



Bosna  
Bank  
International



Annual Report  
Godišnji izvještaj 2007



## Naslovna stranica

### Gazi Husrev-begov hamam

Otvoren je 1537. godine i od tada funkcioniра kao javno kupatilo sve do 1916. godine. Oštećen je tokom ratnih dešavanja od 1992. do 1995., a obnovljen 2001. godine i od tada je dio Bošnjačkog instituta - Fondacije Adila Zulfikarpašića.

Najslavnije doba povijesti Sarajeva za vrijeme osmanlijske uprave bilo je upravo u periodu stolovanja Gazi Husrev-bega na dužnosti bosanskog sandžak-bega (1521.-1541.). Ako se izuzmu vojni pohodi koje je poduzeo, Gazi Husrev-beg je sav svoj život posvetio podizanju i urbanizaciji Sarajeva. Pun plemenite ljubavi za opće dobro i napredak povjerenog mu naroda iz kojeg je i sam nikao, on nesebično žrtvuje svoje ogromno bogatstvo na izgradnju veleljepnih građevina različite namjene koje tadašnje Sarajevo pretvaraju u najveći trgovачki, zanatski, kulturno-prosvjetni i vojni centar na razmeđu Istoka i Zapada. Znajući da bi njegove zasluge na bojnom polju sačuvala samo historija i da je jedini trajni hajrat (dobro djelo) ono što se poklanja budućnosti, Husrev-beg je sva svoja nepokretna i pokretna dobra uvakufio.

Obnovio je Carevu džamiju i izgradio čuvenu Gazi Husrev-begovu džamiju, biblioteku, medresu, sahat-kulu, bolnicu i mnoge druge poznate zgrade. Zanimljivo je da je izgradio vodovod i doveo vodu sa izvora udaljenog sedam kilometara od Sarajeva i razveo je u 40 javnih česmi. Bio je to jedan od prvih vodovoda u tadašnjoj Evropi.

Fotografija: A. Zulfikarpašić

## Cover page

### Gazi Husrev-bey bath

Opened in 1537 since when it functions as a public bath until 1916. It was damaged during the war from 1992 to 1995 and in 2001 remodeled and since then became part of a Bosniak Institute –Adil Zulfikarpasic Foundation.

The most significant part of history of Sarajevo during the Ottoman Empire was the time of Gazi Husrev bey as the bey in charge of Bosnia-Sandzak (1521-1541). If we put aside his military actions, Gazi Husrev bey dedicated his life to building and urbanization of Sarajevo. He was full of genuine love for the well being and prosperity of nation under his governance, himself being one of them, he dedicates his tremendous wealth for the construction of beautiful buildings for different functions which at that point make Sarajevo one of the biggest trade, craft, cultural-educational and military centers on the cross roads of East and West. Knowing that his success on the battle field would only be recorded in the history books and that the only permanent good deed is such that you leave for the future, Husrev-bey decides to place all of his real estate as well as movable property under Vakif.

He remodeled the Emperor's mosque and built the famous Gazi Husrev bey mosque, the library, (medresa) religious school, clock tower, the hospital and many other well known buildings. Interestingly, he built a conduit and brought water from the spring 7 kilometers away from Sarajevo and passed it to 40 public fountains. That was one the first conduit systems in Europe.

Photo by: A. Zulfikarpašić



Jedinstvena banka u zemlji  
sa dugom i bogatom tradicijom

Unique bank in the country  
with long and rich tradition

### **The Old bridge in Mostar**

The Old bridge is the famous bridge over Neretva river in Mostar. It was built by the Turkish entrepreneur Hayrulin between 1557 and 1566. It is a stone bridge built as one arch, close to 29 meters long and 20 meters high. The cross section of the bridge was so narrow and so high above the water that to many it seemed impossible such structure could be built out of huge stone blocks. The bridge is light shiny color which changes according to the sun.

The Old Bridge was destroyed by the Croatian Council of Defense on November 9th 1993. It was rebuilt in 2004 and afterward enlisted into UNESCO world heritage. It is known as the symbol of Mostar and Herzegovina.

### **Stari most u Mostaru**

Stari most je čuveni most preko rijeke Neretve u Mostaru. Sagradio ga je turski neimar Hajrudin između 1557. i 1566. godine. To je kameni most izgrađen u jednom luku, dugom skoro 29, a visokom 20 metara. Profil mosta je bio toliko tanak i visoko iznad vode da je mnogima bilo teško zamisliti da se takva građevina može napraviti od ogromnih kamenih blokova. Most je svijetle sjajne boje koja se mijenja tokom dana zavisno od sunca.

Stari most je srušilo Hrvatsko vijeće obrane (HVO) 9. novembra 1993. godine. Obnovljen je 2004. godine, a potom uvršten na popis svjetske kulturne baštine UNESCO. Poznat je kao simbol Mostara i Hercegovine.



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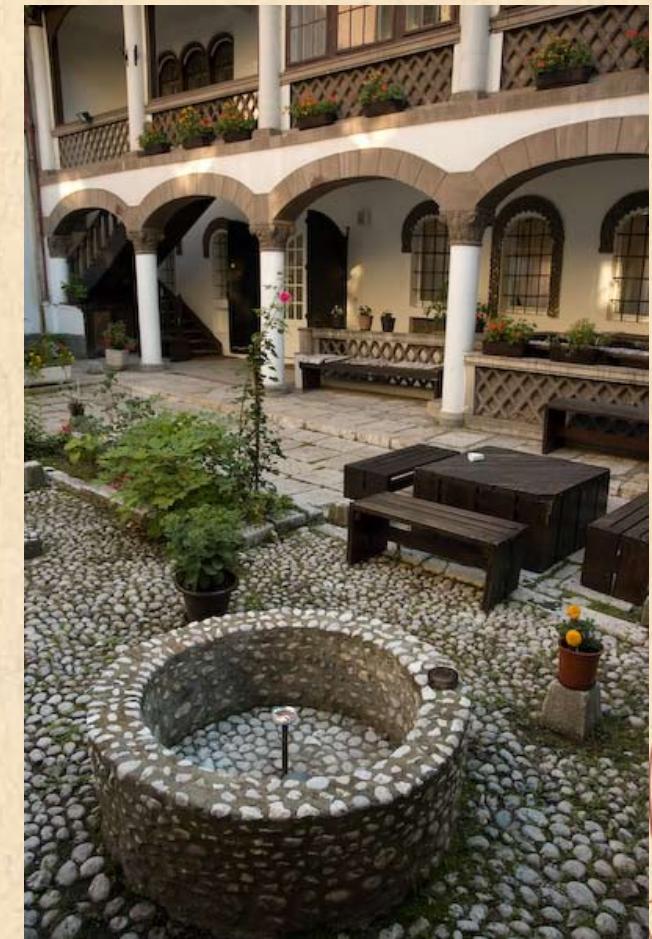
Branches 58 Filijale

### Museum of literature and theater art (Sarajevo)

is a first class cultural monument and its aim is to preserve and display the rich material in the area of literature and theater art. This old Serb house from mid 18th century was turned into Museum of literature of BiH in 1961 and since 1969 it is a museum of theater art. In September of 1992 the Museum opens its own showroom named Gallery Mak.

### Muzej književnosti i pozorišne umjetnosti (Sarajevo)

Spomenik je kulture prve kategorije i bavi se čuvanjem i prezentacijom bogate grage iz oblasti književnosti i pozorišne umjetnosti. Ova stara srpska kuća iz sredine 18. vijeka je 1961. godine pretvorena u Muzej književnosti BiH, a od 1969. i u muzej pozorišne umjetnosti. U septembru 1992. Muzej otvara vlastiti izložbeni prostor koji dobiva ime Galerija Mak.



#### **Bosniak Institute in Sarajevo**

The Institute complex includes the library and Gazi Husrev – bay public bath, which are home to art and museum exhibits, which serves as a cultural center. Through construction of the Hamam (built in 1535) it enabled the historical meeting of two vakif s. One is Gazi Husrev-bay's, built during the time when Islamic culture, education and learning was being born in Bosnia and Herzegovina, and the other one if Adil-bey's Institute; institution which is a center of urban culture development and values of Bosniaks.

Bosniak Institute was established as a result of 50 years of work of Adil-bey on collecting, classifying and systematizing of various materials about B&H and it represents the research center of historical, literary, journalistic-publishing, writers, archive-documentary and folklore wealth of B&H.

#### **Bošnjački institut u Sarajevu**

Kompleks Instituta sačinjavaju zgrada biblioteke i Gazi Husrev-begov hamam, u kojem su smješteni umjetnički i muzejski eksponati i koji je u funkciji kulturnog centra. Posredstvom zdanja Hamama (izgrađen 1535.godine) ostvario se historijski susret dva vakufa. Jedan, Gazi Husrev-begov, nastao u vrijeme kada su islamska kultura, obrazovanje i učenost doživljavali svoj osvit u Bosni i Hercegovini. Drugi vakuf, Adil-begov Institut, institucija koja je centar razvoja građanske kulture i vrijednosti kod Bošnjaka.

Bošnjački institut nastao je kao rezultat 50-godišnjeg rada Adil-bega na sakupljanju, klasificiranju i sistematiziranju različite grde o Bosni i Hercegovini, i predstavlja centar za izučavanje historijskog, književnog, novinsko-publicističkog, rukopisnog, arhivsko-dokumentacijskog i folklornog blaga BiH.



#### **Members of the BBI Assembly**

At the "Green Salon of Mersad Berber"- Bosniak Institute – Adil Zulfikarpasic Foundation  
Mersad Berber (67) is one of the most significant BH painters and graphic artist, who lives in Zagreb (Croatia) since 1992.  
Graduated in 1963 from Academy in Ljubljana. He held over hundred of exhibits throughout the world.

#### **Članovi Skupštine BBI**

U „Zelenom salonu Mersada Berbera“ – Bošnjački institut fondacija Adila Zulfikarpašića.  
Mersad Berber (67), bosanski slikar i grafičar koji u Zagrebu živi od 1992. Diplomirao na Akademiji u Ljubljani 1963.  
Samostalno izlagao na nekoliko stotina izložbi širom svijeta.



## Statement by H.E. Dr. Ahmad Mohamed Ali, the Chairman of the General Assembly of the Bank



Chairman of the General Assembly of  
BBI and President of Islamic  
Development Bank

Predsjednik Skupštine BBI i predsjed-  
nik Islamske banke za razvoj

It gives me great personal pleasure to present these financial statements to all stakeholders of Bosna Bank International in Bosnia Herzegovina and abroad. The financial year 2007, which is now behind us, presents continuation of successful operations and further strengthening and expansion of Bosna Bank International d.d. Sarajevo.

The Bank has successfully continued its mission of introduction and expansion of non-interest banking in South East Europe along with providing support to growing economy of Bosnia and Herzegovina. Bosna Bank International is the first bank in the country and wider region that is operating based on Islamic banking principles. In regard to that, the Bank has continued successfully continued offering new products to both corporate and retail clients.

The Bank has also continued engaging its whole human resources potential and fully local Management in strengthening its position in the local market and its expansion and development of different forms of cooperation with other financial institutions beyond Bosnia and Herzegovina, especially with the OIC member countries. In regard to that I would underline specially a credit line for supporting the agricultural producers- returnees, which was set up in close cooperation with the Islamic Development Bank, the Fund for the Return of Refugees and the Bank.

As a result of awareness of the social responsibility in the society, the Bank continued implementation of its humanitarian aid programs to needy individuals and institutions, and we especially underline the fact that in 2007, as in earlier 6 years, we continued awarding scholarships to university students.

Keeping in mind the need for further strengthening and expansion of the Bank, both in the local market and wider region, the Shareholders will continue rendering support to the Bank and the broader community in Bosnia and Herzegovina.

The Shareholders of the Bank are pleased to convey their appreciation to all employees lead by the Management of the Bank for the achieved results, and we express our justified and sincere hope for further strengthening and development of the Bank in the forthcoming period, to the advantage of all the population of Bosnia and Herzegovina.

The Shareholders will persist in rendering full support and assistance to the Bank and its employees in their further strengthening of the overall development of the Bank and Bosnia and Herzegovina.

A handwritten signature in blue ink, appearing to read "Dr. Ahmad Mohamed Ali".

Dr. Ahmad Mohamed Ali

## Poruka NJ.E. Dr. Ahmad Mohameda Alija, predsjedavajućeg Skupštine Banke

Veliko mi je osobno zadovoljstvo predstaviti sljedeće finansijske izvještaje dioničarima Bosna Bank International u Bosni i Hercegovini i inostranstvu. Finansijska godina 2007., koja je iza nas, predstavlja nastavak uspješnog poslovanja i daljeg jačanja i ekspanzije Bosna Bank International d.d. Sarajevo.

Banka je uspješno nastavila svoju misiju predstavljanja i širenja bezinteresnog bankarstva u jugoistočnoj Evropi, ujedno pružajući podršku ekonomiji Bosne i Hercegovine koja je u razvoju. Bosna Bank International je prva banka u zemlji i široj regiji koja posluje po islamskim bankarskim principima i kao takva nastavila je uspješno nuditi nove proizvode, kako pravnim tako i fizičkim licima.

Banka je također nastavila sa stavljanjem u funkciju svog punog ljudskog potencijala prilikom jačanja svoje pozicije na lokalnom tržištu, ali i sa razvojem različitih oblika saradnje sa ostalim finansijskim institucijama van Bosne i Hercegovine, naročito sa zemljama članicama OIC-a. U vezi s tim, posebno želim naglasiti našu kreditnu liniju za podršku poljoprivrednicima-povratnicima, koja je uspostavljena u uskoj saradnji sa Islamskom bankom za razvoj i Fondom za povratak izbjeglica i BBI bankom.

Kao rezultat svijesti o društvenoj odgovornosti, Banka je nastavila implementaciju svojih humanitarnih programa osobama u nevolji i institucijama, a posebno naglašavam činjenicu da smo u 2007., kao i u prethodnih šest godina, nastavili sa stipendiranjem studenata.

Uzimajući u obzir potrebu za daljim jačanjem i ekspanzionom Banke, kako na lokalnom tržištu tako i šire u regiji, dioničari će i dalje pružati podršku BBI i široj zajednici u Bosni i Hercegovini.

Dioničari Banke su sretni da mogu iskazati svoju zahvalnost svim zaposlenim, rukovođenim Upravom Banke, za ostvarene rezultate, i izražavamo našu opravdanu i iskrenu nadu u dalje jačanje i razvoj BBI u predstojećem periodu, a u korist svih građana Bosne Hercegovine.

Dioničari će istrajati u pružanju pune podrške i pomoći Banci i njenim uposlenicima u njihovom daljem jačanju sveukupnog razvoja Banke i Bosne i Hercegovine.



Dr. Ahmad Mohamed Ali



## Statement by the Chairman of the Supervisory Board of the Bank



Chairman of the Supervisory Board of  
BBI and CEO of Dubai Bank

Predsjednik Nadzornog odbora BBI i  
direktor Dubai banke

On behalf of the Supervisory Board of Bosna bank International, it is my pleasure to present successful business results for the year, which is behind us. Although it came to strengthening of the competition, Bosna Bank International retained its stable growth and position in the country, even though it is the only Bank in Bosnia and Herzegovina and the region that is operating on Islamic banking principles.

The achieved financial results for 2007 reflect continuation of a dynamic, growing and enthusiastic Bank, which will lead to results in achievement of Shareholders' objectives, increased depositors' confidence and growing portfolio of client and relationships locally and internationally.

The decisions made by the Management and outcomes of various restructurings have bore fruits. The Bank now has ten branches and the conditions for opening of another four have been created. The Bank has been making tremendous efforts in staff training in Islamic banking and for rendering high-quality banking services. The Bank has improved and developed a variety of new products and services successfully.

I have to underline that Al Mactoum Foundation from Dubai provided US\$ 300,000 for the Project of interest-free loans for the returnees. The funds were allocated for different purposes: US\$ 170,000 for dairy industry, US\$ 70,000 for poultry raising and US\$ 60,000 for beekeeping. The returnees can use the funds for working capital, for purchase of agricultural equipment and for purchase of buildings as well. Another example is a secured financing line of 3 million USD over three years for supporting the agricultural producers- returnees, which was set up in close cooperation with the Islamic Development Bank, the Fund for the Return of Refugees and the Bank.

The Bank has been expanding business cooperation with a number of prestigious and export-oriented companies in Bosnia and Herzegovina and numerous prominent corporate and financial institutions abroad, particularly in member countries of OIC, with objective of further building of strong, profitable and mutually beneficial relationships. Besides assisting the recovery and development of Bosnia and Herzegovina and all its citizens the Bank has been making efforts in the realization of the fulfillment of the Shareholders' and Bank's strategic objectives.

I thank the Management of the Bank for the professional leadership and the employees for their dedicated work. Along with the support rendered by the Founders and the Shareholders of the Bank and continued efforts of the Management, I am confident that Bosna Bank International will be following the vision and the Mission of the Bank, thereby continuing its success.

A handwritten signature in blue ink, appearing to read "Abdulaziz Ahmed Al Muhairi".

Abdulaziz Ahmed Al Muhairi

## Izvještaj predsjednika Nadzornog odbora Banke

U ime Upravnog odbora Bosna Bank International zadovoljstvo mi je predstaviti uspješne poslovne rezultate za godinu koja je iza nas. Lako je došlo da jačanja konkurenčije, Bosna Bank International je održala svoj stabilan rast i poziciju u zemlji, mada je jedina banka u Bosni i Hercegovini i regiji koja posluje po principima islamskog bankarstva.

Ostvareni finansijski rezultati za 2007. godinu predstavljaju napredak dinamične, rastuće i entuziastične banke, što će dovesti do ostvarenja dioničarskih ciljeva, povećanja povjerenja depozitara i porasta broja klijenata, kako na lokalnom, tako i na međunarodnom polju.

Odluke koje je donio Menadžment BBI i reorganizacije koje je sproveo, polučili su plodne rezultate. Banka trenutno ima deset filijala i stvorili su se uvjeti za otvaranje još četiri. Banka ulaže ogromne napore da poduči uposlenike o principima islamskog bankarstva i ostvarenju visokokvalitetnih bankarskih usluga. Takođe, Banka je uspješno unaprijedila i razvila mnoštvo novih proizvoda i usluga.

Moram podvući da je Al Mactoum Fondacija iz Dubaja izdvojila 300.000 američkih dolara za Projekat beskamatnih kredita za povratnike. Sredstva su namijenjena za razne svrhe: 170.000 dolara za mlječnu industriju, 70.000 dolara za uzgoj peradi i 60.000 dolara za razvoj pčelarstva. Povratnici mogu koristiti sredstva za tekući kapital, za kupovinu poljoprivredne opreme ili izgradnju objekata za proizvodnju i držanje i uzgoj stoke. Drugi primjer je finansijska podrška poljoprivrednim proizvodčima – povratnicima u iznosu od tri miliona američkih dolara, na period od tri godine, koja je uspostavljena u uskoj suradnji sa Islamskom bankom za razvoj, Fondom za povratak izbjeglica i BBI.

Banka razvija poslovnu suradnju sa velikim brojem prestižnih kompanija u Bosni i Hercegovini orientiranih na izvoz i velikim brojem korporacija i finansijskih ustanova u inostranstvu, posebno sa zemljama članicama OIC-a (Organizacija zemalja Islamske konferencije), sa težnjom za dalju izgradnju čvrstih, profitabilnih i uzajamno korisnih veza. Osim što učestvuje u pomoći pri obnovi i razvoju BiH, i pomoći njenim državljanima, Banka nastoji realizirati i ispuniti svoje strateške ciljeve svojih dioničara.

Zahvaljujem se rukovodstvu Banke na profesionalnom upravljanju i uposlenicima na njihovom požrtvovanom radu. Uz podršku dioničara BBI i upornog zalaganja rukovodstva, uvjeren sam da će Bosna Bank International pratiti našu i svoju viziju i misiju, te, samim tim, nastaviti sa uspjehom.



Members of the Supervisory Board of BBI

Članovi Nadzornog odbora BBI

Abdulaziz Ahmed Al Muhammed

## Statement by the Director General/CEO of the Bank



Director General/CEO of BBI

Direktor banke

On behalf of the Management and the employees of Bosna Bank International, it is my privilege to present to you our Annual Report for the financial year 2007. This is the second year of our successful business year in BBI from its foundation and we are proud of it.

Such success is, before all, a product of a decisive attitude of the current Bank's Management and its operation concept and also tremendous commitment of the Bank's employees. To put it very briefly, the business year 2007 is characterized by slight increase of balance sum, the net income from financing, income from trade operations and positive financial result.

The results achieved confirm our customer oriented strategy. Project activities have been initiated to increase the satisfaction of the users of our services through new technologies, whose implementation should begin in May 2008.

Despite huge competition, the Bank succeeded to launch in the market new products and services which by their price and the terms represent a solid base for expansion of the operations in the forthcoming period. Moreover, business network has been consolidated, the Bank has 10 branches and conditions for opening of another four in large towns have been created. The Bank has increased the number of staff in the past year, especially in the domain of the management staff.

I emphasize the support extended by the esteemed members of the Supervisory Board, the Audit Board, the Shari'ah Board at all times, and

I wish to convey our gratitude for their generous support whenever we needed it.

However, I feel obliged to underline that without the major assistance from its Founders and the Shareholders, Bosna Bank International would not achieve such progress. Banking and economic connections with our Founders, i.e. the country Founders of the Islamic Development Bank, represent significant potential of BBI and a guarantee that Bosnia and Herzegovina has a reliable partner in the development of its economy.

BBI will persist in working for the well-being of the society and all the citizens of Bosnia and Herzegovina and also to justify the confidence of its founders.

I take this opportunity to reiterate my appreciation to the Founders, the Shareholders and the members of the Shari'ah Board, the Audit Board and the Supervisory Board, all the colleagues in the BBI network and of course, the citizens who have placed their trust in us.

A handwritten signature in blue ink, consisting of stylized initials 'A' and 'B' followed by the name 'Amer Bukvić'.

Amer Bukvić

## Predgovor direktora Banke

U ime rukovodstva i uposlenika Bosna Bank International, zadovoljstvo mi je predstaviti Vam naš Godišnji izvještaj za finansijsku 2007. godinu. Ovo je druga godina uspješnog poslovanja BBI od njenog postanka i mi smo na to ponosni.

Takav uspjeh je, prije svega, rezultat odlučnog odnosa aktuelnog rukovodstva Banke i njenog poslovog koncepta i, ujedno, ogromnog zalažanja uposlenika BBI. Ukratko, poslovna 2007. godina okarakterizirana je porastom ukupnog bilansa, neto-zarade iz finansiranja, zaradom od prodaje i pozitivnim finansijskim rezultatima.

Ostvareni rezultati potvrđuju našu strategiju orijentiranu prema kupcu. Takođe, pokrenuli smo aktivnosti uvođenja novih tehnologija, što će, očekujemo, pridonijeti većem zadovoljstvu korisnika naših usluga. Implementacija tih usluga trebala bi početi u maju 2008.

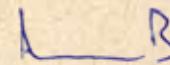
Unatoč ogromnoj konkurenciji, Banka je uspjela lansirati nove proizvode i usluge na tržištu koji po svojoj cijeni i uvjetima predstavljaju čvrstu bazu za razvoj poslovanja u predstojećem periodu. Osim toga, poslovna mreža je konsolidirana, Banka ima deset poslovnica i stvoreni su uvjeti za otvaranje još četiri u većim gradovima. Banka je povećala broj zaposlenih u protekloj godini, naročito u domenu menadžmenta.

Želim naglasiti kontinuiranu podršku od strane cijenjenih članova Nadzornog, Šerijatskog i Odbora za reviziju, i želim izraziti našu zahvalnost za njihovu nesebičnu pomoć kad god nam je bila potrebna.

Međutim, dužan sam podvući da Bosna Bank International ne bi postigla ovakav napredak da nije bilo nesebične pomoći njenih osnivača i dioničara. Bankske i ekonomske veze sa našim osnivačima i zemljama osnivačima Islamske banke za razvoj predstavljaju značajan potencijal za BBI i garanciju da Bosna i Hercegovina ima pouzdanog partnera u razvoju svoje ekonomije.

BBI će istrajati u nastojanjima ka poboljšanju društvenog standarda cijele Bosne i Hercegovine i opravdanju povjerenja koje su joj ukazali njeni osnivači.

Koristim ovu priliku da još jednom izrazim svoju zahvalnost osnivačima, dioničarima i članovima odbora (Nadzorni, Šerijatski, Odbor za reviziju), svim kolegama u BBI mreži i, naravno, građanima i klijentima koji su nam pružili svoje povjerenje.



Amer Bukvić

#### **Old Town Ostrovica above Kulen-Vakuf (Northwestern B&H)**

Medieval fort of a great importance to this part of B&H because its position was on the crossroads of trade caravan to Dalmatia and bellow the city it self there was a path which took horses across Una river. According to elders there was one road which led to an old town Ostrovica called „Roma road“ which could mean that Ostrovica was established during the Roman Empire.

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#### **Stari grad Ostrovica iznad Kulen - Vakufa (sjeverozapadna BiH)**

Srednjovekovna tvrđava koja je bila od velike važnosti za ovaj dio Bosne i Hercegovine zato što je smještena na mjestu kuda su se pružali važni trgovački putevi prema Dalmaciji, a ispod grada je bio prelaz kuda su konji mogli pregaziti rijeku Unu. Čak je jedan put, po tvrdnji starijih, koji vodi prema starom gradu Ostrovici nazvan "rimski put", što bi moglo znatići da je Ostrovica nastala u doba Rimljana.



## BBI Management/Uprava BBI

**MISSION:** To bring closer and to promote the Islamic banking principles and products in B&H and to become the leading bank in the Region for establishing and supporting business cooperation of BH businessmen and the representatives of the member countries of the OIC.

**MISIJA:** Pribiližiti islamske bankske principe i promovirati njihove proizvode u BiH, te postati vodeća banka u regionu za uspostavljanje poslovne saradnje i podršku bh. privrednika i predstavnika zemalja članica OIC.



Amer Bukvić  
Director General/CEO  
Direktor Banke



Vildana Skaljić  
Executive Director/  
Izvršna direktorka



Mirsad Hodžić  
Director of Strategic  
Planning and  
Financial Control  
Division  
  
Direktor Sektora za  
strateško planiranje i  
finansijsku kontrolu



Muhamed Prija  
Director of Retail  
Division  
  
Direktor Sektora za  
poslovanje  
sa stanovništvom



Semir Ibrahimović  
Director of IT  
Division  
  
Direktor IT sektora



Salih Purišević  
Secretary  
of the Bank  
  
Sekretar Banke



Emina Šišić  
Director of  
Operations Division  
  
Direktorica Sektora  
operacija



Mirsada Čengić  
Director of  
Treasury Division  
  
Direktorica sektora  
sredstava



Damir Katica  
Director of  
Administration  
Division  
  
Direktor  
Administrativnog  
sektora



Nusreta Pidro  
Director of  
Credit Risk Division  
  
Direktorica Sektora za  
upravljanje kreditnim  
rizicima



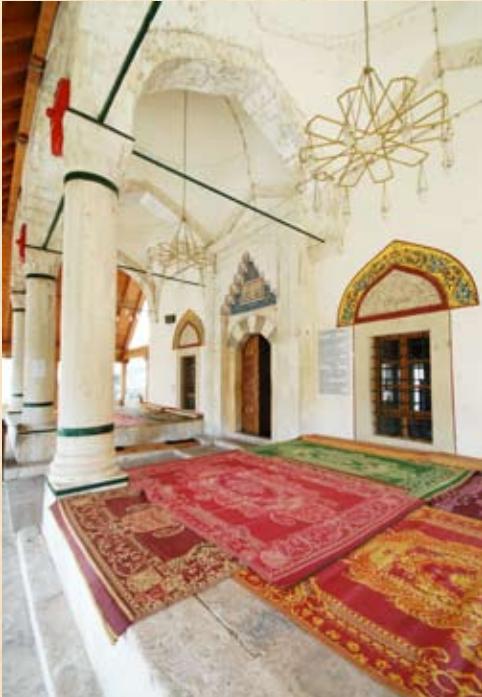
Nedžad Tuce  
Chief Internal Auditor  
Glavni interni revizor



Sedika Vražilica  
Director of  
Corporate Division  
  
Direktorica  
Sektora za poslovanje  
sa pravnim licima



# Independent Auditors' Report



**Koski Mehmed-pašina džamija**

Smještena je stotinjak metara sjeverno od Starog mosta u Mostaru, na lijevoj obali Neretve. Sagradena je 1617. godine i jedina je mostarska džamija u kojoj je sačuvana prvobitna boja i dekoracija zidova.

.....

**Koski Mehmed pasha mosque**

It sits around hundred meters north from the Old bridge in Mostar, on the left bank of Neretva river. It was built in 1617 and it is the only mosque in Mostar that has the original color and art decor of the walls.

## To the shareholders of Bosna Bank International d.d.

We have audited the accompanying financial statements of Bosna Bank International d.d. (the "Bank"), set out on pages 18 to 57, which comprise of the balance sheet as at 31 December 2007, and the income statement, statement of changes in shareholders' equity and cash flows statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as modified by the regulatory requirements of the Banking Agency of Federation of Bosnia and Herzegovina.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the

audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects the financial position of Bosna Bank International d.d. Sarajevo as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the regulatory requirements of the Banking Agency of Federation of Bosnia and Herzegovina.

**Deloitte d.o.o.  
Sarajevo, 8 February 2008**

### Dioničarima Bosna Bank International d.d.

Obavili smo reviziju priloženih finansijskih izvještaja Bosna Bank International d.d. (u nastavku teksta "Banka"), prikazanih na stranicama od 18 do 57, koji se sastoje od bilansa stanja na dan 31. decembra 2007. godine, i povezanih bilansa uspjeha, izvještaja o novčanim tokovima i izvještaja o promjenama na vlasničkoj glavnici za godinu koja je tada završila kao i sažetka značajnih računovodstvenih politika i ostalih napomena.

#### Odgovornost Uprave za finansijske izvještaje

Uprava je odgovorna za pripremu i fer prezentaciju ovih finansijskih izvještaja u skladu sa Međunarodnim standardima finansijskog izvještavanja modifikovanih u skladu sa regulativnim zahtjevima Agencije za bankarstvo Federacije Bosne i Hercegovine. Ta odgovornost uključuje: dizajniranje, implementaciju i održavanje sistema internih kontrola relevantnih za pripremanje i fer prezentaciju finansijskih izvještaja koji ne sadrže materijalno značajne pogreške, bilo zbog prevare ili grešaka; odabir i dosljednu primjenu odgovarajućih računovodstvenih politika; te davanje razboritih računovodstvenih procjena koje su opravdane u datim uvjetima.

#### Odgovornost revizora

Naša je odgovornost izraziti nezavisno mišljenje o priloženim finansijskim izvještajima na temelju naše revizije. Reviziju smo obavili u skladu sa Međunarodnim standardima revizije. Navedeni standardi zahtjevaju da se pridržavamo etičkih kodeksa i reviziju planiramo i obavimo kako bismo se u razumnoj mjeri uvjerili da finansijski izvještaji ne sadrže materijalno značajne pogreške.

Revizija uključuje primjenu postupaka kojima se prikupljaju reviziski dokazi o iznosima i drugim podacima objavljenim u finansijskim izvještajima. Odabir postupaka zavisi od prosudbe revizora, uključujući i procjenu rizika materijalno značajnog pogrešnog prikaza finansijskih izvještaja, bilo kao posljedica prevare ili greške. U procjenjivanju rizika, revizor procjenjuje interne kontrole koje su relevantne za sastavljanje te objektivno prezentiranje finansijskih izvještaja, kako bi odredio revizijske postupke primjerene datim okolnostima, a ne kako bi izrazio mišljenje o učinkovitosti internih kontrola u Društvu. Revizija također uključuje i ocjenjivanje primjerenosti primjenjenih računovodstvenih politika te značajnih procjena Uprave, kao i prikaza finansijskih izvještaja u cijelini.

Uvjereni smo da su revizijski dokazi koje smo prikupili dostatni i primjereni kao osnova za izražavanje našeg mišljenja.

#### Mišljenje

Po našem mišljenju, finansijski izvještaji prikazuju objektivno, u svim materijalno značajnim stawkama finansijski položaj Bosna Bank International d.d. Sarajevo na dan 31. decembra 2007. godine, te rezultate njenog poslovanja i promjene u novčanom toku, za godinu koja je tada završila, i sastavljeni su u skladu sa Međunarodnim standardima finansijskog izvještavanja modifikovanih u skladu sa regulativnim zahtjevima Agencije za bankarstvo Federacije Bosne i Hercegovine.

Deloitte d.o.o.  
Sarajevo, 08. februara 2008.



Suleymania or „the Colorful mosque“

It was built after 1815 in the place of Camilia mosque in Travnik (central Bosnia) city of the great Bosnian rulers. The mosque was built by the Bosnian ruler Suleyman-pasha Skopljak. It was named the Colorful mosque due to its unusual art decorations on the interior and exterior walls and, given that there is a bezistan (trade room) in the basement, it represents a unique example of Ottoman architecture where the same structure is used for both holy and secular purposes.

#### Sulejmanija ili Šarena džamija

Izgrađena je nakon 1815. godine na mjestu Ćamilija džamije u Travniku (srednja Bosna), gradu bosanskih vezira. Podigao ju je vezir Sulejman-paša Skopljak. Nazvana je Šarena džamija zbog neobičnih likovnih dekoracija na unutrašnjim i vanjskim zidovima i ona, budući da uprizemlju ima i bezistan, predstavlja jedinstven primjer u osmanlijskoj arhitekturi gdje se ista građevina koristi u sakralne i svjetovne svrhe.

# Statement of Income for the year ended 31 December 2007.

## *Bilans uspjeha za godinu koja je završila 31. decembra 2007.*

(all amounts are expressed in thousands of KM, unless otherwise stated/svi iznosi iskazani su u hiljadama KM, ako drugačije nije navedeno)

	<b>Notes Napomene</b>	<b>2007</b>	<b>2006</b>
Income from operations with banks (Murabaha, Wakala) and from financing retail and corporate sector (Musharaka)	Prihodi od poslovanja sa drugim Bankama (Murabaha, Wakala) i od finansiranja fizičkih i pravnih lica (Musharaka)	9,286	5,794
Expenses from financing retail and corporate sector (Musharaka)	Troškovi od finansiranja fizičkih i pravnih lica (Musharaka)	(2,420)	(1,748)
<b>Net income from financing and investments</b>	<b>Neto prihod od finansiranja ulaganja</b>	<b>5</b>	<b>6,866</b>
Fee and commission income	Prihodi od naknda i provizija	6	1,909
Fee and commission expense	Troškovi naknada i provizija	(436)	(279)
<b>Net fee and commission income</b>	<b>Neto prihodi od naknda i provizija</b>	<b>1,473</b>	<b>653</b>
Net financial income	Neto dobit iz finansijskog poslovanja	7	172
Other operating income	Ostali operativni prihodi	333	297
<b>Operating income</b>	<b>Ostali prihodi iz redovnog poslovanja</b>	<b>505</b>	<b>313</b>
General and administrative expense	Opšti i administrativni troškovi	8	(6,550)
Depreciation and amortization expense	Amortizacija	15	(666)
<b>Operating expense</b>	<b>Rashodi iz redovnog poslovanja</b>	<b>(7,216)</b>	<b>(5,458)</b>
<b>PROFIT/LOSS BEFORE PROVISIONS AND INCOME TAX</b>	<b>DOBIT / GUBITAK PRIJE REZERVISANJA I POREZA NA DOBIT</b>	<b>1,628</b>	<b>(446)</b>
Impairment losses and release of provisions	(Povećanje) / otpuštanje rezervisanja	9	(948)
Collected written off receivables	Naplaćena otpisana potraživanja	24	25
<b>PROFIT BEFORE INCOME TAXES</b>	<b>DOBIT PRIJE POREZA NA DOBIT</b>	<b>704</b>	<b>41</b>
Income tax	Porez na dobit	10	-
<b>NET PROFIT FOR THE YEAR</b>	<b>NETO DOBIT ZA GODINU</b>	<b>704</b>	<b>41</b>
<b>BASIC EARNINGS PER SHARE</b>	<b>OSNOVNA ZARADA PO DIONICI</b>	<b>31</b>	<b>1.19</b>
			<b>0.07</b>

The accompanying notes form an integral part of these financial statements. / Napomene u nastavku čine sastavni dio finansijskih izvještaja.

Balance sheet as at 31 December 2007.  
*Bilans stanja na dan 31. decembra 2007. godine*

(all amounts are expressed in thousands of KM, unless otherwise stated/svi iznosi iskazani su u hiljadama KM, ako drugačije nije navedeno)

	<b>Notes</b>	<b>Napomene</b>	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>				
Cash and balances with banks	Novac i sredstva kod banaka	11	7,654	8,777
Obligatory reserves with the Central Bank	Obavezna rezerva kod Centralne banke	12	15,010	14,601
Placements with banks	Plasmani kod drugih banaka	13	43,007	64,045
Financing of customers	Finansiranje klijenata	14	80,101	47,909
Property, plant and equipment	Nekretnine i oprema	15	8,934	7,797
Fair value investments through profit and loss	Ulaganja po fer vrijednosti kroz bilans uspjeha	16	779	293
Assets available for sale	Imovina raspoloživa za prodaju	17	51	45
Other assets	Ostala imovina	18	1,070	515
<b>Total assets</b>	<b>Ukupno imovina</b>		<b>156,606</b>	<b>143,982</b>
<b>LIABILITIES</b>				
Due to customers	Obaveze prema klijentima	19	74,274	55,166
Due to banks	Obaveze prema bankama	20	19,649	29,686
Borrowings	Obaveze za primljene pozajmice	21	9,805	9,794
Other liabilities	Ostale obaveze	22	4,068	1,753
Provisions for contingent liabilities and commitments	Rezervisanja za potencijalne i preuzete obaveze	24	770	247
<b>Total liabilities</b>	<b>Ukupno obaveze</b>		<b>108,566</b>	<b>96,646</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	Dionički kapital		50,059	50,059
Reserves	Rezerve		23	23
Accumulated losses	Akumulirani gubitak		(2,042)	(2,746)
<b>Total shareholders' equity</b>	<b>Ukupna vlasnička glavnica</b>		<b>48,040</b>	<b>47,336</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>UKUPNO OBAVEZE I VLASNIČKA GLAVNICA</b>		<b>156,606</b>	<b>143,982</b>



**Emperor's mosque** was one of the first mosques built in B&H and the first one in Sarajevo. It was built in 1462 and its construction was funded by the founder of Sarajevo, Isa bey Isakovic. The mosque burnt down in 1480 when a tyrant, Vuk Grgurevic and his military forayed from Jajce and put Sarajevo on flames. In 1566 the mosque was built in the same place; its construction was funded by Suleiman the Greatest. The main architect was mason Sinan, and it is believed that the construction was executed by one of his students or partners.



**Careva džamija** je jedna od prvih džamija izgrađenih u BiH i prva u Sarajevu. Izgrađena je 1462. godine a njenu izgradnju je finansirao osnivač grada Sarajeva Isa beg Isaković. Ova džamija izgorjela je 1480. kada je despot Vuk Grgurević provadio sa vojskom iz Jajca i popalio Sarajevo. Na istom mjestu 1566. godine ponovo je izgrađena džamija, a njenu gradnju finansirao je Sulejman Veličanstveni. Glavni arhitekta bio je mimar Sinan, a smatra se da je gradnju ove džamije realizirao jedan od njegovih učenika ili saradnika.

# Statements of cash flows for the year ended 31 December 2007.

## Izvještaj o novčanim tokovima za godinu koja je završila 31. decembra 2007.

(all amounts are expressed in thousands of KM, unless otherwise stated/svi iznosi iskazani su u hiljadama KM, ako drugačije nije navedeno)

	2007	2006
<b>Operating Activities</b>		
Net profit	704	41
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	666	547
Increase / (decrease) of provisions for possible losses for placements	948	(487)
Fair value adjustment	10	-
Changes in operating assets and liabilities:		
Net increase in due from Central Bank	(409)	(2,239)
Net decrease/(increase) in placements with other banks, before provisions	21,194	(14,581)
Net increase in financing of customers, before impairment losses	(32,815)	(8,569)
Net (increase)/decrease in other assets, before impairment losses	(513)	11,810
Net (decrease)/increase in due to banks	(10,037)	316
Net increase in borrowings	11	3
Net increase in due to customers	19,108	12,260
Net increase in other liabilities	2,315	784
<b>NET CASH PROVIDED / (USED IN) BY OPERATING ACTIVITIES</b>	<b>1,182</b>	<b>(115)</b>
<b>Investing Activities</b>		
Net increase in assets available for sale	(6)	(295)
Net purchase of property and equipment	(1,803)	(6,565)
Net increase in securities at fair value through profit and loss	(496)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,305)</b>	<b>(6,860)</b>
<b>Financing Activities</b>		
Paid-in equity	-	10,000
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>10,000</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,123)</b>	<b>3.025</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>8,777</b>	<b>5.752</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>7,654</b>	<b>8,777</b>
<b>Poslovne aktivnosti</b>		
Neto dobit	704	41
Usklađenje na neto novčana sredstva ostvarena poslovnim aktivnostima		
Amortizacija	666	547
Povećanje/(umanjenje) rezervisanja za moguće gubitke	948	(487)
Usklađenje vrijednosti ulaganja po fer vrijednosti kroz bilans uspjeha	10	-
Promjene u operativnoj imovini i obavezama:		
Neto povećanje obavezne rezerve kod Centralne Banke	(409)	(2,239)
Neto smanjenje/(povećanje) plasmana bankama, prije rezervisanja	21,194	(14,581)
Neto povećanje finansiranja klijenata, prije rezervisanja	(32,815)	(8,569)
Neto (povećanje)/smanjenje ostale aktive, prije rezervisanja	(513)	11,810
Neto (smanjenje)/povećanje depozita od banaka	(10,037)	316
Neto povećanje posudbi	11	3
Neto povećanje obaveza prema klijentima	19,108	12,260
Neto povećanje ostalih obaveza	2,315	784
<b>NETO NOVAC OSTVAREN / (KORIŠTEN U) POSLOVNIM AKTIVNOSTIMA</b>	<b>1,182</b>	<b>(115)</b>
<b>Ulagачke aktivnosti</b>		
Neto povećanje imovine raspoložive za prodaju	(6)	(295)
Neto nabavka nekretnina i opreme	(1,803)	(6,565)
Neto povećanje vrijednosnica po fer vrijednosti kroz bilans uspjeha	(496)	-
<b>NETO NOVAC KORIŠTEN U ULAGAČKIM AKTIVNOSTIMA</b>	<b>(2,305)</b>	<b>(6,860)</b>
<b>Finansijske aktivnosti</b>		
Uplaćeni kapital	-	10,000
<b>NETO NOVAC IZ FINANSIJSKIH AKTIVNOSTI</b>	<b>-</b>	<b>10,000</b>
<b>NETO (SMANJENJE)/POVEĆANJE NOVCA I NOVČANIH EKVIVALENTA</b>	<b>(1,123)</b>	<b>3.025</b>
<b>NOVAC I NOVČANI EKVIVALENTI NA POČETKU PERIODA</b>	<b>8,777</b>	<b>5.752</b>
<b>NOVAC I NOVČANI EKVIVALENTI NA KRAJU PERIODA</b>	<b>7,654</b>	<b>8,777</b>

The accompanying notes form an integral part of these financial statements. / Napomene u nastavku čine sastavni dio finansijskih izvještaja.

**Statements of changes in shareholders' equity for the year ended 31 December 2007.**  
**Izvještaj o promjenama na vlasničkoj glavnici za godinu koja je završila 31. decembra 2007.**

(all amounts are expressed in thousands of KM, unless otherwise stated/svi iznosi iskazani su u hiljadama KM, ako drugačije nije navedeno)

		Share capital Dionički kapital	Reserves Rezerve	Accumulated loss Akumulirani gubitak	Total Ukupno
<b>Balance as at 31 December 2005</b>	<b>Stanje na dan 31. decembar 2005.</b>	<b>40,059</b>	<b>23</b>	<b>(2.752)</b>	<b>37,330</b>
Effect of change in accounting: IAS 19	Efekat promjena u računovodstvenim politikama: MRS 19	-	-	(35)	(35)
<b>Balance as at 31 December 2005 (as restated)</b>	<b>Stanje na dan 31. decembar 2005. (izmijenjeno)</b>	<b>40,059</b>	<b>23</b>	<b>(2,787)</b>	<b>37,295</b>
2nd issue of shares	Druga emisija dionica	10,000	-	-	10,000
Profit for the year	Dobitak za godinu	-	-	41	41
<b>Balance as at 31 December 2006</b>	<b>Stanje na dan 31. decembar 2006.</b>	<b>50,059</b>	<b>23</b>	<b>(2.746)</b>	<b>47.336</b>
Profit for the year	Dobitak za godinu	-	-	704	704
<b>Balance as at 31 December 2007</b>	<b>Stanje na dan 31. decembar 2007.</b>	<b>50,059</b>	<b>23</b>	<b>(2.042)</b>	<b>48.040</b>

The accompanying notes form an integral part of these financial statements. / Napomene u nastavku čine sastavni dio finansijskih izvještaja.

# Notes to the financial statements as of 31 December 2007.

## 1.GENERAL

### 1.1 Activities

Bosna Bank International d.d., Sarajevo, Trg djece Sarajeva bb, 71000 Sarajevo (the "Bank") was registered in 2000 and made its first transactions in early 2001.

The main activities of the Bank include the following banking services: financing of enterprises and citizens, collection of deposits, money market activities, foreign currency exchange and other banking-related activities.

The Bank was founded and operates under Islamic banking principles that, in their essence, prohibit interest rate income as legitimate result of its operations.

#### Sarajevo Clock-tower

Is one of the tallest, and due to its slender look one of the most beautiful in B&H. It was built in the 17th century, and then remodeled after the fire in 1697. After the Austro-Hungarian rule the upper zones of the structure were built, and the clock was brought from London by the Sarajevo traders. The tower was built by Gazi-Husrev-bey.

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#### Sarajevska sahat-kula

Jedna je jedna od najviših, a zbog svoje vitkosti jedna i od najljepših u BiH. Sagradena je u 17. vijeku, te obnovljena poslije požara 1697. godine. Nakon austrougarske okupacije dograđene su gornje zone objekta, a sahat su donijeli sarajevski trgovci iz Londona. Graditelj kule je Gazi-Husrev-beg.

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#### Management Board:

Amer Bukvić, Director General/CEO  
Vildana Škaljić, Executive Director

#### Supervisory Board:

Abdulaziz Ahmed Al Muhairi, Chairman  
Khaled M.N. Al-Aboodi, Deputy Chairman  
Aref Ahmed Mohd Al Kooheji, Member  
Hasan Demirhan, Member  
Dr. Sead Kreso, Member

#### Audit Board:

Dr. Mohamed Omar Zubair, Chairman  
Dr. Adil Bushnak, Deputy Chairman  
Ahmad Mohamed Sharif Folathi, Member until 7 November 2007  
Badaruzzaman Ahmed, Member from 7 November 2007  
Harun Kapetanović, Member  
Dr. Boris Tihí, Member

#### Shariah Board:

Prof. Dr. Mustafa Cerić, Chairman  
Dr. Abdulsattar Abu Ghuddah, Deputy Chairman  
Dr. Nizam Al-Yaqoobi, Member  
Dr. Šukrija Ramić, Member  
Dr. Murad Wilfried Hofmann, Member

# Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

## 1. OPĆI PODACI

### 1.1 Djelatnost

Bosna Bank International d.d., Sarajevo, Trg djece Sarajeva bb, 71000 Sarajevo ("Banka") osnovana je 2000. godine, a sa radom je započela početkom 2001. godine.

Glavna djelatnost Banke uključuje pružanje slijedećih bankarskih usluga: finansiranje preduzeća i stanovništva, prikupljanje depozita, aktivnosti na međubankarskom tržištu, mjenjačke i ostale redovne bankarske usluge.

Banka je osnovana i posluje po principima islamskog bankarstva, koje kamatu zabranjuje kao legitiman prihod iz operativnih djelatnosti.

**The Latin bridge or Princip's bridge** was built by the Sarajevo ayan (land owner) Ali Ayni bey in 1565. The assassination of the Austro-Hungarian Archduke Ferdinand and his wife Sofia took place next to this bridge in 1914 (Sarajevo assassination) which is considered to be the inducement of the World War I. Since then until 1992 it was called the Princip's Bridge, after the assassin Gavrilo Princip, member of the "Young Bosnia" organization.

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**Latinska čuprija ili Principov most**, sagradio je sarajevski ajan Ali Ajni-beg 1565. godine. Pored ovog mosta je 1914. godine izvršen atentat na prijestolonasljednika Austro-Ugarske monarhije nadvojvodu Franca Ferdinanda i njegovu suprugu Sofiju ("Sarajevski atentat") što se uzima za povod izbijanja Prvog svjetskog rata. Od tada pa do 1992. zove se Principov most, prema atentatoru Gavrilo Principu, članu organizacije "Mlada Bosna". Od 1992. most se ponovo zove Latinska čuprija.



#### Uprava Banke:

Amer Bukvić, direktor Banke  
Vildana Škaljić, izvršni direktor

#### Nadzorni odbor:

Abdulaziz Ahmed Al Muhairi, predsjednik  
Khaled Al Aboodi, zamjenik predsjednika  
Aref Ahmed Mohd Al Kooheji, član  
Hasan Demirhan, član  
Dr. Sead Kreso, član

#### Odbor za reviziju:

Dr. Mohamed Omar Zubair, predsjednik  
Dr. Adil Bushnak, zamjenik predsjednika  
Ahmad Mohamed Sharif Folathi, član (do 7. novembra 2007.)  
Badaruzzaman Ahmed, član (od 7. novembra 2007.)  
Harun Kapetanović, član  
Dr. Boris Tihi, član

#### Šerijatski odbor:

Prof. Dr. Mustafa Ceric, predsjednik  
Dr. Abdulsattar Abu Ghuddah, zamjenik predsjednika  
Dr. Nizam Al-Yaqoobi, član  
Dr. Šukrija Ramić, član  
Dr. Murad Wilfried Hofmann, član

Notes to the financial statements as of 31 December 2007.

Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

## 1.2. Shareholders

The Bank's ownership structure is as follows:

Shareholders	31 December/decembar 2007			31 December/decembar 2006			Vlasnička struktura Banke je kako slijedi:
	No. of shares/ dionica	Amount/ Iznos '000 KM	%	No. of shares/ dionica	Amount/ Iznos '000 KM	%	
Islamic Development Bank, Saudi Arabia	269,927	22,755	45.46	269,927	22,755	45.46	Islamic Development Bank, Saudijska Arabija
Abu Dhabi Islamic Bank, United Arab Emirates	161,948	13,652	27.27	161,948	13,652	27.27	Abu Dhabi Islamic Bank, Ujedinjeni Arapski Emirati
Dubai Islamic Bank, United Arab Emirates	161,948	13,652	27.27	161,948	13,652	27.27	Dubai Islamic Bank, Ujedinjeni Arapski Emirati
<b>Total</b>	<b>593,823</b>	<b>50,059</b>	<b>100.00</b>	<b>593,823</b>	<b>50,059</b>	<b>100.00</b>	<b>Ukupno</b>

## 1.2. Dioničari



#### Pocitelj

Historic settlement of an oriental-Mediterranean character located in the canyon of Neretva river, is one of the most beautiful cultural-historical areas of Bosnia and Herzegovina. In written documents this small town is for the first time mentioned in January of 1444 and it developed rapidly in the second half of the 16th century as a result of mixture of two construction traditions – oriental and Mediterranean. In January of 2003 the historical city area of Počitelj was proclaimed national monument of Bosnia and Herzegovina.

#### Počitelj

Historijsko naselje orientalno-mediteranskog karaktera u dolini rijeke Neretve, jedna je od najljepših kulturno-historijskih cjelina u Bosni i Hercegovini. U pisanim dokumentima ovaj gradić pojavljuje se prvi put u januaru 1444. godine, a intenzivno se razvijao od druge polovine 16. stoljeća kroz ukrštanje dviju graditeljskih tradicija - orientalne i mediteranske. U januaru 2003. godine historijsko gradsko područje Počitelja proglašeno je nacionalnim spomenikom Bosne i Hercegovine.

# Notes to the financial statements as of 31 December 2007.

## 2. Adoption of new and revised Standards

In the current year, the Bank has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods commencing on 1 January 2007.

The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Bank's accounting policies and accordingly has not materially affected the amounts reported for the current or prior years.

In addition to this, the Bank has also adopted IFRS 7: "Financial Instruments: Disclosures" as of 1 January 2007 as well as amendments to IAS 1: "Presentation of Financial Statements".

The effect of the new standard is an expanded presentation of the Bank's financial instruments in these financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

### 1. IFRS 8 Business Segments

Effective for annual periods beginning on or after 1 January 2009

### 2. IAS 23 (Revised) Borrowing Cost

Effective for annual periods beginning on or after 1 January 2009

### 3. IFRIC 11 IAS 2, Group and Treasury Share Transactions

Effective for annual periods beginning on or after 1 March 2007

### 4. IFRIC 12 Service Concession Arrangements

Effective for annual periods beginning on or after 1 January 2008

### 5. IFRIC 13 Customer Loyalty Programmes

Effective for annual periods beginning on or after 1 July 2008

### 6. IFRIC 14 IAS 19 Defined Benefit Assets and Minimum Funding Requirements

Effective for annual periods beginning on or after 1 January 2008

Management of the Bank anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Bank.

**Sebilj** is a fountain, specially designed, found in squares, where a person in charge of sebilj would catch water with a special dish and offer it to all who were thirsty, at no charge. Sebilj at Bascarsija, is the only one of such kind in Sarajevo, built in 1891, probably according to a blueprint of Josip Vancas.

Sebilj, built in 1754 by a Bosnian vizier Mehmed-pasha Kukavica went down in flames in 1852; it was positioned a bit lower than the current one.

.....

**Sebilj** je fontana posebnog oblika na trgovima, na kojoj je sebiljdžija tasom zahvatao vodu iz korita i besplatno napajao žedne. Sebilj na Baščaršiji jedini je objekat te vrste u Sarajevu, izgrađen 1891. godine, vjerovatno po projektu Josipa Vancaša.

Sebilj kojeg je 1754. podigao bosanski vezir Mehmed-paša Kukavica izgorio je u požaru 1852., a nalazio se nešto niže od današnjeg.



# Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

## 2. Usvajanje novih i revidiranih standarda

U tekućem periodu, Banka je usvojila sve nove i revidirane Standarde i Interpretacije koje je objavio Odbor za Međunarodne računovodstvene standarde i Komitet za interpretaciju Standarda međunarodnog izvještavanja, koji se odnose na bančine operacije i koje su na snazi za period izvještavanja počevši od 1. januara 2007. godine.

Usvajanje ovih novih i revidiranih Standarda i Interpretacija nije rezultiralo promjenama u Računovodstvenim politikama Banke, te stoga nije materijalno uticalo na finansijske izvještaje za ovu ili prethodne godine.

Pored toga, Banka je usvojila naknadne dopune MRS-a 1: "Prezentacija finansijskih izvještaja" i MSFI 7: "Finansijski instrumenti: objave" na dan 1. januara 2007. godine.

Efekat primjene novog standarda je proširenje prezentacije finansijskih instrumenata Banke u ovim finansijskim izvještajima.

Na dan izdavanja ovih finansijskih izvještaja, slijedeći Standardi i Interpretacije su bili izdati, ali nisu još na snazi:

### 1. **MSFI 8 Poslovni segmenti**

Na snazi za obračunske periode koji su započeli 1. januara 2009. godine ili poslije toga

### 2. **MRS 23 (Izmijenjen) Troškovi**

Na snazi za obračunske periode koji su započeli 1. januara 2009. godine ili poslije toga

### 3. **IFRIC 11 MRS 2, Transakcije dionicama grupe i rezorskim dionicama**

Na snazi za obračunske periode koji su započeli 1. marta 2007. godine ili poslije toga

### 4. **IFRIC 12 Koncesije za pružanje usluga**

Na snazi za obračunske periode koji su započeli 1. januara 2008. godine ili poslije toga

### 5. **IFRIC 13 Programi lojalnosti potrošača**

Na snazi za obračunske periode koji su započeli 1. jula 2008. godine ili poslije toga

### 6. **IFRIC 14 MRS 19 Ograničenje definisanih primanja, minimalni zahtjevi za finansiranjem i njihova interakcija**

Na snazi za obračunske periode koji su započeli 1. januara 2008. godine ili poslije toga

Uprava Banke predviđa da usvajanje spomenutih standarda i tumačenja u budućim periodima neće značajno utjecati na finansijske izvještaje Banke.

#### Bey's mosque (Sarajevo)

It was built in 1530. It was designed by an architect Ajem Esir Ali and its construction was funded by Gazi Husrev-bey. Within the yard of the mosque are a water fountain, clock tower, stone fence and several tomb stones. This is the first mosque in the world that has electric lighting (1898).

#### Begova džamija (Sarajevo)

Izgrađena je 1530. godine. Projektirao ju je arhitekta Ajem Esir Ali a njenu gradnju finansirao Gazi Husrev-beg. U džamijском kompleksu su i šadrvan, sahat-kula, kamena ograda i nekoliko turbeta. Ovo je prva džamija u svijetu koja je dobila električno osvjetljenje (1898.).



# Notes to the financial statements as of 31 December 2007.

## 3. Basis of presentation and summary of accounting policies

### Basic of presentation

As required by local legislation, the Bank prepares financial statements in accordance with International Financial Reporting Standards (IFRSs) as published by the International Accounting Standards Board and as modified by the regulatory requirements prescribed by the Banking Agency of Federation of Bosnia and Herzegovina (the FBA) with respect to the calculation of provision for impairment of financial instruments. Management of the Bank believes that provisions made under IFRSs as modified by the regulatory requirements prescribed by the Banking Agency of Federation of Bosnia and Herzegovina are not significantly different from provisions that would be made under IFRSs.

International Financial Reporting Standards as published by the International Accounting Standards Board issued on 31 March 2004 have been officially translated and adopted in Bosnia and Herzegovina. Amendments and changes to standards issued after that date have not been officially translated. As stated in Note 2, the Bank has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2007. Management believes that such adoption has no material impact on these financial statements being prepared in accordance with the regulations in force in Bosnia and Herzegovina.

The Bank maintains its accounting records and prepares its statutory accounts in accordance with the commercial, banking and fiscal regulations prevailing in Bosnia and Herzegovina. The country's official

currency is Konvertibilna Marka ("KM"), which is officially pegged to the euro ("EUR") (KM 1.95583 = EUR 1).

The presentation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Revenues and expenses are recorded in the period in which they are earned or incurred.

The accompanying financial statements have been prepared on a going concern basis, which assumes but it is not limited to the continued financial support of its shareholders.

### Definitions

The following terms (Islamic financial instruments) are used in the financial statements with the meaning specified:

#### *Murabaha*

An agreement whereby the Bank sells to a customer a commodity or asset, which the Bank has purchased and acquired based on a promise received from the customer to buy the item purchased according to specific terms and conditions. The selling price comprises the cost of the commodity and an agreed profit margin.

#### *Musharaka*

An agreement between the Bank and a customer to contribute to a certain investment enterprise, whether existing or new, or the ownership of a certain property either permanently or according to a diminishing arrangement ending up with the acquisition by the customer of the full ownership. The profit is shared as per the agreement set between both parties while the loss is shared in proportion to their shares of capital in the enterprise.

#### *Mudaraba*

An agreement between the Bank and a third party whereby one party would provide a certain amount of funds, which the other party (Mudarib) would then invest in a specific enterprise or activity against a specific share in the profit. The Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba.

#### *Wakala*

An agreement whereby one party provides a certain sum of money to an agent, who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala.

### Revenue recognition

#### *Murabaha*

Income is recognized over the period of the contract using the effective yield method.

#### *Musharaka*

Income is accounted for on the basis of the reducing balance on a time-apportioned basis that reflects the effective yield on the asset. According to Islamic principles, funds on customers' current and term accounts may be used as one of the sources for Musharaka and expenses of the Bank relating to customer accounts are recognized as costs of investments to Musharaka.

#### *Mudaraba*

Income or losses on Mudaraba financing are recognized on an accrual basis if they can be reliably estimated. Otherwise, income is recognized on distribution by the Mudarib, whereas the losses are charged to income on their declaration by the Mudarib.

# Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

## 3. Temelj za prezentiranje i sažetak računovodstvenih politika

### Temelj za prezentaciju

U skladu s lokalnim propisima, Banka priprema ove finansijske izvještaje u skladu s Međunarodnim standardima finansijskog izvještavanja ("MSFI") koje je objavio Odbor za međunarodne računovodstvene standarde, prilagođenim u skladu sa regulatornim zahtjevima Agencije za bankarstvo Federacije Bosne i Hercegovine (FBA), a vezano za obračun rezervacija za umanjenje vrijednosti finansijskih instrumenata.

Uprava banke vjeruje da rezervacije obračunate prema MSFI prilagođenim u skladu s regulatornim zahtjevima Agencije za bankarstvo Federacije Bosne i Hercegovine značajno ne odstupaju od rezervacija koje bi bile napravljene u skladu s MSFI.

Međunarodni standardi finansijskog izvještavanja ("MSFI") koje je objavio Odbor za međunarodne računovodstvene standarde 31. marta 2004. godine su službeno prevedeni i prihvaćeni u Bosni i Hercegovini. Izmjene i dopune standarda nakon toga nisu bili službeno prevedeni. Kako je navedeno u Napomeni 2 Banka je usvojila sve nove i izmijenjene standarde i tumačenja izdane od strane Odbora za Međunarodne računovodstvene standarde i Komiteta za tumačenje međunarodnog finansijskog izvještavanja koji su relevantni za poslovanje Banke i koji su na snazi za izvještajne periode koji su počeli 1. januara 2007. godine ili kasnije. Uprava vjeruje da ta činjenica nema materijalan utjecaj na prikazane finansijske izvještaje koji su pripremljeni u skladu sa pravnom regulativom u Bosni i Hercegovini.

Banka evidentira računovodstvene promjene i iskazuje svoje izvještaje u skladu sa bankarskim, privrednim i fiskalnim propisima

Bosne i Hercegovine. Službenu valutu zemlje je Konvertibilna Marka ("KM"), koja je službeno vezana za EURO ("EUR") (1,95583 KM = 1 EUR).

Prezentiranje finansijskih izvještaja u skladu s Međunarodnim standardima finansijskog izvještavanja zahtijeva od Uprave stvaranje procjena i pretpostavki koje se odražavaju na prezentiranu aktivu i pasivu, te objavljivanje nepredviđene imovine i obaveza na dan finansijskog izvještaja i utvrđene iznose prihoda i rashoda za izvještajno razdoblje. Stvarni rezultati mogu se razlikovati od tih procjena. Prihodi i troškovi su evidentirani u periodu u kojem su zarađeni ili nastali.

Finansijski izvještaji su pripremljeni pod pretpostavkom neograničenosti poslovanja, što podrazumjeva, ali nije ograničeno na stalnu finansijsku podršku dioničara.

### Definicije

Pojmovi Islamskog bankarstva korišteni u finansijskim izvještajima imaju značenje kako slijedi:

#### Murabaha

Ovim ugovornim odnosom Banka prodaje robu ili neku drugu imovinu, koju je prethodno kupila od partnera uz unaprijed ugovorene specifične uslove. Prodajna cijena uključuje trošak nabave i dogovoren profit.

#### Musharaka

Ovim ugovornim odnosom Banka i njen partner, ortak, ulažu sredstva na postojeći ili novi projekat, ili vlasništvo nad određenom imovinom, bilo stalno ili privremeno koje će na kraju u potpunosti prijeći na partnera.

Ostvareni profit se dijeli prema ugovoru, a gubitak se dijeli u skladu sa relativnim iznosom udjela u projektu.

#### Mudaraba

Ugovorni odnos između Banke i trećeg lica u kojem jedna strana daje sredstva, koja će druga strana (Mudarib) iskoristiti za ugovorenu namjenu, bilo kao kapitalno ulaganje ili za određenu radnju, a sve za unaprijed dogovoren uđio u profitu. Mudarib može rezultirati sa gubitkom u slučaju nepridržavanja obaveza, nemara ili drugim oblikom kršenja odredbi ugovora.

#### Wakala

Ugovorni odnos između dvije strane gdje jedna od strana osigurava određena sredstva agentu, koji ta sredstva ulaže u skladu s odredbama ugovora uz naknadu (koja se određuje kao fiksni iznos ili postotak od iznosa ulaganja). Agent je obvezan odmah izvršiti povrat sredstava u slučaju nepridržavanja ugovornih obaveza, nemara ili drugog oblika kršenja odredbi ugovora.

### Priznavanje prihoda

#### Murabaha

Prihod se priznaje tokom vremena trajanja ugovora uzimajući u obzir efektivnu stopu prihoda.

#### Musharaka

Prihod se obračunava upotrebom metode efektivne stope prihoda na opadajući iznos glavnice. U skladu s principima Islamskog bankarstva, sredstva koja klijent drži na tekućim i depozitnim računima kod Banke mogu se koristiti kao jedan od izvora finansiranja Musharaka projekata, a troškovi vezani uz te depozitne račune se prikazuju kao troškovi Musharaka transakcija.

#### Mudaraba

Dobici i gubici iz Mudaraba projekata se obračunavaju ukoliko se mogu pouzdano procijeniti. Ukoliko to nije slučaj, dobici se priznaju po distribuciji Mudariba, a gubici po objavi Mudariba.

# Notes to the financial statements as of 31 December 2007.

## 3. Basis of presentation and summary of accounting policies (continued)

### Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into KM at the exchange rate of the Central Bank of Bosnia and Herzegovina quoted at the balance sheet date, which is equal to the market exchange rate. Income and expenses arising in foreign currencies are converted at the rate of exchange on the transaction date. Resulting foreign exchange gains and losses are recorded in the income statement. Change gains and losses are recorded in the income statement.

### Net income from financing (Musharaka)

Net income from financing represents Bank's share in income from investments made by its clients from funds financed to them by the Bank, net of cost of attracting the funds used for investments.

According to the Shariah laws, the Bank is not allowed to have interest rate income. Any interest rates earned are allocated to charity on a yearly basis.

### Fee and commission income and expenses

Fees and commissions consist mainly of fees earned on domestic and foreign payment transactions, and fees for financing and other instruments issued by the Bank. Fees for payment transactions are recognized in the period when services are rendered.

Financing of customer's origination fees, after approval and drawdown of funds, are deferred (together with related direct costs) and

recognized as an adjustment to the effective yield of the financing over its life.

### Placements with other banks (Murabaha)

Murabaha deals are investments into commercial commodity purchased under agreement to resell, which are recorded as placements with other banks. The difference between sell and repurchase price is treated as return rate on investments and accrued over the life of repurchase agreements using the effective yield method. These investments are classified as originated financial instruments and are carried at amortized cost.

All regular way purchases and sales of investments are recognized at trade date, which is the date that the Bank commits to purchase or to sell assets.

### Financial assets and liabilities

Financial assets and liabilities are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'finacings and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### Financial assets at FVTPL

The Bank classifies a financial asset as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

The fair values of financial assets and financial liabilities are determined as follows:

# Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

## 3. Temelj za prezentiranje i sažetak računovodstvenih politika (nastavak)

### Preračunavanje stranih valuta

Imovina i obaveze izraženi u stranim sredstvima plaćanja preračunavaju se u protuvrijednost konvertibilne marke po službenom kursu Centralne banke Bosne i Hercegovine koji je važeći na dan Bilansa stanja, a vrijednost kursa je ista i na tržištu deviza. Prihodi i rashodi u stranim sredstvima plaćanja preračunavaju se po kursu na dan transakcije. Ostvareni prihodi i rashodi nastali preračunanjem po kursu knjiže se u Bilans uspjeha.

### Neto prihod od finansiranja (Musharaka)

Neto prihod od finansiranja predstavlja udio Banke u prihodima koji su generisani investiranjem sredstava klijenata koje je Banka dala na raspolažanje nakon odbitka troškova vezanih za prikupljanje sredstava koja su investirana.

Po Šerijatskim zakonima, Banka ne smije ostvarivati prihod od kamate. Ovako ostvaren prihod se godišnje izdvaja u dobrovitne svrhe.

### Prihodi i troškovi od naknada i provizija

Naknade i provizije se sastoje uglavnom od naknada zarađenih na domaćim i inostranim platnim transakcijama i naknada za finansiranje i drugih instrumenata izdatih od strane Banke. Naknade za platne transakcije su priznate u periodu u kojem je usluga pružena.

Naknade za odobrenje kredita se nakon odobrenja i povlačenja kreditnih sredstava odgađaju (zajedno s povezanim direktnim troškovima odobrenja) i priznaju kao usklađenje efektivnog prinosa

na kredit tokom perioda kreditiranja.

### Plasmani drugim bankama (Murabaha)

Murabaha poslovi su investicije u kupo-prodaju trgovачke robe koja se priznaje kao plasmani sa drugim Bankama. Razlika između kupovne i prodajne cijene se smatra stopom povrata na investicije i obračunava se tokom trajanja kupo-prodajnog ugovora koristeći se primjenom metode stvarnog prinosa. Ove investicije se klasificiraju kao finansijski instrumenti i iskazuju se po amortizovanom trošku.

Sve druge kupovine i prodaje investicija se priznaju na dan trgovine, dan kad se Banka obavezala da kupi ili proda sredstva.

### Finansijska imovina i obaveze

Sva finansijska imovina i sve finansijske obaveze priznaju se, odnosno prestaju se priznavati na datum trgovanja kad je kupoprodaja finansijskog sredstva ili finansijske obaveze definirana ugovorenim datumom isporuke finansijskog sredstva u rokovima, utvrđenima prema konvencijama na predmetnom tržištu.

Finansijska imovina i finansijske obaveze svrstane su u: "iskazane po fer vrijednosti kroz bilans uspjeha", "raspoložive za prodaju" ili "finansiranje klijenata". Osnovna razlika među spomenutim kategorijama je u pristupu mjerjenja finansijske imovine i priznavanja fer vrijednosti u finansijskim izvještajima.

### Finansijska imovina iskazana po fer vrijednosti kroz bilans uspjeha

Banka sredstvo klasificira kao finansijsko sredstvo iskazano po fer vrijednosti kroz bilans uspjeha, kada se sredstvo drži kao "namijenjeno za trgovanje" ili je određeno kao finansijsko sredstvo iskazano po fer

vrijednosti kroz bilans uspjeha.

Finansijsko sredstvo je klasifikovano kao "namijenjeno za trgovanje" ako:

- je nabavljeno s ciljem prodaje u bliskoj budućnosti; ili
- je dio identificiranog portfelja finansijskih instrumenata koje banka drži zajedno, i koji se ponaša po šablonu kratkoročne zarade; ili
- je sredstvo derivativni instrument koji nije okarakterisan kao efektivni hedžing instrument.

Finansijsko sredstvo može biti priznato kao finansijsko sredstvo iskazano po fer vrijednosti iako nije "namijenjeno za trgovanje" ako:

- takva klasifikacija eliminiše ili značajno reducira nekonistentnost mjerjenja i priznavanja koja bi inače nastala; ili

- je finansijsko sredstvo dio grupe finansijskih sredstava ili obaveza, čiji je učinak mјeren na bazi fer vrijednosti, u skladu s dokumentovanim upravljanjem rizika Banke ili njenom investicijskom strategijom, i informacijama oko internog grupisanja sredstava na toj osnovi; ili

- je dio ugovora koji sadrži jedan ili više ugrađenih derivativa, a prema MRS 39 koji kaže da svi elementi ovakvog kombinovanog ugovora mogu biti okvalifikovani kao finansijsko sredstvo iskazano po fer vrijednosti kroz bilans uspjeha.

Finansijsko sredstvo priznato kao finansijsko sredstvo iskazano po fer vrijednosti prikazuje se prema fer vrijednosti, sa rezultantnom dobiti ili gubitkom prikazanom u bilansu uspjeha. Neto dobit ili gubitak priznat u bilansu uspjeha treba da sadrži bilo kakvu dividendu ili kamatu koja se odnosi na ta sredstva.

Fer vrijednost finansijskog sredstva ili obaveze određuje se na slijedeći način:

# Notes to the financial statements as of 31 December 2007.

## 3. Basis of presentation and summary of accounting policies (continued)

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optimal derivatives, and option pricing models for optional derivatives.

### AFS financial assets

Listed shares and listed redeemable notes held by the Bank that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in the previous paragraph. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve with the exception of impairment losses. Profit margin is calculated using the effective profit margin rate method and foreign exchange gains and losses on monetary assets, which are recognized directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognized in profit or loss when the Bank's right to receive payments is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

### Financing to customers

Financing to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financing to customers are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction as well as fees received from customers.

An allowance for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans computed at initial recognition. Specific allowances are assessed with reference to the credit standing and performance of the borrower and take into account the value of any collateral or third party guarantees.

The Bank prepares financial statements in accordance with IFRS as modified by the regulatory requirements prescribed by the Banking Agency of FBiH. The FBA rules require banks to calculate the allowance for impairment of financial assets based on matrix system, which is namely based on number of days overdue.

If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Objective evidence of impairment for financial assets assessed collectively for impairment are the adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments) or national or local economic conditions that correlate with defaults on the assets in the group. When a receivable is uncollectible, it is written off against the related allowance for impairment; subsequent recoveries are credited to the 'Impairment losses on financing of customers' line in the income statement.

### Tangible and intangible assets

Tangible and intangible assets are started at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful life of the applicable assets and based upon the application of the following annual percentages to historical costs:

	2007	2006
Land and buildings	1.3 – 2.0%	1.3 – 2.0%
Computers	20.0 – 33.3%	20.0 – 33.3%
Motor vehicles	15.5%	15.5%
Intangible assets	20.0%	20.0%
Other equipment	7.0 – 33.3%	7.0 – 33.3%

# Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

## 3. Temelj za prezentiranje i sažetak računovodstvenih politika (nastavak)

- Fer vrijednost finansijskog sredstva ili obaveze po standardnim terminima i uslovima trgovanja na aktivnim, likvidnim tržištima je determinisana u odnosu na kvotirane tržišne cijene;
- Fer vrijednost ostalih finansijskih sredstava ili obaveza (isključujući izvedene instrumente) se određuje u skladu s generalno prihvaćenim cijenovnim modelima koji se baziraju na analizi diskontovanja priliva novca i transparentnim cijenama na tekućem tržištu; i
- Fer vrijednost izvedenih instrumenata, se računa pomoću kotiranih cijena. Gdje takva cijena nije dostupna, koristi se analiza diskontovanja priliva novca i primjenjiva kriva prihoda za vrijeme trajanja instrumenta ili ne-opcionog derivativa, iako i opcioni cijenovni model za opcione derivative.

### Finansijska sredstva "raspoloživa za prodaju"

Kotirane dionice i vrijednosni papiri s mogućnošću otkupa koje drži Banka i kojima se trguje na aktivnim tržištima se klasificuju kao "raspoloživa za prodaju" i vode po fer vrijednosti. Fer vrijednost se određuje na način spomenut u prethodnim paragrafima. Dobit i gubitak koji nastaju zbog promjena u fer vrijednosti se priznaju direktno kao kapital tj. revalorizacione rezerve sa izuzetkom gubitaka po ispravci vrijednosti, kamate kalkulisane po metodu efektivne kamatne stope, i dobitaka i gubitaka po osnovu kursnih razlika na monetarnim sredstvima, koji se priznaju u bilans upjeha. U slučaju prodaje sredstva ili je sredstvo amortizovano, kumulativna dobit ili gubitak koja je prethodno bila priznata kao revalorizaciona rezerva se uključuje u bilans upjeha perioda.

Dividende po ovim sredstvima se priznaju u bilans upjeha kada Banka uspostavi pravo da prima uplate.

Fer vrijednost finansijskih sredstava "raspoloživa za prodaju", denominiranih u stranoj valuti se određuje u toj valuti i preračunava se po važećoj kursnoj stopi na dan bilansa stanja. Promjena u fer vrijednosti koja se može pripisati promjenama kursa i koja rezultira promjeni amortizovanog troška sredstva priznaje se u bilansu uspjeha, dok se ostale promjene priznaju kao promjene u kapitalu.

### Finansiranje klijenata

Finansiranje klijenata predstavlja nederativnu finansijsku imovinu sa fiksnim ili odredivim plaćanjima koja ne kotira na aktivnom tržištu. Finansiranje klijentima mjeri se početno po fer vrijednosti i kasnije po amortiziranom trošku primjenom metode efektivne kamatne stope, umanjenom za ispravku vrijednosti zbog umanjenja. Troškovi prema trećim stranama, kao što su tarife za osiguranje zajma, tretiraju se kao dio troška transakcije, kao i naknade klijenata.

Ispravka vrijednosti zajmova zbog umanjenja knjiži se ako postoji objektivan dokaz da Banka neće biti u mogućnosti naplatiti cijeli iznos potraživanja o dospjeću. Ispravka vrijednosti predstavlja razliku između knjigovodstvenog i nadoknadivog iznosa, koji predstavlja sadašnju vrijednost očekivanih novčanih tokova, uključivši nadoknade iznose po garancijama i kolateralima, diskontiranih primjenom efektivne kamatne stope na zajam utvrđene pri početnom priznavanju.

Ispravka vrijednosti za gubitke od umanjenja po pojedinačnim zajmovima procjenjuje se temelju kreditne sposobnosti i rezultata poslovanja zajmoprimatelja, uzimajući u obzir vrijednost instrumenta osiguranja za naplatu zajma ili jamstvo treće strane. Banka priprema finansijske izvještaje u skladu sa MSFI modifikovanim u skladu sa regulatornim zahtjevima FBA. Odluke FBA zahtijevaju da Banka obračuna rezervacije za potencijalne gubitke finansijske imovine po sistemu matrice, što se najvećim dijelom odnosi na dane kašnjenja u otplati.

Ako Banka utvrdi da ne postoji objektivan dokaz o umanjenju određenog finansijskog sredstva, bilo ono značajno ili ne, spomenuto sredstvo svrstava u grupu finansijske imovine sličnih obilježja kreditnog rizika i sva sredstva u istoj grupi podvrgava zajedničkoj procjeni u svrhu umanjenja vrijednosti. Imovina kod koje se umanjenje procjenjuje pojedinačno i kod koje se gubici od umanjenja priznaju, odnosno nastavljaju priznavati, ne uključuje se u zajedničku procjenu umanjenja vrijednosti. Objektivan dokaz o umanjenju finansijskog sredstva kod kojeg se procjena umanjenja obavlja zajednički može biti negativna promjena u platnom statusu dužnika u istoj grupi (npr. veći broj dospjelih neizmirenih iznosa) ili promjene u privrednim uslovima u zemlji ili mjestu poslovanja koji se mogu povezati s neurednošću plaćanja, odnosno pogoršanjem imovine u toj grupi. Nenplativi zajmovi otpisuju se u iznosu povezane ispravke vrijednosti zbog umanjenja, a svi kasnije naplaćeni iznosi knjiži se u korist bilansa uspjeha u okviru ispravke vrijednosti po zajmovima i avansima.

### Materijalna i nematerijalna imovina

Materijalna i nematerijalna imovina iskazana je po trošku sticanja i amortizuje se u procjenjenom korisnom vijeku trajanja. Amortizacija se obračunava linearno, za svaku pojedinačno nabavljeno stalno sredstvo stavljeno u upotrebu, primjenom slijedećih stopa amortizacije na nabavnu vrijednost:

	2007	2006
Zgrade	1.3 – 2.0%	1.3 – 2.0%
Računari	20.0 – 33.3%	20.0 – 33.3%
Motorna vozila	15.5%	15.5%
Nematerijalna imovina	20.0%	20.0%
Ostala imovina	7.0 – 33.3%	7.0 – 33.3%

# Notes to the financial statements as of 31 December 2007.

## 3. Basis of presentation and summary of accounting policies (continued)

The gain and loss arising on the disposal of tangible and intangible assets is determined based on their carrying value and are recognized in the Income Statement as "Other income/(expense)" in the year of disposal. Costs associated with acquiring software are treated as intangible assets and are amortized on a straight-line basis over the estimated useful life, not exceeding five years.

### Employee benefits

During its normal operating activities, the Bank pays payroll taxes and contributions on behalf of its employees, as well as meal and vacation allowances according to the local legislation. These expenses are recognized in the income statement in the same period as the related salary costs. According to the local legislation and internal Employment rulebook, the Company makes retirement severance payments of minimum three average monthly salaries of the employee in question or three average salaries of the Company paid in the period of the last three months, depending on what is more favorable to the employee.

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax expense is based on taxable income for the year. Taxable income differs from net income as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Bank has the ability and intention to settle on a net basis. The Bank is subject to various indirect taxes which are included in administrative expenses.

### Off-balance sheet commitments

In the ordinary course of business, the Bank enters into credit related commitments which are recorded in off-balance sheet accounts and primarily include guarantees, letters of credit and undrawn loan commitments. Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Con-

tingent Assets; and

- the amount initially recognized less, where appropriate, cumulative.

### Provisions

Provisions for are recognized when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation. Management Board estimates the provisions based at the best estimate of expenditure to settle the Bank's obligation. Provisions are discounted to present value where the effect is material.

### Reclassification

Certain amounts in the previous year financial statements have been reclassified to conform to the current year presentation.

## 4. Critical accounting judgments and estimations

In the application of the Bank's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

# Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

## 3. Temelj za prezentiranje i sažetak računovodstvenih politika (nastavak)

Dobici i gubici od prodaje dugotrajne materijalne imovine i opreme utvrđeni su u odnosu na njihovu knjigovodstvenu vrijednost i priznaju se u Bilansu uspjeha pod stavkom "Ostali prihodi/(rashodi)" u periodu nastanka poslovnog događaja. Troškovi vezani uz nabavku softvera se tretiraju kao nematerijalna imovina i amortiziraju se linearnom metodom tokom procjenjenog vijeka trajanja, ali ne više od pet godina.

### Primanja zaposlenih

Tokom normalnih operativnih aktivnosti, Banka plaća poreze na plaće i doprinose u ime svojih zaposlenika, također topli obrok i regres u skladu sa lokalnom legislativom. Ovi troškovi su priznati u bilansu uspjeha u istom periodu kao i troškovi plaća.

Prema lokalnim propisima i internim pravilnikom o radu, Banka plaća za otpremnine minimalno tri prosječne plate zaposlenika ili tri prosječne plate koja je Banka isplatila u zadnja tri mjeseca, zavisno od toga šta je povoljnije za zaposlenika.

### Oporezivanje

Porez na dobit predstavlja zbir tekuće obaveze za porez i odgođenih poreza. Tekuća porezna obaveza temelji se na oporezivoj dobiti za godinu. Oporeziva dobit razlikuje se od neto dobiti perioda iskazanoj u bilansu uspjeha jer uključuje stavke prihoda i rashoda koje su oporezive ili neoporezive u drugim godinama, kao i stavke koje nikada nisu oporezive ni odbitne. Tekuća porezna obaveza Društva izračunava se primjenom poreznih stopa koje su na snazi, odnosno u postupku donošenja na datum bilansa.

Odgođeni porez jest iznos za koji se očekuje da će po njemu nastati obaveza ili povrat temeljem razlike između knjigovodstvene vrijednosti imovine i obaveza u finansijskim izvještajima i pripadajuće porezne osnovice koja se koristi za izračunavanje oporezive dobiti a obračunava se metodom bilanske obaveze. Odgođene porezne obaveze općenito se priznaju za sve oporezive privremene razlike, a odgođena porezna imovina se priznaje u onoj mjeri u kojoj je vjerojatno da će biti raspoloživa oporeziva dobit na temelju koje je moguće iskoristiti privremene razlike koje se odbijaju.

Knjigovodstveni iznos odgođene porezne imovine preispituje se na svaki datum bilansa i umanjuje u onoj mjeri u kojoj više nije vjerojatno da će biti raspoloživ dostatan iznos oporezive dobiti za povrat cijelog ili dijela porezne imovine. Odgođeni porez obračunava se po poreznim stopama za koje se očekuje da će biti u primjeni u periodu u kojem će doći do podmirenja obaveze ili realizacije sredstva. Odgođeni porez knjiži se na teret ili u korist bilansa uspjeha, osim ako se odnosi na stavke koje se knjiže direktno u korist ili na teret glavnice, u kojem slučaju se odgođeni porez također iskazuje u okviru glavnice.

Odgođena porezna imovina i obaveze se prebijaju ako se odnose na poreze na dobit koje je nametnula ista porezna vlast i ako Banka namjerava podmiriti svoju tekuću poreznu imovinu i obaveze na neto osnovi. Banka ima obavezu plaćanja raznih indirektnih poreza, koji su iskazani u okviru administrativnih troškova.

### Preuzete obaveze u vanbilansnoj evidenciji

U okviru redovnog poslovanja Banka preuzima obaveze za kreditiranjem, koje vodi u vanbilansnoj evidenciji a koje prvenstveno obuhvataju garancije, akreditive i nepovučene odobrene kredite. Ugovori koji sadrže obaveze po osnovu finansijskih garancija se mijere inicijalno po njihovim fer vrijednostima a naknadno po onome što je veće od:

- Iznos obaveze po ugovoru, prema MRS-u 37 Rezervisanja, nepredviđene obaveze i imovina; i
- Iznos inicijalno priznat umanjen, gdje je moguće, za kumulativno

### Rezervisanja

Banka priznaje rezerviranje ako ima sadašnju obavezu koja je nastala temeljem prošlih događaja, ako postoji vjerovatnost da će za podmirenje obaveze biti potreban odliv resursa. Uprava Banke određuje iznos rezerviranja na temelju najbolje moguće procjene troškova koji će nastati podmirenjem obaveze. Ako je učinak materijalno značajan, rezervisanja se diskontiraju do sadašnje vrijednosti.

### Reklasifikacija

Određeni iznosi iz finansijskih izvještaja za prethodnu godinu reklasificirani su da bi bili u skladu sa prikazom tekuće godine.

## 4. Značajne računovodstvene procjene i prepostavke

Kod primjene računovodstvenih politika, opisanih u Napomeni 3, Uprava donosi odluke, te daje procjene i prepostavke koje utiču na iznose imovine i obaveza, koji se ne mogu izvesti iz ostalih izvora. Procjene i prepostavke zasnivaju se na prijašnjim i ostalim relevantnim faktorima. Stvarni iznosi mogu se razlikovati od procijenjenih. Procjene i prepostavke se stalno preispituju. Izmjene knjigovodstvenih procjena priznaju se u periodu izmjene ukoliko se odnose na taj period, ili u periodu izmjene i budućim periodima ukoliko utiče na tekući i buduće periode.

# Notes to the financial statements as of 31 December 2007.

## 5. Net income from financing and investments

	<b>2007</b>	<b>2006</b>
Income from operations with other banks (Murabaha, Wakala)	1,931	1,721
Income from financing retail sector (Musharaka)	2,992	1,979
Income from financing corporate sector (Musharaka)	3,873	1,856
Income from obligatory reserve	490	238
<i>Income from financing and investment</i>	<b>9,286</b>	<b>5,794</b>
Expenses from financing retail and corporate sector (Musharaka)	(2,420)	(1,748)
<b>Total</b>	<b>6,866</b>	<b>4,046</b>

## 6. Fee and commission income

	<b>2007</b>	<b>2006</b>
Guarantees and letters of credit	710	168
Transactions processing	640	478
Foreign currency exchange	123	67
Other	436	219
<b>Total</b>	<b>1,909</b>	<b>932</b>

## 7. Net financial income

	<b>2007</b>	<b>2006</b>
Foreign exchange gains	182	16
Fair value adjustment (Note 16)	(10)	-
<b>Total</b>	<b>172</b>	<b>16</b>

## 8. General and administrative expenses

	<b>2007</b>	<b>2006</b>
Salaries	2,058	1,426
Taxes and contributions related to salaries	1,466	1,002
Other employee expenses	760	697
Rent	366	237
Office material and maintenance	323	205
Marketing and advertising	283	123
Professional services	261	395
Security	216	127
Telecommunication	201	156
General assembly, management and other Bank's bodies	158	86
Energy, post and communications	91	64
Travel and accommodation	42	118
Other general and administrative expenses	325	275
<b>Total</b>	<b>6,550</b>	<b>4,911</b>

The Bank does not have pension agreements separate from Bosnia and Herzegovina pension system. This system requires that current contributions by the employer be calculated as a percentage of current gross salary payments and taxes on net salary; these expenses

are charged to the profit and loss statement in the period the related compensation is earned by the employee.

The average number of employees for the years ended 31 December 2007 and 2006 was 126 and 92, respectively.

## 9. Impairment (losses) and release of provisions

	<b>2007</b>	<b>2006</b>
Financing of customers	(623)	674
Placements with banks	156	(156)
Other assets	42	(78)
Provisions for contingent liabilities and commitments	(523)	22
<b>Total</b>	<b>(948)</b>	<b>462</b>

## 10. Income tax

	<b>2007</b>	<b>2006</b>
Reconciliation of accounting and taxation income:		
Profit before income tax	704	41
Non-deductible expenses	1,074	288
<b>Taxable income</b>	<b>1,778</b>	<b>329</b>
<i>Income tax liability (rate 30%)</i>	533	99
Tax exemption due to tax losses available for carry forward	(533)	(99)
<b>Income tax liability</b>	<b>-</b>	<b>-</b>

The Bank has KM 7,407 thousand of tax losses available for carry forward as of 31 December 2007 (2006: KM 9,185 thousand).

# Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

## 5. Neto prihod od finansiranja i ulaganja

	<b>2007</b>	<b>2006</b>
Prihod od poslovanja sa drugim bankama (Murabaha, Wakala)	1,931	1,721
Prihodi od finansiranja fizičkih lica (Musharaka)	2,992	1,979
Prihodi od finansiranja pravnih lica (Musharaka)	3,873	1,856
Prihodi od obavezne rezerve	490	238
<i>Prihodi od finansiranja i ulaganja</i>	<b>9,286</b>	<b>5,794</b>
Expenses from financing retail and corporate sector (Musharaka)	(2,420)	(1,748)
<b>Ukupno</b>	<b>6,866</b>	<b>4,046</b>

## 6. Prihodi od naknada i provizija

	<b>2007</b>	<b>2006</b>
Izdavanje garancija i akreditiva	710	168
Procesiranje transakcija	640	478
Konverzija stranih valuta	123	67
Ostalo	436	219
<b>Ukupno</b>	<b>1,909</b>	<b>932</b>

## 7. Neto dobit iz finansijskog poslovanja

	<b>2007</b>	<b>2006</b>
Neto dobit iz mjenjačkih poslova	182	16
Uskladištanje fer vrijednosti (Napomena 16)	(10)	-
<b>Ukupno</b>	<b>172</b>	<b>16</b>

## 8. Opšti i administrativni troškovi

	<b>2007</b>	<b>2006</b>
Plate	2,058	1,426
Porezi i naknade iz i na plate	1,466	1,002
Ostali troškovi zaposlenih	760	697
Zakupnina	366	237
Kancelarijski materijal i troškovi održavanja	323	205
Marketing i reprezentacija	283	123
Profesionalne usluge	261	395
Troškovi obezbjeđenja	216	127
Telekomunikacijski troškovi	201	156
Skupština, Uprava i drugi organi Banke	158	86
Troškovi energije, poštarine i komunikacija	91	64
Poslovna putovanja i smještaj	42	118
Ostali troškovi	325	275
<b>Ukupno</b>	<b>6,550</b>	<b>4,911</b>

Banka nema penzije aranžmane odvojeno od penzionog sistema Bosne i Hercegovine. Ovaj sistem zahtjeva da tekuće obaveze od strane zaposlenika budu obračunate kao procenat od tekuće bruto plate i poreza na neto platu; ovi troškovi su priznati u bilansu uspjeha perioda na koje se odnose.

Prosječan broj zaposlenih za godine koje su završile 31. decembra 2007. i 2006. je 126, odnosno 92.

## 9. (Povećanje)/Otpuštanje rezervisanja

	<b>2007</b>	<b>2006</b>
Finansiranje klijenata	(623)	674
Plasmani bankama	156	(156)
Ostala imovina	42	(78)
Rezervisanja za preuzete i potencijalne obaveze	(523)	22
<b>Ukupno</b>	<b>(948)</b>	<b>462</b>

## 10. Porez na dobit

	<b>2007</b>	<b>2006</b>
Svođenje računovodstvene dobiti i porez na dobit:		
Dobit prije poreza na dobit	704	41
Porezno nepriznati rashodi	1,074	288
<b>Oporeziva dobit</b>	<b>1,778</b>	<b>329</b>
<i>Obaveza poreza na dobit (30%)</i>	533	99
Oslobađanje po osnovu korištenja prenesenih poreskih gubitaka	(533)	(99)
<b>Obaveza poreza na dobit</b>	<b>-</b>	<b>-</b>

Banka ima 7.407 hiljade KM prenesenih gubitaka iz prethodnih godina (2006., 9.185 hiljada KM).

# Notes to the financial statements as of 31 December 2007.

## 10. Income tax (continued)

	<b>2007</b>	<b>2006</b>
Balance at the beginning of the year	2,755	2,854
Movement	(533)	(99)
Allowance	(2,222)	(2,755)
<b>Balance at year end</b>	<b>-</b>	<b>-</b>

Allowance was made for the 100% of deferred tax assets, since there are strong reasons to believe that due to expected changes in the local fiscal regulation a portion or the whole amount of the deferred asset will not be recoverable, and therefore, no deferred tax assets have been recorded in the accompanying financial statements.

## 11. Cash and balances with banks

	<b>2007</b>	<b>2006</b>
Cash on hand		
Current account with the Central Bank of Bosnia and Herzegovina	4,666	2,031
Current accounts with other banks	1,066	5,464
Checks in foreign currency	1,921	1,272
<b>Total</b>	<b>7,654</b>	<b>8,777</b>

## 12. Obligatory reserve with the Central Bank

	<b>2007</b>	<b>2006</b>
Obligatory reserve with the Central Bank of Bosnia and Herzegovina	15,010	14,601
<b>Total</b>	<b>15,010</b>	<b>14,601</b>

Minimum obligatory reserve as at 31 December 2007 and 31 December 2006 is calculated in the amount of 15% of the average amount of total deposits and the borrowings for each working day during 10 calendar days following the period of maintaining the obligatory reserve. Profit margin rate on funds kept up to minimum obligatory reserve is 1%.

Cash held at the obligatory reserve account with the Central Bank of Bosnia and Herzegovina is not available for daily operations without specific approval from the Central Bank of Bosnia and Herzegovina and Banking Agency of Federation of Bosnia and Herzegovina.

## 13. Placements with banks

	<b>2007</b>	<b>2006</b>
Arcapita Bank B.S.C. Bahrain	17,744	42,429
Gulf International Bank (GIB), Bahrain	13,732	6,872
Abu Dhabi Islamic Bank	11,531	7,013
Alabaraka Turk Participation Bank Istanbul	-	7,887
Kuwait Turkish Evkaf Finance House - Bahrain branch	-	-
<b>Subtotal</b>	<b>43,007</b>	<b>64,201</b>
Provisions for impairment	-	(156)
<b>Total</b>	<b>43,007</b>	<b>64,045</b>

As of 31 December 2007 and 2006, respectfully, profit rates on placements in EUR were 3.57% - 5.22% and 4% - 6% p.a. and on placements in USD were 4.75% - 5.25 and 5.01% - 5.26% p.a.

The movements in the provision for impairment of placements with other banks are summarized as follows:

	<b>2007</b>	<b>2006</b>
Balance as at 1 January	156	-
Increase./ (decrease) in provisions, net	(156)	156
<b>Balance as at 31 December</b>	<b>-</b>	<b>156</b>

## 14. Financing of customers

	<b>2007</b>	<b>2006</b>
Short-term financing of companies	22,858	19,138
Short-term financing of individuals	4,292	1,583
Current portion of long-term financing of customers	20,469	9,271
<b>Total short-term financing of customers</b>	<b>47,619</b>	<b>29,992</b>
Long-term financing of companies	30,711	13,105
Long-term financing of individuals (Current portion of long-term financing of customers)	24,163	15,472
<b>Total long-term financing of customers</b>	<b>(20,469)</b>	<b>(9,271)</b>
<b>Total financing of customers before provisions</b>	<b>34,405</b>	<b>19,306</b>
Provision for impairment	82,024	49,298
	(1,923)	(1,389)
<b>Total</b>	<b>80,101</b>	<b>47,909</b>

Financing of customers is mostly given to customers in Bosnia and Herzegovina. The majority of short-term financing of customers in domestic currency is granted to clients for working capital financing. Long-term financing is granted to individuals for housing and vehicle purchases and to legal entities for long-term investment projects, mostly construction. The movements in the provision for impairment of financing of customers are summarized as follows:

## Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

### 10. Porez na dobit (nastavak)

	<b>2007</b>	<b>2006</b>
Stanje na početku perioda	2,755	2,854
Kretanje	(533)	(99)
Ispravka vrijednosti	(2,222)	(2,755)
<b>Ukupno</b>	-	-

Na knjigovodstveni iznos odgođene poreske imovine načinjena je ispravka vrijednostu u 100% iznosu zbog značajne sumnje da uslijed očekivanih promjena poreskih propisa neću biti povrativ cijeli ili dio porezne imovine. Zbog toga odgođena poreska imovina nije knjižena u ovim finansijskim izvještajima.

### 11. Novac i sredstva kod banaka

	<b>2007</b>	<b>2006</b>
Novac u blagajni	4,666	2,031
Račun kod Centralne banke BiH		
Računi kod drugih banaka	1,066	5,464
Čekovi u stranoj valuti	1,921	1,272
<b>Ukupno</b>	<b>1</b>	<b>10</b>
<b>7,654</b>	<b>8,777</b>	

### 12. Obavezna rezervacija kod Centralne banke

	<b>2007</b>	<b>2006</b>
Obavezna rezervacija kod Centralne banke Bosne i Hercegovine	15,010	14,601
<b>Total</b>	<b>15,010</b>	<b>14,601</b>

Minimalna obavezna rezerva na dan 31. decembra 2007. i 31. decembra 2006. godine je izračunata u procentu od 15 % od prosječnih ukupnih depozita i posudbi za svaki radni dan tokom 10 kalendarskih dana. Profitna stopa na sredstva koja se drže do iznosa obavezne rezerve je 1%.

Novčana sredstva koja se drže na računu Centralne banke Bosne i Hercegovine nisu raspoloživa za dnevne aktivnosti bez specifičnog odobrenja Centralne banke Bosne i Hercegovine i Agencije za bankarstvo Federacije Bosne i Hercegovine.

### 13. Plasmani kod drugih banaka

	<b>2007</b>	<b>2006</b>
Arcapita Bank B.S.C. Bahrain	17,744	42,429
Gulf International Bank (GIB), Bahrain	13,732	6,872
Abu Dhabi Islamic Bank	11,531	7,013
Alabaraka Turk Participation Bank Istanbul	-	7,887
Kuwait Turkish Evkaf Finance House - Bahrain branch	-	-
Podzbir	43,007	64,201
Rezervacije za umanjenja	-	(156)
<b>Ukupno</b>	<b>43,007</b>	<b>64,045</b>

Na dan 31. decembra 2007. i 2006. godine, profitne stope na plasmane u EUR kretale su se od 3,75% do 5,22%, odnosno od 4% do 6% godišnje, a na plasmane u USD bile su od 4,75% do 5,25% i od 5,01% do 5,26% godišnje.

Promjene na rezervisanjima za moguće gubitke po plasmanima kod drugih banaka su kako slijedi:

	<b>2007</b>	<b>2006</b>
Stanje na dan 1. januara	156	-
Neto (smanjenja) / povećanje rezervisanja	(156)	156
<b>Stanje na dan 31. decembra</b>	<b>-</b>	<b>156</b>

### 14. Finansiranje klijenata

	<b>2007</b>	<b>2006</b>
Kratkoročno finansiranje pravnih lica	22,858	19,138
Kratkoročno finansiranje fizičkih lica	4,292	1,583
Tekuće dospijeće dugoročnih finansiranja klijenata	20,469	9,271
<b>Ukupno kratkoročno finansiranje</b>	<b>47,619</b>	<b>29,992</b>
Dugoročno finansiranje pravnih lica	30,711	13,105
Dugoročno finansiranje fizičkih lica	24,163	15,472
(Tekuće dospijeće dugoročnih finansiranja)	(20,469)	(9,271)
<b>Ukupno dugoročno finansiranje</b>	<b>34,405</b>	<b>19,306</b>
<i>Ukupno finansiranje prije rezervisanja za moguće gubitke</i>	<i>82,024</i>	<i>49,298</i>
Rezervisanja za umanjenja	(1,923)	(1,389)
<b>Ukupno</b>	<b>80,101</b>	<b>47,909</b>

Sva finansiranja komitentima odobrena su u Bosni i Hercegovini. Većina kratkoročnih finansiranja u domaćoj valutni odobrena je komitentima za obrtna sredstva. Dugoročna finansiranja odobravana su stanovništvu za stambenu izgradnju i kupovinu automobila, a pravnim licima za dugoročne investicijske projekte, uglavnom za izgradnju. Promjene na rezervisanjima za moguće gubitke po finansiranjima dajemo kako slijedi:

## Notes to the financial statements as of 31 December 2007.

### 14. Financing of customers (continued)

	2007	2006
Balance as at 1 January	1,389	2,171
Provisions (released) / charged	623	(674)
Write-offs	(89)	(108)
<b>Balance as at 31 December</b>	<b>1,923</b>	<b>1,389</b>

Principal amount by industries as of 31 December 2007 and 2006, respectively, is presented as follows:

	2007	2006
Real estate	4,624	6,165
Construction	2,500	5,673
Trade	24,134	1,004
Services	44	245
Transport and telecommunications	738	278
Other	21,204	18,612
Citizens	28,649	16,789
<b>Total</b>	<b>81,893</b>	<b>48,766</b>

Profit rates for financing of customers given as at 31 December 2007 and 2006 are summarized as follows:

	2007		2006	
	KM '000	Annual profit rate	KM '000	Annual profit rate
Companies	53,244	2.97% - 10.65%	31,977	6.5% - 12.5%
Citizens	28,649	5.77% - 13.4%	16,789	5% - 13.4%
<b>Total</b>	<b>81,893</b>		<b>48,766</b>	

### 15. Property, plant and equipment

	Land and buildings	Computers	Furniture and equipment	Construction in progress	Intangible assets	Total
<i>Cost value</i>						
<b>31 December 2005</b>	-	510	1,136	24	1,243	<b>2,913</b>
Additions	45	-	-	6,513	7	6,565
Transfers	4,632	91	107	(4,912)	82	-
Disposals	-	(88)	(3)	-	(83)	(174)
<b>31 December 2006</b>	<b>4,677</b>	<b>513</b>	<b>1,240</b>	<b>1,625</b>	<b>1,249</b>	<b>9,304</b>
<i>Accumulated depreciation</i>						
<b>31 December 2005</b>	-	264	323	-	488	<b>1,075</b>
Charge for 2006	51	95	159	-	242	547
Disposals	-	(88)	(1)	-	(26)	(115)
<b>31 December 2006</b>	<b>51</b>	<b>271</b>	<b>481</b>	<b>-</b>	<b>704</b>	<b>1,507</b>
<i>Net book value</i>						
<b>31 December 2006</b>	<b>4,626</b>	<b>242</b>	<b>759</b>	<b>1,625</b>	<b>545</b>	<b>7,797</b>
<i>Cost value</i>						
<b>31 December 2006</b>	<b>4,677</b>	<b>513</b>	<b>1,240</b>	<b>1,625</b>	<b>1,249</b>	<b>9,304</b>
Additions	-	-	4	1,829	-	1,833
Transfers	57	248	756	(1,653)	592	-
Disposals	-	(134)	(89)	-	(199)	(422)
<b>31 December 2007</b>	<b>4,734</b>	<b>627</b>	<b>1,911</b>	<b>1,801</b>	<b>1,642</b>	<b>10,715</b>
<i>Accumulated depreciation and amortization</i>						
<b>31 December 2006</b>	<b>51</b>	<b>271</b>	<b>481</b>	<b>-</b>	<b>704</b>	<b>1,507</b>
Charge for 2007	61	113	207	-	285	666
Disposals	-	(134)	(68)	-	(190)	(392)
<b>31 December 2007</b>	<b>112</b>	<b>250</b>	<b>620</b>	<b>-</b>	<b>799</b>	<b>1,781</b>
<b>31 December 2007</b>	<b>4,626</b>	<b>377</b>	<b>1,291</b>	<b>1,801</b>	<b>843</b>	<b>8,934</b>

Most of construction in progress as of 31 December 2007 relates to acquisition and installation of new licensed software, purchased from Mysis International Banking Systems Limited, England. The software was not activated as of the year-end.

## Napomene uz finansijske izvještaje za godinu koja je završila 31. decembar 2007.

### 14. Finansiranje klijenata (nastavak)

	<b>2007</b>	<b>2006</b>
Stanje na dan 1. januara	1,389	2,171
Neto povećanje / (smanjenja) rezervisanja	623	(674)
Otpisi	(89)	(108)
<b>Stanje na dan 31. decembra</b>	<b>1,923</b>	<b>1,389</b>

Iznosi glavnice po industrijama na dan 31. decembar 2007. odnosno 2006. godine prikazani su u nastavku:

	<b>2007</b>	<b>2006</b>
Nekretnine	4,624	6,165
Građevinska industrija	2,500	5,673
Trgovina	24,134	1,004
Usluge	44	245
Transport i komunikacije	738	278
Ostalo	21,204	18,612
Stanovništvo	28,649	16,789
<b>Ukupno</b>	<b>81,893</b>	<b>48,766</b>

Profitne stope po finansiranjima na dan 31. decembra 2007. i 2006. godine, mogu se prikazati kako slijedi:

	<b>2007</b>		<b>2006</b>	
	KM '000	Godišnja profitna stopa	KM '000	Godišnja profitna stopa
Preduzeća	53,244	2.97% - 10.65%	31,977	6.5% - 12.5%
Stanovništvo	28,649	5.77% - 13.4%	16,789	5% - 13.4%
<b>Ukupno</b>	<b>81,893</b>		<b>48,766</b>	

### 15. Materijalna i nematerijalna imovina

	Zemljište i zgrade	Računari	Namještaj i oprema	Izgradnja u toku	Nematerijal. imovina	Ukupno
<i>Nabavna vrijednost</i>						
<b>31. decembar 2005.</b>						
Nabavke	-	510	1,136	24	1,243	2,913
Transferi	4,632	91	107	6,513	7	6,565
Otpis	-	(88)	(3)	(4,912)	82	-
<b>31. decembar 2006.</b>	<b>4,677</b>	<b>513</b>	<b>1,240</b>	<b>1,625</b>	<b>1,249</b>	<b>9,304</b>
<i>Akumulirana amortizacija</i>						
<b>31. decembar 2005.</b>	<b>-</b>	<b>264</b>	<b>323</b>	<b>-</b>	<b>488</b>	<b>1,075</b>
Amortizacija za 2006.	51	95	159	-	242	547
Otpis	-	(88)	(1)	-	(26)	(115)
<b>31. decembar 2006.</b>	<b>51</b>	<b>271</b>	<b>481</b>	<b>-</b>	<b>704</b>	<b>1,507</b>
<i>Sadašnja vrijednost</i>						
<b>31. decembar 2006.</b>	<b>4,626</b>	<b>242</b>	<b>759</b>	<b>1,625</b>	<b>545</b>	<b>7,797</b>
<i>Nabavna vrijednost</i>						
<b>31. decembar 2006.</b>	<b>4,677</b>	<b>513</b>	<b>1,240</b>	<b>1,625</b>	<b>1,249</b>	<b>9,304</b>
Nabavke	-	-	-	4	-	1,833
Transferi	57	248	756	(1,653)	592	-
Otpis	-	(134)	(89)	-	(199)	(422)
<b>31. decembar 2007.</b>	<b>4,734</b>	<b>627</b>	<b>1,911</b>	<b>1,801</b>	<b>1,642</b>	<b>10,715</b>
<i>Akumulirana amortizacija</i>						
<b>31. decembar 2006.</b>	<b>51</b>	<b>271</b>	<b>481</b>	<b>-</b>	<b>704</b>	<b>1,507</b>
Amortizacija za 2007.	61	113	207	-	285	666
Otpis	-	(134)	(68)	-	(190)	(392)
<b>31. decembar 2007.</b>	<b>112</b>	<b>250</b>	<b>620</b>	<b>-</b>	<b>799</b>	<b>1,781</b>
<i>Sadašnja vrijednost</i>						
<b>31. decembar 2007.</b>	<b>4,626</b>	<b>377</b>	<b>1,291</b>	<b>1,801</b>	<b>843</b>	<b>8,934</b>

Većina izgradnje u toku na dan 31. decembar 2007. godine odnosi se na nabavku i instalaciju novog softvera, kupljenog od Mysis International Banking Systems Limited, Engleska. Softver nije aktiviran do kraja 2007. godine.

# Notes to the financial statements as of 31 December 2007.

## 16. Fair value investments through profit and loss

	<b>2007</b>	<b>2006</b>
Al Salam Bank – Bahrain B.S.C.	339	293
BH Telecom d.d. Sarajevo	55	-
Energoinvest d.d. Sarajevo	43	-
JP Elektroprivreda HZ HB d.d. Mostar	44	-
JP Elektroprivreda BH d.d. Sarajevo	38	-
Ingram d.o.o. Srebrenik	35	-
GP ŽGP Sarajevo	33	-
Vranica d.d. Sarajevo	33	-
Hidrogradnja d.d. Sarajevo	20	-
Klas d.d. Sarajevo	20	-
IF MI Group Sarajevo	12	-
IF Prevent Invest Sarajevo	29	-
MF Global Open Fund Sarajevo	78	-
<b>Total</b>	<b>779</b>	<b>293</b>

At the balance sheet date the Bank made a fair value adjustment of this portfolio that resulted in net loss of KM 10 thousand (Note 7).

## 17. Assets available for sale

	<b>2007</b>	<b>2006</b>
Islamic International Rating Agency (IIRA)	27	30
BBI Leasing and Real Estate d.o.o. Sarajevo	10	10
Securities Register of Federation of BiH	14	5
<b>Total</b>	<b>51</b>	<b>45</b>

## 18. Other assets

	<b>2007</b>	<b>2006</b>
Advances for fixed assets	356	-
Receivables for consulting services	175	-
Receivables from State bodies	135	1
Prepaid income tax	99	-
Prepaid expenses – other	73	85
Receivables for collateral according to Court decision	-	420
Other assets	320	139
<i>Subtotal</i>	1,158	645
Provision for impairment	(88)	(130)
<b>Total</b>	<b>1,070</b>	<b>515</b>

The movements in the provision for impairment of other assets are summarized as follows:

	<b>2007</b>	<b>2006</b>
Balance as at 1 January	130	72
(Decrease) / increase of provisions, net	(42)	78
Write-offs	-	(20)

### Balance as at 31 December

	<b>2007</b>	<b>2006</b>
<b>Total</b>	<b>88</b>	<b>130</b>
<b>Deposits of companies:</b>		
Current	21,978	38,464
Term	32,619	8,521
<b>Total deposits of companies</b>	<b>54,596</b>	<b>46,985</b>
<b>Deposits of individuals:</b>		
Current	8,906	4,079
Term	10,772	4,102
<b>Total deposits of individuals</b>	<b>19,678</b>	<b>8,181</b>
<b>Total</b>	<b>74,274</b>	<b>55,166</b>

Term deposit average profit rates during 2007 and 2006 were 3.83% and 3.89%, respectively.

## 20. Due to banks

Due to other financial institutions is summarized as follows:

	<b>2007</b>	<b>2006</b>
Islamic Development Bank, Saudi Arabia	19,649	19,894
Dubai Islamic Bank PJSC, United Arab Emirates	-	9,792
<b>Total</b>	<b>19,649</b>	<b>29,686</b>

Islamic Development Bank, Jeddah, Saudi Arabia deposited the amount of EUR 10 million on 23 June 2005, with the commitment period of 13 months and profit rate EURIBOR +1%. This period is prolonged for 3 months, i.e. with maturity on 5 March 2008.

## Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

### 16. Ulaganje po fer vrijednosti kroz Bilans uspjeha

	2007	2006
Al Salam Bank – Bahrain B.S.C.	339	293
BH Telecom d.d. Sarajevo	55	-
Energoinvest d.d. Sarajevo	43	-
JP Elektroprivreda HZ HB d.d. Mostar	44	-
JP Elektroprivreda BH d.d. Sarajevo	38	-
Ingram d.o.o. Srebrenik	35	-
GP ŽGP Sarajevo	33	-
Vranica d.d. Sarajevo	33	-
Hidrogradnja d.d. Sarajevo	20	-
Klas d.d. Sarajevo	20	-
IF MI Group Sarajevo	12	-
IF Prevent Invest Sarajevo	29	-
MF Global Open Fund Sarajevo	78	-
<b>Ukupno</b>	<b>779</b>	<b>293</b>

Neto gubitak po usklađenju vrijednosti ulaganja po fer vrijednosti kroz bilans uspjeha za 2007. godinu iznosi 10 hiljada KM (Napomena 7).

### 17. Imovina raspoloživa za prodaju

	2007	2006
Islamic International Rating Agency (IIRA)	27	30
BBI Leasing and Real Estate d.o.o. Sarajevo	10	10
Registar vrijednosnih papira Federacije BiH	14	5
<b>Ukupno</b>	<b>51</b>	<b>45</b>

### 18. Ostala imovina

	2007	2006
Dati avansi za kupovinu materijalne imovine	356	-
Potraživanje iz osnova konsultantskih usluga	175	-
Potraživanja od državnih institucija	135	1
Potraživanja po osnovu akontacije poreza na dobit	99	-
Unaprijed plaćeni troškovi	73	85
Kolateralno jamstvo raspoloživo za prodaju	-	420
Ostala imovina	320	139
<i>Podzbir</i>	1,158	645
Rezervisanja za umanjenja	(88)	(130)
<b>Ukupno</b>	<b>1,070</b>	<b>515</b>

Kretanje na rezervisanjima za ostalu imovinu su kako slijedi:

	2007	2006
Stanje na dan 1. januara	130	72
Neto (smanjenje)/povećanje rezervisanja	(42)	78
Otpisi	-	(20)
<b>Stanje na dan 31. decembra</b>	<b>88</b>	<b>130</b>

### 19. Obaveze prema klijentima

	2007	2006
<b>Depoziti pravnih lica:</b>		
Po viđenju	21,978	38,464
Oročeni	32,619	8,521
<b>Ukupno depoziti pravnih lica:</b>	<b>54,596</b>	<b>46,985</b>
<b>Depoziti fizičkih lica:</b>		
Po viđenju	8,906	4,079
Oročeni	10,772	4,102
<b>Ukupno depoziti fizičkih lica</b>	<b>19,678</b>	<b>8,181</b>
<b>Ukupno</b>	<b>74,274</b>	<b>55,166</b>

Prosječna stopa povrata na oročene depozite u 2007. i 2006. godini iznosila je 3,83 %, odnosno 3,89%.

### 20. Obaveze prema bankama

Obaveze prema bankama se mogu prikazati kako slijedi:

	2007	2006
Islamic Development Bank, Saudijska Arabija	19,649	19,894
Dubai Islamic Bank PJSC, Ujedinjeni Arapski Emirati	-	9,792
<b>Ukupno</b>	<b>19,649</b>	<b>29,686</b>

Dana 23. juna 2005. godine Islamic Development Bank, Jeddah, Saudijska Arabija uložila je 10 miliona EUR kod Bosna Bank International d.d., na period od 13 mjeseci i profitnom stopom od EURIBOR +1%. Ovaj depozit je prolongiran za period od tri mjece, te je dospijeće 5. marta 2008. godine.

# Notes to the financial statements as of 31 December 2007.

## 20. Due to banks (continued)

On 15 June 2005 Master Mudaraba Contract was signed between the Bank and Dubai Islamic Bank PJSC, Dubai, Depositor, whereby the amount of EUR 5 million was deposited starting from 17 June 2005. Maturity date for the deposit was 19 March 2007.

## 21. Borrowings

	<b>2007</b>	<b>2006</b>
Abu Dhabi Islamic Bank, United Arab Emirates	9,805	9,794
<b>Total</b>	<b>9,805</b>	<b>9,794</b>

Master Wakala Agreement was signed between Abu Dhabi Islamic Bank, and Bosna Bank International d.d. on 1 February 2005, in the amount of EUR 5 million. Maturity date of the borrowing is 14 June 2010 with profit rate of three months EURIBOR +1% p.a.

## 22. Other liabilities

	<b>2007</b>	<b>2006</b>	
Difference in managed funds – undistributed funds (Note 25)	2,490	14	
Liabilities for undistributed inflows	423	760	<b>Balance 1 January 2006</b>
Payables to shareholders of liquidated ICB Bank, FBiH	321	302	Additional provisions recognized Decreases from payment of compensation
Liabilities for charity fund	250	-	<b>Balance 1 January 2007</b>
Liabilities to vendors	141	265	Additional provisions recognized Decreases from payment of compensation
Liabilities to employees*	65	46	<b>Balance 31 December 2007</b>
Liabilities to charities	52	165	
Accrued expenses	18	14	
Other liabilities	308	187	
<b>Total</b>	<b>4,068</b>	<b>1,753</b>	

The amount of KM 321 thousand as of 31 December 2007 represents accounts payable to shareholders of ICB Bank, which is liquidated, for their share of collected receivables on financing of customers portfolio from ICB Bank. During 2007 the Bank credited total amount of KM 147 thousand to income from collected receivables from these activities as compensation for assumed risks.

\* Liabilities to employees includes KM 65 thousand (2006: KM 46 thousand) related to provisions for annual vacation unused days and severance payments:

**Balance 1 January 2006** 35

Additional provisions recognized  
Decreases from payment of compensation

11  
-

**Balance 1 January 2007**

46

Additional provisions recognized  
Decreases from payment of compensation

19  
-

**Balance 31 December 2007**

65

## 23. Contingent liabilities and commitments

	<b>2007</b>	<b>2006</b>
Performance guarantees	16,360	10,639
Payment guarantees	18,611	1,225
Unused credit lines	7,751	1,148
Letters of credit	1,193	113
<b>Total</b>	<b>43,915</b>	<b>13,125</b>

Bank has additional liabilities on the basis of renting office premises in the amount of KM 1,593 thousand, that will arise in future periods.

## Napomene uz finansijske izvještaje za godinu koja je završila 31. decembar 2007.

### 20. Obaveze prema bankama (nastavak)

Dana 15. juna 2005. godine Master Mudaraba Ugovor je potpisana između Bosna Bank International d.d., i Dubai Islamic Bank PJSC, Dubai, kao depozitara kojim je iznos od 5 miliona EUR deponiran počevši od 17. juna 2005. godine. Ovaj depozit je dospio 19. marta 2007. godine.

### 21. Obaveze za primljene pozajmice

	<b>2007</b>	<b>2006</b>
Abu Dhabi Islamic Bank, Ujedinjeni Arapski Emirati	9.805	9.794
<b>Ukupno</b>	<b>9.805</b>	<b>9.794</b>

Dana 1. februara 2005. godine Master Wakala Sporazum je potpisana između Abu Dhabi Islamic Bank i Bosna Bank International dana 1. februara 2005. godine na iznos od 5 miliona EUR. Datum dospjeća posudbe je 14. juni 2010. godine, a profitna stopa je tromjesečni EU-RIBOR + 1% godišnje.

### 22. Ostale obaveze

	<b>2007</b>	<b>2006</b>	
Razlika u komisionim poslovima-neplasirana sredstva (Napomena 25)	2,490	14	* Iznos od 65 hiljada KM na 31. decembar 2007. godine predstavlja rezervisanja za naknade zaposlenima za godišnji odmor i otpremnine prilikom odlaska u penziju, a kretanje na rezervisanjima se može prikazati kako slijedi:
Obaveze za neraspoređene prilive	423	760	<b>Stanje na 1. januar 2006.</b>
Obaveze prema dioničarima likvidirane ICB Bank, FBiH	321	302	Priznata dodatna rezervisanja
Obaveze po osnivanju fonda za pomoć	250	-	Umanjenja koja proizilaze od isplata
Obaveze prema dobavljačima	141	265	<b>Stanje na 1. januar 2007.</b>
Ostale obaveze prema uposlenim*	65	46	Priznata dodatna rezervisanja
Obaveze za dobrotvorne svrhe	52	165	Umanjenja koja proizilaze od isplata
Obračunati troškovi	18	14	<b>Stanje na 31. decembar 2007.</b>
Ostale obaveze	308	187	65
<b>Ukupno</b>	<b>4,068</b>	<b>1,753</b>	

Iznos od 321 hiljadu KM na dan 31. decembra 2007. godine predstavlja obavezu prema dioničarima likvidirane ICB Banke, a odnose na dio naplaćenih potraživanja iz kreditnog portfolija ICB-a. Tokom 2007. godine Banka je oprihodovala ukupno 147 hiljada KM po ovom osnovu kao kompenzaciju za preuzeti rizik.

\* Iznos od 65 hiljada KM na 31. decembar 2007. godine predstavlja rezervisanja za naknade zaposlenima za godišnji odmor i otpremnine prilikom odlaska u penziju, a kretanje na rezervisanjima se može prikazati kako slijedi:

	<b>2007</b>	<b>2006</b>
Činidbene garancije	16,360	10,639
Plative garancije	18,611	1,225
Neiskorišteni odobreni iznos finansiranja	7,751	1,148
Akreditivi	1,193	113
<b>Ukupno</b>	<b>43,915</b>	<b>13,125</b>

Banka ima i dodatno preuzete obaveze po osnovu najma poslovnog prostora u iznosu od 1.593 hiljada KM, koji će nastati u budućim periodima.

# Notes to the financial statements as of 31 December 2007.

## 24. Provisions for contingent liabilities and commitments

Movements in provision for contingent liabilities and commitments is as follows:

	<b>2007</b>	<b>2006</b>
<b>Balance as at 1 January</b>	247	269
Movement in provisions	523	(22)
<b>Balance as at 31 December</b>	<b>770</b>	<b>247</b>

The amount of KM 1,420 thousand as of 31 December 2007 presents the funds received from Islamic Development Bank (IDB Bank), Saudi Arabia, for set up of Trust Fund. The Bank will manage these funds and as of the balance sheet date no funds were placed to third parties. Therefore these funds were recorded as liability to IDB Bank.

During 2007, the Bank has signed a new agreement with Ministry for War Veterans of Federation of Bosnia and Herzegovina related to placements of funds for purchases of apartments in amount of KM 2,200 thousand. The Bank will place these funds to third parties and has liability to return these funds to Ministry for War Veterans in a period up to five years.

## 25. Managed funds

The Bank manages funds on behalf of third parties. These assets are evidenced separately from the Bank's assets. The Bank acts as the Agent for these transactions. For its services, the Bank charges a fee amounting to 1% of the total amount contributed.

	<b>2007</b>	<b>2006</b>
<b>Liabilities</b>		
Liabilities to Government - Ministry for War Veterans	3,678	1,397
Al Mactoum Foundation	150	-
Liabilities to Islamic Development Bank	1,420	-
<b>Total</b>	<b>5,248</b>	<b>1,398</b>
<b>Assets</b>		
Individuals – placed funds	2,758	1,383
<b>Total</b>	<b>2,758</b>	<b>1,383</b>
Difference in Managed Funds (Note 22)	<b>2,490</b>	<b>14</b>

## 26. Related-party transactions

Loans and commitments to related parties as at 31 December 2007 and 2006 are summarized as follows:

	<b>2007</b>		<b>2006</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Islamic Development Bank, Saudi Arabia	-	19,558	-	19,894
Dubai Islamic Bank, UAE	-	-	-	9,793
Abu Dhabi Islamic Bank, UAE	11,185	9,779	7,013	9,794
BBI Leasing and Real Estate	185	6,152	10	11,366
<b>Total</b>	<b>11,360</b>	<b>35,489</b>	<b>7,023</b>	<b>50,874</b>

	<b>2007</b>	<b>2006</b>
	Income	Expenditure
Islamic Development Bank, Saudi Arabia	-	1,103
Dubai Islamic Bank, UAE	5	-
Abu Dhabi Islamic Bank, UAE	1,364	567
BBI Leasing and Real Estate	176	82
<b>Total</b>	<b>1,439</b>	<b>1,752</b>
	<b>240</b>	<b>1,538</b>

All of the transactions stated above have been made under commercial and banking terms and conditions.

## Director's and executives' remuneration

The remuneration of directors and other members of key management during the year were as follows:

	<b>2007</b>	<b>2006</b>
Salaries	331	287
Contributions and taxes paid to retirement benefit schemes	228	198
Discretionary bonuses	34	57
<b>Total</b>	<b>593</b>	<b>542</b>

## 27. Foreign currency risk management

The Bank undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts. The carrying amounts of the Bank's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

## Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

### 24. Rezervisanja za preuzete i potencijalne obaveze

Kretanja u rezervisanjima za preuzete i potencijalne obaveze:

	<b>2007</b>	<b>2006</b>
<b>Stanje na 1. januar</b>	247	269
Kretanje rezervisanja	523	(22)
<b>Stanje na dan 31. decembar</b>	<b>770</b>	<b>247</b>

Iznos od 1.420 hiljada KM na 31. decembar 2007. godine predstavlja iznos primljen od Islamic Development Bank (IDB), Saudijska Arabija, za uspostavljanje fonda povjerenja. Ugovorom je predviđeno da Banka vrši upravljanje fondom kao komisionom. Do 31. decembra 2007. godine sredstva iz fonda se još nisu bila počela odobratiti te su ista evidentirana kao obaveza Banke.

Tokom 2007. godine, zaključen je novi ugovor sa Ministarstvom za boračka pitanja FBiH, o pružanju usluga plasmana i povrata novčanih pozajmica za rješavanje stambenih potreba boraca-branitelja Bosne i Hercegovine, u ukupnom iznosu od 2.200 hiljada KM. Banka će plasirati ova sredstva trećim licima i ma obavezu za povrat istih najkasnije u periodu do pet godina.

### 25. Komisioni poslovi

Sredstva kojima Banka upravlja kao povjerenik u ime trećih lica, ne predstavljaju sredstva Banke. Ova imovina evidentirana je odvojeno od imovine Banke. Banka ima ulogu Agenta u ovim transakcijama. Za ove usluge Banka naplaćuje proviziju u iznosu od 1% od ukupno plasiranog novca.

	<b>2007</b>	<b>2006</b>
<b>Izvori</b>		
Obaveze prema Vladi – Ministarstvo za boračka pitanja FBiH	3,678	1,397
Fondacija Al Mactoum	150	-
Islamic Development Bank	1,420	-
<b>Ukupno</b>	<b>5,248</b>	<b>1,398</b>
<b>Plasmani</b>		
Stanovništvo	2,758	1,383
<b>Ukupno</b>	<b>2,758</b>	<b>1,383</b>
Razlika po komisionim poslovima (Napomena 22)	<b>2,490</b>	<b>14</b>

### 26. Transakcije s povezanim stranama

Dana 31. decembra 2007. i 2006. godine zajmovi i obaveze prema povezanim stranama, kao i prihodi i rashodi nastali u tim transakcijama sažeto su prikazane kako slijedi:

	<b>2007</b>		<b>2006</b>	
	<b>Imovina</b>	<b>Obaveze</b>	<b>Imovina</b>	<b>Obaveze</b>
Islamic Development Bank,				
Saudi Arabia	-	19,558	-	19,894
Dubai Islamic Bank, UAE	-	-	-	9,793
Abu Dhabi Islamic Bank, UAE	11,185	9,779	7,013	9,794
BBI Leasing and Real Estate	185	6,152	10	11,366
<b>Ukupno</b>	<b>11,360</b>	<b>35,489</b>	<b>7,023</b>	<b>50,874</b>

	<b>2007</b>	<b>2006</b>		
	Prihodi	Troškovi	Prihodi	Troškovi
Islamic Development Bank, Saudi Arabia	-	1,103	-	1,097
Dubai Islamic Bank, UAE	5	-	-	-
Abu Dhabi Islamic Bank, UAE	1,364	567	235	441
BBI Leasing and Real Estate	176	82	5	-
<b>Ukupno</b>	<b>1,439</b>	<b>1,752</b>	<b>240</b>	<b>1,538</b>

Iznad navedene transakcije su učinjene na osnovu komercijalnih i bankarskih uslova.

### Naknade direktorima i članovima Uprave

Naknade izvršnim direktorima i drugim članovima Uprave u toku godinu isplaćene su kako slijedi:

	<b>2007</b>	<b>2006</b>
Plate	331	287
Naknade i porezi plaćeni po osnovu šema penzionih naknada	228	198
Dodatni bonusi	34	57
<b>Ukupno</b>	<b>593</b>	<b>542</b>

### 27. Upravljanje rizikom strane valute

Banka obavlja određene transakcije denominirane u stranim valutama. Dakle, dolazi do izloženosti promjenama kursa stranih valuta. Izloženošću kursu valute se upravlja u okviru odobrenih parametara politika koje koriste terminske ugovore za strane valute. Knjigovodstvena vrijednost novčanih sredstava i obaveza Banke denominiranih u stranoj valuti je na dan izvještavanja kako slijedi:

# Notes to the financial statements as of 31 December 2007.

	2007		2006		'000 KM	KM	EUR	USD	Other currencies	Total
	Assets	Liabilities	Assets	Liabilities						
EUR	39,263	59,229	65,723	69,814						
USD	8,127	8,143	7,500	7,514						
Other currencies	326	59	195	28						
<b>Foreign currency sensitivity analysis</b>										
The Bank is mainly exposed to foreign currency risk related to EUR and USD. Convertible mark is pegged to EUR (1 EUR = KM 1.95583), therefore foreign currency risk is minimized regarding EUR. The following table details the Company's sensitivity to a 10% increase and decrease in KM against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.										
The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where KM strengthens 10% against the relevant currency. For a 10% weakening of KM against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.										
	USD Impact									
	2007	2006								
Profit or loss	2	1								
Other equity	-	-								
<b>Interest rate sensitivity analysis</b>										
The sensitivity analyses below have been determined based on the exposure to profit rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet										

## 28. Profit margin risk management

The Bank is exposed to profit margin risk as the Bank borrows funds at both fixed and floating profit rates. The risk is managed by the Bank by maintaining an appropriate mix between fixed and floating rate borrowings. The Bank's exposures to profit rates on financial assets and financial liabilities are detailed in the liquidity risk management section in Note 30.

date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting profit rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in profit rates. If profit rates had been 50 basis points higher/lower and all other variables were held constant, the Bank's:

- profit for the year ended 31 December 2007 would increase/decrease by KM 361 thousand (2006: increase/decrease by KM 190 thousand). This is mainly attributable to the Bank's exposure to interest rates on its variable rate borrowings.

The Bank's sensitivity to profit rates has decreased during the current period mainly due to the reduction in variable rate debt instruments.

## Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

	2007		2006		'000 KM		KM	EUR	USD	Ostalo	Ukupno
	Imovina	Obaveze	Imovina	Obaveze							
EUR	39,263	59,229	65,723	69,814							
USD	8,127	8,143	7,500	7,514							
Druge valute	326	59	195	28							
<b>Analiza osjetljivosti strane valute</b>											
Banka je uglavnom izložena valutama EUR i USD. Međutim, KM je fiksno vezana za EUR (1 EUR = 1,95583 KM), te ne postoji realan valutni rizik po sredstvima denominiranim u EUR.											
Slijedeća tabela detaljno prikazuje osjetljivost Banke na 10%-tno povećanje i smanjenje u KM u poređenju sa relevantnim stranim valutama. 10% je stopa osjetljivosti koja se koristi pri internom izvještavanju ključnom osoblju uprave o riziku strane valute i predstavlja procjenu uprave o razumno mogućim promjenama kurseva stranih valuta. Analiza osjetljivosti uključuje samo preostale monetarne stavke nominirane u stranoj valuti i prilagođava njihovu konverziju na kraju perioda za promjenu kurseva od 10%.											
Analiza osjetljivosti uključuje eksterne zajmove koji su denominirani u valuti različitoj od valute zajmodavca ili zajmoprinca. Pozitivna brojka nije pokazuje da povećanje zarade ili drugog kapitala kada KM u odnosu na relevantnu valutu jača za 10%. Za 10% slabljenja KM u odnosu na relevantnu valutu, postojao bi jednak i suprotan efekat na zaradu ili drugi kapital, i bilansi ispod bi bili negativni.											
	<b>USD Efekat</b>										
	2007		2006								
Prihod ili gubitak	2		1								
Drugi kapital	-		-								
<b>IMOVINA</b>											
Novac i sredstva kod banaka							2,519	3,388	510	229	6,646
Obavezna rezerva kod Centralne banke							16,076	-	-	-	16,076
Plasmani kod drugih banaka							-	35,267	7,273	-	42,540
Finansiranje klijenata							79,882	133	-	-	80,015
Ulaganja							465	339	28	-	832
<b>Ukupno finansijska imovina</b>							<b>98,942</b>	<b>39,127</b>	<b>7,811</b>	<b>229</b>	<b>146,109</b>
<b>OBAVEZE</b>											
Obaveze prema klijentima i bankama							38,109	47,731	7,606	57	93,503
Obaveze prema bankama							2	9,779	-	-	9,781
<b>Ukupno finansijske obaveze</b>							<b>38,111</b>	<b>57,510</b>	<b>7,606</b>	<b>57</b>	<b>103,284</b>
<b>Neusklađenost na dan 31. decembra 2007. godine</b>							<b>60,831</b>	<b>(18,383)</b>	<b>205</b>	<b>172</b>	<b>42,825</b>
Ukupno finansijska imovina na dan 31. decembra 2006.							70,312	65,972	7,503	195	143,982
Ukupno finansijske obaveze na dan 31. decembra 2006.							19,201	69,866	7,551	28	96,646
<b>Neusklađenost na dan 31. decembra 2006. godine</b>							<b>51,111</b>	<b>(3,894)</b>	<b>(48)</b>	<b>167</b>	<b>47,336</b>

### 28. Upravljanje rizikom stope povrata

Banka je izložena riziku kamatnih stopa jer posuđuje sredstva i po fiksnim i po promjenjivim kamatnim stopama. Banka upravlja rizikom tako što održava odgovarajući miks zajmova sa fiksnim i promjenjivim kamatnim stopama. Izloženost Banke kamatnim stopama na finansijsku imovinu i obaveze je detaljno prikazana u sekciji o upravljanju rizika likvidnosti u Napomeni 30.

#### Analiza osjetljivosti na kamatne stope

Analize osjetljivosti ispod su urađene na osnovu izloženosti kamatnim stopama za ne-derivativne instrumente na datum bilansa stanja. Za promjenjive kamatne stope pripremljena je analiza pod pretpostavkom da je nepodmiren iznos obaveza na dan bilansa

stanja bio nepodmiren čitavu godinu. Koristi se 50 baznih poena umanjenja ili povećanja pri internom izvještavanju o riziku kamatnih stopa ključnom osoblju Uprave i predstavlja procjenu Uprave o razumno mogućim promjenama kamatnih stopa. Da su kamatne stope bile 50 baznih poena više ili niže, a da su se druge varijable održale konstantnim, Banka:

- Bi imala umanjeno/povećano profit, odnosno rezerve u kapitalu Banke, za 361 hiljadu KM za godinu koja završava 31.12.2007. (2006: povećanje/umanjenje za 190 hiljada KM). Ovo se uglavnom može pripisati izloženosti Banke kamatnim stopama na zajmovima sa promjenjivim kamatnim stopama;

Osjetljivost Banke na kamatne stope je smanjena tokom tekućeg perioda uglavnom zbog smanjenja instrumenata duga sa varijabilnom kamatnom stopom.

# Notes to the financial statements as of 31 December 2007.

## 29. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Bank's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Bank does not have any significant credit risk exposure to any single counterparty or any Bank of counterparties having similar characteristics. The Bank defines counterparties as having similar characteristics if they are related entities.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Bank's maximum exposure to credit risk without taking account of the value of any collateral obtained.

<b>Financial assets</b>	<b>Total gross carrying amount</b>	<b>Unimpaired assets</b>	<b>Individually impaired assets (total carrying amount)</b>	<b>Portfolio-based loan impairment allowance</b>	<b>Total net carrying amount</b>
<b>31.12.2007</b>					
Cash and balances with other banks	22,722	22,722	-	-	22,722
Placements with other banks	42,540	42,540	-	-	42,540
Given loans	81,893	5,272	76,621	(1,878)	74,743
Investment	780	780	-	-	780
<b>31.12.2006</b>					
Cash and balances with other banks	23,380	23,380	-	-	23,380
Placements with other banks	63,957	63,957	-	(156)	63,801
Given loans	48,766	317	48,449	(1,371)	47,065
Investment	293	293	-	-	293
<b>Credit exposure and collateral</b>				<b>Maximum credit risk exposure IFRS 7 36a</b>	<b>Fair value of the collateral IFRS 7 36b</b>
				<b>Commitments / Guarantees issued</b>	<b>Reselling / re-pledging allowed</b>
				<b>Reselling / re-pledging not allowed</b>	
<b>31.12.2007</b>					
Cash and balances with other banks	22,722	-	-	-	-
Placements with other banks	42,540	-	-	-	-
Loans given	74,743	35,287	-	-	92,929
Other financial assets	780	-	-	-	-
<b>31.12.2006</b>					
Cash and balances with other banks	23,380	-	-	-	-
Placements with other banks	63,801	-	-	-	-
Loans given	47,065	13,131	-	-	49,277
Other financial assets	293	-	-	-	-

## Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

### 29. Upravljanje kreditnim rizikom

Kreditni rizik odnosi se na rizik koji će druga strana podrazumijevati na svoje ugovorne obaveze rezultirajući finansijskim gubitkom Banke. Banka je usvojila politiku da posluje samo sa kreditno pouzdanim strankama i da obezbijedi dovoljno kolateralu, gdje se pokaže kao potrebno, kao sredstvo za umanjenje rizika i finansijskih gubitaka.

Izloženost Banke i kreditnih rating-a klijenata se stalno nadgledaju, a ukupna vrijednost zaključenih transakcija je disperzirana između prihvaćenih klijenata. Izloženost kreditima se kontrolira ograničenjima klijenata koje godišnje pregleda i odobrava Komisija za upravljanje rizikom.

Banka nema značajne izloženosti kreditnom riziku prema bilo kojoj stranci ili bilo kojem društvu stranci koja ima slične karakteristike. Banka definira da stranke imaju slične karakteristike ukoliko su povezana lica.

Knjigovodstvena vrijednost finansijske imovine knjižena u finansijskim izvještajima, što je neto iznos gubitaka umanjenja, predstavlja maksimalnu izloženost Banke kreditnom riziku bez uzimanja u obzir vrijednost bilo kojih prikupljenih kolateralata.

Finansijska imovina	Ukupni bruto knjigovod-stveni iznos	Neumanjena imovina	Pojedinačno umanjena sredstva (ukupni knj. iznos)	Naknada za umanjenje zajma bazirana na portfelju	Ukupni neto knjigovod-stveni iznos
<b>31.12.2007</b>					
Gotovina i bilansi sa drugim bankama	22,722	22,722	-	-	22,722
Plasmani u drugim bankama	42,540	42,540	-	-	42,540
Dati krediti	81,893	5,272	76,621	(1,878)	74,743
Ulaganja	780	780	-	-	780
<b>31.12.2006</b>					
Gotovina i bilansi sa drugim bankama	23,380	23,380	-	-	23,380
Plasmani u drugim bankama	63,957	63,957	-	(156)	63,801
Dati krediti	48,766	317	48,449	(1,371)	47,065
Ulaganja	293	293	-	-	293
<b>Maksimalna izloženost kreditu MSFI 7 36a</b>			<b>Fer vrijednost kolaterala MSFI 7 36b</b>		
<b>Kreditna izloženost i kolateral</b>					
	<b>Neto izloženost</b>	<b>Obaveze/ izdate garancije</b>	<b>Dozvoljena preprodaja/ ponovni daja/ponovni zalog</b>	<b>Nije dozvoljena preprodaja/ ponovni dalog</b>	
<b>31.12.2007</b>					
Gotovina i bilansi sa drugim bankama	22,722	-	-	-	-
Plasmani drugim bankama	42,540	-	-	-	-
Dati Krediti	74,743	35,287	-	-	92,929
Ostala finansijska imovina	780	-	-	-	-
<b>31.12. 2006</b>					
Gotovina i bilansi sa drugim bankama	23,380	-	-	-	-
Plasmani drugim bankama	63,801	-	-	-	-
Dati krediti	47,065	13,131	-	-	49,277
Ostala finansijska imovina	293	-	-	-	-

## Notes to the financial statements as of 31 December 2007.

### 30. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Management Board, which has built an appropriate liquidity risk management framework. The Bank manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### Liquidity risk and profit rates table

The following tables detail the Bank's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Bank can be required to pay. The table includes both profit and principal cash flows.

	Weighted average ef- fective profit rate %	Less than 1 month KM	1 - 3 months KM	3 - 12 months KM	1 - 5 years KM	Over 5 years KM	Total KM
<b>2007</b>							
Non-interest bearing	-	37,232	-	-	-	-	37,232
Variable profit rate instruments	5.81	-	-	-	10,491	-	10,491
Fixed profit rate instruments	4.55	2,200	27,205	8,589	11,446	23	49,963
	<b>39,432</b>	<b>27,705</b>	<b>8,589</b>	<b>21,937</b>	<b>23</b>	<b>97,686</b>	
<b>2006</b>							
Non-interest bearing	-	35,342	-	-	-	-	35,342
Variable profit rate instruments	5.25	-	-	-	10,682	-	10,682
Fixed profit rate instruments	4.10	1,694	11,253	29,986	6,118	-	49,051
	<b>37,036</b>	<b>11,253</b>	<b>29,986</b>	<b>16,800</b>	<b>-</b>	<b>95,075</b>	

The following table details the Bank's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Bank anticipates that the cash flow will occur in a different period.

	Weighted average ef- fective profit rate %	Less than 1 month KM	1 - 3 months KM	3 - 12 months KM	1 - 5 years KM	Over 5 years KM	Total KM
<b>2007</b>							
Non-interest bearing	-	22,664	-	-	-	-	22,664
Variable profit rate instruments	10.02	8,031	8,111	36,940	38,438	17,927	109,447
Fixed profit rate instruments	4.78	31,537	6,048	5,047	437	-	43,069
	<b>62,232</b>	<b>14,159</b>	<b>41,987</b>	<b>38,875</b>	<b>17,927</b>	<b>175,180</b>	
<b>2006</b>							
Non-interest bearing	-	23,378	-	-	-	-	23,378
Variable profit rate instruments	10.17	4,362	5,467	22,983	22,755	6,637	62,204
Fixed profit rate instruments	4.81	7,416	19,257	35,764	6,297	434	69,168
	<b>35,156</b>	<b>24,724</b>	<b>58,747</b>	<b>29,052</b>	<b>7,071</b>	<b>154,750</b>	

## Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

### 30. Rizik likvidnosti

Krajnja odgovornost za upravljanje rizikom likvidnosti leži na Nadzornom odboru, koji je izgradio odgovarajući okvir za upravljanje rizikom likvidnosti kojim će se upravljati kratkoročnim, srednjoročnim i dugoročnim potrebama za upravljanje likvidnošću Banke. Banka upravlja ovim rizikom održavanjem adekvatnih rezervi, kreditima od strane banaka kao i ostalim izvorima finansiranja, time što konstantno nadgleda prognozirane i stvarne novčane tokove i uspoređuje profile dospijeća finansijske imovine i obaveza.

#### Tabele rizika likvidnosti i kamatnih stopa

Slijedeće tabele detaljno prikazuju preostala ugovorena dospijeća Banke za nederivativne finansijske obaveze. Tabele su načinjene na osnovu nediskontiranih novčanih tokova finansijskih obaveza na osnovu najranijeg datuma na koji se od Banke može tražiti da plati. Tabela uključuje novčane tokove profita i glavnice.

	Ponderirana prosječna efektivna profitna stopa	Od 3 mjeseca do 1 godine					5+godina	Ukupno
		Manje od 1 mjeseca	1-3 mjeseca	1 godine	1-5 godina			
<b>2007.</b>								
Beskamatno	5.81	-	37,232	-	-	10,491	-	37,232
Instrumenti varijabilne profitne stope	4.55	2,200	27,205	8,589	11,446	23	49,963	10,491
Instrumenti fiksne profitne stope	<b>39,432</b>	<b>27,705</b>	<b>8,589</b>	<b>21,937</b>	<b>23</b>	<b>97,686</b>		
<b>2006.</b>								
Beskamatno	-	35,342	-	-	-	-	35,342	
Instrumenti varijabilne profitne stope	5.25	-	-	-	-	10,682	-	10,682
Instrumenti fiksne profitne stope	4.10	1,694	11,253	29,986	6,118	-	49,051	
	<b>37,036</b>	<b>11,253</b>	<b>29,986</b>	<b>16,800</b>	<b>-</b>	<b>95,075</b>		

Slijedeće tabele detaljno prikazuju preostala ugovorena dospijeća Banke za nederivativnu finansijsku imovinu. Tabele su načinjene na osnovu nediskontiranih novčanih tokova finansijske imovine uključujući i profit na tu imovinu koje će biti zarađene osim na sredstva na koja Banke očekuje da će se novčani tok pojavit u drugom periodu.

	Ponderirana prosječna efektivna profitna stopa	Od 3 mjeseca do 1 godine					5+godina	Ukupno
		Manje od 1 mjeseca	1-3 mjeseca	1 godine	1-5 godina			
<b>2007.</b>								
Beskamatno	-	22,664	-	-	-	-	-	22,664
Instrumenti varijabilne profitne stope	10.02	8,031	8,111	36,940	38,438	17,927	-	109,447
Instrumenti fiksne profitne stope	4.78	31,537	6,048	5,047	437	-	43,069	
	<b>62,232</b>	<b>14,159</b>	<b>41,987</b>	<b>38,875</b>	<b>17,927</b>	<b>17,927</b>	<b>175,180</b>	
<b>2006.</b>								
Beskamatno	-	23,378	-	-	-	-	-	23,378
Instrumenti varijabilne profitne stope	10.17	4,362	5,467	22,983	22,755	6,637	-	62,204
Instrumenti fiksne profitne stope	4.81	7,416	19,257	35,764	6,297	434	-	69,168
	<b>35,156</b>	<b>24,724</b>	<b>58,747</b>	<b>29,052</b>	<b>7,071</b>	<b>7,071</b>	<b>154,750</b>	

# Notes to the financial statements as of 31 December 2007.

## 30. Liquidity risk management (continued)

The Bank expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The gearing ratio at the year end was as follows:

	31. December 2007	31. December 2006
Debt (i)	103,728	94,646
Equity (ii)	50,082	50,082
<b>Net debt to equity ratio</b>	<b>2.07</b>	<b>1.89</b>

(i) Debt is defined as liabilities to customers and banks, described in detail in notes\*18, 19 and 20.

(ii) Equity includes complete capital and reserves of the Bank

The adequacy of capital and its use is monitored by the Board of Directors using techniques based on the Decisions of the Banking Agency of the Federation of Bosnia and Herzegovina ("the Regulator"). Information is supplied to the Regulator on a quarterly basis. The Regulator places the following demands on all banks:

- Minimum ownership capital of KM 15,000 thousand
- Maintaining a capital to risky assets ratio at the legally required minimum of 12%. As of 31 December 2007 the adequacy of the Bank's capital amounts to 28.1% (2006: 62.6%).

## 31. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares. For the purpose of calculating basic earnings per share, preferred shares are considered as ordinary shares as they do not bear preferential dividend right.

	31. December 2007	31. December 2006
Income attributable to ordinary shareholders (KM '000)	704	41
Weighted average number of regular shares outstanding	593,823	593,823
<b>Basic earnings per share in KM</b>	<b>1.19</b>	<b>0.07</b>

Diluted earnings per share are not presented, as the Bank has not issued dilutive or antidilutive equity instruments.

## 32. Events after the Balance Sheet date

As of 1 January 2008 the Central Bank of Bosnia and Herzegovina has changed the minimum obligatory reserve rate from 15% to 18%. This change has no effect on the financial statements of the Bank for the year ending 31 December 2007.

## Napomene uz finansijske izvještaje za godinu koja je završila 31. decembra 2007.

### 30. Rizik likvidnosti (nastavak)

Banka očekuje da će ispuniti svoje obaveze iz operativnih novčanih tokova i priliva od dospjelih finansijskih sredstava. Pokazatelji solventnosti bili su slijedeći:

	31. decembar 2007.	31. decembar 2006.
Dug (i)	103.728	94.646
Kapital (ii)	50.082	50.082
<b>Omjer neto duga i kapitala</b>	<b>2.07</b>	<b>1,89</b>

(i) Dug je definisan kao obaveze prema klijentima i bankama, de- taljnije opisanin u napomenama 18, 19 i 20.

(ii) Kapital uključuje cjelokupan kapital i rezerve Banke.

Adekvatnost kapitala i korištenje kapitala dnevno prati Uprava Banke primjenjujući tehnike bazirane na odlukama Agencije za bankarstvo Federacije Bosne i Hercegovine ("Agencija"). Informacije se dostavljaju Agenciji kvartalno. Agencija zahtijeva od svake Banke:

- Da posjeduje minimum vlasničkog kapitala u iznosu od 15.000 hiljada KM i
- Da održava odnos kapitala i rizične aktive ("Bazel pokazatelj") na ili iznad zakonski usklađenog minimuma od 12%. Na dan 31. decembra 2007. godine adekvatnost kapitala Banke iznosi 38,1% (2006: 62,6%).

### 31. Osnovna zarada po dionici

Osnovna zarada po dionici izračunata je dijeljenjem dobiti koja je na raspolaganju dioničarima sa prosječnim brojem običnih dionica tokom godine. U svrhu izračunavanja osnovne zarade po dionici, preferencijalnim dionicama se smatraju obične dionice, s obzirom da ne nose nikakva preferencijalna prava na iznos dividende.

	31. December 2007	31. December 2006
Dobit na raspolaganju dioničarima ('000 KM)	704	41
Prosječan broj običnih dionica tijekom godine	593,823	593,823
Iznos zarade po dionici u KM	<b>1.19</b>	<b>0.07</b>

Smanjenja zarada po dionici nije izračunata jer Banka nije izdala finansijske instrumente koji bi smanjivali osnovnu zaradu po dionici

### 32. Događaji nakon datuma bilansa stanja

Od 1. januara 2008. godine Centralna banka Bosne i Hercegovine je promjenila stopu obavezne rezerve koja, umjesto dosadašnjih 15%, sada iznosi 18%. Ova promjena nema uticaja na finansijske izvještaje Banke za godinu koja je završila 31. decembra 2007. godine.

# Branches/Filijale

## Existing Branches/ Postojeće filijale

### Sarajevo - Main Branch/Glavna filijala

Trg djece Sarajeva bb  
Phone/Telefon: 033/27 52 25  
Fax/Faks: 033/20 31 22

### Sarajevo - Ferhadija

Trg Fra Grge Martića 4  
Phone/Telefon: 033/25 39 20  
Fax/Faks: 033/25 39 29

### Sarajevo - Novo Sarajevo

Phone/Telefon: 033/ 71 25 86  
Fax/Faks: 033/ 71 25 85

### Sarajevo - Iliča

Phone/Telefon: 033/76 30 36  
Fax/Faks: 033/ 76 30 46

### Visoko

Ozrakovići b.b  
Phone/Telefon: 032/73 02 40  
Fax/Faks: 032/ 73 02 41

### Bugojno

Čaušlje b.b.  
Phone/Telefon: 030/26 00 21  
Fax/Faks: 030/26 00 22

### Bihać

Husrefa Redžića 6  
Phone/Telefon: 037/32 96 00  
Fax/Faks: 037/31 32 46

### Brčko

Bosne Srebrenе 25  
Phone/Telefon: 049/23 25 70  
Fax/Faks: 049/23 25 71

### Tešanj

Maršala Tita 9  
Phone/Telefon: 032/65 67 70  
Fax/Faks: 032/ 65 67 61

### Mostar

Phone/Telefon: 036/ 55 57 10  
Fax/Faks: 036/ 55 87 77



○ Existing Branches/  
Postojeće filijale

● Branches to be opened/  
Filijale u otvaranju



Old postcards from the places where BBI has branches



Stare razglednice iz gradova gdje BBI ima filijale





#### The city Library (illuminated building)

It is located in Sarajevo, nearby Baščaršija, on the square of Mustaj-pasha and it represents the most beautiful and the most recognizable object from Austro-Hungarian period, built in pseudo-arabesque style. The library was put in operation in 1896.

#### Gradska vijećnica (osvijetljeni objekat)

Nalazi se u Sarajevu, nedaleko od Baščaršije, na Mustaj-pašinom međanu i predstavlja najljepši i najreprezentativniji objekat iz austrougarskog perioda građen u pseudo-maurškom stilu.

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