3	84.485	100,0



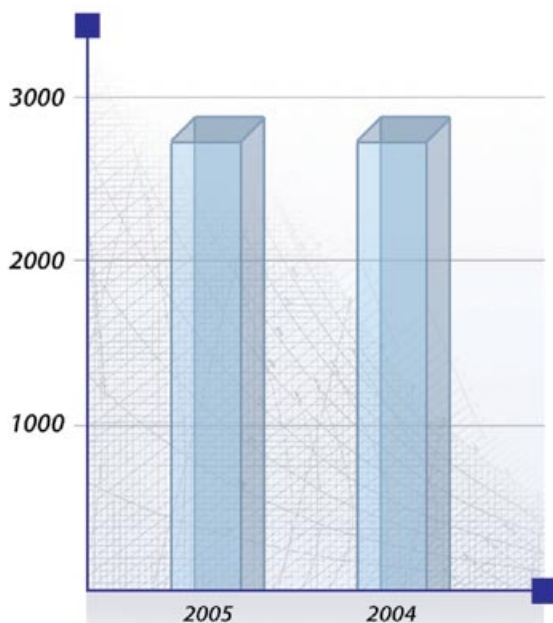
31.12.2005 the loan structure consisted of 45% short-term loans and 55% long-term loans, while 31.12.04 the loan structure consisted of 49,92% short-term loans and 50,08% long-term loans. Total net loans in the bank amounted to 98 mil.579 thousand KM. Out of total 47 mil.581 thousand KM of short-term loans 8 mil.610 thousand KM is related to private persons and 38 mil.971 thousand KM is related to legal persons. Out of total 58 mil.252 thousand of long-term loans 22 mil.372 thousand KM is related to private persons and 35 mil. 880 thousand KM is related to legal persons.

Stalna sredstva i ostala aktiva



Stalna sredstva

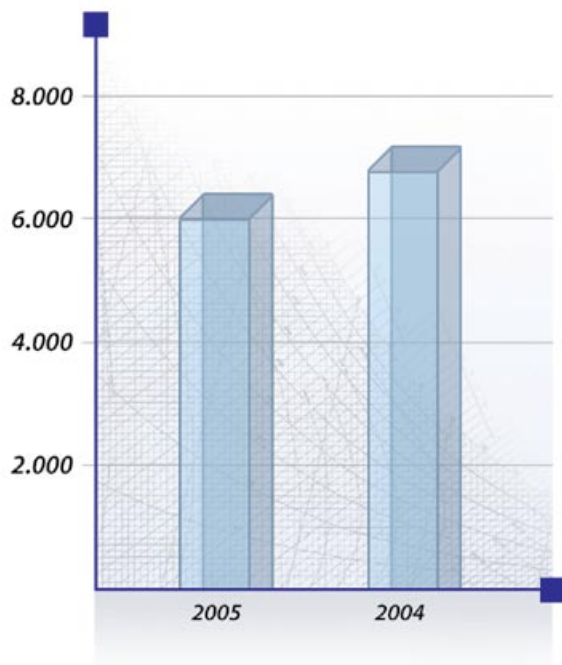
Strukturu stalnih sredstava čine: materijalna i nematerijalna imovina, materijalna imovina se odnosi na građevine i zemljište, računari, vozila, kancelarijska oprema i imovina u pripremi, a nematerijalna imovina se odnosi na softver, patente i licence, ulaganja u višegodišnji zakup i prava na nematerijalna dobra.



Ostala aktiva

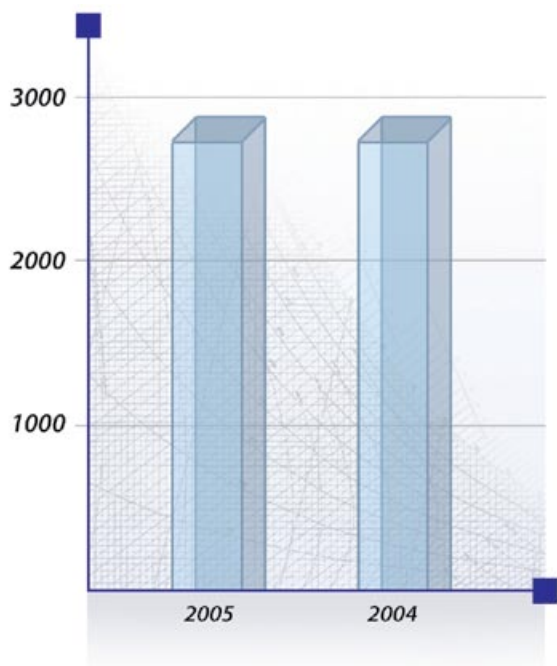
Strukturu ostale aktive čine: potraživanja iz osnova kamata i naknada, aktivnih vremenskih razgraničenja i sva ostala potraživanja.

Fixed and other assets



Fixed assets

The structure of fixed assets consists of tangible and intangible assets, tangible assets being buildings and land, computers, vehicles, office equipment as well as tangible assets in process, intangible assets being software, patents, licenses, investments in rented property and rights to intangible assets.



Other assets

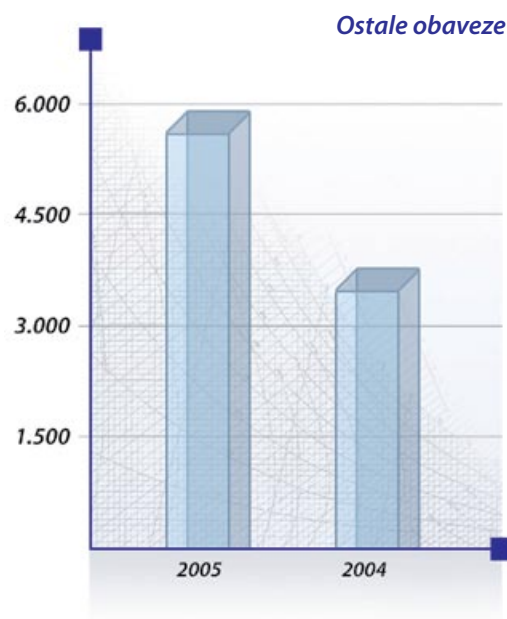
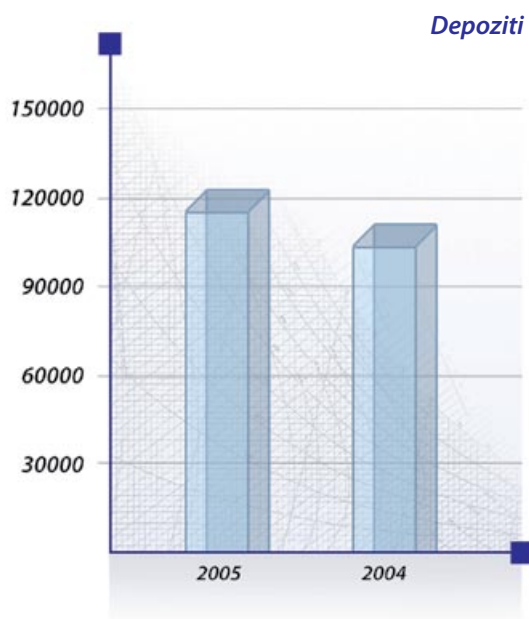
The structure of other assets consists of: claims based on interests and fees, active time limits as well as all other claims.

Pasiva Banke

Obaveze

R.br.	OPIS	31.12.05	%	Index	31.12.04	%
1	Depoziti	123.377	90,9	110,5	111.685	89,7
a	pravnih lica	72.929	53,7	99,4	73.403	59,0
b	građana	50.448	37,2	131,8	38.282	30,7
2	Kreditna sredstva	6.393	4,7	70,8	9.034	7,3
3	Ostale obaveze	5.932	4,4	156,8	3.784	3,0
	Ukupne obaveze	135.702	100,0	109,0	124.503	100,0

U strukturi pasive Banke najznačajniju stavku predstavljaju depoziti sa učešćem od 79,12% sa 31.12.2005 godine. U odnosu na stanje 2004 godine, ukupne obaveze Banke sa 31.12.2005 godine su veće za 11,12 mil. KM ili 8,99% što je proizašlo iz porasta depozita za 11,7 mil. KM odnosno 10,47%. Depoziti pravnih lica sa 31.12.2005 godine smanjeni su za 474 hilj. KM, a depoziti građana porasli su za 12 mil. KM. Obaveze prema drugim bankama smanjene su za 2 mil. 641 hilj. KM, a ostale obaveze povećane su za 2 mil. 148 hilj. KM u odnosu na 2004 g.



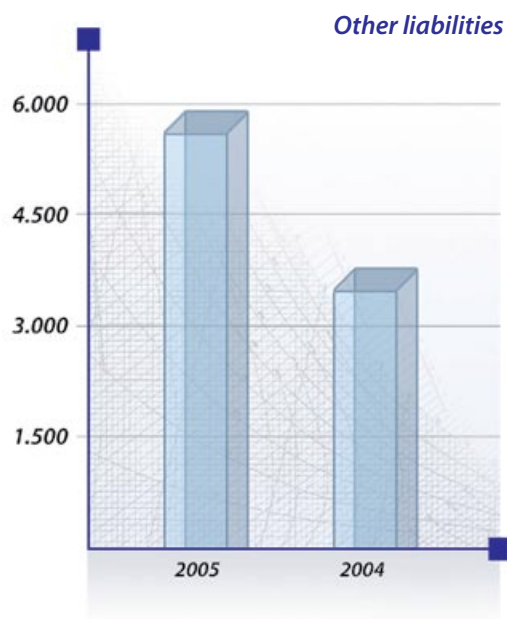
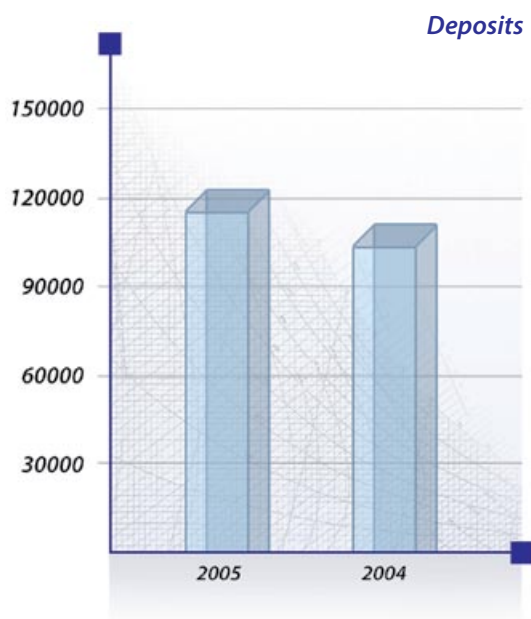
Strukturu ostale pasive čine: obaveze iz osnova pasivnih kamata, obaveze prema dobavljačima, obaveze prema radnicima i ostale obaveze iz redovnog poslovanja.

Liabilities

Liabilities

No	DESCRIPTION	31.12.05	%	Index	31.12.04	%
1	Deposits	123.377	90,9	110,5	111.685	89,7
a	companies	72.929	53,7	99,4	73.403	59,0
b	citizens	50.448	37,2	131,8	38.282	30,7
2	Loans	6.393	4,7	70,8	9.034	7,3
3	Other liabilities	5.932	4,4	156,8	3.784	3,0
Total liabilities		135.702	100,0	109,0	124.503	100,0

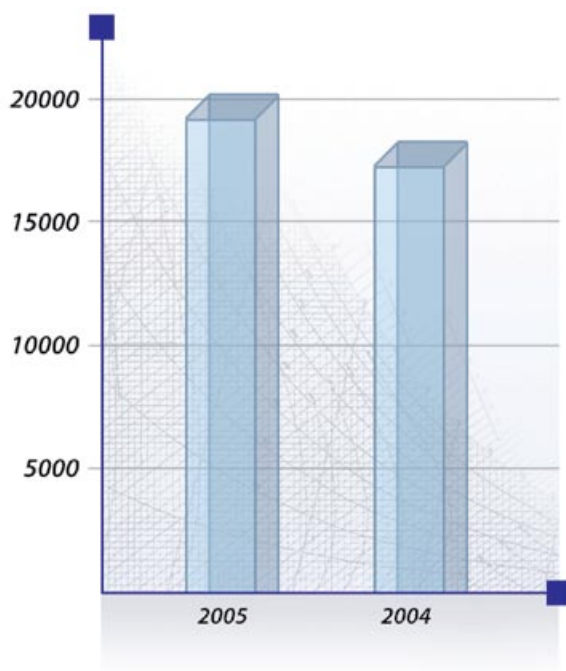
The most important part in the structure of the bank liabilities are deposits 79,12% as at 31.12.2005. In comparison to 2004, the total liabilities of the bank as at 31.12.2005 are higher by 11,12 mil. KM or 8,99% as a result of deposits increase by 11,7 mil.KM i. e. 10,47%. As at 31.12.2005 deposits of companies decreased by 474 hilj. KM and deposits of citizens increased by 12 mil. KM, liabilities to other banks were reduced by 2 mil.641 thousand KM, and other liabilities were increased by 2 mil.148 thousand KM as compared to 2004.



The structure of other liabilities consists of passive interest, suppliers, salaries and other liabilities.

Kapital

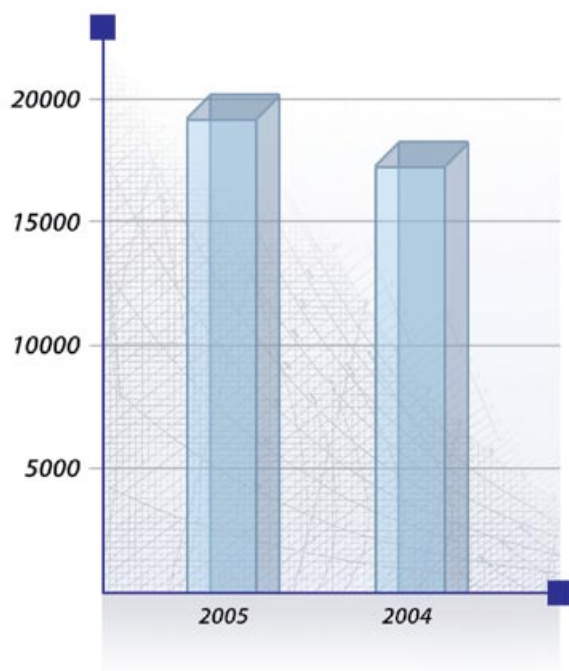
R.br.	OPIS	31.12.05	Index	31.12.04
1	Dionički kapital	16.624	100,0	16.624
2	Nerasp. dobit i rez. kapitala			
3	Ostali kapital	3.605	214,6	1.680
Ukupno kapital		20.229	110,5	18.304



Kapital je sa 31.12.2005 godine povećan u odnosu na isti period predhodne godine dijelom iz dobiti 2004. godine izdvojenim u rezerve i tekućom dobiti iz 2005. godine.

Capital

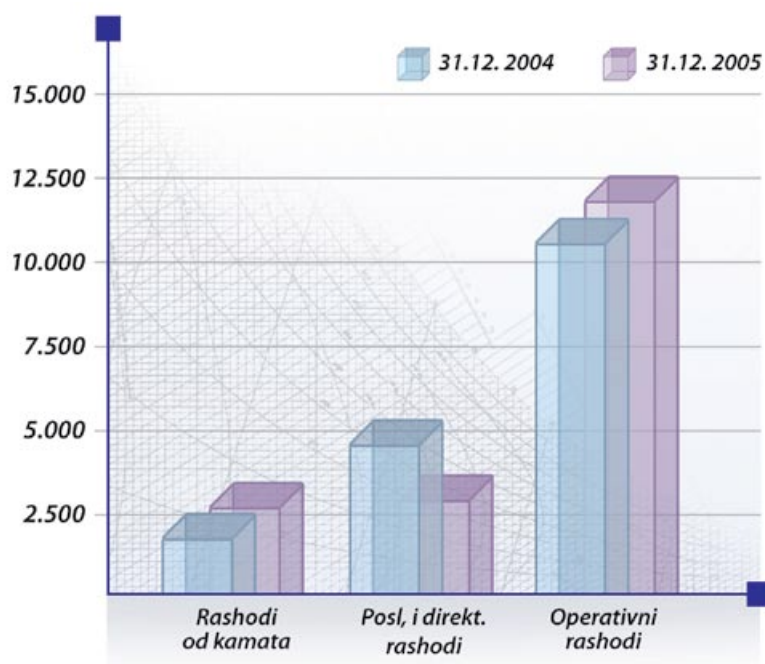
No	DESCRIPTION	31.12.05	Index	31.12.04
1	Share capital	16.624	100,0	16.624
2	Undistributed profit and reserve			
3	Other capital	3.605	214,6	1.680
Total capital		20.229	110,5	18.304



As at 31.12.2005 the capital was increased as compared to the previous year by transfer of a part of 2004. profit to reserves and by current profit in 2005.

Rashodi

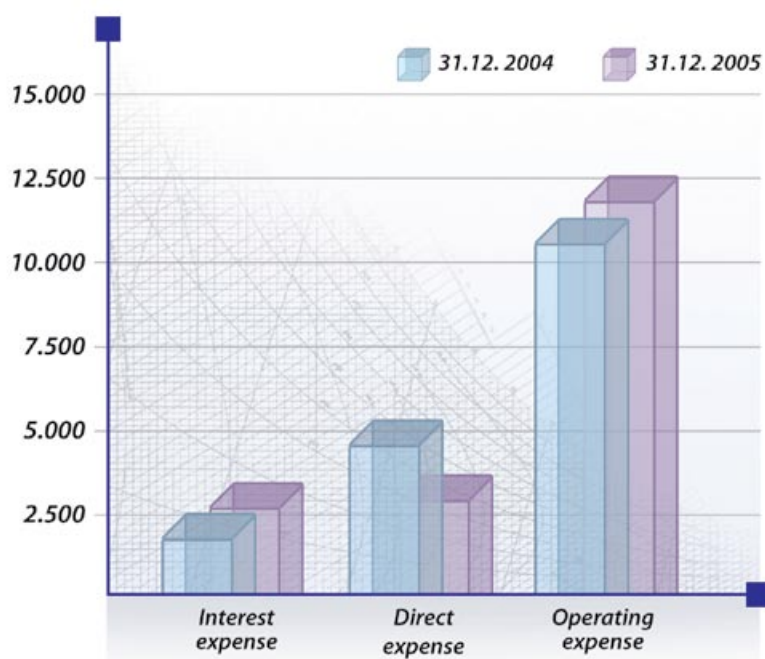
R.br.	OPIS	31.12.05	Index	31.12.04
1	Rashodi po osnovu kamata	3.268	136,1	2.402
2	Poslovni i direktni rashodi	3.479	67,7	5.142
3	Ukupni operativni rashodi	12.534	112,3	11.158
Ukupno		19.281	103,1	18.702



Rashodi od kamata povećani su u odnosu na predhodnu godinu za 866 hilj. KM odnosno za 36%, poslovni i direktni rashodi smanjeni su za 1 mil. 671 hilj. KM odnosno za 48,14% i operativni rashodi su povećani za 1 mil. 376 hilj. KM odnosno za 12,33%. U ukupnim rashodima najveće učešće se odnosi na operativne rashode u iznosu od 12 mil. 534 hilj. KM i predstavlja 65% ukupnih rashoda. Troškovi rezervi za opšti kreditni rizik i potencijalne kreditne i druge gubitke iznose 2 mil. 412 hilj. KM i predstavlja 12,51 % ukupnih rashoda.

Expense

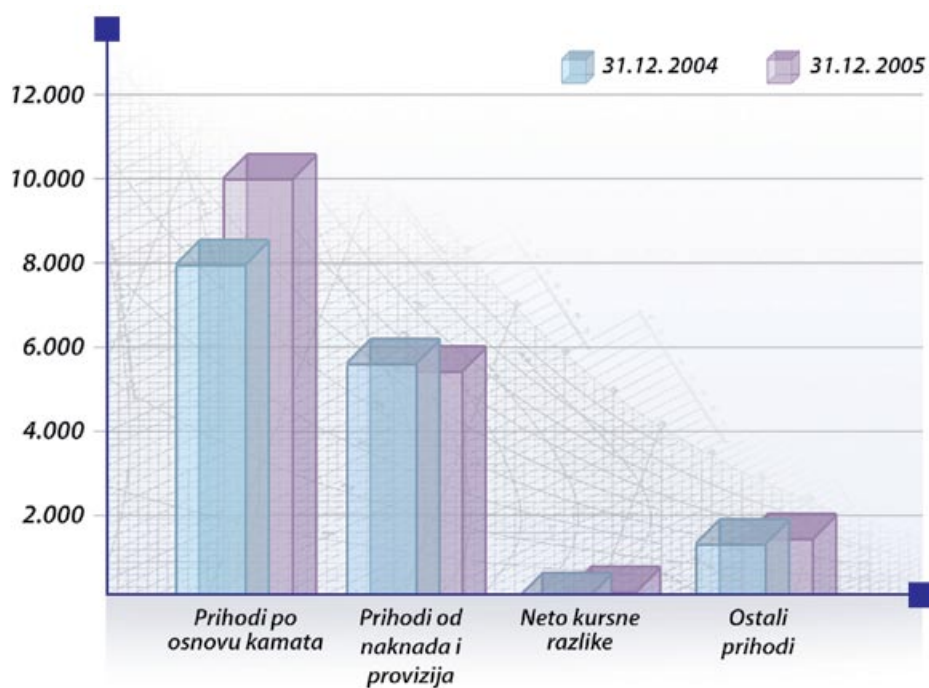
No	DESCRIPTION	31.12.05	Index	31.12.04
1	Interest expense	3.268	136,1	2.402
2	Direct expense	3.479	67,7	5.142
3	Total operating expense	12.534	112,3	11.158
TOTAL		19.281	103,1	18.702



In comparison to the previous year interest expense was increased by 866 thousand KM i. e. 36%, direct expense was decreased 1 mil.671 thousand KM i. e. 48,14% and operating expense was increased by 1 mil.376 thousand KM i.e. 12,33%. Operating expense was the largest amounting to 12 mil. 534 thousand KM i.e. 65% of total expense. Expense for reserves for general loan risk and for possible loan and other losses was 2 mil.412 thousand KM i.e. 12,51% of the total expense.

Prihodi

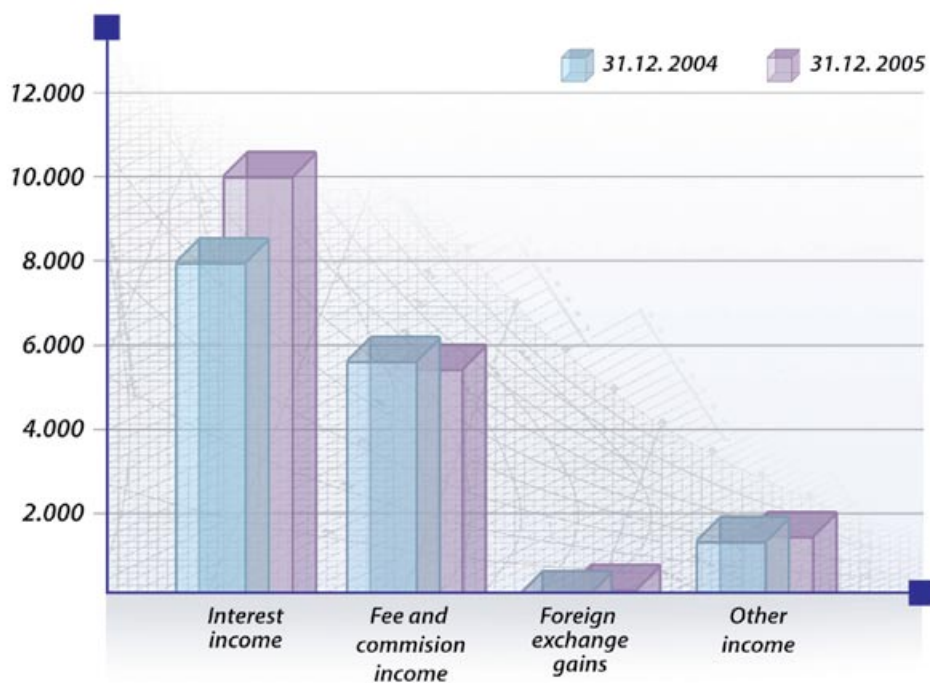
R.br.	OPIS	31.12.05	Index	31.12.04
1	Prihodi po osnovu kamata	11.195	122,3	9.157
2	Prihodi od naknada i provizija	6.526	97,3	6.704
3	Neto kursne razlike	1.234	121,0	1.020
4	Ostali prihodi	2.427	102,8	2.362
	Ukupno	21.382	111,1	19.243



Prihodi po osnovu kamata povećani su u odnosu na predhodnu godinu za 2 mil. 38 hilj. KM odnosno 22,26%, prihodi od naknada smanjeni su za mil.178 hilj. KM odnosno 2,72% a ostali prihodi povećani su za 65 hilj. KM odnosno 2,75%.

Income

No	DESCRIPTION	31.12.05	Index	31.12.04
1	Interest income	11.195	122,3	9.157
2	Fee and commision income	6.526	97,3	6.704
3	Foreign exchange gains	1.234	121,0	1.020
4	Other income	2.427	102,8	2.362
TOTAL		21.382	111,1	19.243

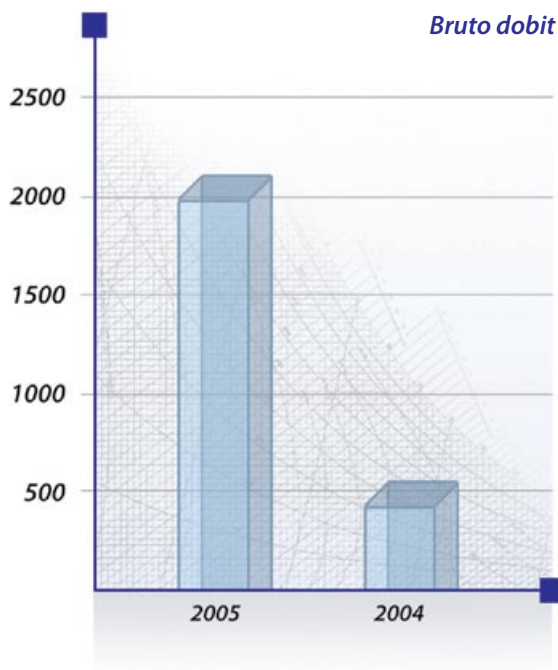


As compared to the previous year, interest income was increased by 2 mil. 38 thousand KM i.e. 22,26%, provision income was reduced by 1 mil. 178 thousand KM i.e. 2,72% and other income increased by 65 thousand KM.

Finansijski rezultat

Finansijski rezultat

OPIS	31.12.05	Index	31.12.04
Prihodi po osnovu kamata	11.195	122,3	9.157
Rashodi po osnovu kamata	3.268	136,1	2.402
Neto prihodi	7.927	117,4	6.755
Operativni prihodi	10.187	101,0	10.086
Poslovni i direktni rashodi	3.479	67,7	5.142
Ukupni operativni rashodi	12.534	112,3	11.158
Bruto dobit	2.101	388,4	541



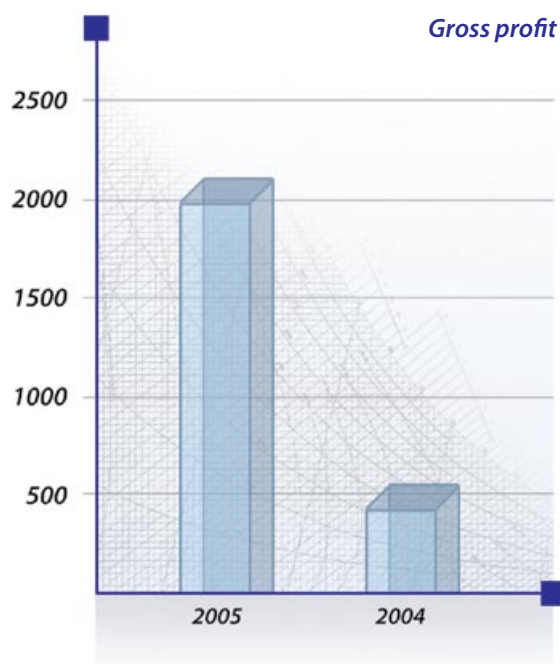
Aktivnosti koje je banka provodila u 2005 godini dale su pozitivne rezultate koji se najbolje očituju kroz bilans uspjeha. U periodu od 01.01.05 do 31.12.05 godine ostvareni su ukupni prihodi u iznosu od 21. mil. 382 hilj. KM i ukupni rashodi u iznosu od 19 mil. 281 hilj. KM, što je omogućilo Banci ostvarenje dobiti od 2 mil. 101 hilj. KM.

Pokazatelji

	2005	2004
Povrat na kapital (ROE)	10,39	2,96
Povrat na aktivu (ROA)	1,35	0,38
Neto prihod od kamata/ukupna aktiva	5,08	5,53
Neto prihod od naknada/ukupna aktiva	3,50	5,58
Ukupan prihod/Ukupna aktiva	13,71	13,47
Ukupan rashod/Ukupna aktiva	12,37	13,10
Kreditni/Ukupna aktiva	67,87	58,51
Zarada po dionici	11,58	2,67

Financial result

DESCRIPTION	31.12.05	Index	31.12.04
Interest income	11.195	122,3	9.157
Interest expense	3.268	136,1	2.402
Net income	7.927	117,4	6.755
Operating income	10.187	101,0	10.086
Direct expense	3.479	67,7	5.142
Total operating expense	12.534	112,3	11.158
GROSS PROFIT	2.101	388,4	541



Activities taken by the bank in 2005 gave positive results best shown in the balance sheet. In period from 01. 01. 2005 to 31. 12. 2005 total income was 21 mil. 382 thousand KM and total expenses were 19 mil. 281 thousand KM, resulting in profit for the bank of 2 mil. 101 thousand KM.

Indicators

	2005	2004
Return on equity (ROE)	10,39	2,96
Return on assets (ROA)	1,35	0,38
Net interest income/Total assets	5,08	5,53
Net fee and commission income/Total assets	3,50	5,58
Total income/Total assets	13,71	13,47
Total expense/Total assets	12,37	13,10
Loans/Total assets	67,87	58,51
Gain per share	11,58	2,67

ABS BANKA DD SARAJEVO

*Finansijski izvještaji za godinu koja je završila
31. decembra 2005. i izvještaj nezavisnog revizora*

ABS BANKA DD SARAJEVO

*Financial statements for the year ended
31 December 2005 and independent auditors' report*

Odgovornost za finansijske izvještaje

U skladu sa Zakonom o računovodstvu i reviziji Federacije Bosne i Hercegovine ("Službene novine Federacije Bosne i Hercegovine", broj 32/05), Uprava je dužna osigurati da za svaku finansijsku godinu budu sastavljeni finansijski izvještaji u skladu s Međunarodnim standardima finansijskog izvještavanja (MSFI), koje je objavio Odbor za međunarodne računovodstvene standarde, koji pružaju istinit i fer pregled stanja u Banci, kao i njene rezultate poslovanja za navedeni period.

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

Odgovornosti Uprave pri izradi finansijskih izvještaja obuhvaćaju sljedeće:

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

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

Potpisao za i u ime Uprave

Adnan Zukić

ABS banka d.d. Sarajevo
Trampina 12/6
71000 Sarajevo
Bosna i Hercegovina
3. marta 2006. godine

Responsibility for the financial statements

Pursuant to the Law on Accounting and Audit of Federation of Bosnia and Herzegovina (Official Gazette No. 32/05), the Management Board is responsible for ensuring that financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) which give a true and fair view of the state of affairs and results of the Bank for that period.

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

In preparing those financial statements, the responsibilities of the Management 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 Management 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 Bosnia and Herzegovina Accounting and Auditing Law. The Management 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 Management Board

Adnan Zukić

ABS banka d.d. Sarajevo
Trampina 12/6
71000 Sarajevo
Bosnia and Herzegovina
3 March 2006

Izvještaj nezavisnog revizora

Dioničarima ABS Banke d.d. Sarajevo:

Obavili smo reviziju priloženog Bilansa stanja ABS Banke d.d. Sarajevo (u daljnjem tekstu: "Banka") na dan 31. decembra 2005. godine te povezanih Bilansa uspjeha, Izvještaja o promjenama vlasničke glavnice i Izvještaja o novčanim tokovima za godinu koje je tada završila. Odgovornost za ove finansijske izvještaje snosi Uprava Banke. Naša odgovornost je izraziti mišljenje o finansijskim izvještajima na temelju naše revizije.

Reviziju smo obavili u skladu sa Međunarodnim revizijskim standardima. Navedeni standardi zahtijevaju da reviziju planiramo i obavimo na način kojim ćemo steći razumno uvjerenje da finansijski izvještaji ne sadrže materijalno značajne pogreške. Revizija uključuje i ispitivanje testiranjem podataka iz evidencija na temelju kojih su objavljeni iznosi i drugi podaci u finansijskim izvještajima. Revizija također uključuje i ocjenjivanje primijenjenih računovodstvenih načela i značajnih procjena uprave, kao i ocjenjivanje prikaza finansijskih izvještaja u cjelini. Uvjereni smo da nam revizija koju smo obavili pruža razumnu osnovu za naše mišljenje.

Po našem mišljenju, priloženi finansijski izvještaji prikazuju realno i objektivno, u svim značajnim odrednicama, finansijski položaj ABS Banke d.d. na dan 31. decembra 2005. godine, kao i rezultat njezinog poslovanja, novčani tok i promjene vlasničke glavnice za godinu koje je tada završila u skladu sa Međunarodnim standardima finansijskog izvještavanja.

Deloitte d.o.o.

Sarajevo, 3. marta 2006. godine

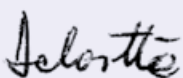
Independent Auditors' report

To the shareholders of ABS banka d.d. Sarajevo:

We have audited the accompanying balance sheets of ABS Banka d.d. Sarajevo (the 'Bank') as of 31 December 2005 and the related statements of income, changes in shareholders' equity and cash flows 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.

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

In our opinion the financial statements present fairly, in all material respects, the financial position of ABS Banka d.d. Sarajevo as of 31 December 2005, and the results of its operations, cash flows, and changes in shareholders' equity for the year then ended in accordance with International Financial Reporting Standards.



Deloitte d.o.o.

Sarajevo, 3 March 2006

Bilans uspjeha

za godinu koja je završila 31. decembra 2005.

(Svi iznosi izraženi su u hiljadama KM)

	Napomena	2005.	2004.
Prihodi od kamata	3	11.195	9.157
Rashodi od kamata	4	(3.268)	(2.402)
Neto prihod od kamata		7.927	6.755
Prihodi od naknada i provizija	5	6.526	6.704
Rashodi od naknada i provizija	6	(1.067)	(1.452)
Neto prihod od naknada i provizija		5.459	5.252
Neto prihodi od kursnih razlika	7	1.234	1.020
Ostali prihodi iz poslovanja		825	829
Prihod iz redovnog poslovanja		15.445	13.856
Troškovi zaposlenih	9	(6.378)	(5.979)
Trošak amortizacije	19	(913)	(1.023)
Opšti i administrativni troškovi	10	(5.243)	(4.156)
Rashod iz redovnog poslovanja		12.534	(11.158)
DOBIT PRIJE REZERVISANJA I POREZA NA DOBIT		2.911	2.698
Naplaćena otpisana potraživanja	8	1.602	1.533
Umanjenja vrijednosti i rezervisanja	11	(2.412)	(3.690)
DOBIT PRIJE POREZA NA DOBIT		2.101	541
Porez na dobit	12	(176)	(97)
NETO DOBIT TEKUĆE GODINE		1.925	444
OSNOVNA DOBIT PO DIONICI (KM)	32	11,58	2,67

Napomene u nastavku čine sastavni dio ovih finansijskih izvještaja.

Statements of Income

for the year ended 31 December 2005

(all amounts are expressed in thousands of KM)

	Notes	2005	2004
Interest income	3	11,195	9,157
Interest expense	4	(3,268)	(2,402)
Net interest income		7,927	6,755
Fee and commission income	5	6,526	6,704
Fee and commission expense	6	(1,067)	(1,452)
Net fee and commission income		5,459	5,252
Gains on foreign exchange transactions	7	1,234	1,020
Other operating income		825	829
Operating income		15,445	13,856
Personnel expenses	9	(6,378)	(5,979)
Depreciation	19	(913)	(1,023)
Other administrative expenses	10	(5,243)	(4,156)
Operating Expense		12,534	(11,158)
PROFIT BEFORE IMPAIRMENT LOSSES, PROVISIONS AND INCOME TAX		2,911	2,698
Collected write-offs	8	1,602	1,533
Impairment losses and provisions	11	(2,412)	(3,690)
PROFIT BEFORE INCOME TAX		2,101	541
Income tax	12	(176)	(97)
NET PROFIT FOR THE YEAR		1,925	444
BASIC EARNINGS PER SHARE IN KM	32	11.58	2.67

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

Bilans stanja

na dan 31. decembra 2005. godine

(Svi iznosi izraženi su u hiljadama KM)

	Napomena	2005.	2004.
IMOVINA			
Novac i novčani ekvivalenti	13	15.002	29.421
Obavezna rezerva kod Centralne banke	14	17.936	10.571
Plasmani kod drugih banaka	15	15.540	15.298
Neto dati krediti i potraživanja	16	98.579	78.355
Ostala imovina	17	2.323	1.829
Vrijednosni papiri po fer vrijednost kroz bilans uspjeha	18	117	157
Nekretnine i oprema	19	6.434	7.176
UKUPNA IMOVINA		155.931	142.807
OBAVEZE			
Obaveze prema drugim bankama	20	6.393	9.034
Obaveze prema klijentima	21	123.377	111.685
Rezervisanja	24	697	738
Ostale obaveze	22	5.235	3.046
UKUPNE OBAVEZE		135.702	124.503
VLASNIČKA GLAVNICA			
Dionički kapital		16.624	16.624
Rezerve i akumulirani dobitak		3.605	1.680
UKUPNA VLASNIČKA GLAVNICA		20.229	18.304
UKUPNO OBAVEZE I VLASNIČKA GLAVNICA		155.931	142.807
PREUZETE I POTENCIJALNE FINANSIJSKE OBAVEZE	23	34.876	36.386

Potpisali u ime ABS Banke d.d. Sarajevo dana 3. marta 2006. godine:

 Direktor Banke
 Adnan Zukić

 Izvršni Direktor
 Hajrudin Hadžović

Napomene u nastavku čine sastavni dio ovih finansijskih izvještaja.

Balance sheets

as at 31 December 2005

(all amounts are expressed in thousands of KM)

	Notes	2005	2004
ASSETS			
Cash and cash equivalents	13	15,002	29,421
Obligatory reserve with the Central Bank	14	17,936	10,571
Placements with other banks	15	15,540	15,298
Loans and receivables, net	16	98,579	78,355
Other assets	17	2,323	1,829
Securities at fair value through income statement	18	117	157
Property and equipment	19	6,434	7,176
TOTAL ASSETS		155,931	142,807
LIABILITIES			
Amounts due to banks	20	6,393	9,034
Amounts due to customers	21	123,377	111,685
Provisions	24	697	738
Other liabilities	22	5,235	3,046
TOTAL LIABILITIES		135,702	124,503
SHAREHOLDERS' EQUITY			
Share capital		16,624	16,624
Reserves and retained earnings		3,605	1,680
TOTAL SHAREHOLDER'S EQUITY		20,229	18,304
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		155,931	142,807
FINANCIAL COMMITMENTS	23	34,876	36,386

Signed on behalf of ABS banka d.d. Sarajevo on 3 March 2006:

Director of the Bank
Adnan Zukić

Executive Director
Hajrudin Hadžović

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

Izvještaj o novčanim tokovima

za godinu koja je završila 31. decembra 2005.

(Svi iznosi izraženi su u hiljadama KM)

	2005.	2004.
Poslovne aktivnosti		
Neto dobit	1.925	444
<i>Usklađenje na neto novčana sredstva ostvarena poslovnim aktivnostima:</i>		
Amortizacija	913	1.023
Rezervisanja	2.359	3.711
<i>Promjene na imovini i obavezama:</i>		
Neto povećanje potraživanja od Centralne banke	(7.365)	(6.968)
Neto povećanje plasmana kod drugih banaka prije rezervisanja	(242)	(9.430)
Neto povećanje kredita i potraživanja prije rezervisanja	(21.897)	(12.839)
Neto povećanje ostale aktive prije rezervisanja	(1.121)	(2.531)
Neto smanjenje obaveza prema bankama	(1.655)	(1.099)
Neto povećanje oročenih i depozita po viđenju	11.692	35.808
Neto povećanje/(smanjenje) ostalih obaveza	2.129	(683)
NETO NOVAC (KORIŠTEN)/OSTVAREN U POSLOVNIM AKTIVNOSTIMA	(13.262)	7.436
Investicijske aktivnosti		
Neto nabavke nekretnina i opreme	(171)	(853)
NETO NOVAC KORIŠTEN U INVESTICIJSKIM AKTIVNOSTIMA	(171)	(853)
Finansijske aktivnosti		
Neto smanjenje obaveza po kreditima	(986)	(1.065)
Isplaćene dividende	-	(582)
NETO NOVAC KORIŠTEN U FINANSIJSKIM AKTIVNOSTIMA	(986)	(1.647)
NETO (SMANJENJE)/POVEĆANJE NOVCA I NOVČANIH EKVIVALENATA	(14.419)	4.936
NOVAC I NOVČANI EKVIVALENTI 1. JANUARA	29.421	24.485
NOVAC I NOVČANI EKVIVALENTI 31. DECEMBRA	15.002	29.421

Napomene u nastavku čine sastavni dio ovih finansijskih izvještaja.

Statements of cash flows

for the year ended 31 December 2005

(all amounts are expressed in thousands of KM)

	2005	2004
Operating Activities		
Net Income	1,925	444
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation and amortization	913	1,023
Impairment losses and provisions	2,359	3,711
<i>Changes in operating assets and liabilities:</i>		
Net increase in due from Central Bank	(7,365)	(6,968)
Net increase in placements with other banks, before impairment losses	(242)	(9,430)
Net increase in loans and receivables, before impairment losses	(21,897)	(12,839)
Net increase in other assets, before impairment losses	(1,121)	(2,531)
Net decrease in due to banks	(1,655)	(1,099)
Net increase in demand and term deposits	11,692	35,808
Net increase/(decrease) in other liabilities	2,129	(683)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(13,262)	7,436
Investing Activities		
Net purchases of property and equipment	(171)	(853)
NET CASH USED IN INVESTING ACTIVITIES	(171)	(853)
Financing Activities		
Net proceeds from borrowings	(986)	(1,065)
Dividends paid	-	(582)
NET CASH USED BY FINANCING ACTIVITIES	(986)	(1,647)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(14,419)	4,936
CASH AND CASH EQUIVALENTS AT 1 JANUARY	29,421	24,485
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15,002	29,421

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

Izvještaj o promjenama vlasničke glavnice

za godinu koja je završila 31. decembra 2005.

(Svi iznosi izraženi su u hiljadama KM)

	<i>Dionički kapital</i>	<i>Rezerve</i>	<i>Akumulirani dobitak</i>	<i>Ukupno</i>
Stanje 31. decembra 2003.	16.624	-	1.158	17.782
Ranija primjena MSFI 3, Poslovne kombinacije	-	-	660	660
Prenos sa/(na)	-	576	(576)	-
Isplaćene dividende	-	-	(582)	(582)
Neto dobit za godinu	-	-	444	444
Stanje 31. decembra 2004.	16.624	576	1.104	18.304
Prenos sa/(na)	-	1.104	(1.104)	-
Neto dobit za godinu	-	-	1.925	1.925
Stanje 31. decembra 2005.	16.624	1.680	1.925	20.229

Napomene u nastavku čine sastavni dio ovih finansijskih izvještaja.

Statements of changes in shareholders' equity

for the year ended 31 December 2005

(all amounts are expressed in thousands of KM)

	Share capital	Reserves	Retained earnings	Total
Balance as at 31 December 2003	16,624	-	1,158	17,782
Effect of adoption of IFRS 3 -Business combinations	-	-	660	660
Transfer to / (from)	-	576	(576)	-
Dividends paid	-	-	(582)	(582)
Net income for the year	-	-	444	444
Balance as at 31 December 2004	16,624	576	1,104	18,304
Transfer to / (from)	-	1,104	(1,104)	-
Net income for the year	-	-	1,925	1,925
Balance as at 31 December 2005	16,624	1,680	1,925	20,229

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

Napomene uz finansijske izvještaje

za godinu koja je završila 31. decembra 2005.

1. OPĆI PODACI

Historija i osnivanje

ABS banka d.d. Sarajevo (u daljem tekstu: "Banka") registrovana je kod Kantonalnog Suda u Sarajevu dana 9. jula 1999. godine, br. U/I-1291/99. Dana 28. jula 1999. godine Banka je dobila dozvolu br. 01-376/99. Sjedište Banke je u Sarajevu, u ulici Trampina 12/6.

Osnovne djelatnosti Banke

Glavne djelatnosti Banke su:

1. primanje i plasiranje depozita;
2. primanje depozita po viđenju i oročenih depozita;
3. davanje dugoročnih i kratkoročnih kredita i izdavanje dugoročnih i kratkoročnih garancija;
4. aktivnosti na međubankarskom tržištu;
5. obavljanje unutrašnjeg i vanjskog platnog prometa;
6. kartičarsko poslovanje (debitne i kreditne kartice);
7. pružanje bankarskih usluga putem razvijene mreže filijala u Bosni i Hercegovini.

Centrala Banke je u Sarajevu, a Banka ima filijale u Sarajevu, Visokom, Tešnju, Sanskom Mostu, Tuzli, Bihaću, Zenici, Travniku i Mostaru.

Nadzorni odbor

Predsjednik	Amra Cogo
Član	Hamdija Alagić
Član	Mirsad Sirčo
Član	Džemal Mujić
Član	Zemira Hrnjić

Uprava Banke

Direktor	Adnan Zukić
Izvršni Direktor	Hajrudin Hadžović

Notes to the financial statements

31 December 2005

1. GENERAL

History and incorporation

ABS banka d.d. Sarajevo (the "Bank") was registered at Sarajevo Court under No. U/I-1291/99 on 9 July 1999. The Bank was licensed by the Federal Banking Agency on 28 July 1999 under No. 01-376/99. The Bank's legal address is Trampina 12/6, Sarajevo.

Principal activities of the Bank

The Bank's main operations are as follows:

1. accepting deposits from the public and placing of deposits;
2. providing current and term deposit accounts;
3. granting short- and long-term loans and guarantees ;
4. transactions on the interbank money market;
5. performing local and international payments;
6. debit and credit card operations;
7. providing banking services through an extensive branch network in the Federation of BiH;

The Bank has Head Office in Sarajevo and branch offices in Sarajevo, Visoko, Tešanj, Sanski Most, Tuzla, Bihać, Zenica, Travnik and Mostar.

Supervisory Board

President	Amra Cogo
Member	Hamdija Alagić
Member	Mirsad Sirčo
Member	Džemal Mujić
Member	Zemira Hrnjić

Management Board

Director	Adnan Zukić
Executive Director	Hajrudin Hadžović

Odbor za reviziju

Predsjednik	Samir Omerhodžić
Član	Zijo Brzina
Član	Izet Ganić
Član	Izudin Alić
Član	Muho Berberović
Sekretar Banke	Samra Džanko

Vlasnička struktura Banke je kako slijedi:

Dioničari	2005.	2004.
Fizička lica	6.130	9.156
Pravna lica	10.494	7.468
UKUPNO	16.624	16.624

Dionički kapital na dan 31. decembra 2005. i 2004. godine sastoji se od 166.238 običnih dionica sa nominalnom vrijednosti od 100 KM. Na dan 31. decembra 2004. godine nije bilo dioničara sa više od 5% učešća u dioničkom kapitalu, a 31. decembra 2005. godine jedan dioničar – fizičko lice posjeduje 8% dionica u kapitalu.

Banka posluje kroz jedan poslovni i geografski segment, a to je pružanje bankarskih usluga u Bosni i Hercegovini.

2. SAŽETAK TEMELJNIH RAČUNOVODSTVENIH POLITIKA**Temelj prezentiranja**

Finansijski izvještaji sastavljeni su u skladu sa Međunarodnim standardima finansijskog izvještavanja ("MSFI") koje je objavio Odbor za međunarodne računovodstvene standarde. Ovi finansijski izvještaji pripremljeni su po načelu historijskog troška, izuzev određenih finansijskih instrumenata koji su iskazani u revaloriziranim iznosima. Finansijski izvještaji prezentirani su u hiljadama konvertibilnih maraka ('000 KM), budući da je konvertibilna marka funkcijska valuta Banke.

Finansijski izvještaji sastavljeni su po načelu nastanka događaja, kao i pod pretpostavkom vremenske neograničenosti poslovanja.

Sastavljanje finansijskih izvještaja u skladu sa MSFI zahtijeva od Uprave da daje procjene i izvodi pretpostavke koje utiču na iskazane iznose imovine i obaveza te objavu nepredviđene imovine i nepredviđenih obaveza na datum finansijskih izvještaja, kao i na iskazane prihode i rashode tokom izvještajnog perioda. Procjene se temelje na informacijama koje su bile dostupne na datum sastavljanja finansijskih izvještaja, te se stvarni iznosi mogu razlikovati od procijenjenih.

Audit Committee

President	Samir Omerhodžić
Member	Zijo Brzina
Member	Izet Ganić
Member	Izudin Alić
Member	Muho Berberović
Secretary of the Bank	Samra Džanko

The shareholding structure is as follows:

Shareholders	2005	2004
Individuals	6,130	9,156
Legal entities	10,494	7,468
Total	16,624	16,624

The shareholders' capital consists of 166,238 ordinary shares with nominal value of 100 KM each as of 31 December 2005 and 2004. As of 31 December 2004 there were no investors holding more than 5% of shareholders' capital and as of 31 December 2005 one shareholder – physical person holds 8% of capital.

The Bank considers that it operates in a single business segment, and a single geographical segment, that is the provision of banking services in Bosnia and Herzegovina.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of presentation**

These financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as published by the International Accounting Standards Board. The financial statements have been prepared under the historical cost basis, except for the revaluation of certain financial instruments at fair value. The financial statements are presented in thousands of convertible mark (KM'000) which is the functional currency of the Bank.

The financial statements are prepared on an accrual basis of accounting, under the going concern assumption.

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 balance sheet date and actual results could differ from those estimates.

Banka vodi svoje poslovne knjige i sastavlja svoje finansijske izvještaje u skladu s propisima i odlukama Federalne bankarske agencije (FBA) i zakona o bankama Federacije Bosne i Hercegovine. Priloženi finansijski izvještaji sastavljeni su na temelju računovodstvenih evidencija Banke i uključuju odgovarajuća usklađenja i reklasifikacije koje su potrebne u svrhu istinitog i objektivnog prikaza u skladu s MSFI.

Prihodi i rashodi od kamata

Prihodi i rashodi od kamata iskazuju se u Bilansu uspjeha za sve instrumente koji donose kamatu po načelu obračunatih kamata primjenom metode stvarnog prinosa, a na temelju stvarne kupovne cijene. Prihodi od kamata uključuju amortizaciju diskonta, premije ili bilo koje razlike između početne knjigovodstvene vrijednosti dužničkih vrijednosnih papira i njihove vrijednosti po dospelju, uključujući materijalne naknade za obradu kreditnih zahtjeva.

Kamate na depozite se pripisuju glavnici ako je to ugovorom predviđeno. Prihod od kamata se suspendira kada se ustanovi da nije izvjestan. Suspendirana kamata se iskazuje kao prihod kada se naplati.

Prihodi i rashodi od naknada i provizija

Naknade i provizije sastoje se uglavnom od provizija u domaćem i inostranom platnom prometu, te naknada za odobrenje kredita i drugih kreditnih instrumenata Banke. Provizije od platnog prometa priznaju se u periodu u kojem su usluge pružene.

Naknade za odobrenje kredita se nakon odobrenja i povlačenja kreditnih sredstava odgađaju, (zajedno s povezanim direktnim troškovima odobrenja) i priznaju kao usklađenje efektivnog prinosa na kredit tokom perioda kreditiranja.

Oporezivanje

Poreski rashod s temelja poreza na dobit jest zbirni iznos tekuće poreske obaveze i odgođenih poreza.

Tekuća poreska obaveza temelji se na oporezivoj dobiti za godinu. Oporeziva dobit razlikuje se od neto dobiti perioda iskazanoj u bilansu uspjeha jer uključuje stavke prihoda i rashoda koje su oporezive ili neoporezive u drugim godinama, kao i stavke koje nikada nisu oporezive ni odbitne. Tekuća poreska obaveza Društva izračunava se primjenom poreskih stopa koje su na snazi, odnosno u postupku donošenja na datum bilansa.

Odgođeni porez jest iznos za koji se očekuje da će po njemu nastati obaveza ili povrat temeljem razlike između knjigovodstvene vrijednosti imovine i obaveza u finansijskim izvještajima i pripadajuće poreske osnovice koja se koristi za izračunavanje oporezive dobiti a obračunava se metodom bilansne obaveze. Odgođene poreske obaveze općenito se priznaju za sve oporezive privremene razlike, a odgođena poreska imovina se priznaje u onoj mjeri u kojoj je vjerojatno da će biti raspoloživa oporeziva dobit na temelju koje je moguće iskoristiti privremene razlike koje se odbijaju.

Knjigovodstveni iznos odgođene poreske imovine preispituje se na svaki datum bilanse i umanjuje u onoj mjeri u kojoj više nije vjerojatno da će biti raspoloživ dostatan iznos oporezive dobiti za povrat cijelog ili dijela poreske imovine. Odgođeni porez obračunava se po poreskim stopama za koje se očekuje da će biti u primjeni u periodu u kojem će doći do podmirenja obaveze ili realizacije sredstva. Odgođeni porez knjiži se na teret ili u korist bilansa uspjeha, osim ako se odnosi na stavke koje se knjiže direktno u korist ili na teret glavnice, u kojem slučaju se odgođeni porez također iskazuje u okviru glavnice.

Odgođena poreska imovina i obaveze se prebijaju ako se odnose na poreze na dobit koje je nametnula ista poreska vlast i ako Banka namjerava podmiriti svoju tekuću poresku imovinu i obaveze na neto osnovi.

The Bank maintains its books of accounts and prepares financial statements for regulatory purposes in accordance with the regulations of the Federal Banking Agency ("FBA") and Law on Banks of the Federation of 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.

Interest Income and Expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on a time proportion basis that takes into account the effective yield on the assets. Interest revenue includes the amount of amortization of any discount, premium or other difference between the initial carrying amount of a debt security and its amount at maturity including any material loan origination fees.

Interest charged on deposits is added to the principal where this is foreseen by the agreement. Interest income is suspended when it is considered that recovery of the income is unlikely. Suspended interest is recognized as income when collected.

Fee and commission income and expense

Fees and commissions consist mainly of fees earned on domestic and foreign payment transactions, and fees for loans and other credit instruments issued by the Bank. Fees for payment transactions are recognised in the period when services are rendered.

Loan origination fees, after approval and drawdown of loans, are deferred (together with related direct costs) and recognized as an adjustment to the effective yield of the loan over its life.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax expense is based on taxable income for the year. Taxable income differs from net income as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Bank has the ability and intention to settle on a net basis.

Novac i novčani ekvivalenti

Za potrebe izvještavanja o novčanim tokovima, novac i novčani ekvivalenti obuhvaćaju sredstva u blagajni, stanja na računu kod Centralne Banke Bosne i Hercegovine ("CBBH") i stanja na računima kod drugih banaka.

Novac i novčani ekvivalenti isključuju obaveznu minimalnu rezervu kod Centralne Banke, budući da sredstva obavezne rezerve nisu na raspolaganju Banci u njenom svakodnevnom poslovanju. Obavezna minimalna rezerva kod CBBiH je iznos koji su obavezne izdvajati sve poslovne banke koje imaju dozvolu za rad u Bosni i Hercegovini.

Finansijska imovina i finansijske obaveze

Finansijska imovina Banke razvrstana je u portfelje ovisno o namjeri Banke u trenutku sticanja finansijskog sredstva i u skladu sa ulagačkom strategijom Banke. Temeljna razlika među pomenutim kategorijama je u pristupu mjerenja finansijske imovine i priznavanja fer vrijednosti u finansijskim izvještajima.

Sva finansijska imovina i sve finansijske obaveze priznaju se, odnosno prestaju se priznavati na datum trgovanja kad je kupoprodaja finansijskog sredstva ili finansijske obaveze definirana ugovorenim datumom isporuke finansijskog sredstva u rokovima utvrđenim prema konvencijama na predmetnom tržištu.

Dati krediti i potraživanja

Dati krediti i potraživanja su nederivacijska finansijska imovina s fiksnim ili odredivim plaćanjima koja ne kotira na aktivnom tržištu.

Zajmovi i potraživanja mjere se početno po fer vrijednosti i kasnije po amortiziranom trošku primjenom metode efektivne kamatne stope, umanjenoj za ispravku vrijednosti zbog umanjenja. Troškovi prema trećim stranama, kao što su tarife za osiguranje zajma, tretiraju se kao dio troška transakcije, kao i naknade klijenata. Naknade za odobrenje zajmova odgađaju se, zajedno sa svim povezanim direktnim troškovima, i priznaju kao usklađivanje efektivnog prinosa na kredit.

Ispravka vrijednosti zajmova zbog umanjenja knjiži se ako postoji objektivan dokaz da Banka neće biti u mogućnosti naplatiti cijeli iznos potraživanja o dospijeću. Ispravka vrijednosti predstavlja razliku između knjigovodstvenog i nadoknadivog iznosa, koji predstavlja sadašnju vrijednost očekivanih novčanih tokova, uključivši nadoknadbive iznose po garancijama i kolateralima, diskontiranih primjenom efektivne kamatne stope na zajam utvrđene pri početnom priznavanju. Ispravka vrijednosti za gubitke od umanjenja po pojedinačnim zajmovima procjenjuje se na temelju kreditne sposobnosti i rezultata poslovanja zajmoprimatelja, uzimajući u obzir vrijednost instrumenta osiguranja za naplatu zajma ili jamstvo treće strane.

Ako Banka utvrdi da ne postoji objektivan dokaz o umanjenju određenog finansijskog sredstva, bilo ono značajno ili ne, spomenuto sredstvo svrstava u grupu finansijske imovine sličnih obilježja kreditnog rizika i sva sredstva u istoj grupi podvrgava zajedničkoj procjeni u svrhu umanjenja vrijednosti. Imovina kod koje se umanjenje procjenjuje pojedinačno i kod koje se gubici od umanjenja priznaju, odnosno nastavljaju priznavati, ne uključuje se u zajedničku procjenu umanjenja vrijednosti.

Objektivan dokaz o umanjenju finansijskog sredstva kod kojeg se procjena umanjenja obavlja zajednički može biti negativna promjena u platnom statusu dužnika u istoj grupi (npr. veći broj dospjelih neizmirenih iznosa) ili promjene u privrednim uslovima u zemlji ili mjestu poslovanja koji se mogu povezati s neurednošću plaćanja, odnosno pogoršanjem imovine u toj grupi.

Nenaplativi zajmovi otpisuju se u iznosu povezane ispravke vrijednosti zbog umanjenja, a svi kasnije naplaćeni iznosi knjiže se u korist bilansa uspjeha u okviru prihoda po osnovu naplate otpisanih potraživanja. Banka za kašnjenje u plaćanju dužnicima zaračunava zateznu kamatu, koju obračunava na osnovu novčanih primitaka i iskazuje u okviru prihoda od kamata.

Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash, balances with the Central Bank ('CBBH') and accounts with other banks.

Cash and cash equivalents excludes the compulsory minimum reserve with the Central Bank as these funds are not available for the Bank's day to day operations. The compulsory minimum reserve with the CBBH is a required reserve to be held by all commercial banks licensed in Bosnia and Herzegovina.

Financial assets and liabilities

Financial assets held by the Bank are categorised into portfolios in accordance with the Bank's intent on the acquisition and pursuant to the Bank's investment strategy. The principal difference among the portfolios relates to the measurement of financial assets and the recognition of their fair values in the financial statements.

All financial assets and liabilities are recognised and derecognised on a trade date basis where the purchase or sale of financial asset or liability is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loan and receivables are measured at amortised cost using the effective interest method, less any allowance for impairment. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction as well as fees received from customers. Loan origination fees are deferred (together with related direct costs) and recognized as an adjustment to the effective yield of the loan.

An allowance 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 allowance 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 computed at initial recognition. Specific allowances 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.

If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Objective evidence of impairment for financial assets assessed collectively for impairment are the adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments) or national or local economic conditions that correlate with defaults on the assets in the group.

When a loan is uncollectible, it is written off against the related allowance for impairment; subsequent recoveries are recorded to the 'Income from collected write - offs' line in the income statement. 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'.

Vrijednosni papiri iskazani po fer vrijednosti kroz bilans uspjeha

Vrijednosni papiri iskazani po fer vrijednosti kroz bilans uspjeha obuhvataju kapitalna ulaganja i dužničke vrijednosne papire, stečene da bi se u kratkom periodu prodali ili kupili, ili su dio portfolia identifikovanih finansijskih instrumenata kojima se zajedno upravlja i za koje postoje dokazi o redovitom kratkoročnom profitiranju.

U skladu sa investicijskom politikom Banke, sva finansijska imovina u okviru MRS-a 39, može da se klasificira kao priznata po fer vrijednosti kroz dobit ili gubitak, osim instrumenata kapitalnih ulaganja, koji nemaju tržišnu cijenu na aktivnom tržištu, i čija fer vrijednost se ne može pouzdano izmjeriti.

Ova imovina se inicijalno priznaje po trošku sticanja usklađena za fer vrijednost na datum bilansa stanja, a na osnovu tržišnih cijena ili iznosa koji proizlaze iz modela novčanih tokova. Svaki dobitak ili gubitak nastao vrednovanjem ove imovine priznaje se u računu dobiti i gubitka perioda.

Nekretnine i oprema

Nekretnine i oprema početno se iskazuju po trošku nabavke umanjenom za ispravku vrijednosti i akumuliranih gubitaka od umanjenja vrijednosti. Trošak nabavke obuhvata nabavnu cijenu i sve troškove direktno povezane s dovođenjem sredstva u radno stanje za namjeravanu upotrebu. Troškovi tekućeg održavanja i popravaka, zamjene te investicijskog održavanja manjeg obima priznaju se kao rashod kad su nastali. Troškovi značajnih investicijskih održavanja i zamjene se kapitaliziraju. Dobici i gubici temeljem rashodovanja ili otuđenja dugotrajne materijalne imovine iskazuju se u bilansu uspjeha u periodu u kojem su nastali.

Nekretnine u izgradnji iskazane su po trošku nabavke umanjenom za eventualne gubitke od umanjenja. Obračun amortizacije započinje u trenutku u kojem je sredstvo spremno za namjeravanu upotrebu. Amortizacija se obračunava na temelju procijenjenog vijeka upotrebe sredstva, koji je kako slijedi:

Zgrade	1,3%
Računari	33,3%
Vozila	20%
Namještaj i ostala kancelarijska oprema	15-20%
Nematerijalna imovina	20%

Negative goodwill

Banka je odlučila ranije primijeniti MSFI 3, Poslovne kombinacije. Na dan 1. siječnja 2004. godine ostatak neamortiziranog negativnog goodwilla u iznosu od 660 tisuća KM priznat je odgovarajućim knjiženjem na zadržanu dobit.

Securities at fair value through income statement

Securities at fair value through income statement comprise of equity and debt securities acquired or incurred principally for the purpose of selling or repurchasing it in the near term or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

In accordance with the Bank's investment policy any financial asset within the scope of IAS 39 can be classified as designated at fair value through profit or loss except for investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Subsequent to initial recognition, financial assets at fair value through profit or loss are accounted for and stated at fair value that approximates the price quoted on recognised stock exchanges or acceptable valuation models.

Property and equipment

Property and equipment are started at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes the purchase price and directly associated cost of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacement of assets are capitalised. Gains or losses on the retirement or disposal of property and equipment are included in the statement of income in the period in which they occur.

Properties in the course of construction are carried at cost, less impairment loss, if any. Depreciation commences when the assets are ready for their intended use. Depreciation is calculated on a straight-line basis over the estimated useful life of the applicable assets and based upon the application of the following annual percentages to historical costs:

Buildings	1.3%
Computers	33.3%
Vehicles	20%
Furniture and other office equipment	15-20%
Intangible assets	20%

Negative goodwill

The Bank has decided to early adopt IFRS 3 Business Combinations. At 1 January 2004 the remaining unamortized balance of KM 660 thousand of negative goodwill is derecognised with the corresponding entry to retained earnings.

Preračunavanje stranih valuta

Poslovni događaji koji nisu u konvertibilnim markama početno se knjiže preračunavanjem po važećem kursu na datum transakcije. Monetarna imovina i obaveze iskazani u stranim valutama ponovno se preračunavaju na dan bilanse primjenom kursa važećeg na taj datum. Nenovčane stavke u stranoj valuti iskazane po fer vrijednosti preračunavaju se primjenom valutnog kursa važećeg na datum procjene fer vrijednosti. Nenovčane stavke u stranoj valuti iskazane po historijskom trošku se ne preračunavaju ponovno na dan bilansa. Dobici i gubici nastali preračunavanjem uključuju se u bilans uspjeha perioda.

Banka vrednuje svoju imovinu i obaveze prema srednjem kursu Centralne banke Bosne i Hercegovine koji je važeći na dan bilansa stanja. Kursevi Centralne banke za najznačajnije valute koje je Banka primjenjivala u izradi bilansa na izvještajne datume su kako slijedi:

31. decembar 2005.	EUR 1= KM 1,95583	USD 1=KM 1,657905
31. decembar 2004.	EUR 1= KM 1,95583	USD 1=KM 1,437687

Preuzete obaveze u vanbilansnoj evidenciji

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

Rezerviranja

Banka priznaje rezerviranje ako ima sadašnju obavezu koja je nastala temeljem prošlih događaja, ako postoji vjerovatnost da će za podmirenje obaveze biti potreban odliv resursa. Uprava Banke određuje iznos rezervisanja na temelju najbolje moguće procjene troškova koji će nastati podmirenjem obaveze. Ako je učinak materijalno značajan, rezervisanja se diskontiraju do sadašnje vrijednosti.

Reklasifikacija

Određeni iznosi iz finansijskih izvještaja za prethodnu godinu reklasificirani su da bi bili u skladu sa prikazom tekuće godine.

Regulatorno okruženje

Banka podliježe regulativi Federalne bankarske agencije, kojom se propisuju limiti i druga ograničenja vezana za minimalnu razinu adekvatnosti kapitala, klasifikaciju zajmova i vanbilansnih preuzetih obaveza, te utvrđivanje rezervisanja za kreditni rizik, kamatni rizik i valutni rizik, rizik likvidnosti i deviznu poziciju. Banka je na kraju godine načelno udovoljavala svim regulatornim zahtjevima.

Foreign currency translation

Transactions in currencies other than Bosnia and Herzegovina KM are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Profits and losses arising on translation are included in the statement of income for the period.

The Bank values its assets and liabilities by middle rate of Central Bank of Bosnia and Herzegovina valid at the date of balance sheet. The principal rates of exchange set forth by the Central Bank and used in the preparation of the Bank's balance sheet at the reporting dates were as follows:

31 December 2005	EUR 1= KM 1.95583	USD 1=KM 1.657905
31 December 2004	EUR 1= KM 1.95583	USD 1=KM 1.437687

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 undrawn loan commitments. Such financial commitments are recorded in the Bank's balance sheet if and when they become payable.

Provisions

Provisions for are recognised when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Management Board estimates the provisions based at the best estimate of expenditure to settle the Bank's obligation. Provisions are discounted to present value where the effect is material.

Reclassification

Certain amounts in the previous year financial statements have been reclassified to conform with the current year presentation.

Regulatory requirements

The Bank is subject to the regulatory requirements of the Federal Banking Agency. These regulations include limits and other restrictions pertaining to minimum capital adequacy requirements, classification of loans and off balance sheet commitments and forming allowances to cover credit risk, liquidity, interest rate and foreign currency position. At year end the Bank was substantially in compliance with all regulatory requirements.

3. *PRIHODI OD KAMATA*

	2005.	2004.
Kamate na kredite date preduzećima	6.120	5.442
Kamate na kredite date stanovništvu	3.711	2.814
Kamate na kredite date drugim bankama	752	338
Ostalo	612	563
Ukupno	11.195	9.157

4. *RASHODI OD KAMATA*

	2005.	2004.
Kamate na depozite od preduzeća	1.996	1.350
Kamate na depozite od stanovništva	1.174	907
Kamate na sredstva drugih banaka	77	104
Ostalo	21	41
Ukupno	3.268	2.402

5. *PRIHODI OD NAKNADA I PROVIZIJA*

	2005.	2004.
Naknade od preduzeća	3.835	3.382
Naknade od banaka	564	1.023
Naknade od stanovništva	755	478
Naknade od mjenjačkih poslova	913	1.308
Ostalo	459	513
Ukupno	6.526	6.704

3. INTEREST INCOME

	2005	2004
Interest on loans to companies	6,120	5,442
Interest on loans to individuals	3,711	2,814
Interest on loans to banks	752	338
Other	612	563
Total	11,195	9,157

4. INTEREST EXPENSE

	2005	2004
Interest on companies deposits	1,996	1,350
Interest on individuals deposits	1,174	907
Interest on amounts due to other banks	77	104
Other	21	41
Total	3,268	2,402

5. FEE AND COMMISSION INCOME

	2005	2004
Fees from companies	3,835	3,382
Fees from banks	564	1,023
Fees from individuals	755	478
Commission on currency conversion	913	1,308
Other	459	513
Total	6,526	6,704

6. RASHODI OD NAKNADA I PROVIZIJA

	2005.	2004.
Banke	954	1.307
Ostalo	113	145
Ukupno	1.067	1.452

7. DOBIT OD KURSNIH RAZLIKA, NETO

	2005.	2004.
Prihodi od kursnih razlika iz spot transakcija	1.314	1.275
Rashodi od kursnih razlika iz konverzija stranih valuta imovine i obaveza	(80)	(255)
Ukupno	1.234	1.020

8. PRIHODI OD NAPLAĆENIH OTPISANIH POTRAŽIVANJA

	2005.	2004.
Prihodi od naplaćene glavnice	898	1.009
Prihodi od naplaćene kamate	330	338
Prihod od naplaćenih ostalih potraživanja	374	186
Ukupno	1.602	1.533

6. FEE AND COMMISSION EXPENSE

	2005	2004
Banks	954	1,307
Other	113	145
Total	1,067	1,452

7. GAINS ON FOREIGN EXCHANGE TRANSACTIONS

	2005	2004
Gains on spot foreign exchange transactions	1,314	1,275
Losses on translation of foreign currency assets and liabilities	(80)	(255)
Total	1,234	1,020

8. COLLECTED WRITE OFFS

	2005	2004
Income from collection of written-off loan principle	898	1,009
Income from collection of written-off interest receivables	330	338
Income from collection of written-off other receivables	374	186
Total	1,602	1,533

9. TROŠKOVI ZAPOSLENIH

	2005.	2004.
Neto plate	3.053	2.791
Porezi i doprinosi	2.138	1.949
Ostalo	1.187	1.239
Ukupno	6.378	5.979

Banka nema penzioni fond odvojen od postojećeg penzionog Fonda Bosne i Hercegovine. Sistem zahtjeva da se doprinosi koje uplaćuje poslodavac računaju kao prosjek brute plate i poreza na neto platu; ovi troškovi idu na teret bilansa uspjeha za period za koji je uposlenik zaradio platu ili naknadu.

Prosječan broj zaposlenih u Banci za godinu koja je završila 31. decembra 2005. odnosno 2004. bio je 307.

10. OSTALI ADMINISTRATIVNI TROŠKOVI

	2005.	2004.
Telekomunikacijske usluge	617	652
Zakupnina	589	520
Troškovi osiguranja	538	300
Materijalni troškovi	521	427
Troškovi reklame	431	317
Troškovi energije	353	342
Troškovi prevoza	253	28
Troškovi održavanja	248	153
Troškovi otpisa stalnih sredstava	165	267
Ostali administrativni troškovi	1.528	1.150
Ukupno	5.243	4.156

9. PERSONNEL EXPENSES

	2005	2004
Net salaries	3,053	2,791
Taxes and contributions	2,138	1,949
Other	1,187	1,239
Total	6,378	5,979

The Bank does not have pension arrangements separate from Bosnia and Herzegovina pension system. This system requires that current contributions by the employer be calculated as a percentage of current gross salary payments and taxes on net salary; these expenses are charged to the profit and loss statement in the period the related compensation is earned by the employee.

The average number of personnel employed by the Bank during the years ended 31 December 2005 and 2004 was 307.

10. OTHER ADMINISTRATIVE EXPENSES

	2005	2004
Telecommunication expenses	617	652
Rent	589	520
Insurance premiums	538	300
Material expenses	521	427
Advertising and marketing	431	317
Electricity	353	342
Transportation expenses	253	28
Maintenance	248	153
Losses from disposals of fixed assets	165	267
Other administrative expenses	1,528	1,150
Total	5,243	4,156

11. UMANJENJA VRIJEDNOSTI I REZERVIRANJA

	2005.	2004.
Rezervisanja za moguće gubitke za novac i novčana sredstva	53	(21)
Rezervisanja za moguće gubitke za kredite i potraživanja	2.014	1.247
Rezervisanja za preuzete i potencijalne obaveze	19	325
Rezervisanja za moguće gubitke po ostaloj aktivi	286	2.109
Ostala rezervisanja	40	30
Ukupno	2.412	3.690

12. POREZ NA DOBIT

	2005.	2004.
Dobit prije poreza na dobit	2.101	541
Porezno nepriznati rashodi i prihodi koji se ne oporezuju	557	833
Prenos u rezerve	(315)	(81)
Oporezivi prihodi	2.343	1.293
Poreska obaveza (30%)	703	388
Porezno oslobođenje	(527)	(291)
Obaveza za porez na dobit	176	97

Porezna obaveza Banke izračunava se na temelju računovodstvene dobiti, uzimajući u obzir porezno nepriznate troškove i neoporezive prihode. Stopa poreza na dobit za godine koje su završile 31. decembra 2005. i 2004. bila je 30%. U skladu sa fiskalnim propisima porezno oslobođenje od poreza na dobit je zasnovano na planiranim ulaganjima u stalna sredstva u narednoj godini. Oslobođanje od poreza na dobit zasnovano na planiranim ulaganjima u stalna sredstva provodi se kontinuirano.

11. IMPAIRMENT LOSSES AND PROVISIONS

	2005	2004
Impairment losses for cash and cash equivalents	53	(21)
Impairment losses for loans and receivables	2,014	1,247
Provision for commitments and contingencies	19	325
Impairment losses for other assets	286	2,109
Other provisions	40	30
Total	2,412	3,690

12. INCOME TAX

	2005	2004
Profit before income tax	2,101	541
Non-deductible expenses and taxable income relieves	557	833
Transfer to reserves	(315)	(81)
Taxable income	2,343	1,293
Income tax liability of 30%	703	388
Income tax exemption	(527)	(291)
Income tax liability	176	97

Tax liability is based on accounting income taking into the account non-deductible expenses and non-taxable income. Tax income rate for the years ended 31 December 2005 and 2004 was 30%. According to the fiscal legislation, the Bank's exemption from income tax is based on planned investments in fixed assets in the next year. Income tax exemptions for investments in fixed assets are available on continuous basis.

13. NOVAC I NOVČANA SREDSTVA

	2005.	2004.
Novac u blagajni	10.139	15.238
Tekući računi kod drugih banaka	4.897	14.155
Čekovi	26	35
Manje: Rezervisanja za moguće gubitke	(60)	(7)
Ukupno	15.002	29.421

Promjene na rezervisanjima za moguće gubitke za novac i novčana sredstva mogu se prikazati kako slijedi:

	2005.	2004.
Stanje na dan 1. januara	7	28
Povećanje rezervisanja	57	7
Smanjenje rezervisanja	(4)	(28)
Stanje na dan 31. decembra	60	7

14. OBAVEZNA REZERVA KOD CENTRALNE BANKE

	2005.	2004.
Obavezna rezerva	17.936	10.571
Ukupno	17.936	10.571

Obavezna rezerva se izračunava na dan 31. decembra 2005. godine odnosno 31. decembra 2004. godine u visini od 15% odnosno 10% prosječnog iznosa ukupnih depozita i pozajmljenih sredstava u posljednjih deset dana obračuna obavezne rezerva.

15. PLASMANI KOD DRUGIH BANAKA

	2005.	2004.
<i>Kratkoročni depoziti kod banaka u slijedećim zemljama:</i>		
Zemlje OECD-a	15.521	15.279
Ostale zemlje	19	19
Ukupno	15.540	15.298

Kamatna stopa na plasmane u EUR kretala se od 2,28% - 2,42% godišnje u 2005. godini (2004: 1,85 - 2,04% godišnje) i za plasmane kod drugih banaka u USD od 1,75% - 4,15% godišnje u 2005. godini (2004: 1,89% godišnje).

13. CASH AND CASH EQUIVALENTS

	2005	2004
Cash on hand	10,139	15,238
Current accounts with other banks	4,897	14,155
Cheques	26	35
Less: Provision for possible losses	(60)	(7)
Total	15,002	29,421

The movements in the provision for cash balances are summarized as follows:

	2005	2004
Balance as at 1 January	7	28
Increase of provisions	57	7
Release of provisions	(4)	(28)
Balance as at 31 December	60	7

14. OBLIGATORY RESERVE AT CENTRAL BANK

	2005	2004
Obligatory reserve	17,936	10,571
Total	17,936	10,571

Minimum obligatory reserve as at 31 December 2005 and 31 December 2004 is calculated in amount of 15% and 10%, respectively of the average amount of total deposits and the borrowings for each working day during 10 calendar days following the period of maintaining the obligatory reserve.

15. PLACEMENTS WITH OTHER BANKS

	2005	2004
<i>Short-term placements with banks in following countries:</i>		
OECD countries	15,521	15,279
Other countries	19	19
Total	15,540	15,298

The interest rate for placements in EUR was 2.28% - 2.42% p.a. in 2005 (2004: 1.85 - 2.04% p.a.) and for placements in USD was 1.75% - 4.15% p.a. in 2005 (2004: 1.89% p.a.).

16. DATI KREDITI I POTRAŽIVANJA

	2005.	2004.
Kratkoročni krediti:		
Pravna lica	38.971	36.622
Fizička lica	8.610	6.017
<i>Ukupno kratkoročni krediti</i>	<i>47.581</i>	<i>42.639</i>
Dugoročni krediti:		
Pravna lica	35.880	25.586
Fizička lica	22.372	16.260
<i>Ukupno dugoročni krediti</i>	<i>58.252</i>	<i>41.846</i>
Ukupno krediti prije rezervisanja za moguće gubitke	105.833	84.485
<i>Manje: Rezervisanja za moguće gubitke</i>	<i>(7.254)</i>	<i>(6.130)</i>
Ukupno	98.579	78.355

Svi krediti odobreni su komitentima u Federaciji Bosne i Hercegovine.

Kratkoročni krediti odobravaju se na period od 30 do 365 dana. Svi kratkoročni krediti u domaćoj valuti su izdati klijentima za finansiranje. Dugoročni krediti se u većini izdaju fizičkim licima za potrebe kupovine stanova i auta i pravnim licima za dugoročna ulaganja.

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

	2005.	2004.
Stanje na dan 1. januara	6.130	5.935
Povećanje rezervisanja	5.889	4.436
Smanjenje rezervisanja	(3.875)	(3.189)
Otpisi	(890)	(1.052)
Stanje na dan 31. decembra	7.254	6.130

16. LOANS AND RECEIVABLES

	2005	2004
<i>Short-term loans:</i>		
Corporate	38,971	36,622
Retail	8,610	6,017
<i>Subtotal short-term loans</i>	<i>47,581</i>	<i>42,639</i>
<i>Long-term loans:</i>		
Corporate	35,880	25,586
Retail	22,372	16,260
<i>Subtotal long-term loans</i>	<i>58,252</i>	<i>41,846</i>
Total loans before provision for impairment	105,833	84,485
<i>Less: Provision for loan impairment</i>	<i>(7,254)</i>	<i>(6,130)</i>
Total	98,579	78,355

Loans to customers are granted within the Federation of Bosnia and Herzegovina.

Short-term loans are granted for periods of 30 to 365 days. The majority of short-term loans in domestic currency are granted to clients for working capital financing. Long-term loans are mostly granted to individuals for housing and vehicle purchases and industry for long – term investments.

The movements in the provision for impairment of loans are summarized as follows:

	2005	2004
Balance as at 1 January	6,130	5,935
Increase in provisions	5,889	4,436
Release of provisions	(3,875)	(3,189)
Write-offs	(890)	(1,052)
Balance as at 31 December	7,254	6,130

Analiza bruto kredita pravnim licima prije rezervisanja po poslovnim granama:

	2005.	2004.
Poljoprivreda i šumarstvo	1.451	1.903
Industrija	26	154
Građevinska industrija	10.942	7.721
Trgovina	30.589	21.150
Transport i komunikacije	3.319	1.926
Energija	4.820	5.141
Finansijske, tehničke i poslovne usluge	2.320	1.000
Stanovništvo	30.982	22.277
Turizam	6.175	4.725
Ostalo	15.209	18.488
Ukupno	105.833	84.485

Ukupan iznos glavnice za kredite u kašnjenju na koje banka ne obračunava kamatu dan 31. decembra 2005. i 2004. godine iznosio je 5.793 hiljada KM, odnosno 6.795 hiljada KM.

Kamatne stope po kreditima na dan 31. decembra 2005. i 2004. mogu se prikazati kako slijedi:

	2005.	2004.
Pravna lica	10,14%	11,25%
Fizička lica	10,04%	11,30%

An industry analysis of the gross portfolio of loans and advances to corporate customers before provision for impairment is as follows:

	2005	2004
Agriculture and forestry	1,451	1,903
Industry	26	154
Construction	10,942	7,721
Trade	30,589	21,150
Transportation and communications	3,319	1,926
Energy	4,820	5,141
Financial, technical and business services	2,320	1,000
Citizens	30,982	22,277
Tourism	6,175	4,725
Other	15,209	18,488
Total	105,833	84,485

Total amount of non performing loans for which the interest is suspended is KM 5.793 thousand and KM 6,795 thousand as at 31 December 2005 and 2004, respectively.

Interest rates for granted loans as at 31 December 2005 and 2004 are summarized as follows:

	2005	2004
Corporate	10.14%	11.25%
Retail	10.04%	11.30%

17. OSTALA AKTIVA

	2005.	2004.
Potraživanja za naknade i provizije	225	193
Avansi dobavljačima	99	278
Potraživanja po osnovu pretplate poreza na dobit	479	414
Zajedničko ulaganje u stanove sa Unis Pretis d.o.o., Vogošća	-	200
Naplaćeni kolateral zadržan za prodaju	659	121
Kancelarijski materijal	62	78
Ostalo	1.325	1.036
<i>Ukupno ostala imovina prije rezervisanja</i>	<i>2.849</i>	<i>2.320</i>
Manje: Rezervisanja za moguće gubitke	(526)	(491)
Ukupno	2.323	1.829

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

	2005.	2004.
Stanje na dan 1. januara	491	525
Povećanje rezervisanja	286	2,109
Smanjenje rezervisanja (otpisi)	(251)	(2.143)
Stanje na dan 31. decembra	526	491

17. OTHER ASSETS

	2005	2004
Fees receivable	225	193
Advances given to suppliers	99	278
Prepaid income tax	479	414
Joint investment in housing with Unis Pretis d.o.o., Vogošća	-	200
Collected collateral held for sale	659	121
Office material	62	78
Other	1,325	1,036
<i>Total other assets before provision</i>	<i>2,849</i>	<i>2,320</i>
Less: Provision for impairment	(526)	(491)
Total	2,323	1,829

The movements in the provision for impairment of other assets are summarized as follows:

	2005	2004
Balance as of 1 January	491	525
Additional provision	286	2,109
Release of provision due to write-offs	(251)	(2,143)
Balance as at 31 December	526	491

18. VRIJEDNOSNICE PO FER VRIJEDNOSTI KROZ BILANS USPJEHA

	2005.	2004.
BAMCARD Sarajevo	115	115
FAMOS Sanski Most	-	100
EBB Elektronsko bankarstvo Sarajevo	4	4
<i>Uskladjenje na fer vrijednost</i>	<i>(2)</i>	<i>(62)</i>
Ukupno	117	157

Investicije se mogu prikazati kako slijedi:

<i>Preduzeće</i>	<i>Djelatnost</i>	<i>% vlasništva</i>	<i>Zemlja poslovanja</i>
BAMCARD Sarajevo	Debitne i kreditne kartice	4,73%	Bosna i Hercegovina
EBB Elektronsko bankarstvo Sarajevo	Bankarstvo	1,88%	Bosna i Hercegovina

18. SECURITIES AT FAIR VALUE THROUGH INCOME STATEMENT

	2005	2004
BAMCARD Sarajevo	115	115
FAMOS Sanski Most	-	100
EBB Elektronsko bankarstvo Sarajevo	4	4
<i>Fair value adjustment</i>	(2)	(62)
Total	117	157

The investments holdings are as follows:

<i>Company</i>	<i>Activity</i>	<i>% ownership</i>	<i>Country</i>
BAMCARD Sarajevo	Debit and credit cards	4.73%	Bosnia & Herzegovina
EBB Elektronsko bankarstvo Sarajevo	Banking	1.88%	Bosnia & Herzegovina

19. NEKRETNINE I OPREMA

	Zgrade i zemljište	Računari	Vozila	Namještaji kancelarijska oprema	Investicije u toku	Nematerijalna imovina	Ukupno
NABAVNA VRIJEDNOST							
31. decembra 2004.	4.111	1.914	423	2.329	747	1.932	11.456
Nabavka	31	122	255	192	360	45	1.005
Prenos sa/na	197	125	31	44	(397)	-	-
Otuđenja	(157)	(76)	(182)	(29)	-	(605)	(1.049)
31. decembra 2005.	4.182	2.085	527	2.536	710	1.372	11.412
ISPRAVKA VRIJEDNOSTI							
31. decembra 2004.	209	1.601	220	1.232	-	1.018	4.280
Uskladjenje početnog stanja	-	(30)	(25)	55	-	-	-
Amortizacija za 2005.	66	252	80	358	-	157	913
Otuđenja	(7)	(76)	(103)	(29)	-	-	(215)
31. decembra 2005.	268	1.747	172	1.616	-	1.175	4.978
SADAŠNJA VRIJEDNOST							
31. decembra 2005.	3.914	338	355	920	710	197	6.434
31. decembra 2004.	3.902	313	203	1.097	747	914	7.176

20. OBAVEZE PREMA DRUGIM BANKAMA

	2005.	2004.
Depoziti:		
u KM	86	183
u stranoj valuti	-	12
Ostale pozajmice:		
Investicijska Banka Federacije Bosne i Hercegovine	3.120	4.775
Vlada Zeničko-Dobojskog Kantona	3.037	3.757
Međunarodna agencija za garancije	150	298
Ministarstvo poljoprivrede Bosansko-podrinjskog Kantona	-	9
Ukupno	6.393	9.034

Kamatne stope na pozajmice je 6-mjesečni EURIBOR, LIBOR+1,5% ne manje od 6% godišnje na dan 31. decembra 2005 i EURIBOR godišnje i EURIBOR +1% godišnje na dan 31. decembra 2004.

19. PROPERTY AND EQUIPMENT

	Buildings and land	Computers	Vehicles	Furniture and office equipment	Construction in progress	Intangible assets	Total
COST							
At 31 December 2004	4,111	1,914	423	2,329	747	1,932	11,456
Additions	31	122	255	192	360	45	1,005
Transfer from / to	197	125	31	44	(397)	-	-
Disposals	(157)	(76)	(182)	(29)	-	(605)	(1,049)
At 31 December 2005	4,182	2,085	527	2,536	710	1,372	11,412
ACCUMULATED DEPRECIATION							
At 31 December 2004	209	1,601	220	1,232	-	1,018	4,280
Adjustment to opening balance	-	(30)	(25)	55	-	-	-
Depreciation in 2005	66	252	80	358	-	157	913
Disposals	(7)	(76)	(103)	(29)	-	-	(215)
At 31 December 2005	268	1,747	172	1,616	-	1,175	4,978
NET BOOK VALUE							
At 31 December 2005	3,914	338	355	920	710	197	6,434
At 31 December 2004	3,902	313	203	1,097	747	914	7,176

20. AMOUNTS DUE TO BANKS

	2005	2004
Deposits:		
In KM	86	183
In foreign currency	-	12
Other borrowings:		
Federal Investment Bank of Bosnia and Herzegovina	3,120	4,775
Government of Zenica-Doboj Canton	3,037	3,757
International Guarantee Agency	150	298
Ministry for agriculture of Bosansko-podrinjski Canton	-	9
Total	6,393	9,034

Interest rates on borrowings are 6 month EURIBOR, LIBOR+1.5% not less than 6% p.a. as at 31 December 2005 and EURIBOR p.a. and EURIBOR +1% p.a. as at 31 December 2004.

21. OBAVEZE PREMA KLIJENTIMA

	2005.	2004.
Depoziti po viđenju:		
Fizička lica:		
U domaćoj valuti	14.241	10.272
U stranim valutama	9.165	9.074
<i>Podzbir</i>	23.406	19.346
Pravna lica:		
U domaćoj valuti	25.758	21.708
U stranim valutama	3.123	4.401
<i>Podzbir</i>	28.881	26.109
Ostale vladine i nevladine organizacije:		
U domaćoj valuti	10.083	9.201
U stranim valutama	1.102	437
<i>Podzbir</i>	11.185	9.638
Ukupno depoziti po viđenju	63.472	55.093
Oročeni depoziti:		
Fizička lica:		
U domaćoj valuti	7.812	5.244
U stranim valutama	19.230	13.692
<i>Podzbir</i>	27.042	18.936
Pravna lica:		
U domaćoj valuti	25.029	31.052
U stranim valutama	3.687	3.241
<i>Podzbir</i>	28.716	34.293
Ostale vladine i nevladine organizacije:		
U domaćoj valuti	4.107	3.355
U stranim valutama	40	8
<i>Podzbir</i>	4.147	3.363
Ukupno oročeni depoziti	59.905	56.592
Ukupno	123.377	111.685

Kamatne stope na depozite po viđenju kretale su se od 1% do 2% u 2005. (1% do 2% u toku 2004. godine). Kamatne stope na oročene depozite kretale su se od 2% do 5,5% za depozite u KM-ovima i EUR-ima (2% do 5% za depozite u KM-ovima i u EUR-ima) i od 1,2% do 1,5% (1,1% do 1,5% za ostale depozite u toku 2004. godine).

21. AMOUNTS DUE TO CUSTOMERS

	2005	2004
Demand deposits:		
Retail:		
In KM	14,241	10,272
In foreign currencies	9,165	9,074
<i>Subtotal</i>	<i>23,406</i>	<i>19,346</i>
Corporate:		
In KM	25,758	21,708
In foreign currencies	3,123	4,401
<i>Subtotal</i>	<i>28,881</i>	<i>26,109</i>
Other governmental and non-governmental organisations:		
In KM	10,083	9,201
In foreign currencies	1,102	437
<i>Subtotal</i>	<i>11,185</i>	<i>9,638</i>
Total demand deposits	63,472	55,093
Term deposits:		
Retail:		
In KM	7,812	5,244
In foreign currencies	19,230	13,692
<i>Subtotal</i>	<i>27,042</i>	<i>18,936</i>
Corporate:		
In KM	25,029	31,052
In foreign currencies	3,687	3,241
<i>Subtotal</i>	<i>28,716</i>	<i>34,293</i>
Other governmental and non-governmental organisations:		
In KM	4,107	3,355
In foreign currencies	40	8
<i>Subtotal</i>	<i>4,147</i>	<i>3,363</i>
Total term deposits	59,905	56,592
Total	123,377	111,685

Interest rates on demand deposits range from 1% to 2% in 2005 (1% to 2% during 2004). Interest rates on term deposits range from 2% to 5.5% for KM and EUR (2% to 5% for KM and EUR deposits) and from 1.2% to 1.5% (1.1% to 1.5% for other deposits during 2004).

22. OSTALE OBAVEZE

	2005.	2004.
Obaveze za međubankarske račune	1.912	612
Razlika u komisionu (Napomena 27)	1.196	656
Obaveze drugim bankama (gotovina u tranzitu)	54	-
Obaveze za kamatu	519	449
Obaveze za obračunatu kamatu	35	77
Obaveze za plate	275	228
Obaveze prema dobavljačima	220	252
Obaveze za poreze	243	121
Obaveze prema Vladi Zeničko-debojskog kantona	28	7
Ostalo	753	644
Ukupno	5.235	3.046

23. POTENCIJALNE I PREUZETE FINANSIJSKE OBAVEZE

	2005.	2004.
Plative garancije	9.232	9.986
Činidbene garancije	17.048	19.187
Akreditivi	281	876
Okvirni ugovori	8.315	6.337
Ukupno finansijskih obaveza	34.876	36.386

24. REZERVISANJA

Tokom svog poslovanja, Banka preuzima i kreditne obaveze koje se vode na računima u vanbilansnoj evidenciji, a koje se odnose na garancije, akreditive i neiskorišteni dio odobrenih kredita. Rezervisanja za preuzete obaveze se priznaju kad Banka ima sadašnju obavezu kao rezultat prošlih događaja i kada je vjerovatno da će Banka morati izmiriti tu obavezu. Uprava Banke pravi procjenu rezervisanja u poređenju s potencijalnim troškom za Banku u slučaju izmirenja ovih obaveza.

Promjene u rezervisanjima za potencijalne i preuzete finansijske obaveze:

	2005.	2004.
Stanje na dan 1. januara	738	470
Povećanje rezervisanja za godinu	548	612
Smanjenje rezervisanja	(529)	(287)
Otpisi	(60)	(57)
Stanje na dan 31. decembra	697	738

22. OTHER LIABILITIES

	2005	2004
Interbank account liabilities	1,912	612
Difference in managed funds (Note 27)	1,196	656
Liabilities to banks (cash in transit)	54	-
Interest liabilities	519	449
Deferred interest income	35	77
Salary liabilities	275	228
Liabilities to suppliers	220	252
Tax liabilities	243	121
Liabilities to Government of Zenica-Doboj Canton	28	7
Other	753	644
Total	5,235	3,046

23. FINANCIAL COMMITMENTS

	2005	2004
Payment guarantees	9,232	9,986
Performance guarantees	17,048	19,187
Letters of credit	281	876
Contracted loans	8,315	6,337
Total financial commitments	34,876	36,386

24. PROVISIONS

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 undrawn loan commitments. Provisions for contingent liabilities are recognised when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Management Board estimates the provisions based at the best estimate of expenditure to settle the Bank's obligation.

A movement in provision for financial commitments is as follows:

	2005	2004
Balance as at 1 January	738	470
Additional provision	548	612
Release of provision	(529)	(287)
Release of provision due to write-offs	(60)	(57)
Balance as at 31 December	697	738

25. TRANSAKCIJE S POVEZANIM STRANAMA

Prema definiciji iz MRS-a 24. povezane strane su strane koje predstavljaju:

- a. društva koja direktno ili indirektno putem jednog ili više posrednika kontrolišu izvještajno društvo ili su pod njegovom kontrolom, odnosno koja izvještajno društvo kontrolišu zajedno s drugim subjektima (što uključuje maticu, ovisne subjekte i sestrinska društva);
- b. pridružena lica – društva u kojima Banka ima značajan utjecaj a koja nisu ni povezano lice, niti zajedničko ulaganje investitora;
- c. fizičke osobe koje direktno ili indirektno imaju pravo glasa u Banci koje im omogućava značajan uticaj na Banku, kao i bilo koji drugi subjekt za koji se očekuje da će uticati ili biti pod uticajem povezane osobe u poslovanju s Bankom;
- d. rukovodioci na ključnim položajima, odnosno osobe koje imaju ovlaštenja i odgovornosti za planiranje, usmjeravanje i kontrolisanje aktivnosti Banke uključujući direktore i službene osobe Banke i članove njihovih užih obitelji; i
- e. društva u kojima bilo koja osoba navedena pod (c) ili (d) ima značajan interes u glasačkim pravima ili koje je direktno ili indirektno u vlasništvu navedenih osoba, odnosno u kojima iste mogu imati značajan uticaj. To uključuje društva u vlasništvu direktora ili većinskih dioničara Banke, kao i preduzetnike čiji rukovoditelji na ključnim položajima su istovremeno na istim ili sličnim položajima u Banci.

Prilikom razmatranja svake moguće transakcije s povezanom stranom pozornost je usmjerena na suštinu odnosa, a ne samo na pravni oblik.

Transakcije sa dioničarima mogu se prikazati kako slijedi:

	2005.	2004.
Kreditni dani dioničarima	1.970	5.129
Potraživanja po obračunatim kamatama od dioničara	21	63
Garancije izdate dioničarima	4.458	4.419
Ukupno:	6.449	9.611

Ukupna vrijednost transakcija sa povezanim licima čine 38,8% i 57,9% of dioničkog kapitala na dan 31. decembra 2005. i 2004. godine. Te su transakcije obavljene pod komercijalnim uslovima i rokovima, te uz primjenu tržišnih stopa.

Naknade direktorima, članovima Nadzornog odbora, Odbora za reviziju i ostalim članovima menadžmenta prikazane su kako slijedi:

	2005.	2004.
Naknade direktorima i ostalom menadžmentu	623	569
Porezi i doprinosi na naknade	333	312
Ukupno:	956	881

25. RELATED-PARTY TRANSACTIONS

Related parties, as defined by IAS 24, are those counter parties that represent:

- a. enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise. (This includes holding companies, subsidiaries and fellow subsidiaries);
- b. associates – enterprises in which the Bank has significant influence and which is neither a subsidiary nor a joint venture of the investor;
- c. individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the Bank, and anyone expected to influence, or be influenced by, that person in their dealings with the Bank;
- d. key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, including directors and officers of the Bank and close members of the families of such individuals; and
- e. enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Bank and enterprises that have a member of key management in common with the Bank.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions with shareholders can be presented as follows:

	2005	2004
Loans to shareholders	1,970	5,129
Accrued interest receivable from the shareholders	21	63
Guarantees granted to the shareholders	4,458	4,419
Total:	6,449	9,611

Related party balances represent 38.8% and 57.9% of shareholders equity as of 31 December 2005 and 2004, respectively. All of the transactions stated above have been made under commercial and normal banking conditions.

The compensations of directors, supervisory board members, Audit committee and other members of key management were as follows:

	2005	2004
Compensations for directors and other key management	623	569
Taxes and contributions	333	312
Total:	956	881

26. PROCJENA FER VRIJEDNOSTI FINANSIJSKE IMOVINE I FINANSIJSKIH OBAVEZA

Fer vrijednost finansijskog instrumenta je iznos po kojem se sredstvo može razmijeniti ili obaveza podmiriti između obaviještenih i spremnih strana u transakciji pred nagodbom. 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 procjene. Iz tog razloga, procijenjene fer tržišne vrijednosti ne moraju se nužno realizirati prodajom finansijskog instrumenta u sadašnjem trenutku.

Prema mišljenju Uprave Banke, fer vrijednost finansijske imovine i finansijskih obaveza Banke ne razlikuje se značajno od iznosa iskazanih na dan 31. decembra 2005. i 31. decembra 2004. U procjeni fer vrijednosti finansijskih instrumenata Grupe korištene su sljedeće metode i pretpostavke:

(a) Novac i sredstva kod Centralne banke

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

(b) Potraživanja od drugih banaka

Procijenjena fer vrijednost potraživanja od drugih banaka koja dospijevaju u roku od najviše 180 dana približne su njihovim knjigovodstvenim iznosima. Fer vrijednost drugih potraživanja od banaka procjenjuje se na temelju analize diskontiranog novčanog toka primjenom kamatnih stopa koje se trenutno nude za ulaganja pod sličnim uvjetima (tržišne stope usklađene za kreditni rizik). Fer vrijednost potraživanja koja nije moguće naplatiti redovnim putem procjenjuje se na temelju analize diskontiranog novčanog toka za predmetni instrument osiguranja. Prilikom izračunavanja fer vrijednosti, ne uzima se u obzir ispravka vrijednosti.

(c) Krediti i avansi klijentima

Fer vrijednost kredita s varijabilnim prinosom a čija cijena se redovno preispituje i kod kojih nisu zapažene nikakve značajne promjene u kreditnom riziku 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 i avansa klijentima približna knjigovodstvenim iznosima na datum bilansa stanja.

(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 dospjeća.

26. ESTIMATED FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

It is the opinion of the management of the Bank that the fair value of the Bank financial assets and liabilities are not materially different from the amounts stated in the balance sheets as at 31 December 2005 and 31 December 2004. In estimating the fair value of the Bank's financial instruments, the following methods and assumptions were used:

(a) Cash balances with the Central bank

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

(b) Due from banks

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

(c) Loans and advances to customers

The fair value of variable yield loans that regularly re-price, 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.

(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.

27. KOMISIONI POSLOVI

Sredstva kojima Banka upravlja kao povjerenik za i u ime trećih lica ne predstavljaju sredstva Banke, pa se s toga vode odvojeno od imovine banke. Za ove usluge banka naplaćuje proviziju u iznosu od 1% od ukupno plasiranog novca.

	2005.	2004.
<i>Izvori</i>		
Agencija za zapošljavanje Federacije Bosne i Hercegovine	29.008	33.046
Pravna lica i stanovništvo	3.837	2.154
Međunarodna Agencija za garancije	2.943	3.000
Ministarstvo ratnih vojnih invalida Zeničko-dobojskog kantona	1.200	1.062
Agencija za zapošljavanje Zeničko-dobojskog kantona	1.253	1.123
Ministarstvo trgovine Bosansko-Podrinjskog kantona	810	810
Vlada Zeničko-dobojskog kantona	411	427
USAID	274	261
Stambeni fond Unsko-Sanskog Kantona	141	151
Lutheran World Federation	65	74
Humanitarna organizacija MOJ BLIŽNJI	165	165
Agencija za zapošljavanje Bosansko-podrinjskog kantona	150	192
Ukupno izvori	40.257	42.465
<i>Plasmani</i>		
Pravna lica	31.620	33.396
Stanovništvo	7.441	8.413
Ukupno plasmani	39.061	41.809
Razlika	1.196	656

Banka upravlja imovinom za i u ime trećih lica kroz dugoročne kredite dane pravnim i fizičkim licima. Banka ne nosi rizik za ova sredstva te naplaćuje proviziju,

27. MANAGED FUNDS

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

	2005	2004
Sources		
Agency for employment in Federation BiH	29,008	33,046
Legal entities and individuals	3,837	2,154
International Guarantee Agency	2,943	3,000
Ministry of War Veterans in Zenica-Doboj Canton	1,200	1,062
Employment Agency in Zenica-Doboj Canton	1,253	1,123
Ministry of Commerce in Bosansko-Podrinjski Canton	810	810
Government of Zenica-Doboj Canton	411	427
USAID	274	261
Cantonal fund in Unsko-Sanski Canton for housing	141	151
Lutheran World Federation	65	74
Humanitarian Organization MOJ BLIŽNJI	165	165
Agency for employment in Bosansko-Podrinjski Canton	150	192
Total source	40,257	42,465
Placements		
Retail	31,620	33,396
Corporate	7,441	8,413
Total placements	39,061	41,809
Difference	1,196	656

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.

28. VALUTNI RIZIK

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

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

	<i>KM</i>	<i>EUR</i>	<i>USD</i>	<i>Ostale valute</i>	<i>Ukupno</i>
IMOVINA					
Novac i sredstva kod banaka	7.187	4.959	550	2.306	15.002
Obavezna rezerva kod Centralne banke BiH	17.936	-	-	-	17.936
Plasmani kod drugih banaka	-	10.082	5.458	-	15.540
Dati krediti	98.579	-	-	-	98.579
Ostala imovina	2.320	3	-	-	2.323
Vrijednosni papiri po fer vrijednosti kroz bilans uspjeha	117	-	-	-	117
Nekretnine i oprema	6.434	-	-	-	6.434
Ukupna imovina (1)	132.573	15.044	6.008	2.306	155.931
Obaveze					
Obaveze prema drugim bankama	6.381	-	12	-	6.393
Obaveze prema klijentima	87.030	29.111	5.809	1.427	123.377
Rezervisanja	697	-	-	-	697
Ostale obaveze	4.459	687	68	21	5.235
Ukupne obaveze (2)	98.567	29.798	5.889	1.448	135.702
Neto bilans stanja na dan 31. decembra 2005 (1) - (2)	34.006	(14.754)	119	858	20.229
Ukupna sredstva na dan 31. decembra 2004. (3)	111.965	22.766	4.585	3.491	142.807
Ukupne obaveze na dan 31. decembra 2004. (4)	93.131	25.131	5.144	1.097	124.503
Ukupni neto bilans stanja na dan 31. decembra 2004. (3) - (4)	18.834	(2.365)	(559)	2.394	18.304

28. FOREIGN CURRENCY RISK

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The table below provides an analysis of the Bank's main currency exposures. The remaining currencies are shown within 'Other currencies.' The Bank monitors its foreign exchange (FX) position for compliance with the regulatory requirements of the Federal Banking Agency 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.

	<i>KM</i>	<i>EUR</i>	<i>USD</i>	<i>Other currencies</i>	<i>Total</i>
ASSETS					
Cash and cash equivalents	7,187	4,959	550	2,306	15,002
Obligatory reserves with the Central Bank	17,936	-	-	-	17,936
Placement with other banks	-	10,082	5,458	-	15,540
Loans and receivables	98,579	-	-	-	98,579
Other assets	2,320	3	-	-	2,323
Securities at fair value through income statement	117	-	-	-	117
Property and equipment	6,434	-	-	-	6,434
Total assets (1)	132,573	15,044	6,008	2,306	155,931
LIABILITIES					
Amounts due to banks	6,381	-	12	-	6,393
Amounts due to customers	87,030	29,111	5,809	1,427	123,377
Provision	697	-	-	-	697
Other liabilities	4,459	687	68	21	5,235
Total liabilities (2)	98,567	29,798	5,889	1,448	135,702
Balance as at 31 December 2005, net (1) - (2)	34,006	(14,754)	119	858	20,229
Total assets as of 31 December 2004 (3)	111,965	22,766	4,585	3,491	142,807
Total liabilities as of 31 December 2004 (4)	93,131	25,131	5,144	1,097	124,503
Total balance as of 31 December 2004, Net (3) - (4)	18,834	(2,365)	(559)	2,394	18,304

29. KAMATNI RIZIK

Kamatni rizik je rizik promjene vrijednosti finansijskog instrumenta uslijed promjena kamatnih stopa na tržištu. Stoga razdoblje u kojem je kamatna stopa za finansijski instrument nepromjenjiva ukazuje na izloženost kamatnom riziku. U idućoj tablici nalaze se podaci o izloženosti Banke kamatnom riziku koja je analizirana ili na temelju ugovornog dospijeca finansijskog instrumenta ili kod instrumenata čija se kamatna stopa mijenja prije dospijeca 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 kontrolisanim neusklađivanjem datuma promjene cijena u bilansu stanja. Imovina i obaveze za koje ne postoji ugovoreni datum dospijeca ili na koje se ne obračunava kamata svrstani su u okviru kategorije "Nedefinisano dospijeca".

	0-1 mjeseci	1 do 3 mjeseca	3 do 12 mjeseca	Preko 1 godine	Nedefinirano dospijeca	Ukupno
IMOVINA						
Novac i sredstva kod banaka	15.002	-	-	-	-	15.002
Obavezna rezerva kod Centralne banke BiH	17.936	-	-	-	-	17.936
Plasmani kod drugih banaka	12.224	-	3.316	-	-	15.540
Dati krediti	19.617	22.096	21.247	35.619	-	98.579
Ostala imovina	2.323	-	-	-	-	2.323
Vrijednosni papiri po fer vrijednosti kroz bilans uspjeha	-	-	-	117	-	117
Nekretnine i oprema	-	-	-	6.434	-	6.434
Ukupna imovina (1)	67.102	22.096	24.563	42.170	-	155.931
Obaveze						
Obaveze prema drugim bankama	870	400	1.755	3.368	-	6.393
Obaveze prema klijentima	65.226	10.607	15.384	32.160	-	123.377
Rezervisanja	-	-	-	-	697	697
Ostale obaveze	4.039	1.196	-	-	-	5.235
Ukupne obaveze (2)	70.135	12.203	17.139	35.528	697	135.702
Neusklađenost bilansa na dan 31. decembra 2005. (1) - (2)	(3.033)	9.893	7.424	6.642	(697)	20.229
Ukupna imovina na dan 31. decembra 2004. godine	76.031	9.639	28.565	28.414	158	142.807
Ukupne obaveze na dan 31. decembra 2004. godine	65.650	4.958	26.238	26.919	738	124.503
Neusklađenost bilansa na dan 31. decembra 2004.	10.381	4.681	2.327	1.495	(580)	18.304

29. INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument, therefore, indicates to what extent it is exposed to interest rate risk. The table below provides information on the extent of the Bank's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that re-price to a market rate of interest before maturity, the next re-pricing 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 re-pricing mismatch in the balance sheet. Those assets and liabilities that do not have contractual maturity date or are not interest bearing are banked in 'maturity undefined' category.

	0-1 month	1 to3 months	3 to 12 months	Over 1 year	Maturity undefined	Total
ASSETS						
Cash and cash equivalents	15,002	-	-	-	-	15,002
Obligatory reserves with the Central Bank	17,936	-	-	-	-	17,936
Placement with other banks	12,224	-	3,316	-	-	15,540
Loans and receivables	19,617	22,096	21,247	35,619	-	98,579
Other assets	2,323	-	-	-	-	2,323
Securities at fair value through income statement	-	-	-	117	-	117
Property and equipment	-	-	-	6,434	-	6,434
Total assets (1)	67,102	22,096	24,563	42,170	-	155,931
LIABILITIES						
Amounts due to banks	870	400	1,755	3,368	-	6,393
Amounts due to customers	65,226	10,607	15,384	32,160	-	123,377
Provision	-	-	-	-	697	697
Other liabilities	4,039	1,196	-	-	-	5,235
Total liabilities (2)	70,135	12,203	17,139	35,528	697	135,702
Mismatch as of 31 December 2005 (1) - (2)	(3,033)	9,893	7,424	6,642	(697)	20,229
Total assets as of 31 December 2004	76,031	9,639	28,565	28,414	158	142,807
Total liabilities as of 31 December 2004	65,650	4,958	26,238	26,919	738	124,503
Balance mismatch as of 31 December 2004	10,381	4,681	2,327	1,495	(580)	18,304

30. RIZIK LIKVIDNOSTI

Rizik likvidnosti predstavlja moguću izloženost Banke vezano uz pribavljanje sredstava koja su potrebna Banci da bi izmirila svoje preuzete obaveze po finansijskim instrumentima. Banka održava likvidnost u skladu s propisima Agencije za bankarstvo Federacije Bosne i Hercegovine. Tabela u nastavku sadrži analizu sredstava, obaveza i vlasničke glavnice prema preostalim periodima od datuma bilansa do ugovornog dospijeca, pri čemu su rokovi dospijeca utvrđeni uzevši u obzir moguće ranije rokove otplate za opcije ili temeljem plana otplate. Sredstva i obaveze za koje ne postoji ugovorno dospijec svrstana su u okviru kategorije "Nedefinisano dospijec".

Banka je izložena svakodnevnim pozivima na isplatu sredstava koje izmiruje 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 dospelih sredstava. Banka utvrđuje limite za najniže iznose sredstava koja dospijevaju a koja su raspoloživa za izmirivanje iznosa plativih na poziv, kao i najniže iznose međubankarskih i ostalih kredita za pokriće neočekivanih iznosa sredstava koja se povlače na zahtjev.

	Na poziv	0-3 mjeseci	3-12 mjeseci	Preko 1 godine	Nedefinisano dospijec	Ukupno
IMOVINA						
Novac i sredstva kod banaka	15.002	-	-	-	-	15.002
Obavezna rezerva kod Centralne banke BiH	17.936	-	-	-	-	17.936
Plasmani kod drugih banaka	12.224	-	3.316	-	-	15.540
Dati krediti	19.617	22.096	21.247	35.619	-	98.579
Ostala imovina	2.323	-	-	-	-	2.323
Vrijednosni papiri po fer vrijednosti kroz bilans uspjeha	-	-	-	117	-	117
Nekretnine i oprema	-	-	-	6.434	-	6.434
Ukupna imovia (1)	67.102	22.096	24.563	42.170	-	155.931
Obaveze						
Obaveze prema drugim bankama	870	400	1.755	3.368	-	6.393
Obaveze prema klijentima	65.226	10.607	15.384	32.160	-	123.377
Rezervisanja	-	-	-	-	697	697
Ostale obaveze	4.039	1.196	-	-	-	5.235
Ukupne obaveze (2)	70.135	12.203	17.139	35.528	697	135.702
BILANSNA NEUSKLAĐENOST LIKVIDNOSTI NA DAN 31. decembra 2004.						
	(3.033)	9.893	7.424	6.642	(697)	20.229
Ukupna imovina na dan 31. decembra 2004.	76.031	9.639	28.565	28.414	158	142.807
Ukupne obaveze na dan 31. decembra 2004.	65.650	4.958	26.238	26.919	738	124.503
UKUPNA NEUSKLAĐENOST LIKVIDNOSTI NA DAN 31. decembra 2004.						
	10.381	4.681	2.327	1.495	(580)	18.304

30. LIQUIDITY RISK

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

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

	On demand	0-3 months	3-12 months	Over 1 year	Maturity undefined	Total
ASSETS						
Cash and cash equivalents	15,002	-	-	-	-	15,002
Obligatory reserves with the Central Bank	17,936	-	-	-	-	17,936
Placement with other banks	12,224	-	3,316	-	-	15,540
Loans and receivables	19,617	22,096	21,247	35,619	-	98,579
Other assets	2,323	-	-	-	-	2,323
Securities at fair value through income statement	-	-	-	117	-	117
Property and equipment	-	-	-	6,434	-	6,434
Total assets (1)	67,102	22,096	24,563	42,170	-	155,931
LIABILITIES						
Amounts due to banks	870	400	1,755	3,368	-	6,393
Amounts due to customers	65,226	10,607	15,384	32,160	-	123,377
Provision	-	-	-	-	697	697
Other liabilities	4,039	1,196	-	-	-	5,235
Total liabilities (2)	70,135	12,203	17,139	35,528	697	135,702
Total liquidity mismatch as of 31 December 2004	(3,033)	9,893	7,424	6,642	(697)	20,229
Total assets as of 31 December 2004	76,031	9,639	28,565	28,414	158	142,807
Total liabilities as of 31 December 2004	65,650	4,958	26,238	26,919	738	124,503
Total liquidity mismatch as of 31 December 2004	10,381	4,681	2,327	1,495	(580)	18,304

31. KREDITNI RIZIK

Banka je izložena kreditnom riziku, koji predstavlja rizik nemogućnosti druge strane da izmiri cijeli iznos obaveze po dospjeću. Banka razvrstava kreditni rizik utvrđujući limite za iznos prihvaćenog rizika koji očekuje da će nastati u vezi s jednim kreditnim primaocem ili grupom kreditnih primatelja 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 djelimično upravlja i pribavljanjem kolaterala, te korporativnim i ličnim garancijama.

Preuzete obaveze na temelju izdatih akreditiva.

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

Obaveze za kreditiranjem, po neiskorištenim odobrenim kreditima, neiskorištenim prekoračenjima i odobrenim prekoračenjima.

Osnovna svrha obaveza za kreditiranjem je osigurati raspoloživost sredstava na zahtjev klijenta. Obaveze za kreditiranjem predstavljaju neiskorišteni dio odobrenih kredita, garancija ili stand-by akreditiva. Obaveze Banke za kreditiranjem predstavljaju preuzete obaveze po kreditima ili garancijama, neiskorištena i odobrena prekoračenja. Obaveze za kreditiranjem ili temeljem garancija koje je izdala Banka a koje su vezane uz određene kriterije kreditiranja kojima klijenti trebaju udovoljavati (uključivši uslov da ne dođe do pogoršanja solventnosti klijenta) predstavljaju opozive obaveze. Neopozive obaveze postoje po osnovi odobrenih prekoračenja jer su one proizašle na temelju uslova koji su utvrđeni ugovorima o kreditu.

31. CREDIT RISK

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

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

Commitments arising from the issuance of letters of credit.

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

Commitments to extend credit, undrawn loan commitments, unutilised overdrafts and approved overdraft loans.

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

32. ZARADA PO DIONICI

Osnovna zarada po dionici računa se dijeljenjem neto dobiti od običnih dionica sa ponderisanim prosjekom do običnih dionica izdatih tokom godine, ne uzimajući u obzir prosječan broj običnih dionica koje ja Banka kupila i zadržala ih kao vlastite dionice.

	2004.	2003.
Dobit od običnih dionica (KM '000)	1.925	444
Ponderisani prosjek broja običnih dionica izdatih u toku godine	166.238	166.238
Osnovna zarada po dionici (KM)	11,58	2,67

Razrijeđena zarada po dionici nije prezentirana jer Banka nije izdala razrjeđive ili nerazrjeđive instrumente.

33. ODOBRAVANJE FINANSIJSKIH IZVJEŠTAJA

Ove odvojene finansijske izvještaje odobrio je Nadzorni odbor dana 3. marta 2006. godine.

Potpisali u ime Uprave:

Direktor
Adnan Zukić

Izvršni direktor
Hajrudin Hadžović

32. EARNINGS PER SHARE

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

	2004	2003
Income attributable to ordinary shareholders (KM '000)	1,925	444
Weighted average number of regular shares for the year	166,238	166,238
Basic earnings per share (KM)	11.58	2.67

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

33. APPROVAL OF THE FINANCIAL STATEMENTS

These separate financial statements were approved by the Management Board on 3 March 2006.

Signed on behalf of the Management Board:

 Director
Adnan Zukić

 Executive Director
Hajrudin Hadžović

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