



## CONFERENCE IN KUALA LUMPUR

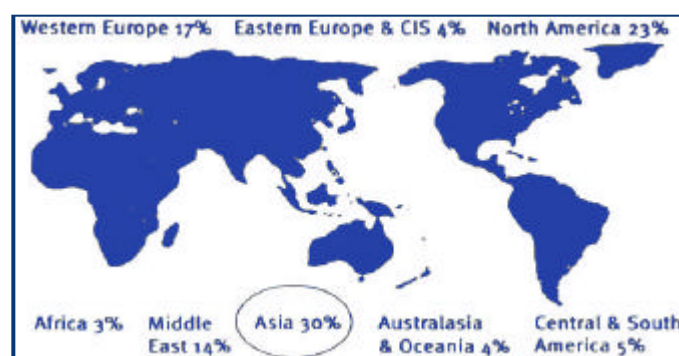
### Gold dinar in multilateral trade



By Kemal Kozaric,  
Vice Governor of the  
CBBH

At present, more than a half of the world's population lives in the Asia region. 30 percent of the entire world market applies to the Asia region, 17 percent applies to the region of the Western Europe, four percent applies to the Eastern Europe, 23 percent applies to the Northern America, five percent applies to the Central and South America, four percent applies to the Australia and Oceania, 14 percent applies to the Mid-East and three percent applies to the Africa. This percentage of the share at the world market certainly inspired Malaysia and its president **Mohammad Mahathir**, as this country takes a significant part (1,4% of the world export and 1,2% of the world import belongs to Malaysia), to start the initiative on the introduction of the gold dinar in the multilateral trade. Experiences that were caused by the Asian financial crisis from 1997 to 1998, as well as the financial crisis in Mexico, Brazil, Russia and Argentina, these being the countries where US dollar has the significant impact on the local economies, brought about the idea on the introduction of the gold dinar in the international settlement. According to the presented idea, gold dinar would be used at first only in the international settlements, while local payment transactions would continue to use local currencies. Originally, gold dinar will not exist in the form of banknotes and coins. Real settlement in the trade can be transfer of the equivalent amount in the value of the gold. This would not be the physical transfer of the gold from one country to another; instead it would be a transfer of the obtained value in gold to the protecting account. This arrangement functions very simple. Payments will

be carried out by the central banks of the countries that take part in the payment transactions and the only thing that will be paid is the difference between the import and export of one country. This arrangement makes possible to support the large value of trade with the small amount of money. As the agent for payments, central banks are becoming very important in providing payments mechanism, as well as the efficient work of that mechanism. It is clear that the goal of this suggested model is the creation of the independent payment system that will have backing in gold and which will aim to protect participating countries from the exchange rate fluctuations of the US dollar, yen and the euro. Gold dinar is certainly the answer to the appearance of the euro, as well as to the beginning of the market globalization. Recent conference in Kuala Lumpur has shown that this project has support of the participating countries and that it will be implemented soon, which means, for sure, that after the US dollar, yen and euro, we can expect gold dinar as well.



### MBRS CBBH in new premises



The MBRS CBBH Banja Luka has moved into the new office facilities. A session of the Governing Board of the CBBH was held in the new premises on November 13, and Governor **Peter Nicholl** held the meeting with the directors of the main units and branches. Moving into the new premises served as the occasion for the organization of the cocktail party that was attended by the representatives of the CBBH from Sarajevo, Mostar, Brcko and Pale, Finance Minister of the RS, representative of the Agency for Deposit Insurance of BH and directors of the commercial banks.

### PROJECTS

#### New accounting-banking software handed over for use

Representatives of the Central Bank of BH (CBBH) and "Aster" Company from Ljubljana signed the document on the handover of the new accounting-banking software on November 26, 2002. The signing was preceded by the meeting of the representatives of the project team for the project task realization of the single banking and accounting software and those of "Aster" from Ljubljana. At the meeting, it was decided on the date of signing the hand-over of project between the contract parties, "Aster" as the party implementing the project and the CBBH, as the user. Annex III of the Contract on delivery and implementation of the accounting-banking software was signed by the Governor **Peter Nicholl** on behalf of the CBBH, while CBBH Vice Governor **Kemal Kozaric** signed the Minutes on the hand-over.

## PROJECTS

### New accounting-banking software handed over for use

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**Matej Kranjc** was a signer on the behalf of the Slovenian company. The act of signing of the document also presents the end of the project that will become operational on January 3, 2003. The period until the final implementation of the project gives the opportunity and possibility to control the work of all applications within the software package, to remove all eventual bugs from the software and to make precise framework of activities in order to create realistic preconditions for the trouble-free beginning of the "live" work of the system. Besides, there is a guarantee clause, which is incorporated into the contract, which will last nine months from the beginning of the implementation of the system, which means that within that period users will be able to correct, upgrade software solution, or to fix any shortages or bugs that may occur during the implementation. According to the Governor of the CBBH Peter Nicholl, this is the major and complex project. All issues have been resolved and therefore it was decided that the contract, by which the CBBH is taking over the software, should be signed. Implementation of this software will enable informatics integration of the banking and accounting systems into one, more complete and analytic overview of the business functions and



CBBH's financial position, systematic planning and control of the work process, discovery and prevention of the illegalities and irregularities in work, as well as the faster informatics communication of all organizational units of the CBBH. Software integration of business functions will surely imply better overview of the business processes of the bank and will result in the higher level of creativity, effectiveness and efficiency in the total process of the CBBH's operations at all levels.

## ECONOMICS RESEARCH AND STATISTICS DEPARTMENT

### Results of the project entitled "Lending policy in BH"

**R**esults of the research on the lending policy of the commercial banks in BH, which was conducted by the Economics Research and Statistics Department, have shown that most banks increased their capital, number of employees and branch offices. The aim of this research was to review condition of the banking sector and the lending policies from 1997 to 2002. Thirty commercial banks (72% of the total number of banks in BH) participated in this research. Results have shown that in 20 banks assets were less than KM one million per one employee, while more than 70% of banks reduced their interest rates. 60% of banks had inflow of foreign exchange. The most often approved credits are short-term credits ranging from KM 30.000 to KM 100.000. In most cases, value of collaterals is two or even times bigger than the amount of credit. Citizens pay off their loans better than companies, while inefficiency of the court system still makes charging of credits difficult. Only four banks offer leasing services. Most of the commercial banks in 2003 plans to reduce their interest rates, lower their commissions, expand their network of branch offices, expand their services to citizens and companies and to enlarge offer of products and services, including e-banking. Results of this research will be published and sent to all commercial banks in Bosnia and Herzegovina.

## PAYMENT SYSTEM DIVISION

### Installation of the dislocated backup payment system in Banja Luka



By Đorđe Racković

**A**fter the moving of the Main Bank of the Republika Srpska into the new business offices in Banja Luka, all necessary preconditions for the implementation of the Project of the dislocated backup payment system (Disaster Recovery) were created, since the contract has already been signed and all the necessary equipment was purchased. Plans and deadlines for the installation of the reserve payment system were agreed during the meeting with the representatives of the Logica Ltd London, Halcom Ljubljana and ERC ZIPO Sarajevo, which was held on October 29 in the premises of the CBBH. After all the necessary details were agreed, the final version of the Project Plan, which contains architecture of the system and detailed agenda of activities, was presented. During the discussion, representatives of the Central Bank of BH insisted on the shortening of the deadlines, so the deadline for the implementation of the plan was reduced from five months to about one and a half month. It was agreed that all activities should end until December 20 this year, which would make possible to carry out "live" testing on December 21, after which this system would become operational. The first simulation of the work of the central system in Sarajevo and the work from the dislocated site in Banja Luka are planned for the second half of January 2003. Procedures for dealing with all incidents that might occur will be completed before the first simulation. All activities that were planned so far were completed within the provided time-frame and with the great effort of the Payment System Department staff and the staff from the Main Bank of the Republika Srpska.

## The euro - exit strategy from the Currency Board

The exit strategy from the Currency Board Arrangement is to adopt the euro, but I do not know when this might happen, said Governor of the Central Bank of BH, **Peter Nicholl**. When he explained during the press conference what should happen after the Currency Board Arrangement, Governor said that the adoption of the euro would be the sensible choice for Bosnia and Herzegovina, and it's made a more sensible choice by the fact that the most of the neighboring countries are adopting a similar type of policy. "Kosovo and Montenegro have gone even further, as they are using the euro. Bulgaria has publicly said their exit strategy from their Currency Board Arrangement is to adopt the euro. There is a debate in Croatia and many of the officials there have also said the same thing - they would like to adopt the euro. There has been a debate in Yugoslavia, and their Governor claims that the debate is over and the exchange rate will remain stable. I think it is a sensible choice for all the countries to keep their exchange rate stable to the euro and to adopt the euro. And it becomes much more sensible and much more feasible if all the countries in the region are doing the same thing would make it easier for all of us, but I don't have any comments on when this might happen", Governor said. He also added that, in part, the Europeans will have a view on that, so it's not entirely up to us. Governor presented to the journalists Balance of Payments of BH for the second quarter of this year. According to the figures in the Balance of Payments, it can be seen that the current account deficit is very large for the second quarter of the year was just over KM one billion. The exports grew by 18% in the second quarter this year compared to the first quarter, but even at that level they were lower than they had been in the second quarter last year. Imports grew by 11%, which is lower than the growth of exports, but is still higher than a sustainable level the BH can afford. A figure that is definitely positive is the figure of foreign investment, which, in the first half of this year, reached 96% of what was achieved last year. Governor also considers workers' remittances

**Governor said that the Governing Board of the CBBH during its session, which was held for the first time in the new premises of the Main Unit in Banja Luka, agreed that the CBBH should produce first commemorative coins that will mark five years of the introduction of the KM currency. It will be produced in silver and, possibly, gold or in some sort of their combination. It is not yet known how long this process will take and how are those commemorative coins going to look.**

as the important item, and that item is made of transfers coming into Bosnia and Herzegovina from Bosnians living abroad. That figure is regarded as very stable. In order to correct current account deficit, BH needs to increase its exports, reduce its imports and attract more foreign investments. "We have to do all three of those things. If we do, it doesn't need to be Balance of Payments crisis in Bosnia and Herzegovina", Governor Nicholl warned. Governor also pointed that it is critically important for BH that the quality and timing of statistics improve. According to the Governor, in a number of areas, such as GDP, there aren't any statistics in BH and in the number of areas it's certain that numbers that are published are wrong. "I am fairly confident that the GDP is higher than the official figures, an unemployment is lower, but it is much harder to say by how much", Governor said. Participants of the conferences in Eastern Europe that are doing comparative papers in the economic performance of countries in Eastern Europe, generally leave Bosnia and Herzegovina out, since they can't get the data. According to the Governor, this, besides being embarrassing, actually does have a real cost, because it also affects potential foreign investments. "If foreign investors go and look at the studies and see that BH is not even mentioned, the risk is that would be the end of their interest in BH and they will look somewhere else", Governor said. Governor said that the new State Law on Statistics that was put in place by the High Representative was very important and very urgent, since it is very important that BH makes rapid progress in this area. The Law will set up a Statistical Council, and the Governor of the CBBH will be the member of this council. Role of this Council is to coordinate the work of the existing agencies in order to fill the gaps that we have in statistical data. Another thing that was announced was the expansion of the Statistics and Research Department. As a part of the comprehensive plan that was approved by the Governing Board of the CBBH, total staff in that department will go up from 14 to 26.

### SECTION OF THE BALANCE OF PAYMENTS STATISTICS

## Balance of Payments of Bosnia And Herzegovina

(in millions KM)

	2001				2002	
	Q1	Q2	Q3	Q4	Q1	Q2
<b>I - CURRENT ACCOUNT (1+2+3+4)</b>	<b>-630</b>	<b>-551</b>	<b>-1,121</b>	<b>-682</b>	<b>-868</b>	<b>-1,008</b>
<b>1. GOODS</b>	<b>-1,399</b>	<b>-1,363</b>	<b>-1,868</b>	<b>-1,388</b>	<b>-1,534</b>	<b>-1,670</b>
Export, f.o.b.	457	763	767	572	461	544
Import, f.o.b.	-1,856	-2,126	-2,635	-1,960	-1,995	-2,214
<b>2. SERVICES</b>	<b>33</b>	<b>41</b>	<b>25</b>	<b>34</b>	<b>4</b>	<b>-7</b>
Credit	147	158	177	149	156	172
Debit	-114	-117	-152	-115	-152	-179
<b>3. INCOME</b>	<b>181</b>	<b>181</b>	<b>186</b>	<b>186</b>	<b>161</b>	<b>143</b>
Credit	217	219	217	223	187	187
Debit	-36	-38	-31	-37	-26	-44
<b>4. CURRENT TRANSFERS</b>	<b>555</b>	<b>590</b>	<b>536</b>	<b>486</b>	<b>501</b>	<b>526</b>
Credit	557	592	537	488	503	528
Debit	-2	-2	-1	-2	-2	-2
<b>II - CAPITAL AND FINANCIAL ACCOUNT (1+2)</b>	<b>519</b>	<b>724</b>	<b>1,115</b>	<b>364</b>	<b>973</b>	<b>725</b>
<b>1. CAPITAL ACCOUNT</b>	<b>226</b>	<b>268</b>	<b>204</b>	<b>148</b>	<b>212</b>	<b>251</b>
Capital transfers, credit	226	268	204	148	212	251
Capital transfers, debit	0	0	0	0	0	0
<b>2. FINANCIAL ACCOUNT</b>	<b>293</b>	<b>456</b>	<b>911</b>	<b>216</b>	<b>761</b>	<b>474</b>
Direct investment	73	87	66	48	141	121
Portfolio investment	0	0	0	0	0	0
Other investment	234	456	959	1,618	453	221
Reserve assets ("minus" sign means "increase")	-14	-87	-114	-1,450	167	132
<b>III - NET ERRORS AND OMISSIONS</b>	<b>111</b>	<b>-173</b>	<b>6</b>	<b>318</b>	<b>-105</b>	<b>283</b>

Main characteristics of Balance of payments of Bosnia and Herzegovina in 2002:

- *Large deficit of current account mostly due to high foreign trade deficit*
- *Surplus on capital and financial account*
- *Foreign direct investment increased*
- *International reserves of monetary authorities (reserve assets) decreased slightly, after the big increase in Q4 2001*



## Financial Report for the first nine months of 2002 adopted

The financial result of the Central Bank of BH (CBBH) for the first nine months of 2002 has been very good, said Governor of the CBBH **Peter Nicholl** during the presentation of the CBBH's Financial Report to the newly elected members of the BH Presidency - Chairman **Mirko Šarović** and members **Sulejman Tihić** and **Dragan Cović**. During his address to the members of the BH Presidency, who adopted this Financial Report on their first meeting that was held on October 6, Nicholl stated that the income for this nine-month period was higher by KM 22 million, or 63% than in the same period in 2001. "This was mainly because our foreign reserves portfolio was much higher in 2002 than in the 2001, because of the favorable impact of the euro changeover, when citizens changed large amounts of DEM banknotes to KM or put the funds on deposit in a BH commercial banks", Governor said. In contrast, the growth in CBBH expenditure between 2001 and 2002 was only KM 2,8 million. As a result of these favorable trends in income and expenditure, CBBH's profit in the nine months was KM 46 million, which is 72% higher than in the same period of 2001. Another sign of the strength of the Currency Board is that the CBBH has more than 100% foreign exchange backing for KM liabilities. The level of "free" or "surplus" reserves passed KM 100 million for the first time. Looking at the balance sheet, CBBH's foreign reserves have

fallen by KM 278 million compared to the end of the last year. However, this, as Governor stated, is not a surprise and should not be a cause for concern. The main reason is that the level of deposits commercial banks are holding at the CBBH have significantly fallen over this period. Even at this lower level, banks are still holding more than the statutory minimum of 10% of deposits. The main reason the bank deposits at the CBBH have fallen is that banks have been increasing their lending in BH quite rapidly this year, which, as Governor Nicholl stressed, is the very positive sign for the economy. Even with this fall in reserves during 2002, foreign reserves of the CBBH at the end of September 2002 were still almost double (97%) than they had been at the same period last year. The amount of KM banknotes in circulation continued to rise in the first nine months of 2002, which is something that Governor judged as pleasing considering that euro banknotes have been available to BH citizens since January 2002. The CBBH has actually been sending surplus euro banknotes back to the euro area banks. During the changeover period, the CBBH brought KM 330 million of euro banknotes into the country. Up to the end of October 2002, the CBBH has sent back euro 242 million, which is 73% of the amount of the euro banknotes that were brought into the country. "This is another sign that the KM is the dominant transactions currency in BH", said Governor

to the newly elected members of the BH Presidency and added he expects that the good financial results will continue in the last quarter of 2002, which means that the CBBH's financial results for the year as a whole will be very good too.

### CBBH withdraws 50 pfening banknotes from circulation

PRESS RELEASE

The Central Bank of Bosnia and Herzegovina (CBBH) will withdraw the banknote of 50 F from circulation as the legal tender from January 1, 2003. Owners of 50 F banknote can regularly use it as the legal tender until December



31, 2002. After that date the banknote will not be used as the legal tender and cannot be accepted for payment of any obligations. The commercial banks will continue to accept 50 F banknotes for withdrawal from January 1 to March 31, 2003. Withdrawal has been made because coins of 50 F are in circulation and the quality of the 50 F banknotes has been weakening steadily. The decision of the CBBH Governing Board about withdrawal is based on the Law on the CBBH.



## NEWS FROM THE MAIN UNITS AND BRANCHES

### MAIN UNIT MOSTAR

Reduce in total inflow from the commercial banks was registered in the vault of the Main Unit Mostar, while inflow of the 50 pfening banknotes as well as demand for the KM coins of all denominations was increased. A total of 161.662 transactions were carried out in October at the level of the Main Unit Mostar, out of which 158.164 transactions were carried out in giro-clearing, while 3.498 transactions were carried out in the RTGS system. The Comptroller General **Jasmina Halilbegovic** and the Deputy to the Comptroller **Anton Salapic** carried out the audit of the business operations of the Main Unit Mostar from November 19 until November 22. Employees of the Main Unit Mostar participated in development and implementation of the banking-accounting software.

### MAIN UNIT SARAJEVO

The Governing Board of the CBBH, during its session which was held in Banja Luka on November 13, has made the preliminary decision to purchase the office space from the GP "Bosna" Sarajevo for the needs of the Main Unit Sarajevo. This office space is located near the CBBH building. With the minor construction work in the following period, it is expected that moving will take place during the spring next year. Project team that is in charge for the development of the new banking-accounting software held the meeting with the representatives of the main units and branches in Sarajevo on November 6. During the meeting, all unsolved and confusing details considering work in the main branches were resolved, especially those regarding the system of notification of banks about executed transactions and those related to work on the reserve accounts. This created preconditions for the beginning of the "live" work of the project within the provided time-frame.

### BRCKO BRANCH

Regular activities on the management of the reserve accounts, statistics and the vault operations were performed from November 1 until November 26. A total of 881.384 pieces of KM banknotes were delivered into the vault, out of which, banknotes in denominations of 50, 20 and 10 KM were the most frequent ones. 1.883.716 pieces of KM banknotes were issued, out of which, banknotes in



denominations of 50, 20, 10 and 5 KM were the most frequent. Regarding coins, a total of 92.050 pieces of KM coins were delivered into the vault, while 109.500 were issued. A total of 60.051 damaged pieces of KM banknotes were delivered, while 220.000 pieces were issued. A total of 98.825 pieces of euro banknotes were delivered into the vault, while 153.062 pieces were issued. Index inflow value for the KM was 106,74, for the KM outflow it was 91,92 and for the euro inflow it was 97,38. It was noticed that the commercial banks delivered smaller number of counterfeit banknotes compared to the last month. Manager of the Branch **Mirzeta Arnautovic** had the meeting with the Governor Peter Nicholl that was held in Sarajevo on November 1. Draft of the Law on Banks of Brcko District was discussed during that meeting. Manager of the Branch **Mirzeta Arnautovic** attended the opening of the new business facilities of the MBRS CBBH in Banja Luka on November 13, while on November 14 she, together with the directors of the other organizational units of the CBBH, met with the Governor **Peter Nicholl** and Vice Governors **Kemal Kozaric** and **Ljubiša Vladušić**. Employee **Jasminka Buric** attended the meeting on the final agreement on the work on the new software for the banking-accounting software. The meeting was held in the Main Office of the CBBH on November 6. Construction of the garage for the need of the vault was approved and the most favorable bidder was selected, so it is expected that the construction works will begin in December. In order to satisfy operational requirements of the vault, the additional software for the counting and control of banknotes was installed on November 25.

### MBRS BANJA LUKA

Moving into the new premises has created conditions for the beginning of activities on the startup of the equipment for the backup payment system in Banja Luka. With the coordinated work of the CBBH staff and the outside collaborators, it is expected that this system could become functional at the beginning of the next year. The Economist for giro-clearing in the MBRS Banja Luka **Biljana Savic** stayed for five days in the Payment System Department in Sarajevo in order to receive training for the work on the CAS and the RTGS in connection with the backup payment system in Banja Luka. **Slobodan Mandić**, **Zorica Tadić** and **Snježana Žarković** attended the meeting of the "Aster" Company and the Project Team for the development of the banking-accounting software that was held on November 6 in Sarajevo.

### PALE BRANCH

Positive balance between the purchase and sale of the KM continued in November and grew 6,5% compared to October. The number of the KM sales transactions grew 16% compared to the previous month, while the number of purchases of KM increased only 4%. Number of KM deposits into the CBBH vaults from the banks that are operating in the region covered by the Pale Branch decreased by 18%, while the number of KM payouts from the vault grew by 13%.



## Reorganization in the Research, Development and Payment System Department

The Central Bank of BH (CBBH) has two new employees who started on November 1. Those new



**Damir Cosic**

employees that are employed for the indefinite time period are **Damir Cosic**, Economic Analyst in the Economics Research and Statistics Department of the Central Office of the CBBH and **Senad Hadžomerovic**, Treasury Officer in the Treasury Division of the Central Office of the CBBH. These employees were

employed based on the vacancy which was announced on September 20, 2002. The CBBH currently has **250** employees, out of which, **249** are employed for the indefinite time period, while one employee was employed for the definite time period. Out of the total number of employees that are employed for the indefinite time period, eight have status of trainee. The Governing Board of the CBBH, during its 11<sup>th</sup> session that was held on May 11, 2002, has adopted changes and amendments of the General Decision of the Central Bank about the organization and systematization regarding the reorganization of the Department for Research, Development and Payments System into the new *Department for Economic Research and Statistics* and the independent *Payment System Division*. According to the new organization, Economic Research and Statistic Department consists of: Economic Research Division, Statistics Division, which has three sections - Monetary and Financial Sector Statistics Section, Section for the Statistics of the Government Finances, Foreign Debt and the Real Sector and Section for the Balance of Payments Statistics, as well as the independent Section for Publications, Library and Administrative Tasks. Regarding this, some new posts in the Department for the Economic Research and Statistic were filled after November 1 through the internal vacancy announcements, officially published vacancies and direct re-allocation of employees. **Nebojša Nastic** was appointed the Economic Analyst in the Economics Research and Statistics Department by means of re-allocation. **Snježana Janjic** was appointed the Coordinator of the Monetary and Financial Sector Section of the Statistics Division by means of the internal vacancy announcement. **Nevena Cosic** was appointed the Economist I in the Monetary and Financial Sector Statistics Section of the Statistics Division by means of the internal vacancy announcement. Following employees were appointed by means of internal vacancy announcement procedure: **Dragana Buric** the Economist II in the Monetary and Financial Sector Statistics Section of the Statistics Division; **Biljana Samardžic** the Economist

- Assistant in the Monetary and Financial Sector Statistics Section of the Statistics Division; **Milena Lucic** the Economist I in the Section for the Statistics of the Government Finances, Foreign Debt and the



**Amila Delic**

Real Sector of the Statistics Division; **Milica Krajišnik** the Economist I in the Section for the Statistics of the Government Finances, Foreign Debt and the Real Sector of the Statistics Division; **Amila Delic** the Economist II in the Section for the Statistics of the Government

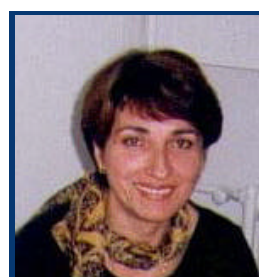
Finances, Foreign Debt and the Real Sector of the Statistics Division. **M.A. Vidosav Pantic** was appointed the Coordinator of the Section for the Balance of Payments Statistics of the Statistics Division by means of re-allocation, while **Danica**



**Vidosav Pantic**

**Lucic** was appointed the Economist I in the Section for the Balance of Payments Statistics of the Statistics Division by means of the internal vacancy announcement. **Branislava Laco - Kovacevic** was appointed the Economist II in the Section for the Balance of Payments

Statistics of the Statistics Division by means of re-allocation. **Jelena Obradovic** was appointed the Economist - Assistant in the Section for the Balance of Payments Statistics of the Statistics Division by means of the internal vacancy announce-



**Zorica Vucicevic**

ment. **Zorica Vucicevic** was appointed the Coordinator in the Section for Publications, Library and Administrative Tasks of the Department for the Economic Research and Statistic by means of re-allocation. **Željko Ninkov** was appointed the Assistant for Publications in the Section for Publications, Library and

Administrative Tasks of the Department for the Economic Research and Statistic by means of re-allocation. Administrative Assistant in the Main Bank of Republika Srpska on Pale **Milanka Golijanin** was appointed the Administrative Assistant in the Section for Publications, Library and Administrative Tasks of the Department for the Economic Research and Statistic by means of the internal vacancy announcement procedure, while **Suzana Kozinovic** was appointed the Trainee in the Department for the Economic Research and Statistic by means of re-allocation, where she will stay until the end of her intern-

ship. Procedures for the election of the Manager of the Economics Research Division and the Economic Analyst (one person) in the Economics Research Division in accordance with the vacancies that were announced on September 20, 2002, are in progress.



**Ljiljana Marjanovic**

Since the November 1, some re-allocations of employees were done in other organizational units of the CBBH. **Ljiljana Marjanovic** was appointed the Coordinator for the Banking Supervision in the Office of the Governor by means of internal vacancy announcement. Other employees that were directly appointed by means of re-allocation are: **Emira Mekic** was appointed the Coordinator of the Division for the relations with International Financial Institutions; **Nedžad Idrizovic** was appointed the Assistant for Small Inventory in the Common Affairs Department; **Nada Hajric** was appointed the Assistant for Invoices in the Common Affairs Department; **Sabina Bektovic** was appointed the Administrative Officer in the Common Affairs Department; **Amela Kratovic** was appointed the Administrative Assistant in the Common Affairs Department; **Dragica Mlinarevic** was appointed the Administrative Assistant - Typist in the Common Affairs Department; **Kasim Zukic** was appointed



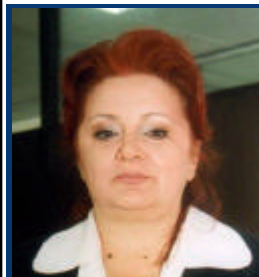
**Mira Vještica**

the Delivery Person in the Common Affairs Department; **Slobodan Mandic** was appointed the Market Evaluation Economist I in the Market Evaluation Section of the MBRS CBBH Banja Luka; **Mirjana Vještica** was appointed the Market Evaluation Economist II in the Market Evaluation Section of the MBRS CBBH Banja Luka; and **Snježana Žarkovic** was appointed the Accountant (University Degree) in the Accounting, General and Administrative Affairs Section of the MBRS CBBH Banja Luka.

## New professional training

EDUCATION

Economist II in the Division for the Relations with International Financial Institutions **Dženana Serdarevic** attended a seminar from November 4 until November 6 entitled "*Managing of Public*



**Adela Lincender**

*Debt*", which was organized by the BANQUE DE FRANCE in Paris. Officer for personnel education **Adela Lincender** and Secretary - Translator in the Common Affairs Division **Vildana Popovcevic** participated at the meeting of coordinators, which was organized by the BIS in Basel on November 21

and 22. Vice Governor of the CBBH **Ljubiša Vladušić** attended a seminar entitled "*Reserves Management*" that was organized by the BIS on November 25 and 26 in Basel. Settlement Officer I in the RTGS and SWIFT section **Aida Putric-Bašić** attended a seminar entitled "*Payment System and Securities Settlement Systems*", which was organized by the De Nederlandsche Bank



**Kemal Hajdarevic**

from November 5 until November 8 in Amsterdam. Technician for Computer Network in the Computer Network Section **M.A. Kemal Hajdarevic** attended a seminar entitled "*Interconnecting Cisco Network Devices*", which was held from November 18 until November 22 in Wakefield in England. Deputy to the

Comptroller General **Jasmina Novalija** attended a seminar entitled "*Strategic control systems making strategy happen*" that was organized by the IEDC Management School on November 14 and 15 in Bled. Advisor on issues of financial market **Petra Markovic** and Language Editor **Ema Mundžehasic** attended a conference entitled "*Money Laundering in Central and South-East Europe*", which was organized by the International Professional Conferences LTD from November 6 until November 7.

Best wishes for the forthcoming  
holidays to the employees  
of the CBBH



**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**  
**Monthly Balance Sheet (provisional) as of 31st October, 2002**  
**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 offer particular information ruled by the Law on the Central Bank of Bosnia and Herzegovina. Some of specific features of the balance sheet as of 31st October are as follows:

**As on 31st October, the Bank met all requirements under the Currency Board** rule as mentioned in Article 31 of the Law. Status of Net Foreign Assets exceeds its Monetary Liability in Konvertibilna Marka (KM) by 101,453,140 KM. This has been shown in the item Net Foreign Exchange Assets less Monetary Liabilities.

**Foreign Assets** mainly consists of deposits maintained with the foreign banks. The balance sheet also shows Composition of the currencies maintained, 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 (1,841,432,759 KM) and resident banks, reserve deposits (303,556,421 KM).

**Positions showing relations between the Government and IMF** reflect claims and liabilities of Government of Bosnia and Herzegovina arising from the financial arrangement with IMF.

**Capital and reserves** reflect initial capital and reserves, shares, and accumulated profit of the Bank since the beginning of its operation on 11th August 1997.

The Bank also maintains certain accounts in foreign currencies in terms of agreements entered into among the Government of Bosnia and Herzegovina and foreign governments and financial organizations, 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 resources maintained on these accounts was 210,354,273 KM.

Any inquiries referring to the monthly balance sheet can be addressed to the Administration and Finance Department, Accounting Section in Sarajevo, contact phone # (033) 27 81 19, fax # (033) 27 82 94. Media representatives can contact Public Relations Office, contact 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 organization relations with any commercial bank.**

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**  
**Monthly Balance Sheet (provisional) as of 31st October, 2002**  
**(amounts in KM equivalents)**

ASSETS		Total Amount	EUR	Other Currencies
1	Foreign Exchange Assets	2.308.994.751	2.303.484.938	5.509.813
1.1	Cash	28.318.404	27.892.127	426.277
1.2	Investments	2.280.676.347	2.275.592.811	5.083.536
2	Position of Government in the IMF	786.271.380		
3	Other Assets	79.164.360		
TOTAL ASSETS ( 1 + 2 + 3 )		3.174.430.491		

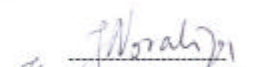
LIABILITIES		Total Amount
4	Monetary Liabilities	2.206.207.848
4.1	Currency in Circulation	1.841.432.759
4.2	Credit Balances of Resident Banks	303.556.421
4.3	Credit Balances of Other Residents	61.218.668
5	Liabilities to Non Residents	1.333.763
6	Liabilities of Government to the IMF	786.271.380
7	Other Liabilities	10.524.559
8	Capital And Reserves	170.092.941
TOTAL LIABILITIES (4+5+6+7+8)		3.174.430.491

Net Foreign Assets minus Monetary Liabilities ( 1 - 4 - 5 )	101.453.140
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Position of Government in the IMF - Foreign Reserves - SDR Holdings	1.173.614
Liabilities of Government to the IMF - IMF Accounts No 1 and 2	1.214.205
Net Foreign Reserves of Government in the IMF	-40.591

  
P.W. Nicholl  
Governor

Sarajevo ( date ) 20. 11. 2002.

  
Jasmina Halilbegović  
Comptroller General