



PRESS CONFERENCE

## Central Registry of Credits of Legal Entities in Operation



The press conference, which marked the startup of work of the Central Registry of Credits of Legal Entities, was held in the premises of the Central Bank of Bosnia and Herzegovina (CBBH) on April 20, 2006. On that occasion, CBBH Governor **Kemal Kozarić** stressed that this Registry, which is

operational since April 13, 2006, represents the significant element in providing of the sound financial system of BH. "This Registry has a goal to provide the preventive information to commercial banks when a client applies for a new loan. Now commercial bank can see exactly where its client has a loan, where it has a

guarantee and where it has an open letter of credit. All client's debts can be seen at one place, where and how much the client is exposed. Of course, commercial banks will be able to see only their own clients in the Registry, i.e., they will not be able to see how much the other bank has extended", Governor said, expressing the hope that, besides increasing the safety of investments, existence of this Registry will also influence indirectly decreasing of credit expansion since, for example, 29% credit growth was recorded in 2005 in comparison with 2004. "In order to illustrate, banks have around KM 7 billion extended loans in BH until now.

## Second stage of the project

By completing the second stage of Registry development, which should be realized until the end of this year, the Registry should also contain the data on physical persons indebted in commercial banks and their guarantors. The approximate cost of the second stage of development is close to Euro 160.000 and, according to the announcement of Governor Kozarić, 50% of the cost would be covered by the USAID and remaining 50% by the CBBH.

Continuation on Page 2

They extended KM 3, 2 billion or 46% to private companies, and KM 3, 4 billion or 48% to citizens", Kozarić said, adding that even despite the large interest in information which this Registry can provide, the Registry will remain a closed-type, that is, the data will be used exclusively by banking agencies, commercial banks and the CBBH. "We give the information exclusively to banks, while the Registry does not include the data on leasing and micro-finance organizations. With so, we do not consider ourselves to be competition to private owned registries, such as the LRC. It will continue to operate the same way as it did until now with clients who wish to work with it and who find some interest", Governor stressed and thanked the United States Agency for International Development (USAID) for its help during the realization of this project. The USAID Director **Howard Sumka** expressed his great pleasure with the successful partnership which the USAID and CBBH had during many projects in the process of building of sound banking sector, which dates from the time of establishing of the Payments Systems of BH. "We also supported establishment of the Single Registry of Transaction Accounts and financed the software for monitoring of cash flows in the CBBH vaults. The USAID's programs of reform of the banking sector were successful because of the effort of our institutional partners, especially of the CBBH with Governor Nicholl in charge and now with Governor Kozarić in charge", Sumka stressed. The cost of the project was Euro 110.000 and the USAID covered 60% of expenses, while the CBBH covered the remaining 40% of expenses. Maintenance of the Registry will be financed by commercial banks and the CBBH. Manager of the CBBH Payments System Division **Đorđe Racković**, presenting the functions of the Registry, said that at the beginning, in accordance with the recommendations of the International Monetary Fund (IMF), the Registry was designed as registry of large credits, in function of risk monitoring in some areas, but the CBBH has made the decision to create the registry of all credits of legal enti-



K. Kozarić and H. Sumka:  
Continuation of the successful cooperation between CBBH and USAID

ties. "The purpose of this Registry is to provide quality data on credits of legal entities in commercial banks, analysis at the level of banking agencies, banking supervision and the CBBH. Banks have the access to the Registry through Internet, and they can search the Registry by using the Unique Identification Number, which each company has", Racković said. The Registry is not only limited to credits, since it also covers certain potential liabilities in banks, which are important to banks when they analyze creditworthiness. The Registry database is loaded by commercial banks and the Registry performs some logical controls which ensure integrity of the data. Racković reminded that, besides the Registry of Credits of Legal Entities, banks will be also able to access the previous CBBH project through the Internet - the Single Registry of Transaction Accounts of Clients in BH. "At the

places where they approve loans, following submission of credit application, the banks will immediately have available, together with credit application, all current debts of potential clients; they will have all their debts over the last five years and they will have the access to see where that company has opened accounts, in which bank, how many open accounts it has, what is the status of those accounts: are they blocked, closed, active...", Racković said. As Governor Kozarić concluded, banks now have relevant data on exposure of their clients, which will increase their safety and the safety of the entire system. Besides the already mentioned indirect influence on reducing of the credit growth rate, information from the Registry will certainly help clients, who until now have repaid their credits regularly, to obtain credits under more favorable conditions than it was the case until now.

## Presentation for Bankers



On April 5, the presentation of the Central Registry of Credits for

commercial bankers was held in the CBBH. Technical details on sending of data to the Registry were presented, as well as on banks' access to web application. Initial loading of the Registry with the data commenced on April 6 in order to have the Registry loaded on April 13, which is when the Registry became operational.

# Latest Macroeconomic Indicators Presented



Detail from the Conference

The 9 Annual Conference of the International Business Forum "Perspectives" was held on April 25 and 26 in Tuzla and the topic of this Forum was "Economic Perspectives in the Southeast Europe's Free Trade Zone". Governor of the CBBH **Kemal Kozarić** participated in the work of this year's Forum and he was also the Chairman of the Program Committee of this event. His intention was to present the latest macroeconomic indicators at this business meeting, above all, positive ones, and also to point to the negative indicators realistically and openly. According to the CBBH assessments, the nominal GDP in 2005 was KM 14, 7 billion and since 1998, when it amounted to KM 7, 2 billion, it has been constantly increasing. The inflation was 3, 6%, foreign reserves were KM 4, 2 billion. The last year ended with the KM 7, 8 billion foreign trade deficit. While presenting the structure of the deficit, Governor stressed that the largest share of BH imports was related to mineral fuels and oil, followed by the machinery, devices and technical equipment, wheels, electrical machinery... The largest share of imported goods came from Croatia, Germany, Serbia and Montenegro, Italy, Slovenia and Austria, while the largest share of BH exports went to Croatia, Serbia and Montenegro, Italy, Slovenia and Germany. The basic questions which need to be asked in the country with the large current account deficit is whether that deficit is sustainable and whether the country will face the external sector crisis. As

Governor stressed, looking forward, it will be very hard for BH economy to rely exclusively on transfers. The entry in the BH Balance of Payments with the largest potential to change is certainly the entry of foreign direct investments (FDI). However, in order for BH to attract foreign investors, it has to build the economic space which will be favorable for local investors, and with that, that space will become interesting for foreign investors as well. Through the regular research which the CBBH carries out, the data on FDI were compiled for the first nine months of 2005. The estimates of FDI inflow for 2005 are around KM 470 million. "The Government should implement series of measures which would speed up the privatization and promote measures which will yield higher productivity of production industry in the private sector, which can achieve the fastest results in increase of the export capacities of BH", Governor Kozarić stressed. With the goal to improve the BH foreign trade position, according to his assessment, it is recommendable to make the detailed analysis from the micro-aspect and of all goods which mostly intensify the increase of import is component and in manner to identify main foreign trade partners, as well as types, volumes and prices of goods imported from the main trade partners. It is required to strengthen the agricultural policy of BH through the promotion of the BH economy on the international market and solving of the internal limitations, that is, export obstacles. The special attention needs to be also paid

to export capacities of the country, especially on the raw materials' structure of export and that branch needs to be protected. The stimulation also needs to be given to the development of the infrastructure in the domains of standards, certification and quality, in accordance with EU regulations. Through the short analysis, following can be noticed: over the first nine months of 2005, FDI inflow reduced by 36, 9%; inflow of total foreign investments reduced by 31, 7%; the largest amount of FDI was KM 117 million and that is the investment capital from Austria; investors which invested more in BH in 2005, than it was the case in 2004 were Slovenia, Turkey and USA; in terms of sector representation, the largest share of investments went to banking with 50% and production with 42% of the total amount of FDI; the largest reduction of the total FDI was recorded in the tourism sector (-9%), sector of trading (-9%) and non-banking sector (-10%). The data show that there is a room to invest in BH, but the approach to investment promotion and to creating of conditions for investments has to be taken much more aggressively, and the best way, Governor said, is to implement reforms. What provides FDI inflow to one country, he added, are political stability and safety, economic progress, and the image of the country, which is a very important component. Economic growth can be achieved through intensifying of the development of the real sector of the economy, through more efficient implementation of planned reforms, especially of the fiscal reforms and creating of preconditions for strengthening of the business environment. There is a lot of work which country, as a whole, has to do if it wants to progress on the road towards stability. It needs to be taken into account that the macroeconomic context is very important and that it needs to be set precisely which sectors are growing and at what rates, how the economy productivity looks like, then, competitiveness, real effective exchange rate, transparency and similar. The real sector is the area of economy with potential aiming to develop BH economy. The Governor concluded his Tuzla presentation with the remark that the a.m. fact should be recognized by all levels of authorities and responsible institutions and they should work on the constant implementation of reforms which will direct BH towards desired development.

# Lecture to Students of the Economics Faculty of Eastern Sarajevo



Over the last couple of years, the Central Bank of BH (CBBH) has developed good cooperation with BH universities, manifested through the study visits of students groups to the Central Bank and occasional lectures of CBBH economists at BH universities. So, on April 26, 2006, the group of students of the Economic Faculty of University in Eastern Sarajevo, together with the Dean **Ph.D. Prof. Novo Plakalović**, visited the Main Office of the CBBH in Sarajevo. The goal of this visit was informing on activities of the main departments in the CBBH. The host to students from Eastern Sarajevo was the CBBH Vice Governor **Ljubiša Vladušić** who lectured students on the CBBH organization, responsibilities and activities of the Bank. On that occasion, Vice Governor stressed the importance of having quality legislation in process of building of a successful institution, and on that occasion, he mentioned the Law on CBBH, which has clearly defined framework and responsibilities of the CBBH. "Thanks to the quality Law and its persistent implementation, the CBBH has become one of the most successful institutions in BH", Vladušić

said, adding that the CBBH, through the persistent implementation of the monetary policy through the Currency Board Arrangement, has managed to fulfill its primary mission, and that is the maintenance of monetary and financial stability in the country, including the price stability. "Only during 2005, somewhat higher inflation has been recorded - 3, 6%, but that inflation is the product of price trends on oil markets", Vice Governor stressed. Stability was accompanied with the stable increase of foreign reserves, which, at the end of 2005, reached KM 4, 2 billion. Stability policy, implemented by the CBBH, has propelled the BH banking sector to fast development, so at present it is one of the most developed sectors of BH economy, providing BH citizens with the banking services equivalent to banking services available to citizens of developed countries of the Western Europe. Vice Governor Vladušić added that the precondition for the economic growth of one small open economy, such as BH, is stable and strong banking system, which BH managed to provide. The CBBH has given its full contribution to stabilization of the financial sector,

developing the Single Registry of Transaction Accounts and the Central Registry of Credits, as well as by compiling statistical data from the domain of macroeconomics, which are very important to creators of economic policies. Still, in order to make the full advantage of BH potentials, it is necessary to complete other reforms as well, especially in the fiscal sector and to work on creation of the business environment which will be attractive to foreign investors. At the end of his presentation, Vice Governor Vladušić informed students on current and future projects of the CBBH, such as preparations for the transfer of the banking supervision in BH to the state level, active participation of the CBBH in the development of the capital market in BH, preparations for the European integrations, as well as, with the activities which should result in review and upgrade of the current credit rating of the country. Students, led by Dean Plakalović, were satisfied with reception they got in the CBBH and with their newly-acquired knowledge and expressed hope that the cooperation between the CBBH and University in Eastern Sarajevo will continue.

# BH Presidency: 2005 is another successful year for the CBBH



Ivo Miro Jović

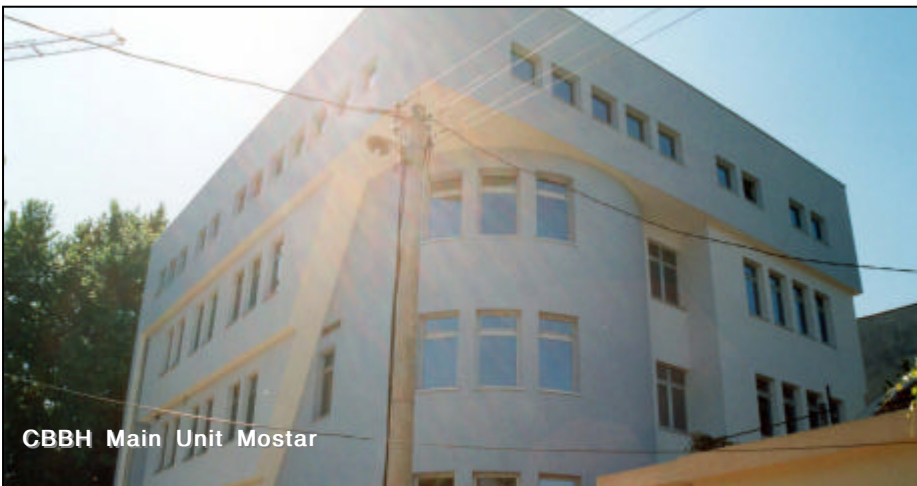
On its session which was held on April 18, 2006, the BH Presidency accepted

the CBBH Financial Statements for 2005. The BH Presidency stressed that 2005 was another successful year for the CBBH. Member of BH Presidency **Ivo Miro Jović** pointed out to the generated profit of the CBBH, which was KM 38 million in the last year, out of which, in accordance with the Law, 60% of the profit, that is, KM 19, 5 million was transferred for users of budget of state institutions. The State reserves of the CBBH were close to KM 4, 2 billion. "Foreign trade deficit is close to KM 7 bil-

lion and that is one difficult issue that all BH institutions have to deal with more seriously in the future, including BH Presidency", Jović said. He added that inflation was 3, 6%, while in the European Union (EU), it was 2, 2%. "I believe that justification for that could be found in price's trends of oil and oil derivatives in the market and, conditionally speaking, that was the reason for a small increase in inflationary trends in BH, compared to previous years of operations", Jović said.

## VISITS

### Representatives of the National Bank of Slovakia in the CBBH



CBBH Main Unit Mostar

Representatives of the National Bank of Slovakia visited the Central Bank of Bosnia and Herzegovina (CBBH) at the beginning of April in order to inform themselves about the methodology of work of the Treasury Division of the CBBH, on operations of the BPS machines and on operational tasks within the CBBH which are related to cash. Guests from Slovakia were interested in details connected with the vault and its safety, issuing of cash to

commercial banks and the way the BPS machines operate and detect banknotes suspected to be counterfeits. Besides the CO CBBH in Sarajevo, they also visited the MU CBBH in Mostar, where they were also informed on operations of this organizational unit, especially the Treasury Section. The CBBH employees have proved one more time that they are good hosts and they organized the tourist tour of Mostar for their guests.

## CONFERENCES

### K. Hajdarević Presented His Scientific Work in London

Expert for the Computer System Security, **M. Sc. Kemal Hajdarević** presented his scientific work entitled "*Timing Considerations in the Detection of Intrusion Attacks*" at the Second International Conference on Global E-Security (ICGeS), which was held at the East London University from April 20 until April 22. The work covered indicators which help the proactive detection and prevention of attacks in the early development stages, which provides the opportunity for defense systems to block the system penetration, stealing of data and other malicious actions. Conference participants positively evaluated the presented research result and the later discussion was focused on methods for implementation of presented solutions. The work was published in the book of collected works (ISBN 0-9550008-2-3) which were presented at the ICGeS.

## BOSNIA AND HERZEGOVINA EXPECTS RATING UPGRADE

The International Agency Moody's Investor Service, is reviewing the possible upgrade of sovereign credit rating for Bosnia and Herzegovina. The Moody's Agency assigned the first sovereign credit rating to Bosnia and Herzegovina, B3 with positive outlook, in March 2004. In the light of the meaningful progress in country building since the ratings were first assigned, Moody's is reviewing the possible upgrade of Bosnia and Herzegovina's rating. The Moody's stated that, after significant reforms in domain of military and police forces, BH has begun negotiations with the European Union (EU) on Stabilization and Association Agreement that should bolster integration with Europe and political and economic strengthening of the country. The major political parties in BH have recently reached the agreement on constitutional amendments that should lead to more effective and efficient governance. The greater competence of local officials has allowed the Office of the High Representative (OHR) to play a less interventionist role in management of the country. Analysts of the Moody's Agency also stressed advances in economic policy, including this year's successful implementation of the Value Added Tax (VAT), as well as near-elimination of longstanding practice of budget payment arrears at various levels of government. Moody's also outlined some indicators which are restrictive to rating. There is still no resolution on issuance of local securities to compensate claims for frozen foreign currency deposits, although conclusion appears near. Of additional concern is the large current account deficit, but Moody's confirms high export growth registered in the last year. The Moody's review will focus on political and economic side, political, to confirm the effects of recent reforms and prospects that the constitutional amendments will be implemented soon enough for forthcoming elections, and economic, focused on BH Balance of Payments and country's internal debt. "Being the agent of the state in the credit rating process, the Central Bank of BH, has managed to provide all relevant information and indicators confirming the progress achieved in BH, which could result in new, better, credit rating", CBBH Governor **Kemal Kozarić** stressed. The new credit rating of Bosnia and Herzegovina will be announced no later than three months and it is expected to be B2.

## MAIN UNITS AND BRANCHES



### MU SARAJEVO

During April, the Treasury Operations Section performed 202 transactions, in the total amount of KM 122.378.546. The number of cash inflows was 120, that is, KM 50.350.596, that is, 1.584.971 pieces of banknotes and 932.456 pieces of coins. The number of cash outflows was 82 or KM 72.027.950, out of which, 2.082.502 pieces of banknotes and 887.000 pieces of coins. 489 requests were received for the issuing of the data from the Single Registry of Transaction Accounts of Legal Entities and 396 certificates were issued. The Market Evaluation Section performed three decade calculations of Required Reserve for April. In the last calculation, the Post Bank d.d. Sarajevo failed to fulfill the Required Reserves, so the responsible Banking Agency was informed and proceedings were made in accordance with procedures. The Banking Section has performed 70 transactions of KM buying and selling in the total amount of KM 173.447.322, 07. Out of that, 57 transactions are related to KM sale in the amount of KM 94.158.909, 57, while KM 79.288.412, 50 were related to purchase, that is, to 13 transactions.

### MU MOSTAR

Representatives of the National Bank of Slovakia and Company Giesecke & Devrient visited MU Mostar on April 4. The goal of their visit was to acquire information on the work of this organizational unit, especially on the work of the Treasury Section. On April 18, 8<sup>th</sup> Session of the CBBH Board and 9<sup>th</sup> Session of the CBBH Board with the extended number of participants were held in the MU Mostar premises. During April, 253.059 transactions in the payments system were performed in this Main Unit, out of which, 246.905 were giro-clearing transactions and 6.154 were RTGS transactions. 114 requests were received for issuing of the data from the Single Registry of Transaction Accounts and certificates were issued. From April 1 until April 30, the number of inflow protocols in the Treasury Operations Section was 53 pieces in the total value of KM 60.239.441, 00. The number of outflow protocols was 68 pieces in the total value of KM 50.818.302, 50. Over the same period, three minutes were made in the Section for three pieces of banknotes which are suspected to be counterfeited. Those banknotes were sent for expertise in the MOCBBH in Sarajevo.

### MBRS BANJA LUKA

Upon completed procedure of merging of Razvojna banka jugoistočne Evrope a.d. Banja Luka, the banking group of the Nova ljubljanska banka LHB banka a.d. Banja Luka has changed its name into NLB Razvojna banka a.d. Banja Luka. Due to status changes, license to perform banking operations was revoked from

the Razvojna banka a.d. Banja Luka on March 31, 2006. Coordinator of the Market Evaluation Section of the MBRSCBBH Banja Luka **Slavica Injac** ended her employment in the CBBH on April 16, at her own request. According to the Decision of the National Assembly of Republika Srpska (NSRS), she has been appointed Director of the Banking Agency of Republika Srpska. The positive trend of KM buying and selling continued in the MBRSCBBH. During April, a total of 67 items were processed, out of which, 10 items were related to purchase in the amount of KM 53, 9 million, while 57 items were related to sale in the amount of KM 96, 5 million. The total net balance of KM buying and selling is KM 2, 03 billion and it is by 10, 7% larger compared to balance recorded on December 31, 2005. The Treasury Operations Section has completed all tasks and assignments related to cash transactions successfully and with high quality and in accordance with valid procedures and instructions. 183 transactions were processed, and total of 1.300.000 pieces of banknotes and coins (KM and EUR cash) were received and counted.

### BRČKO BRANCH

Activities on preparation of contract on purchase of business premises for the CBBH Branch in Brčko continued. Manager of the Branch **Mirzeta Armutović** attended the meeting of the CBBH Management with the extended number of participants, which was held on April 19 in Mostar. Manager of the Branch also attended the 9<sup>th</sup> Annual Conference of the International Business Forum "Perspectives" in Tuzla. During April, the significant increase of operations in the dislocated vault was recorded in comparison with March, so the index of value of BAM inflow was 121, 04, BAM outflow was 136, 59, while the index of EUR value was 193, 71.

### PALE BRANCH

The number of KM buying and selling recorded in Pale Branch in the April was significantly higher compared to the previous month. So the number of sales increased by 21%, while the number of purchases increased by 67% compared to the March. The positive balance between buying and selling of KM has increased by 2% and amounts to KM 313 million. The number of KM deposit transactions to CBBH dislocated vaults decreased by 20%, while the number of transactions of payouts from the vault increased by 3%. The number of requests for issuing into CAS reduced by 18%, while the number of requests for inter-banking transfers was significantly higher compared to the previous month. The average balance at reserve accounts of banks managed by the Pale Branch increased by 7%, KM deposits also increased by 5%, while deposits in other currencies decreased by 5%.

# Sarajevo: Seminars on Human Resources, European Integrations and Accounting Standards

Officer for Expert Analysis of Banknotes in the Treasury Division **Moamer Halvadžija** attended the Seminar entitled "*From Planning of Banknotes Production to Online Cutting/Destroying. Cash Management in State Central Banks: Italian Experience*". This Seminar was held from April 3 until April 5 in Rome in organization of the Bank of Italy. The Bank of France organized the Seminar entitled "*Accounting and Budget in the Central Bank*", which was held in Marne la Valle from April 3 to April 7. This Seminar was attended by the Manager of the Accounting and Finances Division **Ninoslav Gregović**. Manager of the Economics Research and Statistics Division **Amir Hadžiomerađić** was in Frankfurt on April 10 and 11. There, in organization of the European Central Bank (ECB), a conference was held on monetary policy and financial stability. Gerzenze Study Center from Switzerland is organizer of the seminar entitled

"*Monetary Policy, Exchange Rate and Capital Flow*", which is being held from April 24 until May 11. Attendee of this Seminar was Economic Analyst in the Economics Research and Statistics Division **Dejan Kovačević**. Legal Advisor **Jasenka Žigić**, Coordinator of the Personnel Section **Anda Bijeljac** and Officer for Personnel Affairs I in the Personnel Section **Edina Čobo** attended the Seminar entitled "*Human Resources Management*". This Seminar was held in Sarajevo on March 27, April 3, 10 and 17 in organization of the Sarajevo Graduate School of Business (SGSB). Coordinator for Banking Supervision in the Office of the Governor **Ljiljana Marjanović**, Advisor on Issues of Financial Market in Office of the Governor **Petra Marković** and Manager of the CBBH Brčko Branch **Mirzeta Arnautović** attended the 9<sup>th</sup> Annual Conference entitled "*Economic Perspectives in Free Trade Zone in the South East Europe*". This Conference was held on

April 25 and 26 in Tuzla. The Council of Ministers of Bosnia and Herzegovina - European Integrations Direction, organized the Seminar on preparation of the national version of *acquis communautaire* in Slovenia, which was held in Sarajevo on April 11 and 12. This Seminar was attended by Officer for Legal Issues and Representation in the Legal Affairs Section **Samira Dupovac**, Senior Officer in the Division for European Integration and Financial Markets Development Issues **Renata Barić** and Secretaries - Translators in the Common Affairs Division **Daria Karišik** and **Vildana Popovčević**. Coordinator of the Central Bank Account Section **Meliha Smajlagić** and Coordinator of the Accounting Control and Reporting Section **Muhamed Kapo** participated at the counseling entitled "*Guide Through International Accounting Standards*", which was held on April 18 in organization of "Revicon".

## EMPLOYMENT

## Two employees left the CBBH



**Tanja Džonlez**

**Tanja Džonlez**, Graduate Economist has been permanently employed as the Market Evaluation Economist in the Market Evaluation Section of the CBBH - Sarajevo Main Unit on April 1. We wish her a warm welcome to our organization. Assistant for Publications in the Section for Publications, Library and Administrative Tasks **Željko Ninkov** termi-

nated, on the mutual consent basis, at his own request, his permanent employment contract on April 10. On that same day, temporary employment of the Market Evaluation Economist in the Market Evaluation Section of the Main Unit Mostar **Snježana Soče**, ended because of return of **Edina Hajdarević** from the sick leave. **Snježana Soče** was hired temporarily on August 2, 2005, until **Edina Hajdarević** returns from the sick leave and for maximum one year. Based on the personal request, Coordinator of the Market Evaluation Section in the MBRS CBBH Banja Luka

**Slavica Injac** terminated the permanent employment on the mutual consent basis on April 16. During April, there was no shifting of the CBBH employees to other posts. The CBBH has 287 employees. Out of the total number of employees, 282 are employed permanently, while five employees are employed temporarily, out of which four employees are hired on basis of replacement of absent, that is, shifted employees, while one has the status of a trainee. One CBBH employee who is hired permanently is on unpaid leave.

CENTRALNA BANKA  
BOSNE I HERCEGOVINE



ЦЕНТРАЛНА БАНКА  
БОСНЕ И ХЕРЦЕГОВИНЕ

Publisher: Central Bank of BH; Address: Maršala Tita 25, 71000 Sarajevo; Prepared by: Public Relations Section of the CBBH;

Web page: <http://www.cbbh.ba>; E-mail: [contact@cbbh.ba](mailto:contact@cbbh.ba); Editor: Zijada Kovač Contact phone: (033) 278-123; DTP editor: Almir Salihović;

Contributors: Erna Mundžehasić (proofreader), Almir Salihović, Danijela Goljanin, Darija Dragaš and Vildana Popovčević (proofreaders - English version), Anda Bijeljac (Articles on employment) and Edina Čobo (Articles on education); Printing: Sevdla Handžić, Common Affairs Division of the CBBH; The CBBH Newsletter is issued on monthly basis



**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**  
**Monthly Balance Sheet (temporary) as of 31<sup>st</sup> March, 2006**  
**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 31<sup>st</sup> March are as follows:

**On 31<sup>st</sup> March, 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 196,995,162. 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 1,837,882,856) and resident banks, deposits (KM 2,220,562,218).

**Capital and reserves** reflect initial capital, reserves, shares, and accumulated profit of the Bank since the beginning of its operation on 11<sup>th</sup> 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 85,339,017 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 324,183,154.

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 31<sup>st</sup> March, 2006**  
**(amounts in KM equivalents)**

ASSETS		Total Amount	EURO	Other Currencies
1	Foreign Exchange Assets	4.438.268.738	4.434.919.538	3.349.200
1.1	Cash	22.148.968	22.107.421	41.547
1.2	Short term deposits	4.415.687.821	4.412.812.117	2.875.704
1.3	SDR in the IMF	431.949	0	431.949
2	Other Assets	87.112.834		
<b>TOTAL ASSETS ( 1 + 2 )</b>		<b>4.525.381.572</b>		

LIABILITIES		Total Amount
3	Monetary Liabilities	4.240.245.798
3.1	Currency in Circulation	1.837.882.856
3.2	Credit Balances of Resident Banks	2.220.562.218
3.3	Credit Balances of Other Residents	181.800.724
4	Liabilities to Non Residents	1.027.778
5	Other Liabilities	26.794.289
6	Capital And Reserves	257.313.707
<b>TOTAL LIABILITIES (3+4+5+6)</b>		<b>4.525.381.572</b>

<b>Net Foreign Assets minus Monetary Liabilities ( 1 - 3 - 4 )</b>	<b>196.995.162</b>
--	--------------------

M.B.A. Ankica Kolobarić  
Main Internal Auditor

  
Kemal Kozarić  
Governor

Sarajevo ( date )

18.04.2006