



STATISTICS

Total foreign investments in BH KM 3, 4 billion, while foreign debt of Government is KM 4, 1 billion

As of June 30, 2003, total foreign investments in BH were KM 3, 4 billion. Out of that amount, KM 2, 7 billion goes to Foreign Direct Investments (FDI), which are by 42% larger than those which were shown by the other sources, while KM 700 million goes to portfolio and other foreign investments. The CBBH obtained these results from a survey of Foreign Direct Investment, which was conducted by its Research and Statistics Department. The questionnaire was sent to addresses of 1.000 companies, but the survey covered more than 720 enterprises, including all enterprises known to have foreign investment over KM 100.000, together with other large enterprises. Assessments were used for businesses that did not respond and for enterprises with foreign investment below the threshold of KM 100.000. According to the results of the survey, as of June 30, 2003, 399 enterprises had foreign investment over KM 100.000. 382 of those 399 enterprises have FDI, which means that the foreign investor holds at least 10% of the equity (owner shares). 127 enterprises, including 23 banks, in BH account for 81% of the total foreign

investment in BH. As measured by the survey, FDI in BH, at the end

region, but it is close to the countries such as Slovenia, Bulgaria,



Hadžiomerađić and Nicholl at the press conference

of June was by KM 0, 8 billion higher than other official statistics show. Domains with large levels of foreign investments are banks with KM 1, 3 billion, which is 38% of the total amount, followed by the processing industry with KM 1, 1 billion, which is 32, 7% of the total amount. The country with a largest percentage of foreign investments in BH is Austria, followed by Croatia, Germany, Slovenia and Kuwait. The level of investments in BH is lower than in the countries in the Eastern Europe, which reformed earlier - like Czech Republic or countries of Baltic

Romania and above the levels of Serbia and Montenegro and Albania. Comparison between the countries was done on the basis of the Gross Domestic Product (GDP) for BH, which the CBBH published

on its web site. It has 33% of the "grey economy" included, which, until now, was not included in the official data. "We think that this way of comparing with other countries makes sense", said Governor of the CBBH **Peter Nicholl** during the press conference. As he added, the data show that foreign exchange investments represent the significant source of financing of the trade deficit in the country, as well as financing of the economic development. KM 3, 4 billion in foreign investments are relevant for the economic influences, but for the comparison of current and earlier amounts, the important data are those on the FDI, which were measured in the past.

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There were many comments, even a large number of critics, because of the fact that BH banks deposit almost KM one billion outside of the country, but these data show that around KM 300 to 400 million are returned and deposited in the country. Returned are long-term deposits, which make possible for extending of the medium-term loans", Governor said. Survey on investments in BH will be conducted every three months, in order to make possible for those who decide on business policies, to see trends in policies and classifications in industries in the future. Governor also presented the data on the government foreign debt which is KM 4, 1 billion and represents about 24% of gross domestic product (GDP). The foreign debt of the BH Government is lower than the foreign debt of other countries in Europe. "Advanced transitional countries have very low

government foreign debt, because their private sector is capable to incur debt abroad, which does not make it a part of the total foreign debt. As the transition process progresses, governments incur less debt, but the private sector at the same time gains more access to the international financial markets", explained Manager of the Statistics Division **Amir Hadžiomeragić**.

Majority of the BH foreign debt is the debt to the international financial institutions, such as the World Bank and the International Monetary Fund, or the debt to the governments. Many of these loans were obtained under the favorable conditions. Only six percent of the Government debt is to the private creditors. "The consequence of the relatively low level of BH debt and

very good repayment conditions for majority of those debts is that their financing is not hard. BH should not have problems in servicing of those debts in the future", Governor Nicholl stated. Once again, he expressed disappointment because of postponing of the appointment of Director and Deputy Director of the Statistical Agency of BH.

FINAL DATA ON THE FOREIGN INVESTMENTS

The largest volume of foreign investments still comes from Austria

The final data on FDIs are available on the CBBH web page. The data are related to the amount of the foreign investments in BH, concluding with June 30, 2003, and those data were collected from the survey which was conducted by the CBBH. The data offer detailed information on the

types of the investments, activities of companies with the foreign investments and about the countries which the investments are coming from, as well as explanations on the used methodology and definitions. The CBBH wants to inform the users of this statistics that the final data on investor

countries are different from the preliminary data, which were stated during the press conference. The largest amount of the foreign investments to BH comes from Austria, followed by Croatia, Germany and Slovenia. All other information is identical to those that were published before.

■ Total Foreign Direct Investment in BH classified by country of foreign investor at June 30, 2003

Country of foreign direct investor	Foreign direct investment by category of investment				
	Amount in millions of KM				% of total
	Equity	Borrowings	Reinvested earnings (for 2002 only)	Total	
Austria	330	446	11	787	28,8
Croatia	352	129	10	491	18,0
Germany	166	124	3	293	10,7
Slovenia	195	56	6	257	9,4
Kuwait	195	1	0	196	7,2
Netherlands	97	11	1	109	4,0
Serbia and Montenegro	84	0	1	85	3,1
France	7	77	0	84	3,1
Switzerland	50	3	2	55	2,0
Great Britain	42	9	0	51	1,9
Subtotal 10 countries	1.518	856	34	2.408	88,0
All other countries	252	73	2	327	12,0
Total	1.770	929	36	2.735	100,0

D. Kovačević: I see the work in the commercial banking sector as the challenge



Vice Governor **Dragan Kovačević** has left the Central Bank of BH (CBBH) on May 31, 2004, and transferred to other duty. Kovačević, who was appointed Vice Governor in 1997, will in the future be the member of the HVB Bank Management. Since he will work in the commercial banking sector, which strongly relies on the functions of the CBBH, he expects he will continue his cooperation with this institution, especially when the banking supervision is transferred to the CBBH. He believes at the same time that the banking sector, as a part of the financial and general sector of the economy, will develop even faster. Personally, he sees the job in the commercial banking as a great challenge and opportunity to implement his experience and knowledge. He clearly sees the CBBH as one of the most successful institutions in BH.

"I think it has really played the significant role in the development and affirmation of BH and that the monetary stability has helped constant progress, reforms and, finally, obtaining of credit rating. Part of the total financial system reform went through the CBBH, including even those areas which are outside of it, such as statistics or promotion of the fo-

reign investments... I think that the stability of the currency is extremely important for BH citizens, considering all negative experiences and inflation they had to live with in the past, building of the new system, problem of old savings and everything else which contributed to the fact that many people have no home, that many of them became very poor and that they are still trying to reclaim their property. I think that the solution with the foreign Governor was good in a sense of trust in this institution, building of the new monetary system and that this was, really, the successful period of work. There is no doubt that the institution will continue the same way in the future. I can state my pleasure with the fact that I've worked in that team which was led by the foreigner. As far as employees are concerned, we have a very good structure and very qualified people. They confirmed in all segments that they complete all tasks that the Bank has to do".

■ **According to your own opinion, was there something more that the CBBH could have done?**

One thing that the CBBH could have done, which remains to be done in

the future, was to complete the process of hiring of staff for the Research Department. We have started to develop the Research and Statistics and this task still remains for the CBBH. The Statistics has developed, it is now complete and even better results can be expected from the Statistics in the future. Of course, if the Statistics gets established at the state level, this part of the work will go even more smoothly. In the domain of Research, the CBBH role is to be the creator of the further development of the macro-economic stability, to stimulate reforms further and to find the way to speed up the reform of the real sector, especially of the economic sector. This Department should be used even more and it should be directed, through the personnel strengthening, to issues of the monetary policy in general. What does this mean? This means that all instruments we have as the monetary institution, from the functioning of the Currency Board Arrangement, through the usage of the required reserve in the function of the achieving of the monetary function in BH, all the way to establishment of the lender of the last resort function and

issuing of short-term securities, will be continuation of what should be the upgrade of the CBBH function. I think that those are two large assignments within the development of the general financial sector in BH. Those are two areas which will be very dynamic in the future and I think that the CBBH function will be a very significant one. Establishment of the single registry of bank accounts is also underway and I think this is one of assignments which will certainly be completed successfully. I think that the number of tasks in the CBBH will increase, they will become extended and more complex when the banking supervision comes to the CBBH. In that sense, the increased level of expectations will be put before this institution, which will have large tasks ahead of it in the future.

■ **Future development of the payments systems - what needs to be done?**

The reform of the payments system was one of the more successful projects.

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We provided many things which satisfy Ten Core Principles which are set for the modern payment systems by the Bank for International Settlements as the world standards in that domain. I think that we have few tasks left in that area and they are related to the development of infrastructure, that is, preparation to connect with infrastructure, which will provide the easier access to the complete system of the international payments. All this is heading towards the satisfying of the standards for the European Union (EU) and we are on that path. In that sense, we will only need the upgrade of the infrastructure which we already have as well as to follow with development of the technology in this domain and to do this on time. I am talking about the different application software which needs to be updated from time to time. The upgrade of this system has to be done in this

domain constantly, since the technology that is being implemented progresses really fast and I think that we are in position to follow up, both materially and with personnel.

■ Something for the end?

What I wanted to do for the end, and now it is my opportunity to do this, was to thank to all the people in the CBBH for their work and effort they invested while performing their tasks. Without them, we wouldn't have this institution. I can only say that I had a proper and very good cooperation with everyone. I wish to thank the Governor, my colleagues - Vice Governors and members of the Governing Board in this and in previous convocation for the good cooperation. I hope that in the future contacts we will maintain the existing level of the business relations.

Anka Musa new Vice Governor

With the approval of the Governing Board, the CBBH participated in all important projects of the CBBH, so I am informed



Governor Peter Nicholl has appointed **Anka Musa** as the CBBH Vice Governor instead of **Dragan Kovačević**. Anka Musa has a rich experience in the BH financial sector and since 1998, she is the Director of the Mostar Main Unit. Anka Musa sees her appointment as new Vice Governor as the recognition of the previous work and contribution she made in the financial sector and reforms in banking, especially in the payments system. She expects that she will perform as Vice Governor without any problems, having in mind the fact that until now she also performed majority of tasks, of course - to a lesser extent, at the level of the Mostar Main Unit. "I consider as mitigating circumstance that I've

about all previous activities, current activities and those that can be expected in the future. The fact is that some things will change - I am leaving Mostar and that is one of circumstances which I am not happy about, since I love Mostar. However, this is my return to Sarajevo, since I was in Sarajevo during maybe the hardest period of building of institutions of BH Federation; I completed tasks successfully and returned to Mostar. This is the same way I see this mandate as well - as temporary stay - and I will do my best to compensate for the departure of Dragan Kovačević who, I think, performed his duty rather well. I hope I will not fail the trust I was given", Anka Musa said.

MEETINGS

IMF and WB Constituency Meeting

Bosnia and Herzegovina hosted the Constituency Meeting of the International Monetary Fund (IMF) and World Bank (WB) on May 22.

The place where the meeting was held was Sarajevo Hotel "Holiday Inn". Organizers of this meeting were the Council of Ministers of BH

countries as its shareholders. The number of stocks (shares) which one country has is based approxi-

mately on the size of its economy. USA is the largest individual shareholder with 16, 41% of votes, followed by Japan with 7, 87%, Germany (4, 49%) and so on.

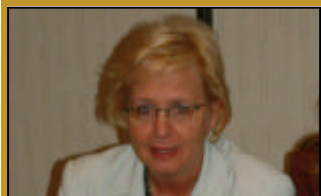


and the Central Bank of BH (CBBH). Besides the highest officials of the IMF and the WB, this meeting was attended by the representatives of the finance ministries and central banks of 12 member countries of the Constituency (election group) which also includes BH, which all have the joint representative in the boards of executive directors of the IMF and WB. Namely, the IMF has more than 170 countries and only the largest countries have their representatives in the Board of Executive Directors of the IMF, while the other countries are divided into constituencies (election groups). BH is in the Constituency with Armenia, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia, Moldova, the Netherlands, Romania and Ukraine. The Netherlands chairs the Group, so the Executive Director of the Group is being elected from Holland. Currently, this person is **Jeroen Kremers**. The number of votes of each member depends on the amount of its quota (part of the capital). The BH quota is 169, 1 million in SDR (Special Drawing Rights) and in percentage it is 0, 08% of share in the total capital of the IMF. The WB is organized as the cooperative, with the member

Remaining shares are divided among other member countries. BH has 0, 05% of votes. Governments of the WB shareholders are represented by the Board of the Governors. These Governors are finance ministers or ministers for development and they are the main creators of the WB policies. They meet once a year at the General Assembly, but the specific duties are delegated to the executive directors, who work directly in the WB. Each Government which is the member of the WB group is represented by the Executive Director and BH is in the group of 12 countries which are represented by **Adrianus Melkert** from the Netherlands. During the Constituency Meeting in Sarajevo, it was pointed out that BH, like the majority of the Constituency countries, deals with the same problems - lack of the investment capital, lack of the private sector and unemployment. "One of things which worries us is the poverty here and in other Constituency countries. The WB will devote itself even more regarding the poverty issues in this region, as well as to the issues related to the position of minorities, investments into infrastructure and the public

governance", said after the end of the meeting the Netherlands Minister for Development and Cooperation **Agnese van Ardenne**. The goal of this meeting was not only promoting, but also discussion on the ways how governments, that is, banking system, can improve private investments and inflow of the private capital. "Here we are talking about the business policies of strengthening of the economic sector", said Minister from the Netherlands. According to the estimation by the Executive Director of the WB Adrianus Melkert, it is very important that WB, besides stimulating the public administration, should also stimulate private investments which are necessary in this region. "Although the Constituency to which BH belongs and which is chaired by the Netherlands has majority of countries in transition, all those countries are in the different stage of transition, so these meetings

The Netherlands Minister van Ardenne announced that on October 25, 2004, the large conference



Agnese van Ardenne

for the Netherlands' companies will be held in order to make them interested in BH. As Minister stated, for the development of the private sector and economy in BH it is important to attract as many companies as possible in the region. This is the reason why the Government of the Netherlands will organize this conference in Rotterdam and BH Minister of Foreign Trade and Economic Relations is invited to this conference.



Details from the meeting

gave the large possibility to learn from each other, as well as on basis of our own experiences. We learned a lot from those that were success-

ful, but during these meetings, you can also hear the questions and about attempts of those that didn't succeeded. Those lessons about

failures were equally important, just as those on successes", said Governor of the CBBH **Peter Nicholl**.

BH can expect the new arrangement with the IMF. However, we don't know in which form, or when this arrangement will be signed. I will go even further here and say that this will not be the Stand By Arrangement, but some form of the medium term arrangement, said Governor Nicholl. Executive Director of the IMF **Jeroen Kremers** stated that BH has achieved large success by successfully completing the Stand By Arrangement, which is the assessment of the Executive Board of the IMF. "I think this the extremely important for the country and its international reputation", Kremers said. The Board of the IMF would like to continue partnership with BH, but it is necessary to see what are the key ambitions of BH in order to choose the appropriate program.

The first priority will be maintenance of the macroeconomic stability and the other one is the institutional buildup in the domain

order to stop losses in the companies and to create new jobs. "I think that all goals will be organized within the Stand By



Jeroen Kremers

of the fiscal policy and continuation of some form of the state coordination of the fiscal policy. The third area where the IMF will work with the WB is the area of the corporate restructuring in

Arrangement or within the medium-term program, which is so-called EFF. Over the next few months it will be decided which kind of program this will be", Kremers concluded.



IMF/WB Constituency Meeting Sarajevo, May 22-23, 2004

After modest beginning, daily turnover higher than KM one million

The Banja Luka Stock Exchange (BLSE) has marked its third anniversary, which is the period over which it has achieved great results and became the significant player at the capital market in BH. After a modest beginning which included transactions worth only several hundreds of KM, the average daily turnover in 2004 is more than KM one million. Therefore, the BLSE is becoming the central market for the trading of securities in RS, said Vice Governor of the Central Bank of BH (CBBH) **Ljubiša Vladušić**, addressing those who were present on the occasion of the third anniversary of the BLSE. Besides usual trading, Vice Governor Vladušić said, the BLSE gave the large contribution to the speeding up of the privatization process and promoting of the new way of sale of the state capital. Namely, the August last year marked the beginning of first auctions for the sale of the packages of the state

capital, and this way, more than 80 packages of state capital stocks were sold. The BLSE has become available, in every moment through the Internet, not only to local, but also to potential



Ljubiša Vladušić

influenced a lot the increase of transparency in business operations of companies and privatization investment funds which were included into the stock quotation at the beginning of 2003. The first stock exchange quotation for companies and banks was formed right after that. With this, balance sheets of companies and information about their businesses have

foreign investors. Based on those data, investors can make the decision on purchase and sale of the securities which are being quoted. The BLSE is aware that, in order to provide the survival and liquidity of securities, it is necessary to provide the demand, that is, an investor which needs to have all information about what is being bought and at what price, Vice

Governor Vladušić stated. Like the Sarajevo Stock Exchange (SASE), the BLSE also has the vision about the need for cooperation and connecting on equal terms with the other stock exchanges in the region, which makes its contribution to the regional connecting of stock exchanges significant. As the future of BH depends on the successful outcome of started reforms, the BLSE, together with the SASE, is the important partner to the CBBH in promotion, establishment and development of the total financial system and the single economic space. "We are aware of significance which the active, modern and well regulated market has in the economy of any country. With its work, the BLSE has set the foundation for the further development and modernization of the capital market and earned the trust of all of us", said Vice Governor Vladušić at the ceremony of marking of third anniversary of the BLSE.

PRESS RELEASES

■ GOVERNOR P. NICHOLL TO MEET THE MEMBER OF THE BH PRESIDENCY D. ČOVIĆ

The Governor of the Central Bank of Bosnia and Herzegovina



(CBBH) **Peter Nicholl** and the member of the BiH Presidency, H.E. **Dragan Čović** met on May 5, 2004

at the CBBH Head Office in Sarajevo. Mr. Čović congratulated the CBBH on its effective and efficient operations over a number of years. Mr. Nicholl thanked Mr. Čović and his colleagues and predecessors for the strong support that the CBBH has always received from the Presidency. They discussed a number of issues including the request from the State Parliament for the CBBH to consider ways of paying a dividend to the State and the urgent need to make senior appointments to the State Statistics Agency as an important step in improving the range and quality of statistics in BiH. They also discussed the process for bringing banking supervision under

the CBBH later this year. Mr. Nicholl stressed the importance of having adequate immunity provisions for central bank staff who will be involved in banking supervision. Governor Nicholl explained the process that will be used to replace Vice Governor **Dragan Kovačević**, who will leave the CBBH on May 31, 2004, and Comptroller-General **Jasmina Halilbegović**, who will shift to other duties in the CBBH when her term as Comptroller-General finishes on June 30, 2004. These appointments are made by the Governor of the CBBH with the approval of the CBBH Governing Board. Mr. Nicholl expects that decisions on these appointments will be

decided and announced at the meeting of the Governing Board of the CBBH scheduled for May 26, 2004.

■ THE GOVERNOR NICHOLL DENIED PRIME MINISTER TERZIĆ

The Governor of the Central Bank of Bosnia and Herzegovina (CBBiH) **Peter Nicholl** denied statement of the Chairman of the BH Council of Ministers **Adnan Terzić** reported by "Dnevni avaz" according to which the Commission for the appointment of Director of the BH Statistics Agency led by the Governor Nicholl did not nominate

MAIN UNITS AND BRANCHES



MU Sarajevo



MU Mostar



MBRS Banja Luka



Brčko Branch



Pale Branch

■ MU MOSTAR

From May 10 until May 14, General Comptroller and Deputy of General Comptroller visited Main Unit Mostar and performed an audit of this Unit's operations over the period from January until May 2004. Upon the consultations and cooperation with Security Division of CBBH, MU Mostar has delivered a "Plan of implementation of security measures in the building of MU Mostar". During the recent period, shortage of banknotes in denomination of 100 KM was noticed, which comes as a consequence of increased demand of that denomination by commercial banks. Therefore the MU Mostar started with implementation of more rational policy when supplying bank with the cash.

■ MU SARAJEVO

During May buying and selling of KM amounted to KM 580.166.178,

00, out of which KM 359.756.298, 00 were sold and KM 220.409.880, 00 were bought. Trade of KM buying and selling for euro cash amounted to KM 8.563.210, 53 and commission amounted to KM 17.126, 42. All the banks have fulfilled their reserves requirements, and the balance of deposit base for calculation of required reserve is increasing. The latest balance, as of May 20, amounted to KM 3.844.742.046, 62, which is the KM 92 million, or by 2, 4% increase in comparison to the previous period. Moving of MU Sarajevo into new premises in the 3 Mehmeda Spahe Street shall start on Friday, June 4, and as of Monday, June 7, employees of this Unit shall do their jobs in the new premises.

■ MBRS BANJA LUKA

In accordance with agreement concluded between Central bank Bosnia

and Herzegovina and National bank of Serbia, on May 26 the third withdrawal of KM bought, based on exchange operations on the territory of Republic Serbia, was completed. The 5th bank from the territory of Republic Srpska was included into the Deposit Insurance system of BH. It is the Balkan Investment Bank ad Banja Luka. This bank had also moved into new premises. The VB bank ad Banja Luka changed its name into the LHB bank ad Banja Luka.

■ BRČKO BRANCH

During May, the increased activities of commercial banks have continued, and index of values of incoming KM amounts to 109, 22, and outgoing 149, 54 in comparison to previous month. Manager of Branch and member of The Organisational Board of sport games **Mirzeta Arnautović** visited Teslić from May 28 until May 30 and participated in sport games as a member of the CBBH Volleyball team.

■ PALE BRANCH

A number of average daily transactions of buying and selling of KM from banks of the territory of Branch Pale had significantly increased during May. In comparison to previous month the increase was 76%. The average number of daily transactions of KM sale was increased for only 9%. Due to a high increase of buying, the positive balance between buying and selling of KM has decreased by 2, 3%. Also, banks' deposits in other currencies decreased, which means that banks had significant outflow of foreign exchange during the May in comparison to previous period. KM deposits of banks have increased by 9%, whilst the balance on the required reserves account of banks has increased by 11%. The average number of daily transactions of payments made in site vaults of CBBH to banks from the territory of Branch Pale had increased by 7%, whilst the average number of daily transactions of deposit in the vault decreased by 9%.

any Serb candidate. According to Sarajevo daily newspaper "Dnevni avaz" Prime Minister Terzić as an example of the slow implementation of reforms mentioned a problem of long delay in the appointments of Director of the BH Statistics Agency. According to the Prime Minister Terzić there is no political support of the Serb ministers which requests that Director or Deputy Director of the Agency should be a Serb nationality and the Commission for appointment of the Agency Director led by Governor Nicholl did not nominate any Serb candidate. Governor Nicholl emphasizes that the statement of the Prime Minister is incorrect regarding two important

respects. First, the Civil Service Law does not permit Civil Service Agency Commission to take into account the ethnicity of the candidates. The Commission has to judge the candidates on their capacities to do the job and make recommendations to the BH Council of Ministers on that basis. That is what the Commission did, we followed the Law, the Governor said. But in this case the Commission recommended four people for Director and Deputy Director of the BH Statistics Agency. Two of those four proposed persons were Serbs. "So, Mr. Terzić has been misinformed and Commission that I chaired can not be blamed for delay in making these appointments", Governor said.

■ GOVERNOR NICHOLL APPOINTED VICE GOVERNOR AND MAIN COMPTROLLER OF THE CBBH

The Governor of the Central Bank of Bosnia and Herzegovina (CBBH) **Peter Nicholl** appointed **Anka Musa** as Vice Governor of the CBBH and **Ankica Kolobarić** as Comptroller General of the CBBH. Anka Musa will take up her new position from June 1, 2004 and will replace **Dragan Kovačević** who takes up a senior position in a commercial bank. Anka Musa has extensive experience in the BiH financial system and has been Director of the CBBH's Main Unit in Mostar since 1998. Mr. Nicholl said he is pleased

PRESS RELEASES

that Anka Musa has agreed to accept promotion to the position of Vice Governor in the CBBH. "Her skills and experience will be of great assistance to myself and to my successor as Governor, **Kemal Kozarić**", Governor said. **Ankica Kolobarić** who has been appointed as Comptroller General of the CBBH, has extensive audit qualifications and experience that will be of considerable benefit to the CBBH. She will replace **Jasmina Halilbegović** whose three year term as Comptroller General of the CBBH finishes on 30 June, 2004. Mrs. Halilbegović will remain with the CBBH after her term finishes. These senior CBBH appointments are made by the Governor of the CBBH with the approval of the CBBH Governing Board at their meeting on 26 May, 2004.

During May 14 seminars and conferences

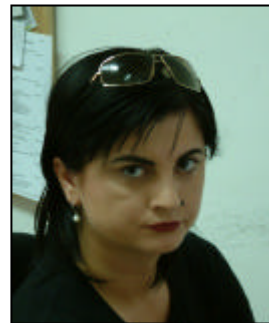
The CBBH Vice Governor **Kemal Kozarić** participated in Forum on currency issues held in Rome from May 2 until May 5. Economist I in the Section for Statistics of Government Finance, External Debt and Real Sector **Milena Lučić** visited the Joint Vienna Institute in Vienna from May 3 until May 21, where seminar about government finances was held and was organised by the International Monetary Fund. The **Ninoslav Gregović** National Bank of Croatia organised a technical meeting on payment balance of Southeast European countries, which was held on May 13 and May 14 in Zagreb. Manager of the Division for Statistics **Amir Hadžimeragić** and Coordinator of the Section for Statistics of Payment balance **Vidosav Pantić** were present at the meeting. Manager of the Division for Accounting and Finance **Ninoslav Gregović** participated at the meeting of the study group for financial reporting in central banks.



Ninoslav Gregović

The meeting was held in London from May 23 until May 25 and organised by the Central Banking Publications Ltd. Seminar on Public Relations was organised by the Deutsche Bundesbank, from May 10 until May 14 in Frankfurt and Administrative Assistant of Public Relation Section **Danijela Golijanin** attended that seminar. Meeting of coordinators for professional training was held in Basle from May 12 until May 14. Officer for professional training **Adela Lincender** and Secretary Translator of the Common Affairs Division **Vildana Popovčević** were present at this meeting. Receptionist **Dževka Poturak** attended the seminar "Efficient business secretary", which was held in Neum from May 20 until May 23. From May 27 until May 29, the seminar, organised by the company for research-development services and business consulting - Revicon, was held in Neum. This seminar was

attended by Coordinator for banking supervision in the Office of Governor **Ljiljana Marjanović**, Coordinator of the Section for financial-bookkeeping operations **Meho Kaltak**, Officer for financial analytics and controller in the Section for accounting reporting and control **Ines Đulabić** and officer for supply of fixed assets in the Common Affairs Division **Mirjana Babić**. Governor of the CBBH **Peter Nicholl** visited Basle from May 7 until May 17, where he attended the meeting organized by the Bank for International Settlement. Governor also visited London where he participated in work of international conference organised by the World Bank. Director of the MU Mostar **Anka Musa** Legal Adviser in the Legal affairs section **Jasenka Žigić**, Coordinator of the RTGS and SWIFT Section **Anja Margetić**, Officer for Settlement I in the Gyro clearing Section **Ljiljana Bagarić - Hatvani** and programmer in the



Danijela Golijanin

Section for IT support **Mirko Mihailo** attended the meeting during which the software presentation was held and issues, which remained opened since the acceptance of functional specification, were discussed. The meeting was held in Ljubljana from May 4 until May 7. The Seminar on Growth and stability in European Union which was organised on May 27 and May 28 by the Austrian National Bank was held in Vienna. The seminar was attended General Comptroller in the General Comptroller's Office **Jasmina Halilbegović**. Translator in the Office of Governor **Renata Barić** participated in seminar about financial leasing organised by the SEED and OHR, which was held on May 26 and May 27 in Sarajevo. Vice Governors **Kemal Kozarić** and **Ljubiša Vladušić** were present at the meeting on succession of financial assets of ex Yugoslavia which was held in Zagreb from May 31 until June 1.

EMPLOYMENT

Vice Governor Kovačević is leaving the CBBH

The Central Bank of BH (CBBH) Governor **Peter Nicholl**, with approval of the Governing Board that was issued at the 4th session held on April 29, 2004, made a decision about termination of employment by consent for the Vice Governor **Dragan Kovačević** as of May 31, 2004. Employment termination was carried out on Kovačević's request. Vice Governor Kovačević was appointed to this position

when the CBBH commenced its operations on August 11, 1997, on a four-year mandate and he was in charge of administration and finances. Since August 11, 2001, he was reappointed for another four-year mandate. Since April 1, 2001, he was in charge for the



Rusmir Burek

Department for Economic Research and Statistics and Payments System Department. He made a significant contribution to development of the CBBH in all of its segments. The CBBH staff wishes him good luck and all the best in new working environ-

ment. In May, there were no new employments in the CBBH. Also, no one left the CBBH and no employees shifted to the other posts. On May 12, Security guard in the Physical Section **Rusmir Burek's** employment contract was extended for another year. The CBBH currently has 264 employees out of which 260 are employed for indefinite period of time, while four employees are employed for definite period.

The Raiffeisen Bank the overall winner, the CBBH first in chess



Raiffeisen Bank - the overall winner



ABSBank - winner in indoor soccer



CBBH Chess Team - 1st place

The Raiffeisen Bank is the overall winner of the Second Meeting of BH Banks, while the team of the



CBBH Table Tennis Team - 2nd place

Central Bank of Bosnia and Herzegovina (CBBH) won the first place in chess (men). The Raiffeisen Bank won the first places in table tennis (men) and volleyball (men and women). The credit for the first place

of the CBBH's chess team goes to Ninoslav Gregović and Izet Lakota, while the ABS Bank won the first place in this competition in women's category. We should also certainly mention two other sports achievements of the CBBH - one of the men's table tennis team, which won the second place behind the Raiffeisen Bank, and the other of the women's volleyball team which won the third place behind teams from the Raiffeisen Bank and Universal Bank. The general opinion was that the CBBH indoor soccer team, which we had high expectations from, has not performed as it did in previous years. The ABS Bank won the first place in indoor soccer. This year's meeting of banks gathered more than 700 representatives of banks, including the CBBH representatives, Banking Agencies and the Agency for Deposit Insurance of BH. The organizer of the meeting was the CBBH and the meeting took place in Teslić from May 28 until May 30.

Round table on single registry of bank accounts

The Round Table on the Single Registry of Bank Accounts was also held as a part of the Second Meeting of BH Banks. This Single Registry of Bank Accounts will be the upgrade of the existing payments system; it will be located in the CBBH and will contain two databases, one with the data on accounts of citizens, while the other database will contain the data about the accounts of the legal entities. After the establishing of the register, the banks are obliged to send the data and update them on the daily basis.

The data delivery process will be controlled by the CBBH. Some commercial banks



Round table

have also asked the CBBH to take the

stronger role in the process of blocking and forced payment, but with the adoption of the Law on executive procedure, this part

was excluded from the project of single registry. During the round table it was stressed that the banks are a guarantee for the data accuracy, but they also have to be connected with Tax Administration and the Statistics in order to check the validity of the data, and to avoid the transfer of the fictitious companies, that is, their data into the central registry. Participants were generally surprised with the passive attitude which statisticians, ministries of finances and tax administrations have shown regarding this issue.

CENTRALNA BANKA
BOSNE I HERCEGOVINE



ЦЕНТРАЛНА БАНКА
БОСНЕ И ХЕРЦЕГОВИНЕ

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CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Monthly Balance Sheet (temporary) as of 30th April, 2004
Explanation

Monthly Balance Sheet is being issued to provide information on the Central Bank of Bosnia and Herzegovina operations pursuant to the Currency Board rule, and to release some particular information as defined by the Law on the Central Bank of Bosnia and Herzegovina.

Some of specific features of the Balance Sheet as of 30th April are as follows :

On 30th April, the Bank met all requirements of the Currency Board rule as mentioned in the Article 31 of the Law. Status of Net Foreign Assets exceeds its Monetary Liabilities in Konvertibilna Marka (KM) by KM 158,032,837. This has been shown in the item Net Foreign Exchange Assets minus Monetary Liabilities.

Foreign Assets mainly consist of deposits held with the foreign banks.

The Balance Sheet also shows structure of the currencies holdings, differentiating them by EUR and other currencies.

The Bank's foreign deposits incur income for the Bank from interest.

Monetary liabilities, represent to larger extent the liability of the Bank for KM currency in circulation (KM 1,724,935,884) and resident banks, deposits (KM 1,084,513,642).

Capital and reserves reflect initial capital, reserves, shares, and accumulated profit of the Bank since the beginning of its operation on 11th August 1997. As depositary for membership of Bosnia and Herzegovina in the IMF, the Bank presents IMF accounts No.1 and No.2 as foreign liabilities in its Balance Sheet and holds securities of the Government of Bosnia and Herzegovina related to the membership. Acting in the same time also as fiscal agent on behalf of the Government in its relationship with the IMF, the Bank records the funds and liabilities of the Government related to the membership in the trust accounts separated from Balance Sheet. By consolidation of all accounts related to the membership of Bosnia and Herzegovina in the IMF, liability as net member position in the amount of KM 218,550,993 is calculated.

The Bank also maintains certain accounts in foreign currencies in terms of agreements concluded between the Government of Bosnia and Herzegovina and foreign governments and financial organisations, as well as foreign currency accounts of the state institutions and agencies for which the Bank acts as an agent. As these accounts does not appear to be either assets or liabilities of CBBH, they have not been included in the above mentioned balance sheet. Total amount of funds held in on these accounts was KM 185,275,045.

Any inquiry referred to the Monthly Balance Sheet can be addressed to the Accounting and Finance Section in Sarajevo, contact phone # (033) 27 81 19, fax # (033) 27 82 94. Media representatives can contact Public Relations Office, phone # (033) 27 81 23, fax # (033) 27 82 96.

The Central Bank of Bosnia and Herzegovina is independent monetary institution of BH and has no organisation relations with any commercial bank.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Monthly Balance Sheet (temporary) as of 30th April, 2004
(amounts in KM equivalents)

ASSETS		Total Amount	EUR	Other Currencies
1	Foreign Exchange Assets	2.996.520.944	2.992.259.975	4.260.969
1.1	Cash	32.203.629	32.178.484	25.145
1.2	Short term deposits	2.961.669.236	2.960.081.491	1.587.745
1.3	SDR in the IMF	2.648.079	0	2.648.079
2	Other Assets	74.229.621		
TOTAL ASSETS (1 + 2)		3.070.750.565		

LIABILITIES		Total Amount
3	Monetary Liabilities	2.837.428.853
3.1	Currency in Circulation	1.724.935.884
3.2	Credit Balances of Resident Banks	1.084.513.642
3.3	Credit Balances of Other Residents	27.979.327
4	Liabilities to Non Residents	1.059.254
5	Other Liabilities	8.291.256
6	Capital And Reserves	223.971.202
TOTAL LIABILITIES (3+4+5+6)		3.070.750.565

Net Foreign Assets minus Monetary Liabilities (1 - 3 - 4)	158.032.837
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Jasmina Halilbegović
Comptroller General


P.W. Nicholl
Governor
Sarajevo (date) 25.05.2004.