

NEGOTIATIONS IN WASHINGTON DC

IMF Stand-By will go ahead



by Peter Nicholl, Governor of the CBBH

The IMF Stand-By agreement is very important for Bosnia and Herzegovina (BH). It is important because of the funding that is at stake. It is not just the IMF funding that is dependent on the Stand-By. Other international organizations and national donors also make some of their funding conditional upon BH reaching an agreement with the IMF on the Stand-By. In all, around USD 100 million is at

stake.

But the Stand-By is equally important for another reason. That is, to show that BH politicians will implement the agreements they sign. There can be legitimate differences of view between a country's authorities and the IMF on the set of policy measures that are appropriate for their country. That is not unusual. That is why the Stand-By agreements are negotiated between the IMF and the country. Some countries feel so strongly about these differences that they do not reach agreement with the IMF and choose not to enter an IMF program - and give up the funding that would go with it. That is the country's choice.

Continues at page 2

MEETING OF THE BH PRESIDENCY

CBBH's Financial Report adopted

At the meeting of the BH Presidency, which was held in Sarajevo on July 29, 2002, members of the Presidency, **Beriz Belkic**, **Živko Radišić** and **Jozo Kržanovic** adopted the financial report of the Central Bank of Bosnia and Herzegovina for the first six months of 2002. Presidency members were very satisfied with the CBBH's financial results and pledged their full and unreserved support to the work of CBBH. The Governor of the Central Bank of Bosnia and Herzegovina **Peter Nicholl** and Vice Governor **Kemal Kozaric** attended this meeting. They used the opportunity to thank the members of the Presidency for their interest in operations and financial results of the CBBH, as well as for their strong and continuous support they have always given to this institution. The Governor stressed that the CBBH has continued to have good financial results in the first six months of 2002. "Foreign reserves are stable at around KM 2.4 billion, which is double the level of reserves the country had at the end of September, 2001. The amount of KM in circulation has risen during the six months by KM 100 million or 5.5%. This has happened during the period when the citizens and businesses of BH have been able to get euro banknotes if they wished to do so.

Continues at page 2

Capital of BH commercial banks

and private capital. According to the data in thousands KM *

	31.12.2000.		
	F BiH	RS	TOTAL
	1	2	3
State capital	220.847	85.807	306.654
Private capital	294.526	56.947	351.473

Page 4

Future managers visit CBBH



Page 4

Continuation from page 1

But that is not the situation we faced in BH over the last few weeks. BH did reach agreement with the IMF and the agreement was signed by representatives of the state government, the two entity governments - and the Governor of the CBBH. So what was at stake was not a disagreement over policy but the inability of BH to implement the policies they had agreed to implement. These failures to implement agreed policies occurred almost before the ink on the agreement was dry - and certainly before the IMF had even had time to take the agreement to their Executive Board. Fortunately, the BH politicians have stepped back from the brink and it now seems that the IMF Stand-By will go ahead. BH citizens should breathe a sigh of relief as the cost to BH of breaching the agreement would have been very high. The other aspect of the negotiations for this second Stand-By agreement with the IMF that concerns me is that the process of negotiation has taken almost two years. The first Stand-By agreement had BH had with the IMF also took more than two years to be completed. Stand-By agreements are supposed to be short-term arrangements that countries enter into with the IMF in order to build up a track record of successful negotiation and policy implementation that will enable a country to move on to a medium term policy package. I am not sure if BH has set a record for the length of time it has taken to negotiate two and implement only one Stand-By agreement. But it has certainly been in this phase of its relationship with the IMF much longer than the neighboring countries. This should be a cause of embarrassment to the BH politicians. I do have one criticism of the IMF. I believe they still put too

many detailed conditions in the BH Stand-By agreement. The strategy of the IMF for the last few years has been that IMF programs should have fewer conditions and that the conditions should be general ones rather than detailed ones. So far, this strategy doesn't seem to have had much impact on the structure of the IMF Stand-By agreement and the BH agreement still, in my view, has too many detailed conditions. But this criticism does not excuse the poor performance of the BH politicians in negotiating and implementing Stand-By agreements with the IMF. They do not seem to understand that acting promptly and responsibly in these agreements is not just important for their relationship with the IMF. It is also an important indicator of responsible government for other governments and for potential foreign investors. For example, a potential foreign investor will think that if the BH authorities do not take their agreements with an organization as important as the IMF seriously, how can an individual investor have confidence that they will take seriously any agreement they may make with them. It therefore increases the perception of risk of investing in BH and that drives foreign investors away. The High Representative and I went to Washington DC to ask the IMF not to cancel the Stand-By and to give BH a little more time to correct the breaches. They agreed and BH does seem to have used that time to correct the breaches. The outcome is therefore a satisfactory one - the Stand-By should proceed. But the process was very unsatisfactory and reflected badly on BH. BH can not afford this sort of publicity as it reinforces the view most foreigners have of BH - that it is a difficult and risky place to do business. ■

Continuation from page 1

It is therefore very pleasing that the amount of KM in circulation has risen during this period. It indicates continued strong confidence in the stability and convertibility of the KM", Nicholl said. The Governor said that the income that was earned by the CBBH in the first six months of 2002 was KM 41 million, which was 51%, higher than in the same six months in 2001. "This was mainly because the level of our foreign reserves was much higher", said Governor. At the same time, CBBH expenses were KM12 million, which represented only 29% of the CBBH income in this period. As a consequence of income and expenditure trends, CBBH's profit for the first six months of 2002 was KM 29 million, which is 67% higher than in the same period in 2001. "These profits add to the capital and reserves of the CBBH. At the end of June 2002, our capital and reserves was KM 148.8 million. This represented 6.4% of our KM liabilities", Governor said. The Governor of the CBBH added that he expects that financial results in the second half of 2002, with the stable foreign reserves and stable European interest rates, will be very similar to those the CBBH has achieved in the first half. Governor Nicholl said that there is a concern about the one area of the CBBH's financial results, regarding the payments system. "The clearing houses are operating very well at a technical level, but at our present fee structure that we charge commercial banks, our clearing houses are making a loss. It is not our aim to make big profits from this operation. But it is our aim to break-even. The Governing Board of the CBBH has decided not to increase our fees at present. Instead, we are trying to promote financial developments that will increase the number of transactions that go through the clearing houses. This will also help promote the continued development of the financial sector in BH", said Governor of the CBBH, Peter Nicholl. ■

Education and practical training continues

Theoretical and practical training for the employees of the Security Department of the Central Bank of BH was held on June 28 in the Central Bank in Sarajevo. This training was held within the framework of the Program for the education and practical training of the employees of the Security Department of the CBBH for 2002, and it consisted of lectures and the practical training, which included practice shooting with the live ammunition. Inspectors of the Federal Police and professors of the Police Academy, who were engaged in order to provide



the best possible training for the employees of the Security Department of the CBBH, presented details that are specific for the security of one state institu-

tion like the Central Bank of BH. Beside lectures that covered day-to-day tasks of the Security Department, things that need to be done in the case of the bomb threat in the facility of the Central Bank as well as procedures that need to be followed all the way until the members of the police force neutralize bomb threat, were introduced to employees. After the end of the theoretical part of the training, all employees of the Security Department carried out shooting practice with the live ammunition. Live ammunition shooting practice was done

according to the program of the professional units of the Police of the BH Federation and the achieved results were marked as "excellent". ■

FUTURE MANAGERS VISIT CBBH

Introduction into the work of the CBBH

During their six-day long study trip, which was a part of the Seminar entitled "Global integration through direct foreign investments", 16 students of the IMD Management School from Lausanne visited Central Bank of BH on June 26, 2002. The aim of their visit was to become acquainted with the work of the Central bank of BH, monetary policy of BH and the banking system of BH in order to gain better understanding of challenges in attracting of the foreign investments into Bosnia and Herzegovina.

Vice Governor of the Central Bank **Ljubiša Vladušić** and Director of the Main Unit Sarajevo **Sadik Kadric** addressed future business leaders on behalf of the Central Bank. Vice Governor Vladušić gave brief overview of the banking system in BH and in former Yugoslavia, establishment of the Central Bank of BH, its work in the last five years as well as its strategic goals. Students



showed the largest interest in managing of the monetary policy of Bosnia and Herzegovina through the Currency Board arrangement and for the reform of the payment system, which was, as Vladušić underlined, completed in record time. Vice Governor also added that one of the most important reasons of the successful work of the CBBH its independence. "CBBH is independent from the politics in

its decision-making process. The only measuring stick in our business is the level of professionalism", Vladušić stressed. Visiting students also became acquainted with the level of progress that was made in the reform of the banking sector and in the bank privatization. At the end of his speech, Vice Governor Vladušić regretfully concluded that reform of other sectors of the economy is progressing much slower than the reform of the banking system.

"Unfortunately, our country has to deal with the negative balance of payments. Our export covers only 25% of our import", stressed Vladušić and added that this negative trend is beginning to reduce with the startup of production and with the increasing level of foreign investments.

Students that visited Central bank of BH are the part of the larger group, which consists of 87 students from 35 countries. During their visit, students were divided into smaller

groups that conducted visits to various companies and institutions throughout the BH. After the visit, students will make group presentations of results of the research in various sectors. Those results will be later integrated into the plan of attracting foreign investments to Bosnia and Herzegovina. Integral study will be presented to the Foreign Investment Promotion Agency. ■

Capital of commercial banks in BH

According to the IMF methodology, **the capital account** includes the following items: share capital, reserves, current profit and loss, unallocated profit, correction of values - reservations and revaluation (net). According to this methodology, on **31 March 2002**, the capital of BiH commercial banks was KM 1.128 million. It decreased by KM 81 million compared to the capital positions recorded at the end of 2001. In the capital structure, the share capital accounted for 60,6% and it amounted to KM 683,7 million. Out of the total capital of BH commercial banks, KM 780 million or 69,2% was the capital of the commercial banks from the Federation of BH (FBH), and KM 341 million or 30,2% was the capital of the Republika Srpska (RS) commercial banks. Out of the total share capital, 73,5% accounted for the banks from the FBH, 25,5% accounted for the banks from RS and 1% for the banks from Brcko District.

The structure of the commercial banks' capital, according to the IMF methodology, is presented in the table below:

In thousands KM*

	31.12.2000.			31.12.2001.			31.03.2002.		
	F BH	RS	Total BH	F BH	RS	Total BH	F BH	RS	Total BH*
Share capital	576.326	144.221	720.547	527.698	187.116	721.258	502.270	175.041	683.755
Reserves	73.664	114.736	188.400	89.780	110.979	201.259	110.460	107.749	218.709
Current profit and loss	-9.886	4.618	-5.268	39.275	-9.475	29.749	16.810	-7.442	9.373
Unallocated profit	-58.268	3.019	-55.249	-10.376	872	-9.504	-57.573	6.652	-50.909
Reservations	194.755	50.114	244.869	199.450	58.840	258.387	208.226	57.702	266.028
Revaluation (net)	29	2.887	2.916	29	8.107	8.169	-1	1.233	1.265
TOTAL	776.620	319.595	1.096.215	845.856	356.439	1.209.318	780.192	340.935	1.128.221

Based on the data provided by the Banking Agencies, we can observe **the capital ownership structure**, i.e. the state and private capital. According to these data, the capital ownership structure is presented in the following table.

In thousands KM *

	31.12.2000.				31.12.2001.				31.03.2002.			
	FBH	RS	TOTAL	Share%	FBH	RS	TOTAL	Share%	FBH	RS	TOTAL	Share%
1	2	3	4	5	6	7	8	9	10	11	12	13
State capital	220.847	85.807	306.654	46,6	66.742	61.687	128.429	20,4	65.862	41.908	107.770	17,2
Private capital	294.526	56.947	351.473	53,4	393.064	106.536	499.600	79,6	401.261	117.949	519.210	82,8
TOTAL	515.373	142.754	658.127	100	459.806	168.223	628.029	100	467.123	159.857	626.980	100

On **31 March 2002**, the total share capital of BH banks amounted to KM 626,9 million, out of it, the private capital was KM 519,2 million or 82,8 %, and the state capital was KM 107,7 million or 17,2%. Out of the total share capital, KM 467,1 million or 74,5% was with the banks of Federation of BH, and KM 159,8 million or 25,5% was with banks of Republika Srpska. In the Federation of BH banks, private capital took 85,9%, and the state capital took 14,1%, and in Republika Srpska banks, private capital took 73,8% , and the state capital took 26,2% .

¹ The total amounts at the BH level include also the data on Brcko District

According to the IMF methodology, the stock capital on **31 May 2002** amounted to KM 726,7 million.

Common expressions used in the payment systems (1)

In this as well as in the next issue of the newsletter of the Central Bank of BH, we will bring you the list of common expressions that are most often used in the Payments System Department of the Central Bank of Bosnia and Herzegovina.

RTGS Real Time Gross Settlement. RTGS system enables gross settlement to be carried out in the real time by using SWIFT platform and SWIFT standards. Settlements in RTGS system are being carried out individually, as transactions arrive.

Giro-Clearing Multilateral settlement

S.W.I.F.T. Society for Worldwide Interbank Financial Telecommunication. SWIFT is standardized global network that is being used for the electronic transfer of inter-banking transactions.

Member bank Every bank in Bosnia and Herzegovina, which has a license (issued by the responsible banking agency) to perform medium-risk domestic inter-banking transactions, which has reserve account at CBBH and which also pledged to work by the rules of work of the RTGS and GC systems.

Sender bank A bank that initiates transfer of money, in other words, which sends a payment transaction.

Receiver bank A bank which receives payment transaction.

Mediator bank A bank which is the member of the RTGS and GC system, but that has a role of the bank-agent for some other bank, which is not a member of the RTGS and GC system.

Clearing Electronic classification, legalizing and exchanging of transactions between the sender bank and receiver bank.

Settlement Processing of the payment transactions, which means simultaneous indebted of the sender bank and approval of the receiver bank within the RTGS system.

BIC Bank Identifier Code, which is the alphanumeric sign, 8 to 11 characters long, which is being assigned by the SWIFT and which is different for every bank in the world.

Fin-Copy Method of the transport of transactions that is being implemented in the RTGS system. Fin-Copy requires for certain fields of MT (Message Type) to be copied into the RTGS system in CBBH, by which settlement is being carried out.

MT Message Type is the standardized format of SWIFT message. RTGS system uses following messages: MT 100 (user transfer, until November 2003); MT 103 (user transfer); MT 102 (multiple user transfer); MT 202 (interbanking transfer), MT 205 (interbanking transfer - payment warrant for the carrying out of the interbanking transfer that was received from abroad). At the end of the working day, RTGS system sends MT 950 message to banks (balance).

DR Site Disaster Recovery Site. Dislocated backup system. Payments system department is currently working on the implementation of such system in Banja Luka, which would, in the case of disaster and the fall of Sarajevo system, take over all payment transactions in BH.

Electronic business Electronic exchange of the standardized business messages in the legal transactions between the computer systems of subjects of the electronic business.

Electronic signature Data in electronic form that is added to or logically joined with the other electronic data and serve as a method for the check of the data authenticity as well as for the check of the identification of the signer.

(Part II in the next issue)



IN MEMORIAM

Mileta (Vitimir) Kovacevic

On July 17, 2002, we lost our beloved working colleague Mileta Kovacevic. **Mileta (Vitimir) Kovacevic** was born on November 16, 1957 in Sarajevo. Mileta worked in the National Bank of Bosnia and Herzegovina from 1983 until 1994, with small pauses. He became a full time worker of the Central Bank of Bosnia and Herzegovina on July 20, 2000, where we worked as the Cashier in the Treasury Division of the Banking Service Department of the CBBH until the April 30, 2001. Since the May 1, 2001, until he died, he worked as the Treasury Officer in the same organizational unit of the Central Bank. Despite being seriously ill, he struggled until the very end and kept on coming to work regularly. We will remember him as hard-working, quiet and non-intrusive working colleague and friend.

FACES ON BH BANKNOTES

Aleksa Šantic and Mehmedalija Mak Dizdar

Written by Nermina Kurspahic

Aleksa Šantic was born in 1868 in Mostar in the family of Serb merchants, who moved to Mostar from bare mountain-

A poet, known as establisher of the new and unique poetic language, was born in 1917 in Stolac. **Mak Dizdar** com-



ous terrain called Bogodol and made a fortune out of nothing. He completed his elementary education in his native Mostar. He showed an interest in literature, especially poetry, even when he was young. He exchanged books and ideas about poetry, politics and patriotism with his friends **Jovan Ducic** and **Svetozar Corovic**. He lived in a time that was characterized by the great changes and uncertainty in every respect. Because of that, as well as because of health concerns, in 1879 his parents sent him to school in Trieste, where he stayed with his mother's cousins. He attended Merchant School and stayed there until 1891. From 1891 until 1893, he attended "Marov Merchant Academy" in Ljubljana. In his poems, Šantic revives spirit of those times, but first of all, he portrays love emotions and disappointment in the world. He spent most of his time writing lyric poems under the influence of oriental-style love songs (Sevdalinka), but he also used to write poetry that was on the trail of gusle epic songs, Vuk Karadžić's epic tradition. Despite of all health and political problems, Šantic managed, in addition to his own poems and translations, to give to his Mostar "Zora" magazine, vocal group "Gusle", his own dramatic works, as well as acting. His most successful lyric songs were made from 1905 until 1910 ("Let's go Muse", "Evening before holiday"). Those were also years when he was jailed for "high treason". All this, along with his already weakened health, took him to the sickness from which he never recovered. A poet has died, after the series of volunteer and forced expels, in his native Mostar in 1924. Following verses remained hovering above his life: "Oh my life, my sorrow... How difficult it is to live, and to be dead in the world..."

pleted his elementary education in Stolac, after which he moved to Sarajevo to continue his studies when he was 15 years old. However, the days that he spent in Stolac, a small stone-made town that is placed besides even older rocks, marked his entire creative life. Dizdar spent a lot of time in the Bogomil graveyard in Radimlje, near Stolac, amazed by symbols that depict wisdom of centuries. "... During the night I am surrounded with writings from margins of old books, whose lines scream with the question marks of the apocalypse... I recognize myself in it, but I am not sure yet whether I am on the path of revealing of this secret..." He suspected that Bogomils knew secrets of the meaning of the human existence, philosophy of survival and life. By looking for those threads of the past and the eternal knowledge, he built the artistic images, poetic creations of the metaphysical silence, a fascinating language, simply and painfully defined, where wisdom has natural residence. Everything that happened in Dizdar's life, all storms and misfortunes that happened to him, did not spoiled his poetic concentration and greatness. Although he wrote before the World War II, he didn't announce his great poetic themes before 1954, when he wrote "Bitterness". In 1966, Dizdar published "Stone sleeper". Meša Selimovic hailed appearance of the great poet and celebrated his language and poetry. Unfortunately, that did not change bad social status and life troubles of the poet. In 1971, which is the year when Dizdar died, his last great book entitled "Blue River" came out from the print. The poet wrote: "... no one knows where is it ..."

MAIN UNIT MOSTAR

Employee for the banking transactions operations in MU Mostar met with representatives of the Project team "ASTER" and Central Bank in Sarajevo on July 1 and July 2 in order to solve problems that appeared during the parallel work of the banking-accounting software. A total of 148.864 transactions were made in June. 146.225 of those transactions were made in giro-clearing, while 2.639 transactions were made in the RTGS. There is an increasing trend of exchange with Splitska bank dd Split in June.

MBRS BANJA LUKA

Meeting with the commercial banks in RS was held on 16 July in premises of the MBRS CBBH Banja Luka. Participants of the meeting discussed work procedures for the takeover of the cash in the vault of the MBRS CBBH Banja Luka. Junior year student at the "ILLINOIS" University from Chicago, **Zorica Malešević** completed her summer internship in the MBRS CBBH. Coordinator of the Market Evaluation section **Slavica Injac** was her supervisor during the course of internship.

PALE BRANCH

Implementation of the new banking-accounting software started with testing stage of parallel information processing in the new as well as in the old program. Purpose of this testing is to fix all possible bugs and shortages in the accounting as well as in the banking software. Pale Branch recorded decrease of the average number of the KM net sale in this month, compared to data from the previous month (selling decreased 14%, while buying decreased 29%). Average number of daily deposits to the vaults decreased 6%, while average number of payments from the vaults increased 29%. KM net sale increased 3% compared with previous month.

BRCKO BRANCH

On July 18, Director of the Brcko Branch **Mirzeta Arnautovic** met with the IMF Statistic Adviser **Peter Noel Atcherley**, Major of Brcko District **Siniša Kisic**, Deputy Supervisor for Brcko **Gerhard Sontheim** and Head of Custom Service in Brcko District **Milenko Pocuca** in order to discuss implementation of the new control system in customs service and creating of the new reports in regard with the foreign trade. Head of the Legal Affairs Department **Jasenka Žigic** and the OHR Representative **Gerhard Sontheim** met on July 23 in the Main Office of the CBBH in Sarajevo where they discussed preparation of the Draft of the Law on banks in Brcko District. Although Brcko District adopted decision about the selection of the banks for running of the transaction account for collecting of the customs incomes, deposit account of customs in Brcko Branch, which serves for the customs incomes collecting, still remains. All activities on Tender for the Security System in Brcko Branch were completed as well as operations on new banking-accounting software. Some problems that appeared during the implementation are gradually being solved.

MAIN UNIT SARAJEVO

Simultaneous work of all transactions on the new software started on July 10. Intensive cooperation with Project Team "ASTER" regarding the new accounting-banking software continues. Number of transactions in giro-clearing keeps increasing, while payment system works without stoppage. The largest number of transactions in July was 34.895. Junior year Student at the Faculty for Economy and Business in Vienna **Ivana Vilušić** completed her summer internship during the July in the MU Sarajevo. Last month, the Federal Banking Agency issued the license for establishment and banking operations to the HVB Bank BiH.

New duties for workers of the CBBH

Shortly after the return from the unpaid leave, Payment System Development Officer II in the Payment Systems Development Section **Madžida Prljaca** gave a notice on July 20, 2002, which ended her employment in the CBBH. She was a hard-working person, a cheerful soul, and we wish her all the best in days to come. On July 1, 2002, three workers of the CBBH were appointed to new duties within the CBBH. Foreign Operations Economist in the "Bank Office" Section **Belma Saracevic** was appointed to the post of the Section Coordinator in the "Bank Office" Section. She will stay on that post until the return of **Lejla Krkalic** from the maternity leave.



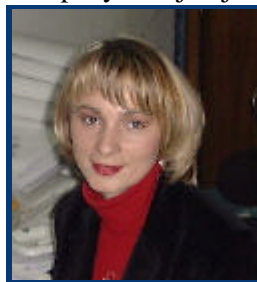
Sanja Radovic

Market Evaluation Economist II in the Main Bank of Republika Srpska, CBBH Branch Pale, **Sanja Radovic** was appointed to the post of Market Evaluation Economist I in that same organizational unit. Numismatic officer in the Treasury Division of the Banking Service Department of the Main Office of CBBH **Edis Kovacevic** was appointed to the post of the Economist for Currency. Central Bank of Bosnia and Herzegovina currently has 248 employees.

EDUCATION

Education in information technology

Assistant for Analyses in Monitoring and Analysis Division **Suzana Žuža** attended a seminar entitled "Workshop for Reserve Managers", which was organized by the BIS from July 14 until July 18 in Beatenberg, Switzerland. Coordinator of the Computer Network Section mr.sc. **Idriz Fazlic** and Technician for Computer Network mr. sc. **Kemal Hajdarevic** went to the official visit to the "Aster" company in Ljubljana from July 22 until July 23.



Meliha Drincic

The purpose of their visit was firewall management and internet router. Manager of the Accounting Division **Ninoslav Gregovic**, Accountant-balance **Meliha Drincic**, Foreign Operations Economist in "Back Office" Section **Belma Saracevic** and Economist I in "Front Office" **Emina Brodlija** were in study visit of Bank of Slovenia from 15 to 16 July in Ljubljana.



CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Monthly Balance Sheet (provisional) as at 30th June 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 of the Central Bank of Bosnia and Herzegovina. Some of the specific features of the balance sheet as of 30th June are as follows:

As on 30th June, 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 Liabilities in Konvertibilna Marka (KM) by 91,191,905 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 Banks'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, (1,905,947,324 KM) and resident banks' reserve deposits (347,985,132 KM).

Position 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' operations 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 organisations. 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 200,659,799 KM.

Any inquiries referring to the monthly balance sheet can be addressed to the Administration and Finance Department, Accounting Section in Sarajevo, contact telephone # (033) 278 119, fax # (033) 278 294. Media representative can contact Public Relations Office, contact phone (033) 278 123, fax (033) 278 296.

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

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Monthly balance sheet (temporary) as at 30th June 2002
(amounts in KM equivalents)

ASSETS		Total Amount	EUR	Other Currencies
1	Foreign Exchange Assets	2.408.994.836	2.407.466.984	1.527.852
1.1	Cash	61.911.726	60.913.020	998.706
1.2	Investments	2.347.083.110	2.346.553.964	529.146
2	Position of Government in the IMF	757.419.256		
3	Other Assets	68.584.933		
	TOTAL ASSETS (1+2+3)	3.234.999.025		
	LIABILITIES	Total Amount		
4	Monetary Liabilities	2.317.557.109		
4.1	Currency in Circulation	1.905.947.324		
4.2	Credit Balances of Resident Banks	347.985.132		
4.3	Credit Balances of Other Residents	63.624.653		
5	Liabilities to Non Residents	245.822		
6	Liabilities of Government to the IMF	757.419.256		
7	Other Liabilities	11.022.071		
8	Capital and Reserves	148.754.767		
	TOTAL LIABILITIES (4+5+6+7+8)	3.234.999.025		

Net Foreign Assets minus Monetary Liabilities (1-4-5)	91.191.905
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Position of Government in the IMF – Foreign Reserves –SDR Hold	9.529.511
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Liabilities of Government to the IMF-IMF Accounts No 1 and 2	1.214.332
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Net Foreign Reserves of Government in the IMF	8.315.179
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P.W. Nicholl
Governor

Sarajevo (date) 16.07.2002.


Jasmina Halilbegović
Comptroller General