

UPI BANKA d.d. SARAJEVO

godišnji izvještaj annual report

2002



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2002

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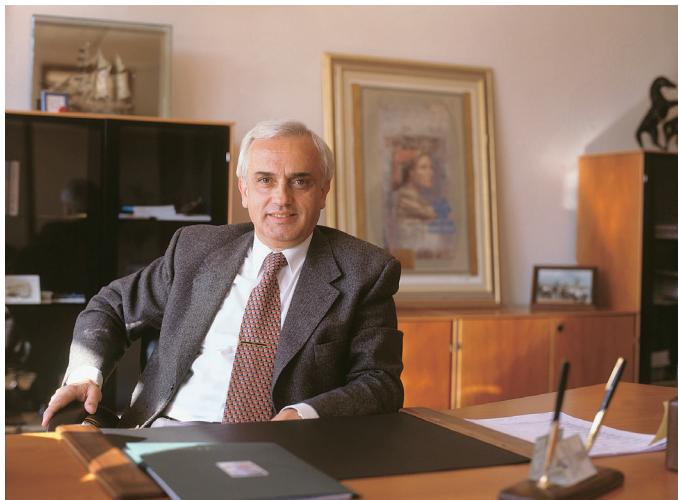
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UVODNA RIJEČ DIREKTORA

U protekloj godini nastavljen je proces bankarske konsolidacije u Federaciji Bosne i Hercegovine, što je značajno za budući podsticaj razvoja ukupnog privrednog sistema. Kod većine banaka ostvaren je trend rasta aktive, povećanja kapitala, svih vrsta depozita i štednje stanovništva, kreditnog portfelja i približavanja međunarodnim standardima u poslovanju. Promjena vlasničke strukture u bankarstvu u kojoj strane banke imaju većinsko učešće još je naglašenija.



Nažalost, reforme u drugim oblastima i dalje ne prate ostvarenja u bankarskom sistemu, tako da ne daju pravi učinak. Zakonodavstvo i sudstvo, odnosno nedovoljna zaštita povjerilaca i kreditora u znatnoj mjeri ograničavaju djelovanje banaka u efikasnijem korištenju raspoloživih sredstava. Stagnacija privrede generira nove probleme vezane za finansijsku disciplinu i potiče trend rasta međusobnih unutrašnjih dugovanja koja usporavaju, pa i blokiraju uspješne privredne subjekte.

U takvim uslovima UPI Banka je i u 2002. godini uspješno poslovala i ostvarila dobit.

Početkom decembra 2002. godine UPI Banka je uspješno završila svoju V. emisiju dionica tako da danas ima dionički kapital u iznosu od 22,9 miliona KM, a ukupni kapital iznosi oko 27 miliona KM. U okviru V. emisije dioničar Banke sa učešćem od 19,9% postala je i Evropska banka za obnovu i razvoj, a uz nju su najveći dioničari Sarajevska pivara, Klas, Coning inženjerинг Varaždin i Bosna Re. Najveći iznos dioničkog kapitala je i dalje u vlasništvu domaćih privrednih subjekata i fizičkih lica.

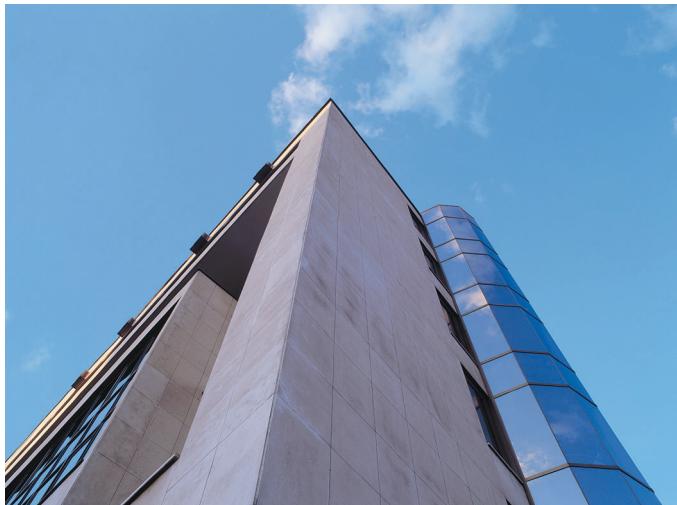
Aktiva UPI Banke u 2002. godini povećana je 84 miliona KM (61%) i iznosi 223 miliona KM. Evidentiran je rast štednje stanovništva tako da je štednja stanovništva dostigla 33,67 miliona KM, od čega se na orocenu štednju odnosi 25,64 miliona KM.

UPI Banka na dan 31. decembra 2002. godine po osnovnim pokazateljima poslovanja zauzima šesto mjesto među bankama u Bosni i Hercegovini, s udjelom od 4% do 5% na bankarskom tržištu Federacije Bosne i Hercegovine.

Ugovore o dugoročnim kreditnim linijama u iznosu od 15,8 miliona KM Banka je zaključila s USAID Business Financeom, EBRD-om, Investicijskom bankom Federacije Bosne i Hercegovine, KfW-om, Novom Ljubljanskom bankom, PFD-om i Ministarstvom poljoprivrede Federacije Bosne i Hercegovine - PIU. Banka je također zaključila ugovore o kreditnim linijama za komisione poslove iz sredstava privatizacije s Kantonom Sarajevo i Zeničko-dobojskim Kantom, te s Federalnim i Kantonalnim zavodima za zapošljavanje, Farmcom i Lido osiguranjem.

Iz sredstava navedenih kreditnih linija i komisionih aranžmana finansirani su razvojni programi malih i srednjih preduzeća, poljoprivredne proizvodnje, prehrambene i mesne industrije, stambena izgradnja, zapošljavanje, privatizacija.

Od aprila 2002.g. izdate su 1.062 debitne kartice, a od augusta 2002.g. 1.035 kreditnih kartica i po tom osnovu odobreno je preko 1,8 miliona KM kredita.



INTRODUCTION BY THE GENERAL MANAGER

The consolidation process in the banking sector in the Federation of Bosnia and Herzegovina continued in the last year, which is important for future encouragement to the overall economic development. Most banks have increased their assets, share capital, all types of deposits and loan portfolio and came closer to international banking standards. The change of ownership structure also continued, with an increase of foreign ownership.

Unfortunately reforms in other areas do not follow the achievements in the banking system, so the real effects are still missing. Legal framework does not provide sufficient protection of creditors, which significantly limits more efficient use of available funds by the banks. Stagnating economy generates new problems related to financial discipline and encourages the growth trend of inter-company debts, which slows down and even blocks successful businesses.

In this type of environment, UPI Bank operated successfully in 2002 and recorded a profit.

In early December 2002, UPI Bank successfully completed its 5th emission of shares, so the current share capital totals KM 22.9 million and total capital is approximately KM 27 million. European Bank for Reconstruction and Development became a shareholder of the Bank and now owns 19.9% of shares. In addition to EBRD, the largest shareholders are Sarajevska Pivara, Klas, Coning Inženjering Varaždin and Bosna Re. The majority of share capital is owned by domestic companies and individuals.

The total assets of UPI Bank in 2002 increased by KM 84 million (61%) and total KM 223 million. Retail deposits also increased and reached KM 33.67 million, of which KM 25.64 million were term deposits.

As at 31 December 2002, based on main performance indicators, UPI Bank is ranked sixth in Bosnia and Herzegovina with a market share between 4% and 5% in the Federation of Bosnia and Herzegovina.

The Bank has signed long term credit line agreements totaling KM 15.8 million with USAID Business Finance, EBRD, Investment Bank of Federation of Bosnia and Herzegovina, KfW, Nova Ljubljanska Bank, PFD and the Ministry of Agriculture of Federation of Bosnia and Herzegovina - PIU. The Bank also signed credit line agreements for agency loans with Sarajevo and Zenica-Doboj Cantons (funds originating from privatization), Federal and Cantonal Employment Bureaus, Farmco, and Lido Osiguranje.

The funds made available through these credit lines were used for financing of development projects of small and medium size enterprises in agriculture, housing, food and meat processing industries, for employment and privatization.

The Bank started issuing debit cards in April 2002 and until the year end issued 1,062 debit cards. In August 2002 the Bank also started issuing credit cards and until the year end issued 1,035 credit cards and granted KM 1.8 million of loans based on debit cards and credit cards.



U poslovanje putem elektronskog bankarstva bilo je uključeno 106 klijenata i obavljene su 48.424 transakcije u ukupnom iznosu od 147 miliona KM.

UPI Banka je depozitna banka budžeta Federacije Bosne i Hercegovine i Distrikta Brčko, ima transakcione račune Kantona Sarajevo i Zeničko-dobojskog Kantona, a putem tekućih računa servisira isplatu plaća većeg broja ministarstava, privrednih društava i drugih institucija.

Svojom poslovnom mrežom UPI Banka je prisutna u šest Kantona Federacije Bosne i Hercegovine. Ima filijale u Brčkom, Gračanici, Mostaru, Tuzli i Zenici. Poslovnice ima u Sarajevu, Gradačcu, Kakanju, Novom Sarajevu, Odžaku i Visokom, a predstoji početak rada u Bugojnu, Srebreniku i Potocima kod Mostara.

U Banci je zaposleno 145 radnika, a od 25 novoprimaljenih 17 je zasnovalo u ovoj godini svoj prvi radni odnos. Po zaposlenom Banka ima preko 1,5 miliona KM aktive.

UPI Banka sa većim brojem svojih klijenata, od kojih su mnogi dioničari Banke, ima dugogodišnju stabilnu poslovnu saradnju, a sa jednim brojem od svoga osnivanja.

Stalnom stručnom usavršavanju Banka poklanja posebnu pažnju. U 2002. godini završen je obiman i intenzivan dvogodišnji program za obuku i razvoj koga je u Banci realizovao USAID.

UPI Banka svojim klijentima nudi široku lepezu bankarskih proizvoda i usluga i već u ovoj godini izvršila je smanjenje kamatnih stopa i cijena svojih usluga, a poslovni plan gradi na daljem prilagođavanju uslova svoga poslovanja potrebama svojih klijenata i njihovog razvoja i povećanju stepena svoje konkurentnosti na bankarskom tržištu.

Uspješno poslovanje Banke rezultat je dobre saradnje i podrške organa upravljanja Banke, kreativnosti i profesionalnosti menadžmenta i zaposlenih.

U vrijeme kada Skupština dioničara razmatra i usvaja Izvještaj o poslovanju Banke u 2002. godini, zbog potrebe usaglašavanja sa odredbama Zakona o bankama i isteka mandata organa upravljanja i nadzora koji su djelovali u 2002. godini, došlo je do izmjena u njihovoj organizaciji i personalnom sastavu. Posebno bih želio ovom prilikom da se zahvalim članovima organa upravljanja i nadzora kojima je istekao mandat, na trudu koji su ulagali u nastojanju da UPI Banka bude što uspješnija i ostvari respektabilne rezultate i mjesto na bankarskom tržištu.

Mirsad Letić
Direktor

The e-banking service has been used by 106 clients. A total of 48,424 transactions were completed totaling KM 147 million.

UPI Bank is a depository bank of the Federation of Bosnia and Herzegovina and the Brčko District and also holds transaction accounts of Sarajevo and Zenica-Doboj Cantons and processes salaries paid out by many ministries, companies and other institutions.

The branch network covers six cantons in the Federation of Bosnia and Herzegovina. The existing branches are located in Brčko, Gračanica, Mostar, Tuzla and Zenica. Bank agencies are operating in Sarajevo, Gradačac, Kakanj, Novo Sarajevo, Odžak and Visoko and new bank agencies are scheduled for opening in Bugojno, Srebrenik, and Potoci near Mostar.

The Bank employs 145 people, 25 of which were hired in 2002, and 17 of those are first time hires. Assets per employee exceed KM 1.5 million.

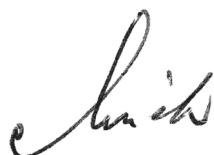
With a large number of clients, many of which are also shareholders, the Bank has a stable long-standing relationship. The relationship with some of them goes back to the year of the Bank's establishment.

Training continues to be one of the key points of interest for the Bank. A comprehensive and intensive two years training program organized by USAID ended in 2002.

UPI Bank offers its clients a wide range of banking products and services. The Bank has reduced interest rates and fees in 2002, and the business plan is based on further adjustment to the needs of its clients and their development, and increase of its own competitiveness in the banking market.

Successful operations of the Bank are a result of cooperation and support of the management bodies and creativity and professional conduct of both management and employees.

In the time when the General Shareholders Meeting is reviewing and approving the 2002 Bank Performance Report, due to the requirement for compliance with the Law on Banks and because some mandates of management and supervision bodies expired in 2002, changes are being made in terms of organization and staffing. I would like to take this opportunity to especially thank the members of management and supervision bodies whose mandate has expired, for their efforts to make UPI Bank more successful and enable it to achieve commendable results and position in the banking market.



Mirsad Letić
General Manager

IZVJEŠTAJ NADZORNOG ODBORA DIONIČARIMA BANKE

Nadzorni odbor UPI Banke d.d. Sarajevo imenovan je na sjednici Skupštine Banke održanoj 19.02.2003.g. Otada je održao dvije sjednice na kojima je razmatrao veći broj pitanja vezanih za organizaciju i poslovanje Banke.

Prilikom razmatranja Izvještaja o poslovanju Banke u 2002.g. sa Izvještajem nezavisnog revizora, Nadzorni odbor je imao u vidu Izvještaj o radu Upravnog odbora Banke koga je Skupština Banke usvojila na sjednici od 19.02.2003.g. S obzirom da Skupština Banke razmatra i usvaja Izvještaj o poslovanju Banke u 2002.g., a da je Nadzorni odbor imenovan poslije toga, u ovom Izvještaju Nadzornog odbora preuzet je dio konstatacija i ocjena iz pomenutog Izvještaja Upravnog odbora Banke:

“Tokom marta i aprila 2002.g. Agencija za bankarstvo FBiH obavila je sveobuhvatnu superviziju Banke i njenog poslovanja. Upravni odbor je o toku ove supervizije i njenim nalazima bio redovno i detaljno izvještavan, a konkretno se uključivao i u raspravu o rezultatima njenih nalaza i ocjena o radu i poslovanju Banke. Upravni odbor je razmatrao i utvrdio Prigovor na određene nalaze i ocjene supervizora o radu Banke i njenih organa i redovno je informisan u toku postupka po ovom Prigovoru. I ova supervizija je pokazala da nije bilo nezakonitog i nesavjesnog poslovanja ili nepravilnosti koje bi mogle značajno uticati na uspješan rad i poslovanje Banke.

U Banci su tokom godine bile prisutne i redovne kontrole nadležnih organa i institucija, kao i kontrole Evropske banke, KfW-a i USAID-a u funkciji ocjene prihvatljivosti Banke za aranžmane koji su uslijedili sa ovim partnerima.

Najznačajniji projekat u ovoj godini, a sigurno i među najznačajnijim u povijesti Banke, je ulazak Evropske banke za obnovu i razvoj kao dioničara Banke. Upravni odbor je u svim fazama od pripreme do realizacije ovog projekta bio kontinuirano uključen i detaljno informisan. Uspješno realizovanje ovog projekta za Banku, pored jačanja njenog kapitala, ima dugoročni značaj u podizanju njenog rejtinga i uloge i značaja na bankarskom tržištu.

U 2002.g. Banka je napravila i nove razvojne iskorake uvođenjem novih bankarskih proizvoda i usluga, širenjem kartičarskog i poslovanja putem elektronske banke, i proširenjem svoje poslovne mreže, tako da je danas prisutna u šest od deset kantona u Federaciji BiH i u Distriktu Brčko.

U uslovima privrednog i društvenog okruženja, nedograđenosti sistema u zemlji u mnogim bitnim segmentima i njegove neefikasnosti, može se izreći vrlo pozitivna ocjena o rezultatima koje je Banka postigla u poslovanju i ukupnom radu.

Upravni odbor je sa generalnim direktorom i rukovodstvom Banke imao intenzivnu, redovnu i vrlo uspješnu saradnju u realizovanju svoje upravljačke uloge, što je značajno uticalo na postignute rezultate i uspješno poslovanje i ukupan rad Banke.

Upravni odbor izabran na IV. sjednici Skupštine Banke 1997.g. brojao je 7 članova, a 1998.g. i 1999.g. u skladu sa izmjenama strukture dioničara došlo je do izmjene njegovog cjelokupnog sastava i smanjenja na 5 članova.





REPORT OF THE SUPERVISORY BOARD TO THE SHAREHOLDERS OF THE BANK

The Supervisory Board of the Bank was appointed in the General Shareholders Meeting held on February 19, 2003. Two meetings were held since, in which many issues relative to organization and operations of the Bank were discussed.

During the review of the 2002 Bank Performance Report together with the Independent Auditors' Report, the Supervisory Board took into account

the Report on the work of the Administrative Board of the Bank adopted in the General Shareholders Meeting held on February 19, 2003. Given that the General Shareholders Meeting is reviewing and adopting the 2002 Bank Performance Report, and that the Supervisory Board was appointed after that time, this Report of the Supervisory Board includes parts of the facts and views from the mentioned Report of the Administrative Board, as follows:

"In March and April 2002 the Federal Banking Agency conducted a comprehensive examination of the Bank and its business. The Administrative Board was regularly and adequately informed about the course and findings of this examination, and also took an active role in discussion about the results of the findings and evaluations of the work and business of the Bank. The Administrative Board reviewed and adopted an Objection to certain findings of the supervisors on the work of the Bank and its bodies, and was regularly informed during the process involving this Objection. This examination has also shown that there has been no illegal and improper conduct of business or irregularities which could impact the successful work and operations of the Bank."

During the year, the Bank was also visited by regular controls of authorized bodies and institutions, as well as EBRD, KfW and USAID, for the purpose of assessment of the Bank's eligibility for arrangements that included these partners.

The most important project in this year, and certainly one of the most important in the Bank's history, is the subscription of shares by the European Bank for Reconstruction and Development. The Administrative Board was actively involved in all stages of this project, from preparation to completion, and was informed in great detail. In addition to strengthening the capital base, the successful completion of this project has a long term meaning in raising the Bank's rating and the role and importance in the banking market.

In 2002, the Bank also achieved progress in introduction of new banking products and services, through expansion of card business and e-banking, and expansion of its branch network, so the Bank is now present in six out of ten cantons in the Federation of BiH and the Brčko District.

Given the existing economic and social environment and the unstable system in the country in many important segments and its inefficiency, one may say that the Bank's results and the overall work were very positive.

In implementation of its managing role, the Administrative Board had intensive, regular and very successful cooperation with the General Manager and the management of the Bank, which significantly impacted the results achieved and the overall successful business operations of the Bank.

The Administrative Board elected in the 4th General Meeting in 1997 had 7 members and in 1998 and 1999, in accordance with the change of shareholding structure, the members have changed and the number was reduced to 5 members.



U čitavom periodu rada ovog Upravnog odbora UPI Banka je bilježila kontinuiran rast, stabilnost u poslovanju, likvidnost i širenje i jačanje svoje uloge na bankarskom tržištu u zemlji, kao i jačanje ugleda izvan granica zemlje. O tome rječito govore Izvještaji o poslovanju i radu Banke u čitavom posmatranom periodu i evidentni rezultati u poslovanju.

Ovdje navodimo samo neke pokazatelje koji govore o rastu Banke u periodu 1998.g. - 2002.g. U posmatranom periodu zabilježen je slijedeći rast:

	1998	2002	Porast
- <i>Aktiva</i>	44,50 mil. KM	223,6 mil. KM	502,4%
- <i>Dionički kapital</i>	9,05 mil. KM	22,9 mil. KM	253,0%
- <i>Kapital</i>	12,00 mil. KM	27,4 mil. KM	228,3%
- <i>Kreditni portfelj</i>	25,90 mil. KM	110,4 mil. KM	426,2%
- <i>Depoziti ukupno</i>	27,10 mil. KM	178,0 mil. KM	656,8%
- <i>Štednja</i>	0,32 mil. KM	33,3 mil. KM	10.471,6%
- <i>Dobit prije oporezivanja</i>	0,65 mil. KM	1,8 mil. KM	278,2%
- <i>Broj zaposlenih</i>	64	145	226,5%
- <i>Banka je 1998.g. imala 1 filijalu, a sada ima 5 filijala i 7 poslovnica."</i>			

U periodu od posljednje sjednice Skupštine Banke Odbor za reviziju je održao jednu sjednicu i u skladu sa svojim nadležnostima razmatrao izvještaj o poslovanju Banke, o izvršenoj reviziji od strane nezavisnog vanjskog revizora i o radu internog revizora Banke, te dao svoje mišljenje i prijedloge Nadzornom odboru.

Imajući u vidu i ocjene i prijedloge ranijih organa upravljanja i organa nadzora, Nadzorni odbor predlaže Skupštini dioničara Banke da donese slijedeće zaključke:

1. Usvaja se Izvještaj o radu i poslovanju UPI Banke d.d. Sarajevo za 2002.g. i Izvještaj nezavisnog vanjskog revizora – KPMG d.o.o., kao i Godišnji obračun Banke za 2002. godinu,
2. Rad organa i Uprave Banke ocjenjuje se uspješnim, a postignuti rezultati poslovanja Banke u 2002.g. veoma dobrim,
3. Uprava Banke i zaposleni svojim radom i profesionalnim odnosom ostvarili su respektabilne poslovne rezultate i podigli reiting Banke na bankarskom tržištu, djelujući u skladu sa interesom dioničara.

Skupština dioničara za postignute rezultate i radno angažovanje zaposlenima i Upravi Banke odaje priznanje.

Nazif Branković

Predsjednik Nadzornog odbora

During the entire period of work of this Administrative Board, UPI Bank continued to achieve continuous growth, stability in business operations and liquidity, and expansion and strengthening of its role in the banking market in the country, and strengthening of its reputation abroad. This was confirmed in performance reports during this whole period and the business results.

Here are only some indicators of the Bank's growth between 1998 and 2002. The following is the growth achieved:

	1998	2002	Increase
- <i>Assets</i>	KM 44.50 million	KM 223.6 million	502.4%
- <i>Shareholders Capital</i>	KM 9.05 million	KM 22.9 million	253.0%
- <i>Capital</i>	KM 12.00 million	KM 27.4 million	228.3%
- <i>Loan Portfolio</i>	KM 25.90 million	KM 110.4 million	426.2%
- <i>Total Deposits</i>	KM 27.10 million	KM 178 million	656.8%
- <i>Savings</i>	KM 0.32 million	KM 33.3 million	10,471.6%
- <i>Profit Before Tax</i>	KM 0.65 million	KM 1.8 million	278.2%
- <i>No. of Employees</i>	64	145	226.5%

- In 1998 the Bank had 1 branch office and now it has 5 branches and 7 agencies."

Since the last General Shareholders Meeting, the Audit Board had one meeting and, in accordance with its authority, reviewed the Bank Performance Report, audit performed by the independent external auditor and the work of the internal auditor, and gave its opinion and recommendations to the Supervisory Board.

Taking into account the opinions and recommendations of the former management and supervisory bodies, the Supervisory Board recommends that the General Shareholders Meeting adopts the following conclusions:

1. The 2002 Bank Performance Report, the Report of the independent external auditor KPMG d.o.o., and the 2002 Annual Statement are adopted,
2. The work of bodies and the Management and the performance results achieved in 2002 are evaluated as successful,
3. The Management and the staff have, with their hard work and professional behavior, realized respectful business results and raised the Bank's rating in the banking market, acting in accordance with the interest of the shareholders.

The General Shareholders Meeting commends the Management and the employees for their efforts and the results achieved.



Nazif Branković
Chairman of the Board



UVOD

UPI Banka Sarajevo je u 2002. godinu ušla sa velikim očekivanjima u smislu dalnjeg rasta i razvoja. Napori uloženi u toku godine su dali rezultate koji su u skladu sa očekivanim, što je potvrda da je Banka svoje napore usmjerila na aktivnosti koje su od presudne važnosti za njenu budućnost.

Banka je uspješno završila poslovnu 2002. godinu, što je potvrđeno finansijskim pokazateljima koji ukazuju na porast ukupne aktive, kreditnog portfelja, depozita i dioničkog kapitala. Reviziju finansijskih izvještaja Banke, sačinjenih u skladu sa Kodeksima Računovodstvenih načela i Računovodstvenih standarda Federacije Bosne i Hercegovine, je obavila renomirana revizorska kuća KPMG B-H d.o.o., čiji je izvještaj dat u prilogu.

Veoma važan projekat u izvještajnoj godini je uspješna realizacija V. emisije dionica, u okviru koje je Evropska banka za obnovu i razvoj postala dioničar Banke. Važnost ovog projekta se, osim povećanja dioničkog kapitala, ogleda u dugoročnom značaju podizanja rejtinga i veće uloge i značaja Banke na bankarskom tržištu Bosne i Hercegovine.

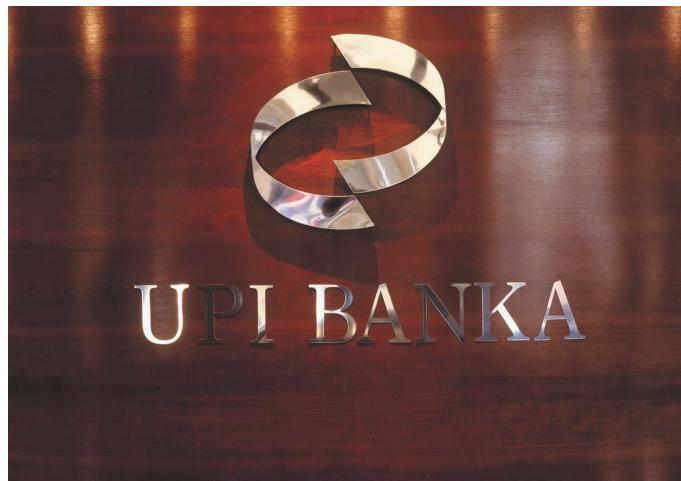
Banka je u okviru svoje tržišne strategije posvetila veliku pažnju proširenju poslovne mreže. Ovim projektom je u 2002. godini obuhvaćeno otvaranje filijale u Mostaru, pretvaranje poslovnice u Brčkom u filijalu, te pripremne aktivnosti za otvaranje poslovnica u Bugojnu i Srebreniku. Nastojeći svojim klijentima obezbijediti što veći broj kvalitetnih bankarskih proizvoda, Banka je u ponudu uključila i kartičarsko poslovanje i elektronsko bankarstvo.

Rezultat angažovanja svih organa Banke, Uprave i uposlenika je veći asortiman i kvalitet usluga, veća konkurentnost i potvrda ugleda i renomea Banke, što je Banci omogućilo da ostvari najveću dobit u svojoj historiji.

UPOSLENICI

Sa krajem prošle godine Banka je imala 145 uposlenih, što je 18% više nego sa krajem 2001. U toku 2002. Banka je primila 25 novih radnika, među kojima je bilo 17 pripravnika koji su prošli program obuke i polaganja pripravničkog ispita. Opredjeljenje Banke je bilo upošljavanje mladih kadrova, kao i pružanje stalne obuke i stručnog usavršavanja uposlenika, a sve u cilju podizanja kvaliteta poslovanja i usluga na nivo koji je standardan na međunarodnom bankarskom tržištu.

Obuka koju je Banka obezbijedila svom osoblju je uključivala 16 različitih vidova obuke za 27 uposlenika, koji su na obuci proveli ukupno 1.011 radnih sati ili 127 radnih dana. Veliki značaj u oblasti obuke u protekle dvije godine je imao USAID-ov Program za obuku i razvoj banaka koji je u Banci okončan u maju 2002. i koji je ocijenjen kao veoma uspješan. Interna obuka osoblja je uključivala i praktičnu obuku za primjenu novih modula u finansijskom poslovanju, kojom su obuhvaćeni svi uposlenici, a koja je realizovana u sklopu redovnih poslovnih aktivnosti.



INTRODUCTION

UPI Banka started in 2002 with great expectations in terms of further growth and development. The efforts made during the year produced results in accordance with expectations, which is a statement to the effect that the Bank focused its efforts on activities which are of key importance for the future of the Bank.

The Bank ended 2002 with success, which is confirmed by financial indicators that show the increase of total assets, the loan portfolio, deposits and shareholders capital. The audit of financial statements of the Bank, prepared in accordance with the Code of Accounting Principles and Accounting Standards of the Federation of Bosnia and Herzegovina, was carried out by a renowned audit company KPMG B-H d.o.o., whose report is attached.

A very important project in 2002 was the successful realization of the 5th emission of shares, within which the European Bank for Reconstruction and Development became a shareholder of the Bank. The importance of this project, in addition to the increase of share capital, reflects in the long term importance of increased rating and larger role and importance of the Bank in the banking market of Bosnia and Herzegovina.

As a part of the market strategy, the Bank also focused on expansion of the branch network. This project in 2002 included a branch opening in Mostar, upgrade of the Brčko agency to a branch, and preparatory activities for opening of agencies in Bugojno and Srebrenik. In order to offer its clients a larger number of quality banking products, the Bank included card business and e-banking in its range of products.

The result of engagement of all bodies of the Bank, the management and employees is the increased range and quality of services, higher competitiveness, and reputable image and rating of the Bank, which enabled the Bank to realize the largest profit in its history.

EMPLOYEES

As of the end of last year, the Bank had 145 employees, 18% more than compared to the end of 2001. During the year the Bank hired 25 new employees, 17 of which were first time hires, who have gone through the training program and passed beginning employee tests. The Bank's approach was to hire young workers and provide continuous education and training, all in order to raise the quality operations and services to the level of international banking standards.



The training that the Bank provided to its employees included 16 different types of training for 27 employees, who have spent a total of 1,011 hours or 127 business days in training. A two year USAID Bank Training and Development program completed in May 2002 also had a major impact on training and was highly graded. The internal training organized by the Bank included the practical training for implementation of new financial modules, which included all employees and was implemented during the normal course of business.



ORGANI BANKE BODIES OF THE BANK

NADZORNI ODBOR SUPERVISORY BOARD

Nazif Branković

predsjednik, Sarajevska pivara d.d. Sarajevo, direktor
 Chairman, General Manager of Sarajevska Pivara d.d. Sarajevo,
 član, Klas d.d. Sarajevo, direktor
 Member, General Manager of Klas d.d. Sarajevo,
 član, Coning Inženjering d.d. Varaždin, direktor gospodarsko-finansijskog
 odjela
 Member, Finance Director of Coning Inženjering d.d. Varaždin,
 član, Bosna Reosiguranje d.d. Sarajevo, savjetnik direktora
 Member, Executive Advisor of Bosna Reosiguranje d.d. Sarajevo,
 član, predstavnik Evropske banke za obnovu i razvoj, London
 Member, representative of European Bank for Reconstruction and
 Development, London.

mr. Husein Ahmović

Marija Brezovec

Hajrudin Čengić

Roberto Marzanati

ODBOR ZA REVIZIJU AUDIT BOARD

Enver Kazazić

predsjednik, Klas d.d. Sarajevo, zamjenik direktora
 Chairman, Deputy General Manager of Klas d.d. Sarajevo,
 član, Grafopak Gračanica, rukovodilac finansija
 Member, Finance Director of Grafopak Gračanica,
 član, Elektroprivreda BiH, direktor finansija
 Member, Finance Director of Elektroprivreda BiH, Sarajevo,
 član, Bosnalijek Sarajevo, direktor finansija
 Member, Finance Director of Bosnalijek Sarajevo,
 član, Vincent Tuzla, ovlašteni revizor
 Member, Authorized Auditor of Vincent Tuzla.

Sunita Ejubović

Mijo Grgić

Šefik Handžić

Sababeta Imamović

INTERNA REVIZIJA INTERNAL AUDIT

Mediba Ćatović

glavni interni revizor
 Chief Internal Auditor.

UPRAVA MANAGEMENT

Mirsad Letić

Direktor, dipl.oec.
 General Manager, Economist,
 zamjenik Direktora, dipl.oec.

Hajrija Tanović

Deputy General Manager, Economist,
 izvršni direktor ljudskih resursa i službi podrške, dipl.iur.
 Executive Director of Human Resources and Support, Lawyer,

Branko Ekert

izvršni direktor poslovnog bankarstva, dipl.oec.
 Executive Director of Corporate Banking, Economist,
 izvršni direktor trezora, dipl.oec.

Zlata Mušić

Executive Director of Treasury, Economist,
 izvršni direktor finansija i upravljanja rizicima, viši komercijalisti

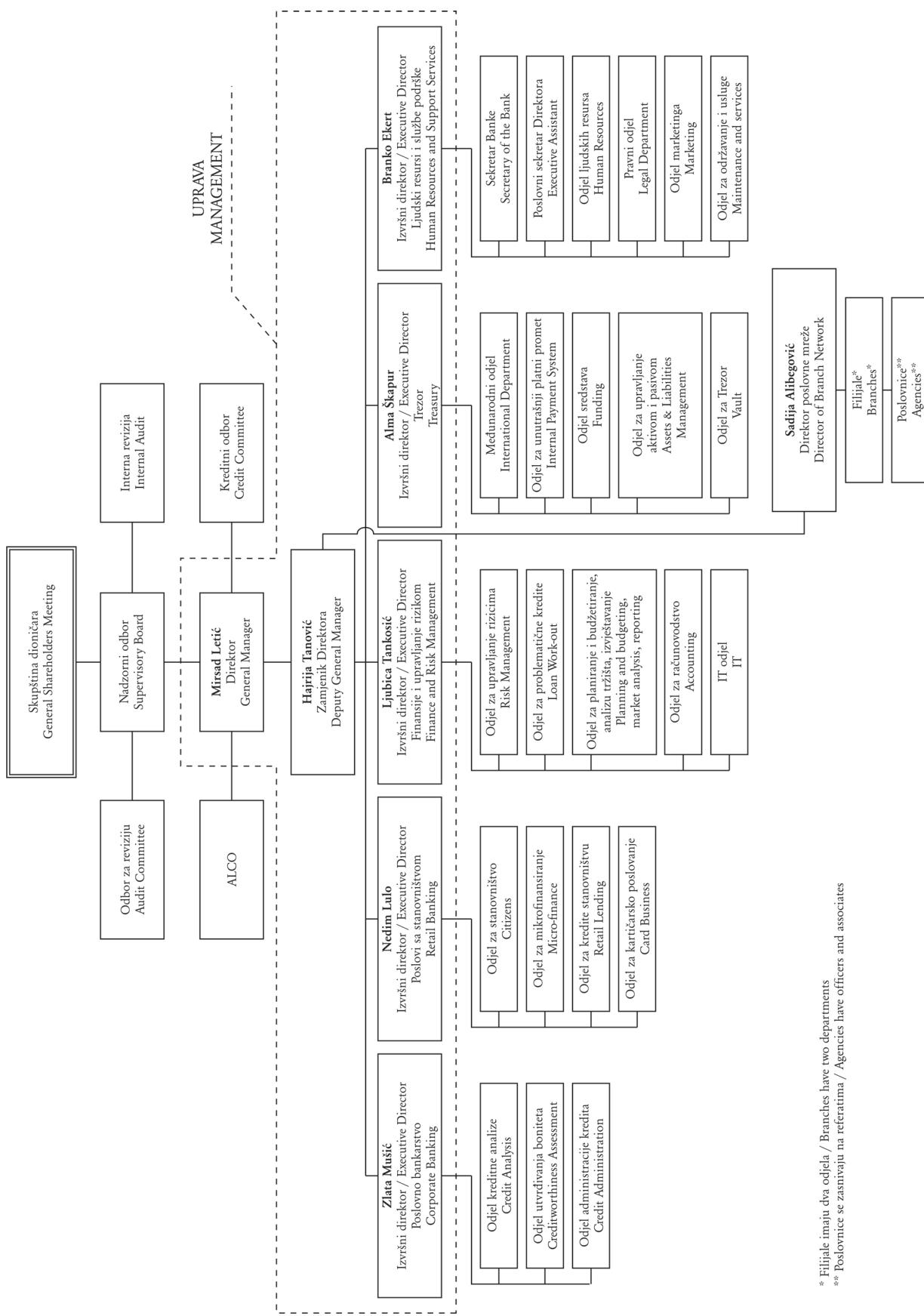
Alma Škapur

Executive Director of Finance and Risk Management,
 Associate Economist,
 izvršni direktor poslova sa stanovništvom, dipl.oec.

Ljubica Tankosić

Executive Director of Retail Banking, Economist.

Nedim Lulo



* Filijale imaju dva odelja / Branches have two departments
** Poslovnice se zasnuju na referatima / Agencies have officers and associates

FINANSIJSKI POKAZATELJI POSLOVANJA

u 000 KM

Br.	STRUKTURA	31.12.2002.	31.12.2001.	Index
	Iz bilansa stanja			
1.	Neto aktiva	223.047	138.659	161
2.	Likvidna sredstva	100.933	44.520	227
3.	Bruto krediti	110.455	85.035	130
4.	Fiksna aktiva	10.744	9.619	112
5.	Ulaganja u druge subjekte	1.611	1.654	97
6.	Rezerve za potencijalne gubitke	6.015	5.199	116
7.	Depoziti	178.030	106.940	166
8.	Uzeti krediti	15.812	10.722	147
9.	Ukupni kapital	26.624	19.318	138
10.	Dionički kapital	22.900	16.256	141
	Iz bilansa uspjeha			
11.	Bruto dobit	1.788	1.415	126
12.	Neto dobit	1.592	637	250
	Prihodi	19.348	15.738	123
13.	Prihodi od kamata	11.907	8.664	137
14.	Prihodi od naknada	4.820	3.937	122
15.	Ostali prihodi	2.621	3.137	84
	Rashodi	17.560	14.323	123
16.	Rashodi za kamate	4.239	3.248	131
17.	Nekamatonosni rashodi	8.406	7.465	113
18.	Rezervisana sredstva	4.915	3.610	136

OPERATIVNI REZULTATI POSLOVANJA

Prihodi od kamata

Prihodi od kamata bilježe stopu rasta od 37% u odnosu na 2001. godinu i čine 62% ukupnog prihoda Banke. Ova stopa rasta prihoda od kamata je u skladu sa rastom kreditnog portfelja koji je povećan za 30% u odnosu na 2001. Struktura prihoda od kamata je slijedeća:

- Prihod od kamata po kratkoročnim kreditima 45%,
- Prihod od kamata po dugoročnim kreditima 21%,
- Prihod od kamata po kreditima stanovništvu 21%,
- Ostali prihod od kamata 13%.

FINANCIAL INDICATORS

No.	Structure	Dec 31, 2002	Dec 31, 2001	in KM 000	
				Percentage	
Balance Sheet					
1.	Net assets	223,047	138,659	161	
2.	Liquid assets	100,933	44,520	227	
3.	Gross loans	110,455	85,035	130	
4.	Fixed assets	10,744	9,619	112	
5.	Investments	1,611	1,654	97	
6.	Reserves	6,015	5,199	116	
7.	Deposits	178,030	106,940	166	
8.	Borrowings	15,812	10,722	147	
9.	Total capital	26,624	19,318	138	
10.	Shareholders capital	22,900	16,256	141	
Income Statement					
11.	Gross profit	1,788	1,415	126	
12.	Net profit	1,592	637	250	
Income					
13.	Interest income	11,907	8,664	137	
14.	Fee income	4,820	3,937	122	
15.	Other income	2,621	3,137	84	
Expenses					
16.	Interest expenses	4,239	3,248	131	
17.	Non-interest expenses	8,406	7,465	113	
18.	Provisions	4,915	3,610	136	

PERFORMANCE RESULTS

Interest Income

Interest income increased 37% compared to 2001 and makes 62% of total income. This increase rate of interest income is in accordance with the increase of the loan portfolio, which increased 30% compared to 2001. The interest income structure includes the following:

- Interest income from short term loans 45%,
- Interest income from long term loans 21%,
- Interest income from retail loans 21%,
- Other interest income 13%.

Prihodi od naknada i provizija

Prihodi od naknada i provizija bilježe rast od 22% u odnosu na 2001. godinu i čine 25% ukupnog prihoda. Značajni prihodi od naknada i provizija ostvareni su u poslovima unutrašnjeg platnog prometa, kreditnog i garansijskog poslovanja, platnog prometa sa inostranstvom i poslovanja sa stanovništvom.

Stopa rasta ovih prihoda je rezultat povećanja obima usluga koje pruža Banka i uvođenja novih proizvoda, među kojima su i kartičarsko poslovanje i elektronsko bankarstvo.

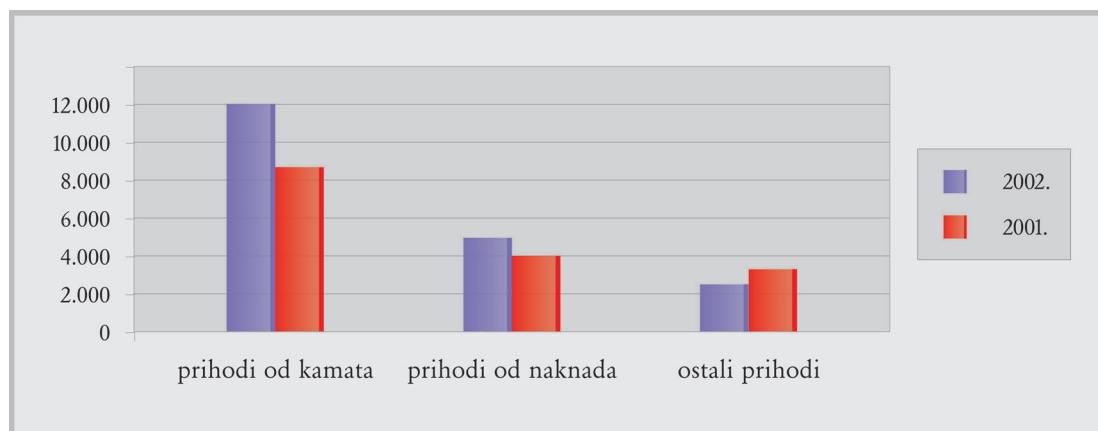
Ostali prihodi iz poslovanja

Ostali prihodi čine 10% ukupnog prihoda Banke, a odnose se na prihode po osnovu naplaćenih otpisanih potraživanja od 0,97 miliona KM, neto kursne razlike od 0,22 miliona KM i ostale prihode od 0,77 miliona KM.

Uprkos otežanim uslovima u ekonomsko-privrednom okruženju, u kojem sve više firmi prestaje sa radom ili im se gubi trag sjedišta, Banka je uspjela ostvariti povećanje naplate otpisanih potraživanja od 32% u odnosu na 2001. godinu.

Struktura prihoda u 2002.

Struktura	31.12.2002.	Procenat učešća	31.12.2001.	Procenat učešća
Prihodi od kamata	11.907	62%	8.664	55%
Prihodi od naknada i provizija	4.820	25%	3.937	25%
Ostali prihodi	2.621	13%	3.137	20%
Ukupno	19.348	100%	15.738	100%



Fee Income

Fee income increased 22% compared to 2001 and makes 25% of total income. Significant portion of fee income comes from internal payment system services, credit and guarantee business, foreign payments, and retail business.

The rate of increase of this type of income is a result of the larger volume of services provided by the Bank and introduction of new products, such as cards and e-banking.

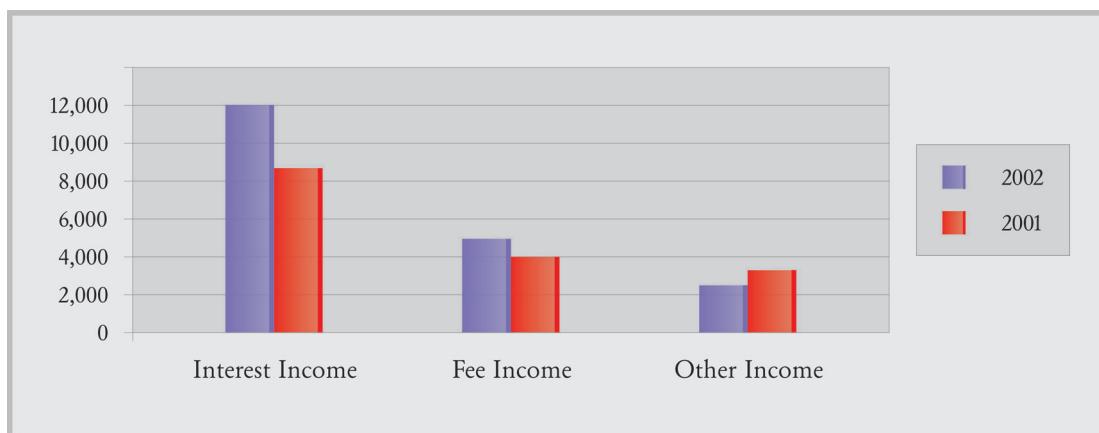
Other Operating Income

Other income makes 10% of total income and includes income from collected written off receivables of KM 0.97 million, net exchange differences of KM 0.22 million and other income of KM 0.77 million.

In addition to difficult socioeconomic environment, which caused cessation of operation of several companies or loss of their trail, the Bank had an increase rate of 32% compared to 2001 in terms of collection of write-offs.

Income Structure In 2002

Structure	Dec 31, 2002	% of participation	Dec 31, 2001	% of participation
Interest income	11,907	62%	8,664	55%
Fee income	4,820	25%	3,937	25%
Other income	2,621	13%	3,137	20%
Total income	19,348	100%	15,738	100%

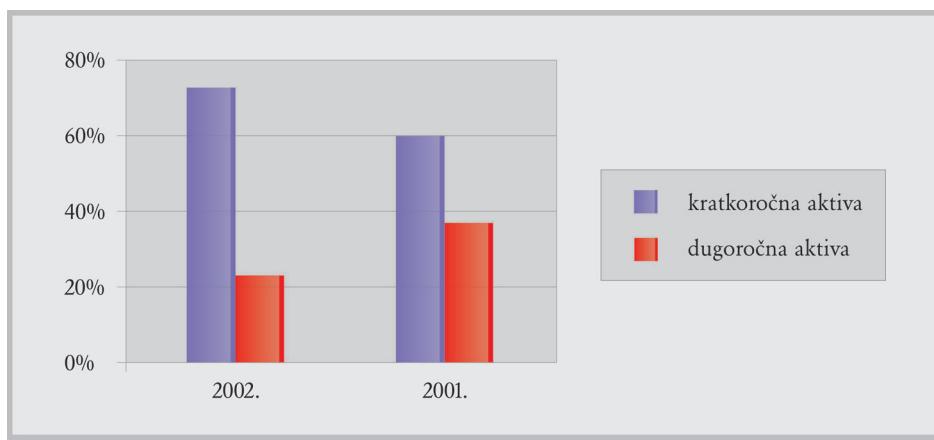


UKUPNA AKTIVA

Ukupna neto aktiva sa krajem godine je iznosila 223,04 miliona KM, što je 61% više u odnosu na 2001. godinu. Aktiva po uposleniku je iznosila 1,53 miliona KM.

Ulaganja u druga privredna društva su iznosila 1,61 mil. KM, a najznačajnija ulaganja su u Bosna Reosiguranje - 33%, Triglav BH osiguranje - 13% i Bamcard - 13% od njihovog dioničkog kapitala. Značajno je naglasiti da je Bosna Reosiguranje u svojim finansijskim izvještajima iskazalo bruto dobit u vrijednosti od 1,40 miliona KM ili 36% više u odnosu na 2001., a Triglav BH osiguranje bruto dobit u vrijednosti od 2,41 miliona KM.

U strukturi aktive kratkoročni plasmani i sredstva učestvuju sa 76%, dok dugoročni plasmani učestvuju sa 24%.



Banka je vodila računa o zakonskoj obavezi održavanja adekvatne likvidnosti, te održavanju dnevne i desetodnevne likvidnosti, što potvrđuje podatak da je ukupno prosječno stanje novčanih sredstava iznosilo 70,05 miliona KM, od čega se na rezervni račun kod Centralne banke i gotovinu prosječno odnosilo 37,11 miliona KM, a na ino račune 32,94 miliona KM.

Ostvareni koeficijent likvidnosti mjerен odnosom likvidne aktive i depozita iznosio je 57%.

KREDITIRANJE

Kreditni portfelj Banke na kraju 2002. je iznosio 110,45 miliona KM, što je 30% više nego sa krajem 2001. Ostvareno je povećanje portfelja i u kreditiranju privrednih društava i u kreditiranju stanovništva. Ročna struktura ukupnog kreditnog portfelja je slijedeća:

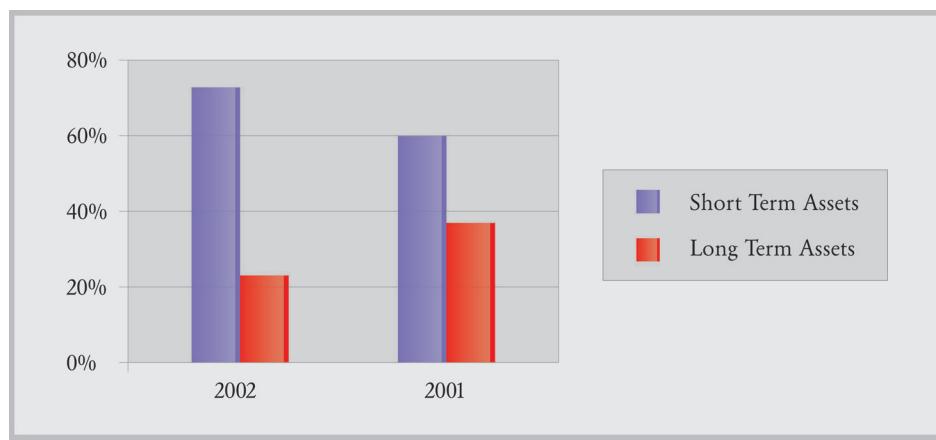
	u 000 KM							
1-7 dana	8-15 dana	16-30 dana	31-90 dana	91-180 dana	181-365 dana	1-5 godina	Preko 5 godina	
7.081	982	1.974	17.699	15.204	37.836	27.361	2.318	

TOTAL ASSETS

Total net assets were KM 223.04 million, 61% more than in 2001, and assets per employee were KM 1.53 million.

Investments in other legal entities were KM 1.61 million and the most important are Bosna Reosiguranje 33%, Triglav BH Osiguranje 13% and Bamcard 13%, of their shareholders capital. It is important to stress that Bosna Reosiguranje had gross income of KM 1.40 million, 36% more than in 2001, and Triglav BH Osiguranje had gross income of KM 2.41 million.

Short term placements and assets make 76% and long term placements make 24% of total assets.



The Bank took care of the legal requirement for maintenance of adequate liquidity, and daily and ten-day liquidity, which is confirmed by the fact that the average amount of cash was KM 70.05 million, of which the average amount for the account with the Central Bank was KM 37.11 million and for foreign accounts KM 32.94 million.

The liquidity ratio of liquid assets and deposits was 57%.

LENDING

The Bank's loan portfolio at the end of 2002 was KM 110.45 million, 30% more than in 2001. Growth was achieved in both corporate and retail lending portfolios. The loan portfolio maturity structure was as follows:

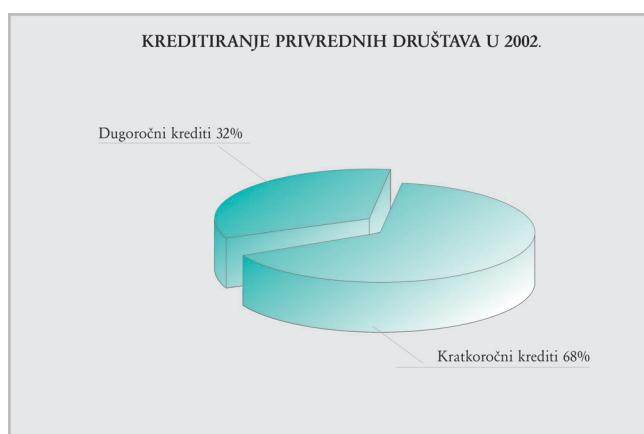
	in KM 000							
1-7 days	8-15 days	16-30 days	31-90 days	91-180 days	181-365 days	1-5 years	Over 5 years	
7,081	982	1,974	17,699	15,204	37,836	27,361	2,318	

Kreditiranje privrednih društava

Ukupni kreditni portfelj privrednih subjekata sa krajem 2002. je iznosio 87,46 miliona KM. Banka je u 2002. godini iz vlastitih i tuđih izvora privrednim društvima ukupno odobrila 519 kredita u iznosu 96,42 miliona KM. Pored kreditiranja, značajan dio aktivnosti odnosio se na garansijsko poslovanje. U tom smislu su zaključena 563 ugovora o izdavanju domaćih garancija i otvaranju akreditiva u vrijednosti od 40,36 miliona KM. Banka je također servisirala i 183 komisiona kredita u iznosu od 18,82 miliona KM.

Učešće kratkoročnih kredita pravnim licima u ukupnom kreditnom portfelju iznosilo je 54%, dok je učešće dugoročnih kredita iznosilo 25%.

U protekloj godini zaključeno je nekoliko ugovora o kreditnim linijama, i to sa USAID-om u vrijednosti od 2 miliona KM, EBRD-om u vrijednosti od 2,5 miliona EUR, PFD-om u vrijednosti od 2 miliona KM i KfW-om u vrijednosti od 0,50 miliona EUR.



Kreditiranje stanovništva

Ukupni kreditni portfelj stanovništva sa krajem godine je iznosio 22,99 miliona KM. U strukturi kredita stanovništvu, kratkoročni krediti učestvuju sa 15% uz stepen naplativosti od 98,8%, dok dugoročni krediti učestvuju sa 85% i ostvarenim stepenom naplativosti od 95,04%.

Stanovništvu su ukupno plasirana 1.682 kredita u iznosu 10,37 miliona KM, od čega su iz vlastitih izvora plasirana 1.582 kredita u iznosu 8,25 miliona KM, a iz tuđih izvora 100 kredita u iznosu 2,12 miliona KM.

Banka je plasirala 917 kratkoročnih kredita u iznosu od 2,46 miliona KM, za opštu namjenu i privatizaciju, i 765 dugoročnih kredita u iznosu od 7,91 miliona KM i to za stambenu izgradnju, mali biznis, privatizaciju i opštu namjenu.

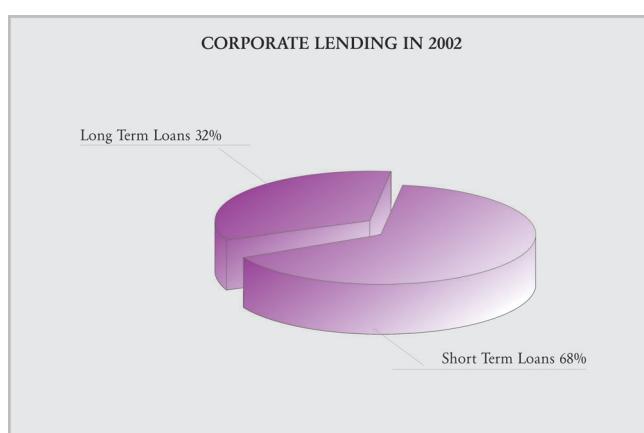


Corporate Lending

The total corporate lending portfolio as of end of 2002 was KM 87.46 million. In 2002 the Bank approved a total of 519 loans totaling KM 96.42 million, with own funding and from other sources. In addition to lending, significant part of operations was the guarantee business. In that respect, the Bank concluded 563 contracts for issuance of domestic guarantees and opening of letters of credit worth KM 40.36 million. The Bank also serviced 183 agency loans totaling KM 18.82 million.

Participation of short term loans to legal entities made 54% of total loans, and participation of long term loans was 25%.

Several credit line agreements were signed last year: with USAID for KM 2 million, with EBRD for EUR 2.5 million, with PFD for KM 2 million, and with KfW for EUR 0.5 million.

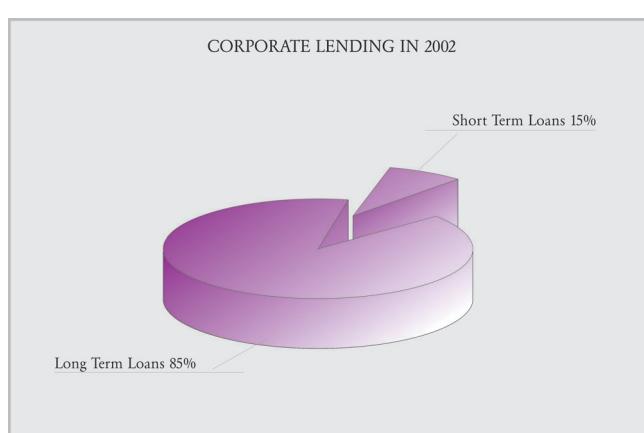


Retail Lending

Total retail loan portfolio was KM 22.99 million. The structure of retail loans includes 15% of short term loans, which have a collection rate of 98.8%, and 85% of long term loans, with the collection rate of 95.04%.

There were 1,682 retail loans made totaling KM 10.37 million, of which 1,582 loans totaling KM 8.25 million were made with own funding, and 100 loans totaling KM 2.12 million were made from other sources.

The Bank approved 917 short term general and privatization loans totaling KM 2.46 million, and 765 long term loans for housing, small business, privatization and general purpose, totaling KM 7.91 million.



IZVORI SREDSTAVA

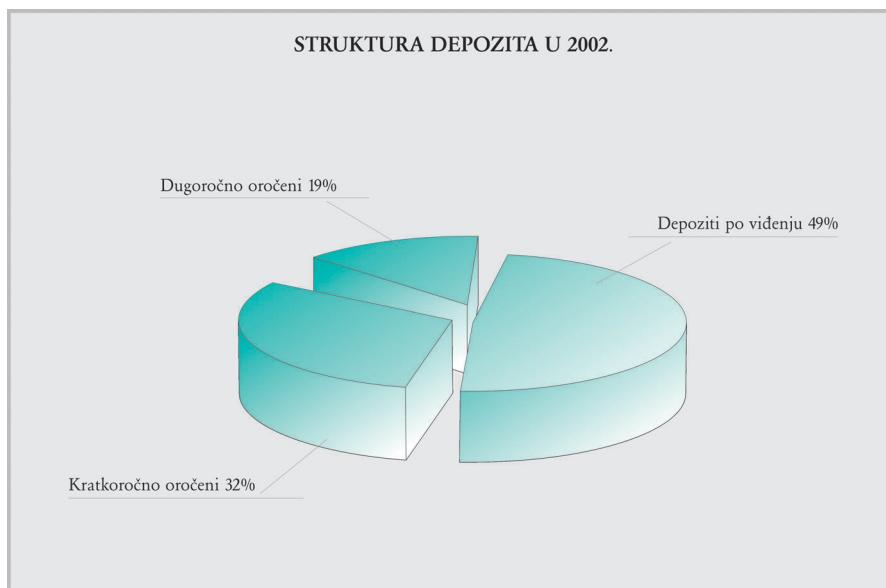
Depoziti

U strukturi ukupnih izvora depoziti zauzimaju najznačajnije mjesto i učestvuju sa 80%. Učešće pravnih lica u ukupnim depozitima iznosi 81%, dok učešće fizičkih lica iznosi 19%.

Struktura obaveza i kapitala

u 000 KM

KRATKOROČNI IZVORI	
Depoziti po viđenju privrednih društava	80.043
Depoziti po viđenju stanovništva	7.743
Kratkoročno oročeni depoziti privrednih društava	38.405
Kratkoročno oročeni depoziti stanovništva	17.847
Ostale kratkoročne obaveze	2.581
Ukupno kratkoročni izvori	146.619
DUGOROČNI IZVORI	
Dugoročno oročena sredstva privrednih društava	26.215
Dugoročno oročena sredstva stanovništva	7.777
Dugoročni krediti	15.812
Ukupno dugoročni izvori	49.804
KAPITAL	
Dionički kapital	22.900
Rezerve i neraspoređena dobit	3.724
Ukupno kapital	26.624
UKUPNO OBAVEZE I KAPITAL	
	223.047



SOURCES OF FUNDING

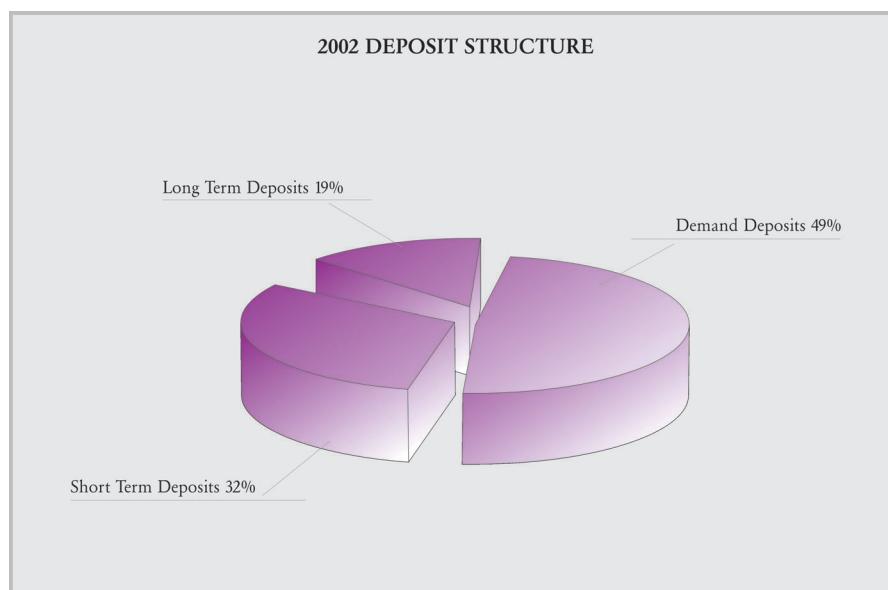
Deposits

Deposits made 80% of total sources and were the most important element. Participation of deposits of legal entities was 81% and participation of individuals was 19%.

Structure Of Liabilities And Capital

in KM 000

SHORT TERM SOURCES	
Corporate demand deposits	80,043
Retail demand deposits	7,743
Short term corporate deposits	38,405
Short term retail deposits	17,847
Other short term liabilities	2,581
Total short term sources	146,619
LONG TERM SOURCES	
Long term corporate deposits	26,215
Long term retail deposits	7,777
Long term loans	15,812
Total long term sources	49,804
CAPITAL	
Shareholders capital	22,900
Reserves and retained earnings	3,724
Total capital	26,624
TOTAL LIABILITIES AND CAPITAL	
	223,047



Dioničari	31.12.2002. (%)	31.12.2001. (%)
European Bank for Reconstruction and Development	19,9	0,0
Sarajevska pivara d.d. Sarajevo	15,7	14,9
Klas d.d. Sarajevo	11,5	9,9
Coning Inženjering Varaždin	4,1	5,5
Auto Mertz d.j.l. Bukvik Brčko	3,9	5,5
Bosna Reosiguranje d.d. Sarajevo	3,6	5,1
Hypo Alpe-Adria-Bank d.d. Mostar	2,5	3,6
HIP 2000 d.o.o. Sarajevo	2,1	3,1

Ročna struktura aktive – pasive

u 000 KM

Struktura	Aktiva 2002.	% učešća	Pasiva 2002.	% učešća
Kratkoročno	139.309	76	146.619	66
Dugoročno	53.738	24	76.428	34
Ukupno	223.047	100	223.047	100

Banka je vodila računa o ročnoj usklađenosti finansijske aktive i finansijskih obaveza, što je potvrđeno tabelarnim prikazom koji ukazuje na povoljniju ročnu strukturu u odnosu na 2001.

Pribavljeni sredstva

Pribavljeni sredstva Banke na kraju 2002. su iznosila 15,81 milion KM ili 47% više u odnosu na 2001. Dugoročni izvori pribavljenih sredstava uključuju sredstva pribavljena od komercijalnih i inostranih banaka (IBF, EBRD, KfW, USAID).

SREDSTVA

Značajne aktivnosti Banke su bile usmjerene na pribavljanje sredstava iz odgovarajućih izvora, što potvrđuje podatak o ukupnim depozitima od 178,03 miliona KM, što predstavlja povećanje od 66% u odnosu na 2001. Ukupan iznos uzetih kredita je bio 15,81 miliona KM ili 47% više u odnosu na 2001. Petnaest najvećih izvora sredstava u iznosu od 114,25 miliona KM čini 58,9% ukupnih izvora. Stopa adekvatnosti kapitala Banke sa krajem 2002. je iznosila 21%.

Obim transakcija unutrašnjeg platnog prometa u izvještajnom periodu bilježi rast od 30% u odnosu na 2001., a Banka je u tom periodu otvorila i 645 novih računa. Ukupan iznos obavljenih transakcija je 1,90 milijardi KM, a ukupan promet 4,95 milijardi KM.

Banka je u 2002. godini značajan dio svojih aktivnosti usmjerila ka završetku uvođenja elektronskog bankarstva, novog proizvoda koji klijentima obezbjeđuje siguran, brz, jednostavan i jeftin način poslovanja. Poslovanje putem e-banke omogućava direktno obavljanje svih bezgotovinskih platnih transakcija, što klijentu štedi vrijeme i pruža mogućnost efikasne kontrole poslovanja.

Shareholders	% as of Dec 31, 2002	% as of Dec 31, 2001
European Bank for Reconstruction and Development	19.9	0.0
Sarajevska pivara d.d. Sarajevo	15.7	14.9
Klas d.d. Sarajevo	11.5	9.9
Coning Inženjering, Varaždin	4.1	5.5
Auto Mertz d.j.l. Bukvik - Brčko	3.9	5.5
Bosna Reosiguranje d.d. Sarajevo	3.6	5.1
Hypo Alpe Adria Bank d.d. Mostar	2.5	3.6
HIP 2000 d.o.o. Sarajevo	2.1	3.1

Maturity Structure Of Assets And Liabilities

in KM 000

Structure	Assets in 2002	% of participation	Liabilities in 2002	% of participation
Short term	139,309	76	146,619	66
Long term	53,738	24	76,428	34
TOTAL	223,047	100	223,047	100

The Bank took care of the maturity structure of financial assets and financial liabilities, as shown in the table which indicates a more favorable maturity structure than in 2001.

Other Sources

Other sources at the end of 2002 were KM 15.81 million, 47% more than in 2001. Long term sources obtained from other sources include funds from commercial and foreign banks (IBF, EBRD, KfW, USAID).

FUNDING

The Bank focused on providing the funding from adequate sources, which is confirmed by the amount of total deposits of KM 178.03 million, 66% more than in 2001. Total borrowings were KM 15.81 million, 47% more than in 2001. Fifteen largest sources of funding totaling KM 114.25 million make 58.9% of total sources. Capital Adequacy Ratio at year end was 21%.

Internal payment system transactions in the reporting period increased 30% compared to 2001., and during that period the Bank opened 645 new accounts. Total transactions were KM 1.9 billion and total turnover was KM 4.95 billion.

The Bank also focused a significant part of its activities on completion of introduction of the e-banking project, a new product ensuring a secure, quick, simple and cheap method of doing business. E-banking enables performance of all direct non-cash payments, which saves time for the client and enables efficient control of the business.



U izvještajnom periodu usluge elektronskog bankarstva nisu dovoljno korištene od strane klijentele, jer još uvijek nisu dovoljno shvaćene prednosti ovih usluga. Klijenti koji su do sada uključeni u poslovanje elektronskom bankom, pohvalno se izjašnjavaju o kvalitetu i brzini usluga Banke, što predstavlja najbolju preporuku za nastavak razvoja ovog proizvoda.

MEĐUNARODNO POSLOVANJE

U platnom prometu sa inostranstvom izvršeno je 12.655 transakcija u ukupnom iznosu od 270,79 miliona KM, od čega su 156,14 miliona KM plaćanja prema inostranstvu, a 114,65 miliona KM su naplate iz inostranstva.

Banka je u 2002. godini izdala ukupno 264 garancije prema inostranstvu u vrijednosti od 26,59 miliona KM i 65 akreditiva u vrijednosti od 4,90 miliona KM. Izlaganje Banke kreditnom riziku po osnovu izdatisih garancija, izuzev garancija za dobro izvršenje posla, iznosi 18,33 miliona KM i ne prelazi ograničenja definisana minimalnim standardima za upravljanje koncentracijom rizika.

Ukupan iznos zaduženja Banke prema inostranstvu, po osnovu kredita, iznosi 13,25 miliona KM, ili 51,80% osnovnog kapitala, i ne prelazi ograničenja utvrđena minimalnim standardima za upravljanje deviznim rizikom.

POSLOVANJE SA STANOVNJIŠTVOM

Pored kreditiranja stanovništva, Banka je veliki akcenat u poslovanju sa stanovništvom stavila na depozitno poslovanje, te je ostvaren rezultat od 10.977 otvorenih računa i štednih knjižica. Štednja stanovništva iznosi 33,36 miliona KM, od čega je 25,62 miliona KM oročena štednja. Štednja u stranoj valuti čini 77%, a u domaćoj valuti 23% ukupne štednje stanovništva.

Važan novi proizvod koji je Banka ponudila u poslovanju sa stanovništvom je kartičarsko poslovanje. U pripremi ovog proizvoda Banka je učestvovala i u osnivanju kompanije Bamcard - Društva za kartičarsko poslovanje, koja procesira domaće Bamcard kartice. Banka je u izvještajnom periodu izdala ukupno 1.062 Bamcard debitne kartice i 1.035 Bamcard kreditnih kartica, te ukupno odobrila sredstva po karticama u vrijednosti od 1,8 miliona KM.

Kako bi tržištu ponudila kompletну uslugu i u smislu kartičarskog poslovanja, Banka je u izvještajnom periodu izvršila certifikaciju kao pridruženi član u okviru VISA grupacije, a u toku je i certifikacija za Principal članstvo.

U cilju proširenja mreže za korištenje Bamcard kartica, Banka je nabavila 200 POS terminala, od kojih je 89 instalirano u trgovačkoj mreži i na šalterima Banke, kao i dva bankomata koja su instalirana na frekventnim lokacijama u Sarajevu.

Banka je obavila sve navedene aktivnosti u poslovanju sa stanovništvom u cilju pružanja kompletnijeg bankarskog servisa, uz adekvatan kvalitet i efikasnost usluga.

The clients have not used e-banking services to the full extent, because there is still insufficient understanding of the advantages of this product. Clients who have been using the product have praised the quality and the speed of the Bank's services, which is the best recommendation for continuation of development of this product.

FOREIGN BANKING

A total of 12,655 foreign transactions took place totaling KM 270.79 million, of which KM 156.14 million were payments to abroad and KM 114.65 were incoming foreign payments.

In 2002 the Bank issued a total of 264 foreign guarantees totaling KM 26.59 million, and 65 letters of credit totaling KM 4.90 million. The Bank's exposure to credit risk in terms of guarantees, except performance guarantees, is KM 18.33 million and does not exceed limits defined in the minimum standards for risk concentration management.

Total foreign debt on borrowings is KM 13.25 million, 51.80% of core capital, and does not exceed limits set by the minimum standards for foreign exchange risk management.

RETAIL BANKING

In addition to retail lending, the Bank's focus in terms of retail business was on depository business, the result of which are 10,977 accounts and bankbooks. Retail savings total KM 33.36 million, of which KM 25.62 million are term deposits. Foreign currency savings make 77% and local currency savings make 23% of total retail savings.

An important new product that the Bank offered in terms of retail business is the card business. In preparation of this product, the Bank also participated in incorporation of Bamcard - company for card business, which processes domestic Bamcard cards. During the reporting period the Bank issued 1,062 Bamcard debit cards and 1,035 Bamcard credit cards, and approved card funding totaling KM 1.8 million.

In order to offer a complete service in terms of card business, the Bank also became an Associate member of VISA, and is currently in process of becoming a Principal member.

In order to expand the network for use of Bamcard cards, the Bank purchased 200 POS terminals, 89 of which were installed in the trade network and at the windows of the Bank, as well as two ATMs which were installed in two frequently visited locations in Sarajevo.

The Bank carried out these retail banking activities in order to be able to offer a more complete banking service, with adequate quality and efficiency of services.

SISTEM KONTROLE

U izvještajnom periodu u Banci je bilo osam eksternih nivoa kontrole:

- Nezavisni eksterni revizor je izvršio reviziju finansijskih izvještaja na dan 31.12.2001.,
- Agencija za bankarstvo Federacije BiH je izvršila superviziju Banke i njenog poslovanja, a vršena je i obavezna kontrola putem sistema izvještavanja,
- Centralna banka je vršila kontrolu putem redovnog izvještavanja,
- Agencija za osiguranje depozita je kontrolu vršila putem sistema izvještavanja,
- Evropska banka, KfW i USAID su izvršili kontrole u funkciji ocjene prihvatljivosti Banke za aranžmane koji su uslijedili sa ovim partnerima,
- Kantonalna inspekcija i Finansijska policija su vršili kontrole u skladu sa svojim ovlaštenjima.

Pored eksternih kontrola u Banci je vršena i interna kontrola, koja je kontinuirano pratila i ocjenjivala efikasnost poslovnih operacija Banke i vršila ocjenu tačnosti i adekvatnosti sistema informisanja u skladu sa zakonskom regulativom, te redovno izvještavala u skladu sa programom interne revizije.

MARKETING

Aktivnosti Odjela marketinga u izvještajnom periodu obilježene su intenzivnim istraživanjem tržišta kako bi Banka dodatno učvrstila svoju poziciju na finansijskom tržištu. Lepeza proizvoda proširena je i prilagođena zahtjevima tržišta.

Banka je u toku 2002. u oblasti marketinga bila usmjerena na promotivne aktivnosti putem radio-spotova, dnevne i periodične štampe, elektronskog displeja, a rađeni su i propagandni materijali za potrebe kartičarskog poslovanja, prodaje proizvoda i usluga Banke, kao i reklamni materijali za potrebe predstavljanja Banke.

CONTROL SYSTEMS

During the reporting period, there were eight external control levels:

- Independent external auditors audited the financial statements as of December 31, 2001,
- Federal Banking Agency examined the Bank's operations, in addition to mandatory control through reporting systems,
- The Central Bank carried out the monitoring through regular reporting systems,
- Deposit Insurance Agency carried out the monitoring through reporting systems,
- EBRD, KfW and USAID carried out the monitoring for the purpose of acceptability review for agreements with these partners which followed,
- Cantonal inspection and Financial police have carried out their controls in accordance with their authorizations.

In addition to external reviews, the Bank conducted the internal control, which continuously monitored and evaluated the efficiency of business operations of the Bank, assessed the accuracy and adequacy of the information systems, in accordance with the legislation, and regularly reported in accordance with the internal audit program.

MARKETING

Activities of the Marketing Department in the reporting period included intensive market research, in order to further strengthen the Bank's position in the financial market. The range of products was widened and adjusted to the market demands.

The Bank's marketing activities during the reporting period were focused on radio advertisements, daily and periodic newspapers, electronic display, promotional materials for card business, sale of products and services of the Bank, and advertising materials for the needs of representation of the Bank.