

**INFORMATION
ON BANKING SECTOR OF REPUBLIKA SRPSKA
IN THE PERIOD FROM JANUARY 1, TO DECEMBER 31, 2004**

Banja Luka, March 2005

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1. INTRODUCTION

The Banking Sector of Republika Srpska showed a slow but stable growth in the year 2004. As of the end of the year the balance sheet amount totaled KM 2.0 billion, which was by 30% larger than the previous year-end amount.

Capital increased by 7%, and total loans by 42%, which resulted in decrease of capital ratios. Those ratios showed that banks' business activities significantly increased, that is total assets increase compared to capital increase, which can create a problem requiring additional capitalization in some banks.

Deposits increased by 38%. It is important to point out that one bank held other banking institutions' deposits, which increased by 40% compared to the year 2003, while two banks recorded a significant growth of citizens' saving deposits. Positive movements could be seen in improved maturity matching, since long-term deposits increased by 72%.

Liquidity ratios indicated to a better maturity adjustment obtained by banks, but the ratio between net loans, and deposits with financial obligations taken, compared to the total assets increased, warning to possible problems with liquidity in the future period.

Due loans within total loans decreased, as well as provisioning. It can be noted that banks classified major part of credit portfolio into better categories (requiring lower level of provisioning), and there was a lot of assets not bearing risk, thus altogether resulted in an insignificant increase of provisioning although risk assets were growing.

Analyzing profitability ratios we can see that the last year current profit generated by RS banks amounted to KM 11 million. The profit resulted from decreased expenses and a slower increase of income, which increased at a lower rate compared to business activities as a result of a lower interest rate.

It should be noted that banks worked hard to cover losses inherited from the period preceding the bank privatization, debiting capital. We expect the next reporting period financial statements to show significantly lower loss of the banking sector, since a bank with the largest loss from the previous period started activities for a new issuance of shares in order to cover the overall loss.

In the course of the year the banks exercised large efforts to adjust their operation with the requirements of the Law on Anti Money Laundering and Terrorist Financing, so we could say that field of operation was systemized, and cooperation with other supervising and regulation authorities improved.

The three remaining banks entered the deposit insurance procedure, thus it is expected that all banks would be granted deposit insurance licenses in the forthcoming period.

Despite considerable improvement in operation of our banks, we have to mention that there were 22 organizational units of banks from Federation BH in this region, which did not have a significant share in total loans and deposits, but did increase competitiveness.

In the reporting period banks increased their activities in expanding their business operation networks including ATMs, and e-banking services.

We have to mention, however, that for a larger support of a more intensified development of the RS economy sector and start-up of industry capacities, it is necessary to increase capital and long-term sources of funds, which is an obligation of banks' management and shareholders.

All segments of the banking sector are discussed in detail in the following chapters.

2. STRUCTURE OF THE BANKING SECTOR

As of December 31, 2004 nine banks operated in RS. Privredna banka a.d. Srpsko Sarajevo was in the process of liquidation.

Banks having their headquarters in Federation of Bosnia and Herzegovina had twenty-two operational units in the territory of RS.

Raiffeisen Bank dd had seven, Zagrebacka banka Mostar had four, and Pro Credit banka Sarajevo had six organizational units, while LT Gospodarska banka dd Sarajevo, VOLKS banka BH dd Sarajevo, HVB bank BiH dd Sarajevo, UPI banka dd Sarajevo and Tuzlanska banka dd Tuzla had one operational unit each.

Banks with their headquarters in RS had nine organizational units in the territory of Federation BiH, and they were Zepter Komerc banka a.d. Banja Luka with one operational unit, Nova Banjalucka banka a.d. Banja Luka with one, while Nova banka a.d. Bijeljina had seven organizational units.

The number of operating organizational units indicates to significantly larger activity on the part of banks from Federation BiH, than of the RS banks, although one has to take into consideration amounts of capital and assets, as well as business policy of both owners of banks and banks' managements.

Bankruptcy procedures under the court authority were continued in four banks (Privredna banka Gradiska, Gold banka Banja Luka, Ekvator banka Banja Luka, Prijedorska banka Prijedor).

All RS banks and branch offices of Federation banks had internal payment operation licenses.

Six RS banks had been licensed by the Deposit Insurance Agency (VB banka a.d. Banja Luka, Zepter Komerc banka a.d. Banja Luka, Razvojna banka Jugoistocne Evrope a.d. Banja Luka, Nova banka a.d. Bijeljina, Bobar banka a.d. Bijeljina, and Balkan Investment Bank a.d Banja Luka). Three banks that were still in the process of meeting requirements for deposit insurance were the following: Hypo-Alpe Adria Bank a.d. banja Luka, Nova banjalucka banka a.d Banja Luka, and Pavlovic International Bank a.d. Slobomir, Bijeljina.

2.1. Ownership Structure

Based on banks' reports as of December 31, 2004 shareholders' capital amounted to KM 195,567 thousand, out of which private capital amounted to KM 191,385 thousand or 98%, state-owned KM 2,807 thousand or 1%, and cooperatives' capital KM 1,375 thousand or 1%.

Shareholders' Capital Structure

(in 000 KM)

Order number	Bank	Private Capital		State Owned Capital		Cooperative Capital	
		Amount	%	Amount	%	Amount	%
I	<u>Majority Private Capital</u>						
1.	Nova Banjalucka banka a.d.	14,213	88	1,370	8	601	4
2.	Hypo Alpe-Adria-Bank a.d.	53,937	100	0	0	26	0
3.	Razvojna banka Jugoistocne Evrope a.d.	19,390	93	1,437	7	0	0
4.	Privredna banka a.d. Srpsko Sarajevo	15,562	99	0	0	95	1
5.	Nova banka a.d. Bijeljina	16,574	97	0	0	427	3
6.	Bobar banka a.d.	16,430	100	0	0	0	0
7.	LHB banka a.d.	16,819	100	0	0	0	0
8.	Zepter Komerc banka a.d.	17,569	100	0	0	0	0
9.	Balkan Investment Bank a.d.	18,000	100	0	0	0	0
10.	Pavlovic International Bank a.d.	18,453	98	0	0	321	2
II.	TOTAL:	191,385	98	2,807	1	1,375	1

Peer-Groups' Shares in Total Assets

(in 000 KM)

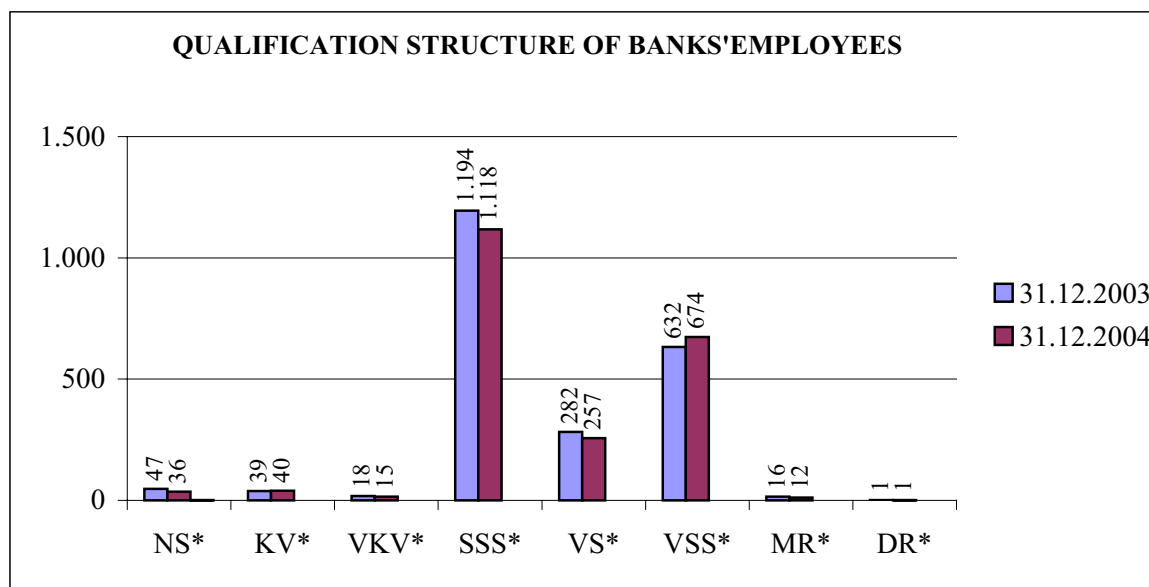
AMOUNT OF ASSETS	31.12.2003			31.12.2004		
	Amount	%	Number of banks	Amount	%	Number of banks
Over 500				584,644	34	1
300 to 500	357,659	28	1			
150 to 300	385,429	30	2	834,682	49	4
Under 150	520,911	42	7	284,483	17	4
TOTAL:	1,263,999	100	10	1,703,809	100	9

If the banks are grouped according to percentage of their respective assets making part in the total banking sector assets based on data as of December 31, 2004, then there will be the following distribution: one bank with 34% of share in total assets in the group with assets over KM 500 million, four banks in the group of KM 150-300 million, and four banks in the group under KM 150 million.

Compared to the previous year an increase of assets per banks can be noted, thus one bank entered the group with over KM 500 million, and two banks entered the group with KM 150-300 million.

Domination of one bank owned in total by foreign capital is noted.

Those four banks under KM 150 million of assets had only 17% of total assets and their operation had already difficulties in following bigger banks from the aspect of long-term fund sources and volume of operation.



2.2. Staff

Staff Qualification Structure

Order number	Qualification	31.12.2003	%	31.12.2004	%	INDEX 2004/2003
1.	*Non-Skilled	47	2	36	1.67	77
2.	*Skilled	39	2	40	1.86	103
3.	*Highly Skilled	18	1	15	0.70	83
4.	*Secondary School	1,194	54	1,118	51.93	94
5.	*Junior College	282	13	257	11.94	91
6.	*College - Graduated	632	28	674	31.31	107
7.	*Master Degree	16	0	12	0	75
8.	*D. Sc.	1	0	1	0	100
TOTAL:		2,229	100	2,153	100	97

As of December 31, 2004 the RS banks had 2,153 employees, which was by 3% less than on December 31, 2003. Analyzed in absolute numbers, however, in the year 2004 banks had less employees by 307, while at the same time the number increased by 231 making a balance of 76 employees. In the total decrease, number of 263 employees related to Privredna banka a.d. Srpsko Sarajevo only. The number of college graduated and skilled workers increased, while other categories recorded a decrease.

One of indicators of a successful banking system, as well as individual banks, is the ratio between assets and number of employees. The larger the ratio is, the larger the success of both individual banks and the system as a whole.

Assets per Employee

DATE	Number of Employees	Assets (000 KM)	Assets per Employee (000 KM)
31.12.2003	2,229	1,263,999	567
31.12.2004	2,153	1,703,809	791

Assets per employee amounted to KM 791 thousand, and, compared to December 31, 2003 numbers, increased by 40%, indicating more profitable and better quality operation of banks.

Three banks reached international standards related to the assets-per-employee ratio (over KM 1.0 million per employee) while the remaining banks were under the RS banking average.

The assets-per-employee ratio in individual banks ranged from KM 338 thousand to KM 1,685 thousand.

Low assets per employee indicated to banks' being overstaffed, having poor organization, too large operational expenses, which altogether resulted in poor productivity and profitability.

3. FINANCIAL INDICATORS OF BANKS' OPERATION

Financial indicators on RS banks' operation are provided for by the Banking Agency of Republika Srpska through on-site examinations and off-site supervision based on reports submitted by banks.

Reports are the following:

1. Banks' Balance Sheets submitted monthly with additional attachments for three-month periods presenting data on banks' cash funds, loans, deposits and off-balance sheet items.
2. Reports on banks' capital, asset classification, and risks in operation submitted quarterly.
3. Reports on banks' operational results submitted on a three-month basis (Income Statement and Cash Flow).
4. Daily, ten-day period, and monthly reports on liquidity, etc.

In addition to this, all available data and information submitted under special Agency requests are taken into consideration in order to follow and analyze the operation of banks in Republika Srpska on a high quality level.

3.1. Balance Sheet

Total balance sheet amount increased by 30% compared to December 31, 2003.

Balance Sheet

DESCRIPTION/PERIOD	AMOUNT (000KM)				INDEX
	31.12.2003		31.12.2004		
	Amount	%	Amount	%	
1	2	3	4	5	6=4/2
ASSETS (PROPERTY):					
1. Cash Funds	378,220	30	460,873	27	122
2. Trading Securities	2,264	0	6,032	0	266
3. Placements to other banks	3,385	0	28,581	2	844
4. Loans	728,165	58	1,032,760	61	142
5. Securities held up to maturity	541	0	21	0	4
6. Premises and Other Fixed Assets	110,069	9	112,285	6	102
7. Other Assets	41,355	3	63,257	4	153
8. TOTAL ASSETS	1,263,999	100	1,703,809	100	135
9. Total Off-Balance Sheet (10+11+12)	325,223		364,004		112
10. Active Off-Balance Sheet	134,143		173,163		129
11. Classified Assets-Loss E	140,751		138,441		98
12. Agent Fees	50,329		52,400		104
13. TOTAL ASSETS (8+9)	1,589,222		2,067,813		130
LIABILITIES (COMMITMENTS):					
14. Deposits	950,060	75	1,309,868	77	138
15. Borrowings	545	0	0	0	0
16. Obligations Based on Loans	59,634	5	94,090	6	158
17. Subordinated Debt	1,898	0	1,769	0	93
18. Other Commitments	15,558	1	40,649	2	261
19. Required Reserves for Potential Loss	51,285	4	59,369	3	116
20. Capital	185,019	15	198,064	12	107
21. TOTAL LIABILITIES (COMMITMENTS AND CAPITAL)	1,262,101	100	1,703,809	100	135
22. Total Off-Balance Sheet (23+24+25)	325,223		364,004		112
23. Active Off-Balance Sheet	134,143		173,163		129
24. Classified Assets-Loss "E"	140,751		138,441		98
25. Agent Fees	50,329		52,400		104
26. TOTAL LIABILITIES (21+22)	1,587,324		2,067,813		130

Balance sheet assets amounted to KM 1,704 million and increased by 35% compared to December 31, 2003.

Within assets structure loans and cash funds amounted to 88% of total assets and recorded an increase in comparison to December 31, 2003. All other categories of assets increased also, except for securities held up to maturity, which represented a small percentage in the total assets. Off-balance sheet items increased by 12%, and amounted to KM 364 million, while active off-balance sheet items had the largest increase in the structure of 29%, while assets classified as "E" category – loss decreased by 2%.

3.1.1. Liabilities

Composition of liabilities i.e. commitments and capital items in the banks' balance sheet at the end of 2004 can be seen from the following table:

Liability Structure

DESCRIPTION/PERIOD	AMOUNT (000KM)				INDEX
	31.12.2003		31.12.2004		
	Amount	%	Amount	%	
1	2	3	4	5	6=4/2
LIABILITIES (COMMITMENTS):					
1.Deposits	950,060	75	1,309,868	77	138
2.Borrowings	545	0	0	0	99
3.Obligations based on loans					
4. Subordinated debt	59,634	5	94,090	6	158
5.Other obligations	1,898	0	1,769	0	93
6.Reserves required for potential loss	15,558	1	40,649	2	261
7.Capital	51,285	4	59,369	3	116
	185,019	15	198,064	12	107
TOTAL LIABILITIES (COMMITMENTS AND CAPITAL):	1,263,999	100	1,703,809	100	135

Liability structure consisted of obligations amounting to 85%, and capital with special reserves for potential losses amounted to 15%.

If compared to December 31, 2003, the amount of obligations increased, while capital with reserves decreased, which resulted from increasing deposits, loans and other obligations taken; Privredna banka a.d. Srpsko Sarajevo also contributed to the decrease of capital, since it was removed from the banking sector balance sheet, and some other banks covered their losses from previous years debiting capital.

3.1.1.1. Capital and Capital Adequacy

Capital

(in 000 KM)

DESCRIPTION/PERIOD	31.12.2003	31.12.2004	INDEX
1	2	3	4=3/2
<i>1. BANK'S CORE CAPITAL</i>			
1.1 Shareholders' Capital	208,726	195,567	94
1.2 Legally Required Reserves	11,323	8,505	75
1.3 Other Reserves	15,887	13,082	82
1.4 Undistributed Earnings	2,622	3,130	119
1.a. Total (1.1 to 1.4)	238,558	220,284	92
1.5 Uncovered Losses from Previous Years	35,955	33,236	92
1.6 Current Year Loss	28,061	0	0
1.7 Amount of Intangible Property	5,429	7,822	144
1.b. Total (1.5 to 1.7)	69,445	41,058	59
1. AMOUNT OF CORE CAPITAL (1a-1b)	169,113	179,226	106
<i>2. BANK'S ADDITIONAL CAPITAL</i>			
2.1 Amount of General Reserves for A	17,306	22,529	130
2.2 Current Earnings	6,854	5,542	81
2.3 Amount of Profit – Distribution Temporarily Stopped	0	0	0
2.4 Amount of Subordinated Debts Maximum 50% of Core Capital	1,898	1,769	93
2.5 Amount of Permanent Obligations Not to Be Repaid	17,944	20,000	111
2. AMOUNT OF ADDITIONAL CAPITAL:	44,002	49,840	113
<i>3. ITEMS TO BE DEDUCTED FROM BANKS' CAPITAL</i>			
3.1 Bank's Investments in Other Legal Persons' Capital Exceeding 5% of Bank's Core Capital	3,220	3,084	96
3. AMOUNT OF DEDUCTIBLE ITEMS:	3,220	3,084	96
4. BANK'S NET CAPITAL (1+2-3):	209,895	225,982	108

Core capital amounted to KM 179 million and compared to December 31, 2003 it increased by 6%. Analyzing core capital composition it can be seen that all items decreased except undistributed profit from previous years which is larger by 19%, and intangible property which increased by 44%

Shareholders' capital decreased by 6%. In the reporting period the absolute amount of shareholders' capital decreased by KM 25 million (Privredna banka a.d. Srpsko Sarajevo was removed from the books, and one bank covered its loss from the previous period) while three banks increased their capital by KM 12 million by new issuance of shares from undistributed profit and new payments in.

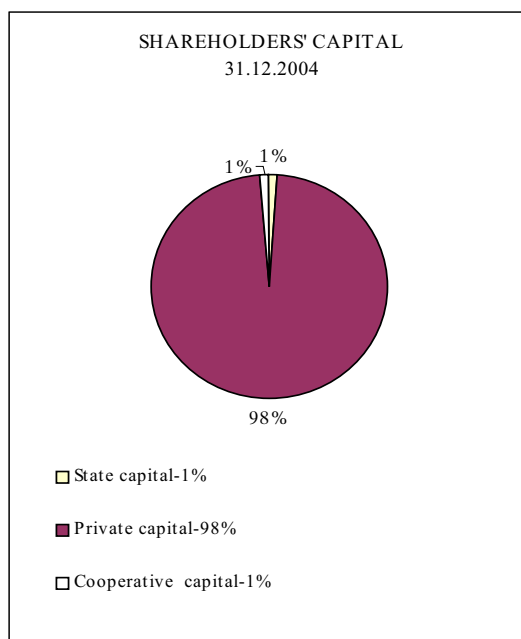
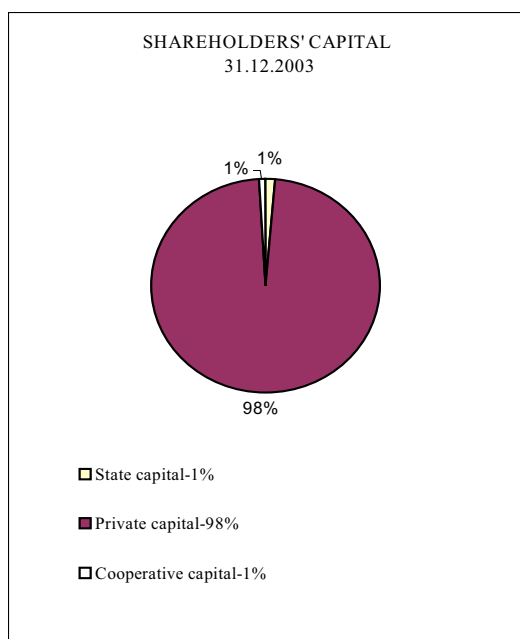
Legally required reserves and other reserves decreased mainly due to both Privredna banka a.d. Srpsko Sarajevo and the bank that covered its loss.

Uncovered losses from the previous years decreased by 8%, while the current year loss decreased by 100%, i.e. in this reporting period all banks operated with profit.

Additional capital increased by 13%, and items deductible from capital decreased by 4%, and net capital increased by 8%.

Shareholders' Capital Structure

SHAREHOLDERS' CAPITAL	31.12.2003		31.12.2004		INDEX %
	Amount	%	Amount	%	
1	2	3	4	5	6=4/2
1. State-Owned Capital	2,724	1	2,807	1	103
2. Private Capital	204,231	75	191,385	98	94
2.1. Foreign Capital	152,718	25	147,540	77	97
2.2. Domestic Capital	51,513	1	43,845	23	85
3. Cooperative Capital	1,771	1	1,375	1	78
TOTAL (1+2+3):	208,726	100	195,567	100	94



Based on the state, private and cooperative capital share in shareholders' capital the composition was the following: state capital 1%, private capital 98%, and cooperative capital 1%.

Private shareholders' capital consisted of foreign investors' equity of 77%, which decreased by 3% compared to the year 2003, while shareholders' capital belonging to domestic investors amounted to 23% and decreased by 15%.

Capital Adequacy

	31.12.2002	31.12.2003	31.12.2004	Index	
1	2	3	4	5=4/2	6=4/3
Net Capital	196,863	209,895	225,982	115	108
Total Risk Assets	822,355	870,085	1,186,557	144	136
Capital Adequacy	24%	24%	19%	79	79

A significant indicator when rating capital is capital adequacy rate, which actually represents a ratio between net capital and total risk assets, and should be at least 12%. Average capital adequacy for RS banks in this reporting period amounted to 19%, and decreased by 21% compared to December 31, 2003.

Such a decrease of the capital adequacy rate resulted from a faster growth of risk assets over capital, thus in the future period some of the banks will have to put additional capital in to be able to meet legal requirements.

Other relevant capital ratios are shown in the following table:

Capital Ratios

in 000 KM

DESCRIPTION/PERIOD		31.12.2003	31.12.2004
1.	Net Capital	193,212	216,248
	Total Assets	1,053,486	1,473,252
	%	18	15
2.	Shareholders' Capital	199,346	212,150
	Total Assets	1,053,486	1,473,252
	%	19	14
3.	Core Capital	158,936	1754,802
	Total Risk Assets	867,327	1,076,776
	%	18	16
4.	Total Capital	196,027	219,177
	Total Risk Assets	867,327	1,076,776
	%	23	20
5.	Net Loans	570,689	859,656
	Total Capital	196,027	219,177
	%	291	392
6.	Return on Total Capital	9,747	11,000
		196,027	219,177
			5

Note: Ratios are calculated based on the average statements.

Return on capital was 5%, and it remained at the same level as in the previous year, still being a low rate of return.

Analyzing the above ratios it can be seen that net capital grew at a lower rate than average assets, and that particular ratio recorded significant decrease. The same situation was with shareholders' capital to average assets ratio, and core capital and total capital to average risk assets. That was especially emphasized with net loans to total capital ratio, since in the first half of the year total loans recorded an increase of 42%, and capital 7%, resulting in such a drop of capital ratios. Capital ratios indicated that additional capitalization of a number of banks would be necessary, otherwise they could have problems in their operation and meeting legal requirements in the future.

3.1.1.2. Deposits

Deposit Structure per Sectors

(in 000 KM)

DEPOSITS	31.12.2003		31.12.2004		Index
	Amount	%	Amount	%	
Government and Government Institutions	171,268	18	201,319	15	118
Public and State Enterprises	69,199	7	57,026	4	82
Private Enterprises and Associations	139,227	15	183,155	14	132
Non-Profit Organizations	10,885	1	22,599	2	208
Banks and Banking Institutions	295,444	31	413,494	31	140
Non-Banking Financial Institutions	15,769	2	24,907	2	158
Citizens	226,794	24	373,992	29	165
Other	21,474	2	33,376	3	155
TOTAL:	950,060	100	1,309,868	100	138

Deposits increased by 38% compared to December 31, 2003.

The largest components within deposit structure were deposits of banking institutions (deposits of mother-banks), which increased by 40%. Citizens' deposits participated with 29%, which was by 5 percentage points larger than in the previous year, but the percentage of increase was 65%. Private companies' deposits recorded a decrease in the total structure, but compared to December 31, 2003 they increased by 32%.

Within the total structure deposits of government institutions recorded a decrease, but compared to December 31, 2003 they increased by 18%. Public and state enterprises recorded a decrease of 18%. Deposits of industry and government institutions participated with only 31%, indicating to a slow development of industry activities, which of course was a problem per se in placing collected deposits.

Deposit Structure per Currency

(in KM million)

DEPOSITS	31.12.2003		31.12.2004		INDEX
	Amount	%	Amount	%	
Deposits in KM	497,1	52	663,3	51	133
Deposits in foreign currency	453,0	48	646,6	49	143
TOTAL	950,1	100	1,309,9	100	138

Looking at the currency based deposit structure it can be seen that domestic currency deposits increased by 33%, while foreign currency deposits increased by 43%. Domestic currency deposits amounted to 51% of total deposits and decreased by one percentage point compared to December 31, 2003, while foreign currency deposits increased by one percentage point.

Term Deposit Structure

(in 000 KM)

DEPOSITS	31.12.2003		31.12.2004		INDEX
	Amount	%	Amount	%	
Savings and Deposits on Demand	472.298	50	595,464	45	126
Up to 3 months	104.526	11	71,192	5	68
Up to 1 year	88.439	9	153,830	12	174
1. Total Short-Term	665.263	70	820,486	63	123
Up to 3 years	41.943	4	88,564	7	211
Over 3 years	242.854	26	400,818	31	165
2. Total Long-Term	284.797	30	489,382	37	172
TOTAL (1+2)	950.060	100	1,309,868	100	138

Based on the term deposit structure shown above, it can be seen that share of short-term deposits decreased from 70% to 63% out of total deposits although deposits themselves increased by 23%, while share of long-term deposits increased from 30% to 37% out of total deposits with deposits themselves increasing by 72%.

Term depositing between banks of their short-term sources was very important for such an increase of long-term deposits, and it had as a goal better maturity adjustments of banks' sources and funds for placements.

Citizens' Savings and Loans

(in 000 KM)

No.	DESCRIPTION/PERIOD	31.12.2003	31.12.2004	Index
1	2	3	4	5=4/3
1.	Loans to Citizens	299,530	439,086	147
2.	Citizens' Savings	215,738	349,690	162
3.	Loans/Savings	139%	126%	

Citizens' savings increased faster than loans to citizens. Loans to citizens were 80% covered by citizens' savings, while balance of 20% was covered from other sources. Excluding citizens' current accounts (deposits on demand) from citizens' savings, then citizens' savings amounted to KM 278,194 and the percentage of coverage of loans by savings was 64%.

Deposits in Branch Offices of Banks from Federation BH

(in 000 KM)

No.	DESCRIPTION/PERIOD	31.12.2003	%	31.12.2004	%	Index
1	2	3	4	5	6	7=5/3
1.	Short-term deposits					
a.	Government	140	0	122	0	87
b.	Economy	22,420	28	49,046	31	219
c.	Banks and other financial institutions	0	0	64	0	0
d.	Citizens	44,190	56	68,401	43	155
e.	Other	431	1	839	1	195
	TOTAL (1)	67,181	85	118,472	74	176
2.	Long-term deposits					
a.	Government	0	0	0	0	0
b.	Economy	2,000	3	3,800	2	190
c.	Banks and other financial institutions	0	0	3,427	2	0
d.	Citizens	9,793	12	34,238	21	350
e.	Other	0	0	62	0	0
	TOTAL (2)	11,793	15	41,527	26	352
	GRAND TOTAL (1.+2.)	78,974	100	159,999	100	203

Deposits held in branch offices of banks having their headquarters in Federation BH amounted to KM 160 million, which was 11% of total deposits in RS, where KM 119 million were short-term loans (13% of total RS short-term deposits) and KM 41 million were long-term deposits (8% of total RS long-term deposits). Those deposits were not included in total amount of RS deposits, since they were included in their mother-banks' records in Federation BH. On the other hand, deposits held by RS banks' branch-offices operating in Federation BH were included in the total amount of RS deposits. Out of total deposits 64% were citizens' deposits and 33% were deposits made by industry branches.

3.1.1.3. Banks' Liquidity

From the deposit term structure above it can be seen that short-term deposits were slower in growing than long-term deposits, but in the composition their share was 63%. Lending policy must be based on deposit structure, since every divergence from term adjustment between sources

and placements can lead to illiquidity, which impacts financial condition and viability of a bank very quickly.

In the reporting period all banks met their obligation of maintaining minimum required reserves at the CBBH, thus they were all in position to execute payment orders. Taking into consideration faster increase of long-term source banks should monitor closer long-term loans, since a poor quality of such placements could make a negative impact on liquidity in the future period.

Liquidity ratios are given in the following table:

(in 000 KM)

OPIS/PERIOD		31.12.2003	31.12.2004
1.	Short Term Assets/	504,604	677,164
	Short Term Liabilities	566,944	788,104
	%	89	86
2.	Short Term Assets/	504,604	677,164
	Total Assets	1,053,486	1,473,252
	%	48	46
3.	Short Term Liabilities/	566,944	788,104
	Total Assets	1,053,486	1,473,252
	%	54	53
4.	Net Short Term Liabilities/	62,340	110,940
	Total Assets	1,053,486	1,473,252
	%	6	8
5.	Net Loans/	570,689	859,656
	Deposits	749,034	1,119,532
	%	76	77
6.	Net Loans and Financial Commitments; Letters of Credit/	577,073	870,649
	Total Assets	1,053,486	1,473,252
	%	55	59

Note: Ratios were calculated based on average values.

Analyzing liquidity ratios it can be seen that short-term assets over short-term liabilities ratio decreased, which means that short-term sources were used more for short-term placements resulting in better maturity adjustment. Share of short-term assets in total assets decreased; short-term sources also decreased but at a lower rate than short-term assets. Short-term assets increased faster than short-term placements. Net loans over deposits ratio, and ratio of net loans over financial commitments taken, letters of credit over total assets increased, which could have a negative impact on liquidity in the future.

3.1.2 Assets

Active Assets Structure

(000KM)

ASSETS (PROPERTY)	31.12.2003				31.12.2004		INDEX	
	Amount		%		Amount			%
	2	3	4	5	6=4/2			
1. Cash Funds	378,220	30	460,873	27		122		
2. Trading Securities	2,264	0	6,032	0		266		
3. Placements to other banks	3,385	0	28,581	2		844		
4. Loans	728,165	58	1,032,760	61		142		
5. Securities held up to maturity	541	0	21	0		4		
6. Premises and Other Fixed Assets	110,069	9	112,285	6		102		
7. Other Assets	41,355	3	63,257	4		153		
8. TOTAL ASSETS	1,263,999	100	1,703,809	100		135		

Total active assets amounted to KM 1,704 million, and increased by 35% compared to December 31, 2003. The balance sheet assets consisted of 27% of cash funds, which increased by 22%, loans represented 61% with an increase of 42%, office space item was 6% with an increase of 2%, placements to other banks amounted to 2% with an increase of 744%, and other assets was 4% with an increase of 53%.

Cash funds decreased their share in total assets amount by 3%, as well as office space item, while share of loans increased.

Off-Balance Sheet Assets Structure

(000KM)

DESCRIPTION/PERIOD	31.12.2003		31.12.2004		Index
	Amount	%	Amount	%	
1	2	3	4	5	6=4/2
1. Active Off-balance Sheet Items	134,143	100	173,163	100	129
- Irrevocable lending Obligations	28,191	21	40,547	23	144
- Irrevocable Documentary L/C	4,517	3	6,650	4	147
- Other L/C for Payments Abroad	5,363	3	3,105	2	58
- Guarantees Issued	95,158	71	112,335	65	118
- Bills and Sureties Issued	853	1	4,300	3	504
- Nostro financially active - collection in process	0	0	0	0	0
- Current Agreements for FC Transactions	0	0	4	0	0
- Other Off-Balance Sheet Items	11	0	6,222	3	10,200
2. Classified Assets – Loss E	140,751		138,441		98
3. Agent Based Activities	50,329		52,400		104
4. TOTAL	325,223		364,004		112

Off-balance sheet assets amounted to KM 364 million, and increased by 12%, and the largest amounts in the structure itself were those related to guarantees issued and irrevocable lending obligations. The largest increase was recorded with other off-balance sheet items in an absolute amount of KM 6,222 thousand consisting of obligations to the Tax Administration, which were in the court procedure, obligations to the government related to the bank privatization agreement, and an obligation based on a guaranty issued also in the court procedure.

Assets classified in category “E”- loss decreased by 2% as a result of collecting receivables previously written-off in an amount of KM 10.5 million, and a definite write-off; agent based activities increased by 4%.

3.1.2.1. Cash Funds

Cash funds composition shows that cash funds in domestic currency amounted to KM 277 million or 60%, while foreign currency cash funds amounted to KM 184 million or 40%.

Domestic currency was mostly held in CBBH reserve account, while foreign currency was deposited with foreign depository institutions.

Cash funds in KM increased by 38%, while foreign currency cash funds increased by 4%, and total cash funds by 22%.

Cash Funds Structure

(in 000 KM)

DESCRIPTION	31.12.2003		31.12.2004		Index
	Total	%	Total	%	
1	2	3	4	5	6=4/2
KM					
Cash Funds	32,795	9	33,585	7	102
Reserve Accounts at CBBH	160,791	42	241,144	52	150
Deposit Accounts at BH Depository Institutions	7,008	2	2,084	1	30
Deposit Accounts at Depository Institutions Abroad	0	0	0	0	0
Cash Funds in Process of Collecting	0	0	0	0	0
Non-Repaid Debts	0	0	0	0	0
TOTAL:	200,594	53	276,813	60	138
FOREIGN CURRENCY					
Cash Funds	37,085	10	38,885	8	105
Reserve Account at CBBH	0	0	0	0	0
Deposit Accounts at Depository Institutions in BH	695	0	78	0	11
Deposit Accounts at Depository Institutions Abroad	137,734	36	142,222	31	103
Cash Funds in Process of Collecting	2,112	1	2,875	1	136
Non-Repaid Debts	0	0	0	0	0
TOTAL:	177,626	47	184,060	40	104
GRAND TOTAL:	378,220	100	460,873	100	122

3.1.2.2. Loans

Structure of Total Loans Per Sectors

(in 000 KM)

No.	DESCRIPTION/PERIOD	31.12.2003	%	31.12.2004	%	Index
1	2	3	4	5	6	7=5/3
1.	Government institutions	7,550	1	11,648	1	154
2.	Public and state enterprises	62,975	9	58,666	6	93
3.	Private companies and associations	337,264	47	506,900	49	150
4.	Nonprofit organizations	1,355	0	2,325	0	172
5.	Banks	926	0	4,787	1	517
6.	Non-bank financial institution	1,962	0	2,349	0	120
7.	Citizens	299,530	41	439,086	42	147
8.	Other	16,603	2	7,043	1	42
9.	TOTAL:	728,165	100	1,032,760	100	142

Loans represented 61% of assets composition, and increased by 42% compared to the year 2003. The structure of loans consisted of 49% of loans to private enterprises, 42% of loans to citizens, 6% of loans to private and state owned enterprises, 1% to the Government and Government institutions, banks and banking institutions, and 1% of other loans. Loans to private enterprises increased by 50%, loans to citizens 47%, and loans to public and state enterprises decreased by 7%.

Net Loans

(000 KM)

No.	Description - Period	31.12.2003	31.12.2004	Index
1	2	3	4	5=4/3
1.	Loans, leasing based & receivables due	728,165	1,032,760	142
2.	Reserves for Potential Loan Loss	30,606	29,413	96
3.	Net Loans (1. – 2.)	697,559	1,003,347	144

Analyzing net loans it can be seen that increase of loans was larger and amounted to 44% in comparison to December 31, 2003, resulting from smaller reserves for potential loan losses. Since not all of banks had external audit performed, neither separated reserve for potential loan losses could be taken as an adequate provisioning separated.

Compared to the previous year loan term structure was the following:

Loan Term Structure

(in 000 KM)

No.	DESCRIPTION	Short Term < 1 year		INDEX	Long Term > 1 year		INDEX	Due Receivables		INDEX	TOTAL		INDEX
		31.12. 2003	31.12. 2004		31.12. 2003	31.12. 2004		31.12. 2003	31.12. 2004		31.12. 2003	31.12. 2004	
1.	Government institutions	1,435	1,247	87	6,053	10,278	170	62	79	127	7,550	11,604	154
2.	Public and state enterprises	23,636	22,259	94	26,862	29,802	111	12,477	6,605	53	62,975	58,666	93
3.	Private companies and associations	167,512	217,924	130	137,622	260,849	190	32,130	28,127	88	337,264	506,900	150
4.	Nonprofit organizations	1,053	2,258	214	162	67	41	140	0	0	1,355	2,325	172
5.	Banks	105	4,327	4,121	328	198	60	493	262	53	926	4,787	517
6.	Non-bank financial institution	268	960	358	1,694	1,349	80	0	40	0	1,962	2,349	120
7.	Citizens	56,460	50,302	89	240,892	384,229	160	2,178	4,555	209	299,530	439,086	147
8.	Other	9,861	2,093	21	3,342	4,420	132	3,400	530	16	16,603	7,043	42
9.	TOTAL	260,330	301,370	116	416,955	691,192	166	50,880	40,198	79	728,165	1,032,760	142

Short-term loans up to one year amounted to KM 301 million and increased by 16%, long-term loans amounted to KM 417 million and increased by 66%. Taking into consideration the amount of KM 489 million of long-term deposits in banks, it is obvious that banks reached satisfactory term adjustment.

Within the short-term loan structure loans extended to private companies represented the largest share and increased by 30%, while loans to citizens decreased by 11%.

Within the long-term loan structure loans extended to citizens represented the largest share with an increase of 60%, and loans extended to private companies, which increased by 90%.

Receivables due decreased by 21% compared to December 31, 2003, and their largest share was related to loans extended to private companies, and public and state enterprises having also decreased significantly. Receivables due related to loans to citizens increased by 109%, indicating that banks should monitor better loans to citizens, since the level of loans per capita in Republika Srpska was KM 520 (population 1.2 million).

Loans Extended by Federation BH Banks' Operational Units

(in 000 KM)

No.	DESCRIPTION/PERIOD	31.12.2003	%	31.12.2004	%	Index
1	2	3	4	5	6	7=5/3
1.	Short term Loans					
a.	Government institutions	100	0	90	0	90
b.	Economy	8,362	6	15,775	7	189
c.	Banks and other financial institutions	0	0	0	0	0
d.	Citizens	4,716	4	8,130	3	172
e.	Other	355	0	1,114	0	314
9.	TOTAL:	13,533	10	25,109	11	186
2.	Long term Loans					
a.	Government institutions	0	0	0	0	0
b.	Economy	10,802	8	29,156	12	270
c.	Banks and other financial institutions	0	0	0	0	0
d.	Citizens	107,011	82	174,694	74	163
e.	Other	0	0	6,344	3	0
	TOTAL (2)	117,813	90	210,194	89	178
	GRAND TOTAL (1. + 2.)	131,346	100	235,303	100	179

Organizational units of banks having their headquarters in Federation BH extended loans in an amount of KM 235 million or 18% of total loans placed in RS, out of which long-term loans in an amount of KM 210 million or 23% of total long-term loans in RS, and KM 25 million or 8% of total short-term loans in RS.

Comparing the amounts of deposits gathered in the RS territory and loans extended it can be concluded that the deposits covered 68% of loans.

Term and Industry Structure of Total Placements

(in 000 KM)

No.	ASSETS INDUSTRY BRANCH	Short-term placements		Index	Long-term placements		Index	Guaranties & Other Sureties		Index	TOTAL		Index
		31.12. 2003	31.12. 2004		31.12. 2003	31.12. 2004		31.12. 2003	31.12. 2004		31.12. 2003	31.12. 2004	
1.	Agriculture, hunting, fishing ...	12,609	12,931	103	6,766	8,803	130	1,758	1,261	72	21,133	22,995	109
2.	Mining & Industry	63,481	72,801	115	83,867	119,293	142	13,563	31,862	235	160,911	223,956	139
3.	Power Supply	2,413	8,292	344	13,770	10,845	79	1,940	8,183	422	18,123	27,320	151
4.	Construction	19,944	27,128	136	13,903	34,136	246	27,331	18,130	66	61,178	79,394	130
5.	Trade	94,671	107,712	114	43,108	81,246	188	42,577	73,624	173	180,356	262,582	146
6.	Services, Tourism, Catering	4,062	13,159	324	3,172	17,053	538	12,636	23,173	183	19,870	53,385	269
7.	Transport, Storing, Post Office, Communications	3,801	4,505	119	3,669	7,586	207	1,155	2,954	256	8,625	15,045	174
8.	Finance	47,491	149,752	315	5,548	5,949	107	19	3,112	16,379	53,058	158,813	299
9.	Real Estate Trade	1,793	3,582	200	0	3	0	547	1,087	199	2,340	4,672	200
10.	Administration, Other Public Services	16,921	9,905	59	10,083	10,450	104	235	1,880	800	27,239	22,235	82
11.	Citizens	30,851	54,857	178	240,892	384,229	160	0	0	0	271,743	439,086	162
12.	Other	7,375	7,278	99	50,600	17,941	35	9,910	6,587	66	67,885	31,806	47
	TOTAL	305,412	471,902	155	475,378	697,534	147	111,671	171,853	154	892,461	1,341,289	150

The total placement category is a broader term and besides total loans it also includes other placements, such as term-funds at foreign banks, placements to other banks, securities, investments into non-consolidated enterprises, interests and fees, advance payments, and prolonged payment.

Analyzing total placements based on the above term and industry structure it can be seen that short-term placements amounted to 35%, long-term 52%, and guarantees and other sureties 13% of total placements. Compared to December 31, 2003 long-term placements increased by 47%, short-term placements by 55%, and guarantees by 54%.

The largest shares in the short-term placement structure were finance and trade.

The largest shares in the long-term placement structure were placements to citizens, mining and industry.

The largest shares in the structure of guarantees and other sureties were related to trade. The total placements consisted of 33% of placements to citizens, 20% of trade, 17% of mining and industry, finance 12%, construction works 6%, while other branches participated in considerably smaller shares.

The following tables give a survey of composition of loans extended to citizens by banks having their headquarters in Republika Srpska and branch offices having their headquarters in Federation BH.

Structure of Loans to Citizens by RS Banks

No.	DESCRIPTION/PERIOD	31.12.2003	%	31.12.2004	%	Index
1	2	3	4	5	6	7=5/3
1.	Short-Term Loans to Citizens					
a.	- general consumption	53,751	18	46,282	11	86
b.	- housing	2,405	1	6,550	1	272
c.	- business operation	1,203	0	1,413	0	117
	TOTAL (1)	57,359	19	54,245	12	95
2.	Long-Term Loans to Citizens					
a.	- general consumption	160,023	53	263,860	60	165
b.	- housing	76,669	26	109,816	25	143
c.	- business operation	5,494	2	11,165	3	203
	TOTAL (2)	242,186	81	384,841	88	159
	GRAND TOTAL (1. + 2.)	299,545	100	439,086	100	147

Out of total amount of loans that banks having their headquarters in RS placed to citizens 88% were long-term loans, and 12% short-term loans, while compared to December 31, 2003 they increased by 47%.

Long-term loans for general consumption had the largest share in the total loan structure and amounted to 60% with an increase of 65%, long-term loans intended for housing were 25% with an increase of 430%, while short-term loans for general consumption decreased by 14%. If we include consumers' loans extended by trade companies (so called goods with postponed payments) we can conclude that citizens' loan-based indebtedness was rather large, and especially in consumption loan category.

**Structure of Loans to Citizens
by Federation BH Banks' Branch Offices**

(in 000 KM)

No.	DESCRIPTION/PERIOD	31.12.2003	%	31.12.2004	%	Index
1	2	3	4	5	6	7=5/3
1.	Short-Term Loans to Citizens					
a.	- general consumption	431	0	1,665	1	386
b.	- housing	2,829	3	4,513	3	160
c.	- business operation	1,456	1	1,952	1	134
	TOTAL (1)	4,716	4	8,130	4	172
2.	Long-Term Loans to Citizens					
a.	- general consumption	69,846	63	119,939	66	172
b.	- housing	30,691	27	42,408	23	138
c.	- business operation	6,474	6	12,347	7	191
	TOTAL (2)	107,011	96	174,694	96	163
	GRAND TOTAL (1. + 2.)	111,721	100	182,824	100	164

Analyzing loans extended by branch offices of banks from Federation BH it can be seen that they increased by 64, and the structure consisted of long-term loans for general consumption in an amount of 66% with an increase of 72%, housing long-term loans in an amount of 23% with an increase of 38%, and long-term loans for business operation in an amount of 7% with an increase of 91%. Thus, the composition was similar to the one with RS banks.

3.1.2.3. Asset Quality

Amounts and composition of classified balance and off-balance sheet assets can be seen from the following table:

- in 000KM -

BALANCE SHEET AND OFF-BALANCE SHEET ASSET ITEMS	31.12.2003	31.12.2004	INDEX
1. Short-term Loans	218,196	301,369	138
2. Long-Term Loans	455,681	691,192	152
3. Other Placements	60,026	87,064	145
4. Accrued Interest	5,147	6,431	125
5. Receivables Due	50,277	39,267	78
6. Paid Guarantee based Receivables	1,126	939	83
7. Other Assets	473,546	577,547	122
8. TOTAL BALANCE SHEET ASSET ITEMS:	1,263,999	1,703,809	135
9. General Loan Risk and Potential Loan Loss	46,500	50,543	109
10. Already Separated General Reserve and Special Reserve	46,813	50,901	109
11. Balance 10.-9.	313	358	114
12a. Payable Guarantees	65,720	76,775	147
12b. Performance Guarantees	29,214	35,560	122
13. Non-Covered Letters of Credit	9,841	9,735	99
14. Irrevocable Loan based Commitments	28,188	40,547	144
15. Other Potential Commitments	1,181	10,546	893
16. TOTAL OFF-BALANCE SHEET ITEMS:	134,144	173,163	129
17. General Loan Risk and Potential Loan Loss	4,443	8,476	191
18. Already Separated General Reserves and Special Reserves	4,472	8,472	189
19. Balance 18.-17.	28	-4	-14
20. TOTAL BALANCE SHEET AND OFF-BALANCE SHEET	1,398,143	1,876,972	126
21. General Loan Risk and Potential Loan Loss	50,943	59,018	116
22. Already Separated General Reserves and Special Reserves	51,285	59,369	116
23. OVERAGE of Separated Reserves	344	351	102
SHORTAGE of Separated Reserves	2	1	50
24. ASSETS for which reserves are NOT separated (A category)	399,422	562,150	141
25. TOTAL ASSETS for which reserves ARE separated (20-24)	998,714	1,314,822	132

Total classified assets amounted to KM 1,877 million, and increased by 34% in comparison with the amount as of December 31, 2003. The balance sheet assets increased by 35%, and off-balance sheet increased by 39%.

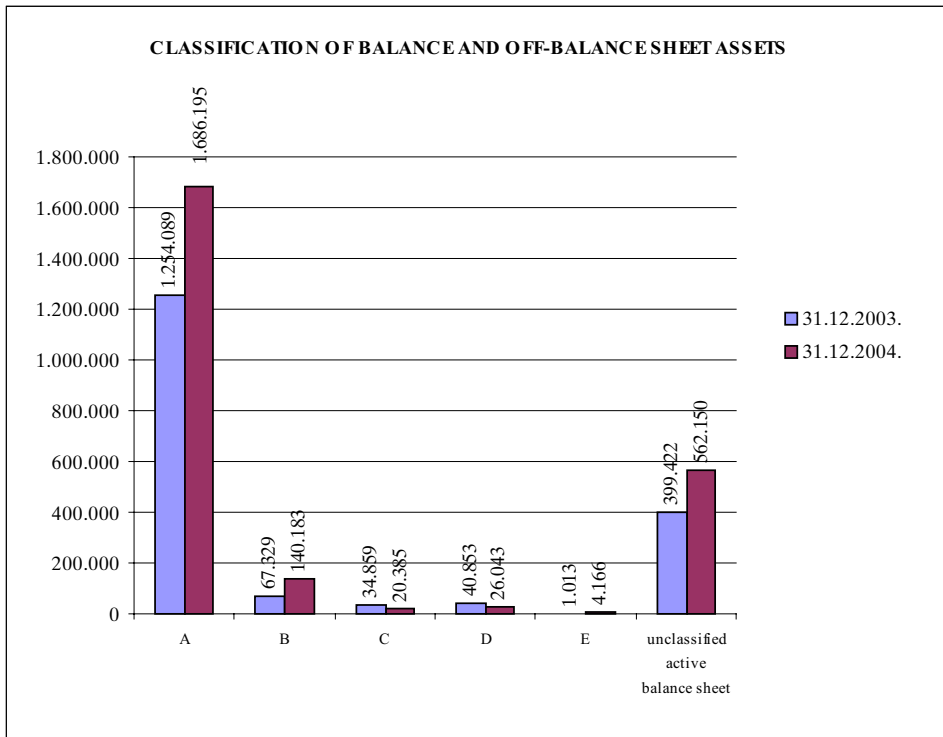
In comparison with amounts as of December 31, 2003 the following items increased: long-term loans by 52%, short-term loans by 38%, other placements by 45%, accrued interest by 25%, other assets by 22%, while the following items decreased: receivables due by 22% and receivables related to guarantees paid by 17%.

When rating asset quality, the amount of poor assets in both total balance sheet and off-balance sheet assets, and in the composition of potential loan losses per classification categories should be taken into consideration.

Classification of banks' balance sheet and off-balance sheet assets as of December 31, 2004 can be seen in the following table:

(in 000 KM)

BALANCE SHEET AND OFF-BALANCE SHEET ASSET ITEMS	A	B	C	D	E	TOTAL
1. Short-term Loans	263,257	34,867	2,491	754	0	301,369
2. Long-Term Loans	594,430	76,615	11,557	8,590	0	691,192
3. Other Placements	85,445	648	958	13	0	87,064
4. Accrued Interest	4,262	2,155	7	7	0	6,431
5. Receivables Due	12,624	6,965	4,661	15,017	0	39,267
6. Paid Guarantee based Receivables	0	0	21	918	0	939
7. Other Assets	569,488	7,745	312	2	0	577,547
8. TOTAL BALANCE SHEET ASSET ITEMS:	1,529,506	128,995	20,007	25,301	0	1,703,809
9. General Loan Risk and Potential Loan Loss (no. 8 X % loss)	19,627	12,651	4,754	13,511	0	50,543
10. Already Separated General Reserve (A) and Special Reserve (B, C, D, E)	19,667	12,831	4,827	13,576	0	50,901
11. Balance 10.-9.	40	180	73	65	0	358
12.a) Payable Guarantees	71,741	3,344	373	26	1,291	76,775
b) Performance Guarantees	32,503	3,057	0	0	0	35,560
13. Non-Covered Letters of Credit	9,553	182	0	0	0	9,735
14. Irrevocable Loan based Commitments	35,937	4,605	5	0	0	40,547
15. Other Potential Commitments	6,955	0	0	716	2,875	10,546
16. TOTAL OFF-BALANCE SHEET ITEMS:	156,689	11,188	378	742	4,166	173,163
17. General Loan Risk and Potential Loan Loss (no.16 X % loss)	2,854	985	99	372	4,166	8,476
18. Already Separated General Reserves (A) and Special Reserves (B, C, D, E)	2,862	973	99	372	4,166	8,472
19. Balance 18.-17.	8	-12	0	0	0	- 4
20.TOTAL BALANCE SHEET & OFF-BALANCE SHEET ITEMS (8 + 13)	1,686,195	140,183	20,385	26,043	4,166	1,876,972
21.General Loan Risk and Potential Loan Loss (no. 20 X % loss)	22,481	13,635	4,853	13,883	4,166	59,018
22. Already Separated General Reserve (A) and Special Reserve (B, C, D, E)	22,530	13,804	4,926	13,943	4,166	59,369
23. OVERAGE of Separated Reserves (+)(amount) (no.22. - no.21.)	50	168	73	60	0	351
SHORTAGE of Separated Reserves (-)(amount) (no.21. – no.22.)	1	0	0	0	0	1
24. ASSETS for which reserves are NOT separated (category A)	562,150					562,150
25. TOTAL ASSETS for which reserves ARE separated (2—24)	1,124,045	140,183	20,385	26,043	4,166	1,314,822



Classification Category	31.12.2003	%	31.12.2004	%	INDEX
A	1,254,089	90	1,686,195	90	134
B	67,329	5	140,183	8	208
C	34,859	2	20,385	1	58
D	40,853	3	26,043	1	64
E	1,013	0	4,166	0	411
TOTAL CLASSIFIED ASSETS:	1,398,143	100	1,876,972	100	134
MINUS: Assets for which reserves are NOT separated (category A)	399,422		562,150		141
TOTAL ASSETS for which reserves ARE calculated	998,721		1,314,822		132
Required potential loan loss general reserves (A)	17,093		22,481		132
Already established general reserve (A)	17,306		22,530		130
Balance for A:	213		49		
Required special reserves for potential loan loss (B-E)	33,850		36,537		108
Already separated special reserves (B-E)	33,979		36,839		108
Balance for (B-E):	129		302		

The largest share in the above classification structure was that of assets classified in category "A" amounting to 90%, which compared to December 31, 2003 increased by 34%. The share of "B" category amounted to 8% and increased by 108%, "C" category amounted to 1% and decreased by 42%, "D" category amounted to 1% and decreased by 36%, while "E" category increased by 311% but its share in the structure was quite insignificant.

Assets for which reserves are not calculated amounted to KM 562 million, and increased by 41%, while assets for which reserves are calculated amounted to KM 1,315 million, and increased by 32%.

Special reserves calculated for assets classified as categories of risk from "B" to "E" totaled KM 37 million, while total established reserves amounted to KM 39 million, indicating that banks separated an amount of reserves larger by KM 302 thousand than calculated reserves, under condition that classification per categories was made realistically.

Large amount of "A" category assets indicates that classification cannot be accepted as a realistic one.

Breakdown of Risk Assets and Reserves Separated

(in 000 KM)

No.	DESCRIPTION	31.12.2003	31.12.2004	INDEX
1.	Total Risk Assets (for which reserves are separated)	998,721	1,314,822	132
	- Assets classified A	854,667	1,124,045	132
	- Assets classified B, C, D, E	144,054	190,777	122
2.	Reserves Separated	51,285	59,369	116
	- General for category A	17,306	22,530	130
	- Special for categories B, C, D, E	33,979	36,839	108
3.	Total Reserves/Total Risk Assets Ratio	5%	4%	
4.	General Reserves/Assets Classified A Ratio	2%	2%	
5.	Special reserves/Assets Classified B-E Ratio	24%	19%	

Total reserves (general and special) amounting to KM 59 million over assets for which reserves are calculated in an amount of KM 1,315 million give a ratio of 4%, which represents a low level of reserves.

General reserves over assets classified into category A give a ratio of 2%, while special reserves and assets classified into categories from B to E give a ratio of 19%, which is under an average classification of receivables in the C category.

Taking into consideration that banks reported a large amount of assets classified in "A" category, it can be concluded that separated reserves were rather low.

Asset Quality Ratios

- in 000 KM -

DESCRIPTION/PERIOD		31.12.2003	31.12.2004
1.	Loans Due/	66,138	53,971
	Total Loans	607,215	889,295
	%	11	6
2.	Loans Due/	66,138	53,971
	Potential Loss Reserve	36,526	29,639
	%	181	182
3.	Loans Due/	66,138	53,971
	Total Capital	196,027	219,177
	%	34	25
4.	Classified Assets/	995,378	1,165,805
	Total Capital	196,027	219,177
	%	508	532
5.	Potential Loss Reserve/	36,526	29,639
	Total Loans	607,215	889,295
	%	6	3
6.	Total Risk Assets	867,327	1,076,776
	Total Assets	1,053,486	1,473,252
	%	82	73

Note: Calculation of ratios was based on average values

Loans Due over Total Loans decreased, which was a positive movement for the banking sector. Faster increase of assets compared to capital resulted in deterioration of classified assets over total capital ratio. Reserves for potential loan losses recorded a decrease, which resulted from classification to better risk categories, which was unfavorable for the banking sector, thus in the future period banks should make better quality assessment of risk assets and separate an adequate amount of reserves.

Risk assets over total assets decreased, which resulted from an increase of other risk bearing assets.

3.1.2.4. Transactions with Related Persons

A part of banks' everyday activities is to perform transactions with related persons. In a market based economy that segment of banks' operation appears to be especially risky. That is why the Agency has issued the Decision on Minimum Standards for Banks Performing Transactions with Related Persons.

The Managing Board of each bank has to develop a special policy for such transactions, including the following restrictions:

- Banks may perform transactions with related persons only under approval of their Supervisory Board or other body with the same level of authorization;
- A single physical person may be approved a transaction amounting to a maximum of 1% of core capital;
- Total amount of transactions with all physical persons related with a bank cannot exceed 10% of the bank's core capital;

- Total loans extended to all related person shall not exceed an amount of 40% of core capital.

Banks are obliged to keep separate records on the following:

- Subsidiaries and other capital-related enterprises;
- Exposures to loan risks from shareholders having over 5% of voting rights, as well as from Supervisory Board members, executive managers and officials of the bank.

Schedule of Loans Extended to Shareholders with over 5% of Voting Rights, Supervisory Board Members, Executive Managers and Bank's Employees

(in 000 KM)

DESCRIPTION	31.12.2003	%	31.12.2004	%	Index
1	2	3	4	5	6=4/2
Loans Extended To:					
1. Shareholders with over 5% of Voting Rights	10,336	837	6,098	73	59
2. Potential and taken off-balance sheet obligations	18	0	526	6	2922
3. Supervisory Board Members	1,011	8	300	4	30
4. Executive Managers	1,092	9	283	3	28
			1,398	17	128
5. Total receivables from related persons(1 to 4)	12,457	100	8,322	100	67
6. Banks' Employees	9,316		14,611		157
7. GRAND TOTAL (5+6)	21,773		22,933		105

Loans extended to related persons decreased by 33% compared to December 31, 2003. The largest share in the structure was that of loans extended to shareholders, while loans extended to Supervisory Board members decreased. Loans extended to banks' employees increased by 57%.

3.1.2.5. Office Space and Other Fixed Assets

Within total asset composition the share related to office space and other fixed assets amounted to 6%. Compared to December 31, 2003 fixed assets increased by 2%.

Five banks exceeded 50% of investments into fixed assets related to their core capital.

Two banks managed not to have such excess, and the rest of banks had action plans for such investments with precise time schedules of implementation.

3.1.2.6. Other Assets

Other assets, within the total asset structure, represented a share of 4% and compared to December 31, 2003 increased by 53%. Other assets mostly consisted of accrued interest and fees. Other items were investments into non-consolidated related entities (funds), tangible items received in collecting receivables due, transition accounts for foreign currency payments, current payments of previously taken obligations, accrued receivables, and other.

1. INCOME STATEMENT

Income Statement

(in 000 KM)

DESCRIPTION/PERIOD	31.12.2003		31.12.2004		INDEX
	Total	%	Total	%	
1	2	3	4	5	6=4/2
1. INTEREST INCOME AND SIMILAR INCOME					
a) Interest Income and Similar Income	62,136	34	92,046	46	148
b) Operating Income	119,814	66	109,258	54	91
2.TOTAL INCOME (1.a + 1.b)	181,950	100	201,304	100	111
3. EXPENSE					
a) Interest Expense and Similar Expense	18,807	9	30,935	16	164
b) Business Operation and Direct Expense	80,203	40	63,749	34	79
c) Operating Expense	101,021	51	95,450	50	94
4. TOTAL EXPENSE (3.a + 3.b + 3.c)	200,031	100	190,134	100	95
TOTAL:INCOME-EXPENSE (2.-4.)	-18,081		11,170		
PROFIT BEFORE TAX	9,980		11,170		112
LOSS	28,061		0		0
TAXES	233		170		73
NET-PROFIT	9,747		11,000		113

In 2004 banks' total income amounted to KM 201 million and increased by 11% in comparison to the year 2003.

Income structure consisted of 46% of interest income, which increased by 48%, and fee income, which decreased by 9%.

Although interest income increased, and operating income decreased, the share of operating income was still significant and amounted to 54%.

Total expense amounted to KM 190 million and decreased by 5%. The expense structure significantly changed and consisted of 16% of interest expense, with a rate of increase of 64%, which resulted from increased both deposits and deposit interest rate, especially with term-deposits.

In comparison with 2003 a decrease was recorded with direct expenses by 21%, and with operating expenses by 6%.

Operating expense was smaller than operating income by 13%, which indicated to a significantly improved profitability of banks.

Profit before tax amounted to KM 11 million, increasing by 12%. The reported profit should be taken with a reserve, since it partially resulted from non-revised banks' reports on their 2004 operation.

Net profit amounted to KM 11 million, and increased by 13%.

We can see that banks improved their financial result, and generated current profit in an amount of KM 11 million. Uncovered losses from previous years, however, amounted to KM 33 million and they should be covered in accordance with banks' action plans.

Profitability Ratios

(in 000 KM)

DESCRIPTION/PERIOD		31.12.2003	31.12.2004
1.	Return on Average Assets	9,747 1,053,486	11,000 1,473,252
	%	0,93	0,75
2.	Return on Average Total Capital	9,747 196,027	11,000 219,177
	%	4,97	5,02
3.	Return on Average Equity	9,747 174,599	11,000 215,051
	%	5,58	5,11
4.	Net Interest Income / Average Assets	43,329 1,053,486	61,111 1,473,252
	%	4	4
5.	Fee Income / Average Assets	119,814 1,053,486	109,258 1,473,252
	%	11	7
6.	Total Income / Average Assets	163,143 1,053,486	170,369 1,473,252
	%	15	12
7.	Operating and Direct Expense Average Assets	80,203 1,053,486	63,749 1,473,252
	%	8	4
8.	Operating Expense/ Average Assets	101,021 1,053,486	95,450 1,473,252
	%	10	6
9.	Non-Interest-Bearing Expense / Average Assets	181,224 1,053,486	159,199 1,473,252
	%	17	11

Return on average assets ratio recorded further decrease and it was under standard average value of 1%, which means that increase of earning did not follow increase of volume of banks' operation. Return on average total capital was approximately at the same level as in the same period of the previous year, which refers also to net interest income over average assets ratio.

All expense items decreased compared to average assets indicating to rationalization of operation. This was the first year after a number of years in which all banks reported positive financial results.

5. INTERNAL PAYMENT TRANSACTIONS

The payment operation of Republika Srpska included nine commercial banks from RS, and 22 organizational units of banks from Federation of Bosnia and Herzegovina.

As of December 31, 2004 there were 108,164 transaction accounts opened.

The following table shows the number and amounts of transactions performed:

Number and Amounts of Transactions

Date	Retail Payment Transactions (Debiting of Accounts)		Wholesale Payment Transactions (Debiting of Accounts)	
	Number of transactions	Amount of transactions (000 KM)	Number of transactions	Amount of transactions (000 KM)
31.01.2004	467,330	1,198,578	400,276	410,769
29.02.2004	558,371	1,281,660	645,674	572,415
31.03.2004	672,049	1,627,008	786,609	685,714
30.04.2004	644,370	1,519,807	682,743	656,912
31.05.2004	648,850	1,394,458	681,457	610,756
30.06.2004	703,838	1,621,335	709,253	713,533
31.07.2004	746,103	1,658,224	753,157	731,923
31.08.2004	665,594	1,507,899	736,389	704,713
30.09.2004	732,981	1,608,286	759,850	736,905
31.10.2004	760,699	1,554,176	697,987	726,510
30.11.2004	763,469	1,619,706	719,278	728,999
31.12.2004	844,299	1,703,661	790,657	746,927
TOTAL:	8,269,199	18,376,078	8,379,119	8,026,638

Related to the number of transactions and their value, four banks from RS were placed among the first ten banks in performing payment transactions in Bosnia and Herzegovina.

In the reporting period CBBH - RS Main Office Banja Luka, that is to say all banks under control of that Office participating in the BH payment transactions performed 38% of total number of transactions, or in value of an amount of KM 27%.

7. CONCLUSIONS

Analyzing the above listed indicators for the banking sector operation in 2004, we can see a lot of positive trends, but also there are few parameters that can produce negative effects unless banks comply with relevant legal requirements.

Positive features were:

- *Total assets increased by 30% out of which balance sheet assets increase was 35% ;*
- *Cash funds increased by 22%, and loans increased by 32% (loans grew faster compared to balance sheet assets);*
- *Deposits increased by 38%, out of which citizens' saving deposits amounted to 34%, with the rate of growth of 62%;*
- *Banks' liquidity was at a satisfactory level;*
- *Equity decreased by 6%, and net capital increased by 8%;*
- *Banks separated required reserves for potential losses;*
- *Banks' profitability significantly improved;*
- *Six RS banks were licensed for deposit insurance, and three banks were in the stage of being considered as eligible.*

Besides the above listed indicators the following is also necessary:

- *Some banks to put in additional capital since their capital adequacy rate was low;*
- *To have a faster capital growth compared to assets growth;*
- *To have more realistic records on assets quality and separate adequate reserves for potential losses;*
- *Higher quality monitoring of loans to citizens, since the level of loans due had an increasing trend;*
- *Further improvement of internal payment system with a goal of having faster exchange of information, and development of detailed procedures for monitoring financial transactions that could have a character of money laundering;*
- *Strengthen internal control and internal audit functions in banks;*
- *To make efforts in decreasing expenses and fixed assets, which should support increase of profitability;*
- *To enable development of a separate data-base by having an exchange of information on non-performing clients, that is by informing the RS Banking Agency on such clients who are considered special risk to banks;*
- *Faster development of credit/debit card based operation, as well as e-banking;*
- *Bank management eligibility criteria based on professionalism and competence to be brought to a higher level with a stricter implementation;*
- *To improve staff expertise and skills in establishing better quality relationships with clients, especially with SMEs, which includes new types of services, well known round the world, i.e. development of sound finance managing operations;*
- *Strengthening of hardware and software potentials and related staff skills, especially for operations with SMEs and citizens.*

In order to continue positive trends in the banking sector, a significant role, besides banks, should be played by the environment itself, especially economy - industry branches, jurisdiction, legislation, and it would be also necessary for all commenced transformations and related activities to be completed as soon as possible, such as:

- *Legal regulation in judiciary system, where court procedure should be accelerated in order to have legal verdicts to enable mortgage collecting;*
- *Process of privatizing state-owned capital in enterprises should be accelerated;*
- *The Law on Frozen Citizens' savings to be passed as soon as possible;*
- *To continue developing Central Register for both legal persons and citizens in order to obtain a better quality data-base;*
- *To continue developing legal and institutional framework strengthening financial discipline including prevention of money laundering;*
- *To continue strengthening bank supervision.*

ATTACHMENTS

Attachment No. 1	Basic Information on Banks in Republika Srpska
Attachment No. 2	Balance Sheet
Attachment No. 3	Capital Schedule
Attachment No. 4	Income Statement
Attachment No. 5	Information on Banks' Employees

BASIC INFORMATION ON BANKS

No.	BANK	LOCATION	ADDRESS	DIRECTOR	PHONE	FAX	31.12.2004 (in 000KM)		NUMBER OF EMPLOYEES
							ASSETS	CAPITAL	
1.	Nova Banjalucka banka a.d.	Banja Luka	M.Bursać 7	Dragoljub Lekić	051/243-200	212-830	200,559	16,433	461
2.	Hypo Alpe-Adria-Bank a.d.	Banja Luka	I.F.Jukića 9	Kurt Makula	051/212-930	212-878	584,644	35,382	347
3.	Razvojna banka Jug. Evrope a.d.	Banja Luka	Kralja Petra I 85-A	Novak Kondić	051/242-101	242-192	295,422	24,788	430
4.	LHB banka a.d.	Banja Luka	Milana Tepića 4	Radovan Bajić	051/221-600	221-623	136,230	22,896	82
5.	Nova banka a.d.	Bijeljina	Svetog Save 46	Milorad Anđžić	055/209-094	201-410	164,175	21,918	286
6.	Bobar banka a.d.	Bijeljina	Njegoševa 1	Dragan Radumilo	055/201-862	201-862	39,281	16,780	110
7.	Zepter komerc banka a.d.	Banja Luka	Jevrejska bb/ II sprat	Ranko Labović	051/241-100	215-771	174,526	20,711	164
8.	Balkan Investment Bank a.d.	Banja Luka	Bana Milosavljevića 8	Saulius Žostautas	051/216-285	211-445	46,869	18,523	89
9.	Pavlovic International Bank a.d.	Slobomir, Bijeljina	Slobomir	Nada Pavlović	055/209-588	210-247	62,103	20,633	184
TOTAL:							1,703,809	198,064	2,153

BALANCE SHEET (in 000 KM)

Attachment 2

DESCRIPTION/PERIOD	31.12.03	%	31.12.04	%	INDEX
1. Cash funds and deposit accounts at depository institutions (1.a.+1.b.)	378,220	30	460,873	27	122
1.1. Cash and non-interest bearing deposit accounts	203,800	16	90,534	5	44
1.2. Interest-bearing deposit accounts	174,420	14	370,339	22	212
2. Trading Securities	2,264	0	6,032	0	266
3. Placements to other banks	3,385	0	28,581	2	844
4. Loans, leasing and receivables due (4.a.+4.b.+4.c.)	728,165	58	1,032,760	61	142
4.a. Loans	677,285	54	677,561	58	147
4.b. Leasing receivables	0	0	0	0	0
4.c. Loan and leasing receivables due	50,880	4	40,199	3	79
5. Securities held up to maturity	541	0	21	0	4
6. Office space and other fixed assets	110,069	9	112,285	7	102
7. Other immovables	5	0	183	0	3,660
8. Investments in non-consolidated related companies	7,056	0	8,157	0	116
9. Other assets	34,294	3	54,917	3	160
TOTAL (1 to 9)	1,263,999	100	1,703,809	100	135
10. MINUS: Reserves for potential losses	46,812		50,896		109
11. TOTAL ASSETS: (1.to 9.-10.)	1,217,187		1,652,913		136
11.1 Total off-balance sheet items	325,223				
11.a. Active off-balance sheet items	134,143		173,163		129
11.b. Classified assets – loss E	140,751		138,441		98
11.c. Commission (agent) services	50,329		52,400		104
TOTAL ASSETS (11.+11.1)	1,542,410		2,016,917		131
12. Deposits (12.a.+12.b.)	950,060	78	1,309,868	79	138
12.a. Interest-bearing deposits	806,114	66	1,203,339	73	149
12.b. Non-interest bearing deposits	143,946	12	106,529	6	74
13. Borrowings – obligations due (13.a.+13.b.)	3	0	0	0	0
13.a. Obligations due, not paid	3	0	0	0	0
13.b. Off-balance sheet obligations not paid-called for repayment	0	0	0	0	0
14. Borrowings from other banks	542	0	0	0	0
15. Obligations to Government	0	0	0	0	0
16. Obligations based on loans and other borrowings (16.a.+16.b.)	59,634	5	94,090	6	158
16.a. remaining maturity up to one year	8,191	1	9,055	1	111
16.b. remaining maturity over one year	51,443	4	85,035	5	165
17. Subordinated debt and subordinated bonds	1,898	0	1,769	0	93
18. Reserve to cover off-balance sheet items (18.a.+18.b.)	4,473	0	8,473	0	189
18.c. Other obligations	15,558	1	40,649	3	261
19. TOTAL LIABILITIES (12 to 18)	1,032,168	84	1,454,849	88	141
20. Permanent preferred shares	16,643		6,865		41
21. Regular shares	192,083		188,703		98
22. Premium (22.a. +22.b)	0		0		0
22.a. on permanent preferred shares	0		0		0
22.b. on regular shares	0		0		0
23. Undistributed profit and capital reserves	12,857		14,145		110
24. Capital reserves	27,452		21,587		79
25. Other capital	-64,016		-33,236		52
26. TOTAL CAPITAL: (20. to 25.)	185,019	16	198,064	12	107
27. TOTAL LIABILITIES AND CAPITAL: (19. + 26.)	1,217,187	100	1,652,913	100	136
28.1. Total off-balance	325,223				
28.1. Active off-balance sheet	134,143		173,163		129
28.2. Classified assets – loss E	140,751		138,441		98
28.3. Commissioned (agent) services	50,329		52,400		104
TOTAL LIABILITIES (27.+28.1)	1,542,410		2,016,917		131

CAPITAL STATEMENT

in 000 KM

DESCRIPTION/PERIOD	31.12.2003	31.12.2004	INDEX 2004/2003
1. CORE CAPITAL OF BANKS			
1.1. Equity capital based on nominal values and amounts of regular and preferred non-cumulative shares issued against cash fund payments into shareholders' capital:	205,327	192,393	94
1.2. Equity capital based on nominal amounts of regular and preferred non-cumulative shares issued against immovables and rights invested into shareholders' capital:	3,399	3,174	93
1.3. Premiums collected for share payments:	0	0	0
1.4. General reserves required (reserves required by the law):	11,323	8,505	75
1.5. Other reserves which are not taken into account when rating asset quality:	15,887	13,082	82
1.6. Retained – undistributed profit from previous years:	2,622	3,130	119
1.a TOTAL (1.1.-1.6.)	238,558	220,284	92
1.7. Uncovered loss carried over from previous years:	35,955	33,236	92
1.8. Current Year Loss:	28,061	0	0
1.9. Bookkeeping value of bank's owned (vault) shares:	0	0	0
1.10. Amount of intangible property: patents, licenses, concession, investments in: marketing, commercial name, trade mark, goodwill and similar:	5,429	7,822	144
1.b TOTAL (1.7.-1.10.)	69,445	41,058	59
1. AMOUNT OF CORE CAPITAL (1.a - 1.b):	169,113	179,226	106
2. ADDITIONAL CAPITAL OF BANKS			
2.1. Equity capital based on nominal amounts of permanent preferred cumulative shares issued against cash fund payments into shareholders' capital:	0	0	0
2.2. Equity capital based on nominal amounts of permanent preferred cumulative shares issued against immovables and rights invested into shareholders' capital:	0	0	0
2.3. General reserves for loan loss coverage for bank's assets rated as category A – Pass:	17,306	22,529	130
2.4. Accrued profit in the current year audited and verified by external auditor:	6,854	5,542	81
2.5. Amount of profit for which BA-RS issued Decision on Temporary Suspension of Distribution:	0	0	0
2.6. Amount of subordinated debt maximum 50% of amount of Core Capital:	1,898	1,769	93
2.7. Amount of hybrid i.e. convertible items-instruments of capital maximum 50% of amount of Core Capital:	0	0	0
2.8. Amount of items-commitments of a permanent character without obligation to be repaid:	17,944	20,000	111
2. AMOUNT OF ADDITIONAL CAPITAL:	44,002	49,840	113
3. ITEMS TO BE DEDUCTED FROM BANKS' CAPITAL			
3.1. Part of invested shareholders' capital, which represents, according to BA-RS, received, but overstated value:	0	0	0
3.2. Bank's investments in capital of other legal entities exceeding 5% of the bank's core capital:	3,220	3,084	96
3.3. Receivables from shareholders having a significant voting right in the bank, which receivables are based on the bank's approvals contrary to provisions of the Law, BA-RS and the bank's business policy:	0	0	0
3.4. Bank's large risk exposure related to shareholders having a significant voting right in the bank, which exposure has not been previously approved by the BA-RS:	0	0	0
3. ITEMS TO BE DEDUCTED FROM BANKS' CAPITAL:	3,220	3,084	96
4. CALCULATION OF BANK'S CAPITAL AMOUNT			
1. AMOUNT OF BANK'S CORE CAPITAL	169,113	179,226	106
2. AMOUNT OF BANK'S ADDITIONAL CAPITAL	44,002	49,840	113
3. AMOUNT OF BANK'S ITEMS OFF-SETTING FROM THE CAPITAL	3,220	3,084	96
4. AMOUNT OF BANK'S NET-CAPITAL (1. + 2. - 3.)	209,895	225,982	108
B. RISK WEIGHTED ASSETS AND LOAN EQUIVALENTS	870,085	1,186,557	136
C. NET CAPITAL RATE	24.1	19.0	79

INCOME STATEMENT

(in 000 KM)

DESCRIPTION/PERIOD	31.12.2003	%	31.12.2004	%	INDEX
1. INTEREST INCOME AND EXPENSE					
a) Interest income and similar income					
1) Interest bearing deposit accounts at depository institutions	3,482	6	5,923	6.43	170
2) Placements to other banks	764	1	1,009	1.10	132
3) Loans and leasing operations	44,618	72	84,757	92.08	190
4) Securities held up to maturity	0	0	0	0.00	0
5) Other companies' shares owned by banks	0	0	0	0.00	0
6) Paid off-balance sheet obligation receivables	129	0	262	0.28	203
7) Other interest income and similar income	13,143	21	95	0.10	1
8) TOTAL INTEREST INCOME AND OTHER INCOME (1 to 7)	62,136	100	92,046	100.0	148
b) Interest expense and similar expense					
1) Deposits	16,009	85	28,619	92.51	179
2) Borrowings from other banks	1,230	7	1,018	3.29	83
3) Borrowings – due obligations	355	2	0	0.00	0
4) Loan and other borrowing obligations	385	2	1,255	4.06	326
5) Subordinated debt and subordinated bonds	11	0	0	0.00	0
6) Other interest expense and similar expense	817	4	43	0.14	5
7) TOTAL INTEREST EXPENSE AND SIMILAR EXPENSE (1 to 6)	18,807	100	30,935	100.0	164
c) NET INTEREST AND SIMILAR INCOME	43,329		61,111		141
2. OPERATING INCOME					
1) Foreign currency operation income	13,887	12	12,768	11.69	92
2) Loan fees	7,990	7	13,145	12.03	165
3) Off-balance sheet operation fees	5,169	4	5,696	5.21	110
4) Service fees	37,095	31	34,215	31.32	92
5) Trading operation income	1,567	1	2,369	2.17	151
6) Other operating income	54,106	45	41,065	37.59	76
7) TOTAL OPERATING INCOME (1 to 6)	119,814	100	109,258	100.0	91
3. NON-INTEREST BEARING EXPENSE					
a) Operating and direct expense					
1) Reserves for general loan risk and potential loan and other losses	73,491	92	57,408	90.05	78
2) Other operating and direct expenses	6,712	8	6,341	9.95	94
3) TOTAL OPERATING AND DIRECT EXPENSES (1) + 2)	80,203	100	63,749	100.0	79
b) Operating expenses					
1) Salaries and contributions	36,882	37	38,242	40.06	104
2) Office space, other fixed assets and overheads	41,817	41	39,425	41.30	94
3) Other operating expenses	22,319	22	17,783	18.63	80
4) TOTAL OPERATING EXPENSES (1 to 3)	101,021	100	95,450	81.4	94
c) TOTAL EXPENSES a)3) + b)4)	181,224		159,199		88
4. PROFIT BEFORE TAX (1c+2g - 3c)	9,980		11,170		112
5. LOSS (1.c + 2.g - 3.c)	28,061		0		0
6. TAX	233		170		73
7. NET-PROFIT (4. - 6.)	9,747		11,000		113

Attachment 5

STAFF

No.	BANKS	QUALIFICATION STRUCTURE								Total	%
		Worker	Skilled Worker	Highly Skilled Worker	Secondary School Diploma	Junior College	College Graduation	Master Degree	Dr. Sc.		
1.	Nova Banjalucka banka a.d. Banja Luka	7	10	4	226	55	115	4	0	461	21
2.	Hypo-Alpe-Adria Bank a.d. Banja Luka	10	0	1	213	15	104	1	0	347	16
3.	Razvojna banka Jugoistocne Evrope a.d. Banja Luka	3	8	7	219	64	125	3	1	430	20
4.	Bobar banka a.d.	0	11	0	62	13	23	1	0	110	5
5.	LHB banka a.d.	1	1	1	35	7	37	0	0	82	4
6.	Zepter Komerc banka a.d.	1	3	1	78	23	58	0	0	164	8
7.	Balkan Investment Bank a.d.	1	0	0	42	6	40	0	0	89	4
8.	Pavlovic International Bank a.d.	12	7	1	103	13	46	2	0	184	9
9.	Nova banka a.d.	1	0	0	100	61	123	1	0	286	13
TOTAL		36	40	15	1,118	257	674	12	1	2,153	100
%		2	2	1	52	12	31	0	0	100	