



IN THE ORGANIZATION OF THE CBBH

International conference on Currency Board Arrangement held

International conference entitled "*The Monetary Policy Role of Currency Boards: History and Practice*", which was

organized by the Central Bank of BH (CBBH), was held in Sarajevo on April 11, 2003 with the participation of the large number of local and international officials. The

Conference marked the fifth anniversary of the CBBH's existence and the issue of the first BH currency - the Convertible Mark - into circulation. The CBBH also wanted to use this conference to gain knowledge about experiences of other countries that also operate their monetary policy through the Currency Board Arrangement, especially of those countries in the Eastern Europe. Therefore, some of the invited participants to this conference were representatives of central banks of Estonia and Bulgaria as well as the former Governor of the National Bank of Argentina, where Currency Board Arrangement failed. "The main thing I learned from these countries in the Eastern Europe where it was implemented is that the Currency Board Arrangement was successful, but at the same time all these Currency Board Arrangements also introduced certain flexibility within financial functions which they perform, without undermining of trust in the Currency Board Arrangement and its functioning. I think that we obtained some useful information that should be analyzed by the CBBH, economists and representatives of the international community in order to see whether there is some experience that could be used in the further work of the CBBH", said Governor of the CBBH **Peter Nicholl**. During the conference, it was mentioned that short-termed securities are being issued within the framework of these Currency Board Arrangements and that there is a possibility of last resort lending to commercial banking sector, but only in the level of the foreign reserves surplus, which means without the possibility of undermining of the Currency Board Arrangement. Conclusion which was made by the former Governor of the National

Bank of Argentina **Mario Blejer** was that it was the fiscal policy which, basically, caused

faster than it was in the conventional monetary encirclement", said representative of the



Bank of Estonia **Andres Sutt**. Euro-based Currency Board Arrangement made transition and changes in the economic structure easier. Because of the special traits of the Currency Board Arrangement, such as monetary framework and the economic transition, it is a very important thing to have a strong financial sector in a country like Estonia, while the imminent entry of this country into the European Union and European Monetary Union will start some other questions which are related to the approaching of the financial stability of countries. Some opposite opinions about the Currency Board Arrangement were also stated during the conference, and one of them was stated by the Professor at the Faculty of Economics in Sarajevo **Mirko Puljić**. Namely, he thinks that the exchange rate and price stability are not key goals, but tools for the management of the monetary policy which should achieve development as the main goal. Puljić stated that the BH Currency Board Arrangement is one of the most rigid ones and made a suggestion that the current reform atmosphere should be also used for the reform of the Currency Board Arrangement in our country. Therefore, he made a suggestion that CBBH should take more active participation in the financial sector and that it should start issuing short-termed securities. **Fikret Hadžić** from the Faculty of Economics in Sarajevo said that one of the goals of the Currency Board Arrangement is the low interest rate, which is still high in BH. He stated as well that the CBBH and the Currency Board Arrangement have to be more included in the development function. According to the Governor, this conference has fulfilled expectations and some of ideas that were presented during the conference he graded as extremely interesting. However, Governor stated that these options first need to be explored thoroughly.

undermining of the Currency Board Arrangement principle. This crisis was stirred even more by the fact that the government forced commercial banks to extend loans to it, which spread this crisis into the commercial banking sector. "I have to say that the situation in Argentina was extreme, which led to the undermining of the Currency Board Arrangement. None of us can guarantee that will never happen, but I don't think that the potential risk for that to happen is high", said Governor Nicholl. According to the representative of the National Bank of Bulgaria **Kalin Hristov**, the Currency Board Arrangement in Bulgaria resulted in the financial and price stability which were necessary to the Bulgarian economy. "That has been the best possible monetary policy for the country in the given circumstances", said Hristov. The monetary policy strategy of the National Bank of Bulgaria had relatively small influence on the Balance of Payments of the country. Other policies and factors determined economic competitiveness, level of exports and possibility to attract foreign investments. Price stability can only indirectly support economic competitiveness. Economy of Estonia has shown large degree of flexibility in the last ten years, which is the period during which the Currency Board Arrangement was in place. "Because of the automatic stabilizers that were built into the Currency Board Arrangement, adjustment process was maybe

PETER NICHOLL

Currency Board Arrangement accomplished its goal - financial stability in BH

According to the Governor of the Central Bank of BH (CBBH) **Peter**



Nicholl, the Currency Board Arrangement approach to the monetary policy has achieved the objective it was asked to achieve: financial stability in BH. Nicholl stated this during the speech he delivered during the Fourth international conference entitled "The Monetary Policy Role of Currency Boards: History and Practice". As Governor Nicholl stated, the Currency Board Arrangement should be continued as it is important that financial stability is retained. "Financial stability is not a goal that you achieve once and then move on to some other objective. Financial sector stability has to be maintained through a consistent application of monetary policy", Governor said. However, it is possible for the CBBH that operates as a Currency Board to carry out other financial sector roles that will help economic development - with a strong position that those other policies must never put the Currency Board Arrangement at risk. "The CBBH already does this in the payments system and in banking. We will continue to expand our roles in the BH financial sector while always remembering that our main goal is to maintain financial stability by operating as a Currency Board", said CBBH Governor. He stated that the main reason that the Currency Board Arrangement should be retained as the monetary policy of BH is that it is producing real economic and social benefits. The second reason for retaining the Currency Board Arrangement approach to monetary policy is that most countries in the region now have a high degree of exchange rate stability against the euro and that the move of BH in the opposite direction would be very risky. According to the Governor, the third important reason why the Currency Board Arrangement

needs to be retained in BH is that there is no sensible alternative. "Some people are advocating that BH should abandon the Currency Board Arrangement but none of them have made their alternative type of monetary policy clear. I do not see how a discretionary form of monetary policy would work at the present time or in the foreseeable future in BH", the CBBH Governor stated and added that any alternative types of monetary policy are much more likely to generate inflation rather than economic growth or to lead to little action but a lot of confusion and uncertainty. The final reason why the Currency Board Arrangement should be retained is that the long term goal of BH policy is to take the economy closer to and eventually into Europe. The KM is already tied to the euro, and therefore it is sensible to maintain this link said Governor Nicholl, who, during the conference, also reminded of the significant events that happened during the course of development of the CBBH and the Currency Board Arrangement, on the CBBH structure, its independence, KM progress, as well as the reasons why the Currency Board Arrangement successfully worked in BH.

JURE PELIVAN

CBBH consistently implemented Currency Board Arrangement

During almost six years of its existence, the Central Bank of BH (CBBH) has fully



and consistently implemented Currency Board Arrangement. In the speech he delivered during the session of the international conference which was devoted to the creation of the CBBH and five years of its functioning, the member of the CBBH Governing Board **Jure Pelivan** said that through the consistent implementation of the Currency Board Arrangement, the CBBH hasn't approved a single credit, or a single loan to banks or state bodies, i.e. to their institutions. This means that all regulations that were set within the CBBH Law were consistently implemented. "It is undoubted that citizens, economy and all the others in BH have expressed their full confidence in the local currency, since it is convertible, i.e.

freely interchangeable for all the other convertible currencies, at the fixed exchange rate as set out by Law", Pelivan said. He added that it can be reliably concluded that the stability of the local currency in a longer period has had an important role in maintaining stable prices at the local market. It is true that there is some constant increase of industrial production and GDP, which, per capita is only slightly above the half which was reached in 1990. The economic development achieved in the previous six years was unsatisfactory according to the relevant criteria, but the trend of production and the total operation is still obvious. It is accomplished by using local resources and significant financial-credit support and donations for specific purposes. "The problem is that reduction of foreign help in the years to come is announced, and the local financial-credit potentials are not sufficient for acceleration of the economic development. In addition, the ratio of the trade with foreign countries is quite unfavorable, which is reflected in the increasing foreign trade deficit", Pelivan said. He also stated that the fact that a considerable part of current credit potential in banks is allocated to credit the citizens is concerning. Pelivan said that banks, naturally, behave according to the market principles and added that repayment of loans that are being approved to the citizens is the safest, with a personal guarantee and with several guarantors, so the volume of those loans is bigger than the volume of loans that are being extended to the private companies. "I think that the task of the monetary policy and regulations is to analyze possibility to redirect the bigger volume of credit potential into the economy and development. The inflow of foreign assets is decreasing and we have to find additional assets from our own sources in order to get to the foreign credit market", member of the CBBH Governing Board estimated. Finally, there is a provision in the Law on the CBBH saying that Parliamentary Assembly, after expiry of the six-year period, may decide to authorize the CBBH to have some possibility of extending loans. The Law includes a provision on the fixed exchange rate between the local currency and EUR, without time distinction. "There arises a question if the time has come to suggest the change of these provisions to the Parliamentary Assembly of BH. We are obliged to remind that the official representatives of the IMF are suggesting, and we can say conditioning, the preservation of the Currency Board Arrangement, with adequate explanations. We should also take into account that high state officials have expressed their support to such attitude of the IMF", Pelivan said. In the end he added that management and the governing structures of the CBBH have the attitude that this is not the time for such change. However, this does not mean that possibilities for better usage of available capacities within the Currency Board Arrangement cannot be explored.

Collapse of the Currency Board Arrangement in Argentina

Both, the currency and the bank crisis happened in Argentina, which were inter-related, but caused by a number and combination



of different factors. As the former Governor of the Argentina's National Bank **Mario Blejer** said during the CBBH's conference on Currency Board Arrangement, the currency crisis reached its peak with the January 2002 devaluation. It is usually analyzed in the context of the Argentine Currency Board system, which was established in 1991 as the anti-inflationary device. Four different approaches are present in analyses of this crisis: the loss of competitiveness of the Argentine economy, macroeconomic policies inconsistencies, the "sudden stop" argument, as well as the institutional and political weakness. The loss of competitiveness of the Argentine economy was reflected in large external imbalances, increasing unemployment and the long recession which started in 1998. Macroeconomic policy inconsistencies meant rigidity of the exchange rate regime that imposed restrictions on the fiscal accounts, while the "sudden stop" argument connected the collapse of the convertibility system with the drying up of capital inflows. In regard to fiscal adjustment, the "sudden stop" increased debt in-sustainability, as well as real interest rates and caused recession which rendered the system unworkable. And finally, institutional and political weakness made the system vulnerable to political and other pressures that made fiscal adjustment difficult. This type of weaknesses prevented the design and implementation of structural reforms that would have provided the flexibility needed in other sectors to cope with the rigidities of the Currency Board Arrangement. While the problems of convertibility and the consequent exchange rate uncertainty played a role in the currency crisis, the banking crisis was largely caused by the government abuse of the banking sector, so the main cause of the banking crisis was fear that banks would be rendered insolvent by government policy and that deposits would be confiscated.

Progress of the Bulgarian economy determined by the Currency Board Arrangement

Bulgaria's economic progress in recent years is regarded as determined by the Currency Board Arrangement, which was introduced in 1997. Generally, support was given to the government's decision to accept the IMF's advice on how to manage its monetary policy. "However, we are all well aware that the Currency Board Arrangement, now as then, has not been without critics", said representative of the National Bank of Bulgaria **Kalin Hristov** during the conference on the Currency Board Arrangement. The introduction of the Currency Board Arrangement in mid-1997 was a move from a situation of multiple central bank goals to the single goal of achieving price stability. Apart from the unwavering maintenance of a fixed exchange rate of lev against the euro, Bulgaria's monetary policy strategy has for five years been based on several elements: The Governing Board of the National Bank of Bulgaria kept its independence from the government, which was achieved through a combination of specific legislation, Board members' personal integrity and public support; It avoided any form of any direct lending to the government; It encouraged constant monitoring which was done by the economic agents; Clear and transparent mechanisms made possible for the Central Bank to function as a lender of last resort, which also made its abuse practically impossible. In the post-1997 period, Bulgaria achieved the lowest and most stable inflation rate since the beginning of the economic reform, combined with the highest and most stable output growth. The volume of Bulgaria's foreign reserves has shown stable growth since the introduction of the Currency Board Arrangement, but a question about the most successful utilization of those assets occurred frequently. After the introduction of the Currency Board Arrangement, commercial banks' lending capacity grew slowly, so the bank lending to the private sector grew constantly. In his recommendations, Hristov stated that the current account deficit will exist until the economy achieves an optimum level of capital accumulation. In the



medium term, Balance of Payments sustainability will be determined by the growth of direct foreign

investments. Bulgaria's accession to the European Union and hence participation in Economic and Monetary Union requires a number of strategic, legislative and functional decisions by the Central Bank, the government and the National Assembly. "Our conclusion is unambiguous: we are firmly convinced that Bulgaria's current monetary policy should be continued until such time as the country becomes a member of the EU and integrated into the euro-zone", said Hristov.

Estonian economy is already integrated into European and Nordic markets

Estonia's economy is already integrated into European and in particular Nordic



markets. As the representative of the Bank of Estonia **Andres Sutt** stated, this integration and openness assure us that the Currency Board Arrangement is not only a transitory phenomenon and remains the main pillar for continuing real and nominal convergence. Inflation and competitiveness over the last decade has been encouraging. "Past success and nearly certain EU membership should not give a room for complacency. We should not forget the importance of prudent economic policies when becoming part of the EU and more so after joining the EMU", Sutt said. Fiscal policy will remain the main stabilization tool; structural issues concerning the flexibility and efficiency of labor, product and capital markets remain the main challenges. During the international conference, Sutt presented the basic characteristics of the Estonian Currency Board Arrangement and the economy in this country, and stated that after ten years of economic reforms, Estonian economy is not a transition economy any more in the original sense of the word. The structural changes in the economy are far from over. "The upcoming EU membership commits us much more. Our goal cannot be just to be ready to accede to the European Union but also to ensure maximum use of the accompanying opportunities. These are the challenges yet to be faced", said Sutt.

Sightseeing tours of Sarajevo and Mostar

Fourth international conference of the Central Bank of BH (CBBH) was not all about work. Conference participants

Wilhelm Salater, National Bank of Romania

"It is the first time that I visit Bosnia and Herzegovina. In fact, of the former Yugoslav republics, I've visited only Slovenia. My first impressions about Sarajevo are that it is a very nice city. The view from the top of the hill was very nice and these streets that we managed to see in downtown are very picturesque. What else can I say, aside that my first impressions are very good."



coming from abroad also had a chance to visit many historic sites during the sightseeing tour of Sarajevo. The tour, which was organized for them by the CBBH, first took them to one of the hills above the old part of Sarajevo, from where they were able to see the beautiful Sarajevo landscape. Later the group went to Bačaršija, where the sightseeing tour continued. The highlights of the tour were visits to the famous Begova Mosque and the national restaurant "Moriya Han". At the end of the tour, we managed to gather some impressions of our guests:

Kalin Hristov, National Bank of Bulgaria

"I am for the first time here in Sarajevo. I saw different times and places that can be seen here, as well as different cultures that blend together. I've never been in Jerusalem, but this is the European Jerusalem. Now I know more about how it is possible to bring together four different cultures and religions. That was the most impressive for me."

Cezary Wójcik, Institute for the World Economy

"The hill from which we could see the town provided us a very nice view and then we moved into this mosque in downtown. Actually this was my first opportunity to go inside and look inside the mosque. Overall, my impressions are very good, because I expected something nice and interesting, which is something that was confirmed to me. This is the crossroad of the cultures, which is what I expected to find here: religions mixing, closeness of churches and mosques... This is really amazing for me."

Kathrin Barensmann, German Development Institute

"I think that Sarajevo is a very beautiful town with a lot of interesting buildings and it has very nice surrounding with mountains. The history tour we had around the town was interesting and I can say that

it is quite different than Germany. All these impressions that we managed to get about the war and everything that we managed to see show that this place had a very difficult history, but I have the impression that the people are able to cope with it, that they are ready to forget about the war and work together. Of course, it is an exceptional situation with so many cultures that live together in one city so nearby. This seems much more complicated than in other countries, but nevertheless, I feel that people here are ready to live and work together in peace, I hope forever."

The sightseeing tour of Mostar was also organized for the CBBH guests, where they first visited the Turkish House, which is the typical building from the period of Turkish rule. During the sightseeing tour of the Turkish House guests were introduced with the architecture of that period, family customs, the last owner of the house... From the Mehmed-Paša's Mosque, guests were able to see the construction of the Old Bridge, which is one of the landmarks of Mostar. Many countries, such as Italia, France, Turkey and Croatia participate in reconstruction of this bridge, which was destroyed during the Bosniak-Croat war in 1994, and the total value of this project is USD 15,5 million. This unofficial part of the Conference ended with the sightseeing tours of Mejugorje and "Queen of Peace" Shrine, which produced positive comments of its participants.



VISITS

Visit of the experts from the Bank of Netherlands to the Office of the Comptroller General of the CBBH

Experts from the Bank of Netherlands **Joop Winternik** and **Marcel Korver** visited from 10 to 11 April the CBBH Office of the Comptroller General to review functioning of the CBBH internal audit, for potential technical assistance and the further work improvement. Such kind of knowledge transfer has been provided by Bank of Netherlands to National Bank of Macedonia for already three years, to Bank of Moldavia

for a year and they plan to provide assistance to the Bank of Armenia. Given the limited financial assets, technical assistance is provided to the banks which are estimated to be able to improve the business and to justify the spent assets. The project usually takes three to four years. The basic precondition for success of this project is readiness of the CBBH management to participate and support it.

Under the presumption that the above mentioned activities come out as positive ones, the Office of the Comptroller General and the CBBH management with the suggestions of the experts of Bank of Netherlands would prepare the plan of activities. During their visit, the experts of Bank of Netherlands gave several suggestions to the Office of the Comptroller General, which will be used in the further operations.

Lj. Vladušić: Changes in the RR regulations are one of the most significant changes

"After the introduction of the Currency Board, introduction of KM and payment system reforms, changes in the Required Reserves (RR) regulations are one of the most important changes in monetary policy in BH so far, which is happening at this moment", said Vice Governor of the Central Bank of BH (CBBH) **Ljubiša**

Vladušić. During his speech on monetary policy and the banking sector in BH that he delivered at the Business Conference, which was held on April 24 in Vienna, he said that the RR is the only instrument of the monetary policy available to the CBBH, under the Currency Board Arrangement. Aims of the RR are to increase the efficiency in monetary policy, to give more flexibility to the CBBH to react promptly to sudden shifts in the economic environment, to make the regulation on RR more in line with European standards and the overall stability of the financial system, especially banks in BiH, as they are the bulk of financial intermediation. Vice Governor Vladušić stated that population trusts not only the Currency Board arrangement and KM, but local banks as well, regardless of their ownership. To illustrate this point he presented the data that show that time and savings deposits in local currency have increased from only KM 1 million at the end of 1997 to KM 102 million at the end February 2003. Households' time and savings deposits in foreign currency went up from KM 136 million to KM 766 million in banks. Vice Governor stated that above mentioned data

show that the total deposits and savings and confidence in local banks are permanently increasing. Stating the basic characteristics of the banking sector operations in the last year, he mentioned rapid



process of banks' privatization, meeting the set minimal banks' capital requirement to KM 15 million, merger of banks, considerable increase of assets and capital, increase of credit potential, stabilization and consolidation of banking sector, supply of new products and services, amendments and supplements of regulations, deposit insurance, as well as the increased volume of payment transactions. By most independent analysts the banking sector in BiH is considered to be relatively healthy. Regulation, licensing and supervision are done by two entity-based banking agencies. A recently established deposit insurance agency at the state level will definitely add to the stability of the banking system. "It is worth mentioning that BiH has modern payment system compatible with the system in the Eurozone. As a final result of the banking system reform, it is expected that receivable interest rates will continue to decrease", said Vice Governor Vladušić to participants of this conference.

Concluding his presentation on the role of the monetary policy in the building of the banking system in BH, Vice Governor stated that long term goals of the BH are full membership in the European Union and adoption of the euro. It is very good news for BiH that European Central Bank and European Commission have accepted the possibility that the Currency board arrangement can be a path toward the euro. Estonian and Lithuanian cases will be excellent examples of this convergence. Direct foreign investment could foster real structural convergence of BiH to the EU zone. The central bank intends to continue with this policy until the adoption of the euro. Finally, Vice Governor said, one of the main problems of BiH is its negative image. "We can only hope that good economic results of the CBBH and the Currency Board Arrangement will manage to attract foreign investors", said Vladušić. During the Business Conference that was held in Vienna and which was organized by the Bank of Austria and the Embassy of Austria in Sarajevo, willingness was shown for the continuation and intensifying of the bilateral meetings and for the strengthening of cooperation between the two countries. Except for Vice Governor Vladušić, BH delegation was represented by the Minister of Economic Relations and Foreign Trade of BH **Mila Gadžić**, Secretary of the Foreign Affairs Ministry **Fuad Šabeta** and Director of the Foreign Investment Promotion Agency **Mirza Hajrić**.

Amendments to the CBBH Law related to the reserve requirement adopted

The BH Presidency, as well as both houses of the BH Parliamentary Assembly, adopted amendments on the Law on the Central Bank of BH (CBBH) that are related to the Reserve Requirements (RR). The changes, which were proposed by the CBBH Governing Board and supported by the BH Presidency by introducing those changes into the parliamentary procedure, were adopted by the Parliament under urgency procedure. Those amendments contain four changes in the Article 36 of the CBBH Law. The proposed changes include a broadening of the RR base also including the foreign deposits, instead of only KM, which was the case until now. This would bring the KM into the equal position to foreign exchange currencies. Another proposal is the elimination of the KM cash which banks hold in their vaults

as an eligible asset for fulfilling the RR of banks. The third change is related to the RR ratio, which would be specified as "up to 20%", while the fourth change is giving the authority to the CBBH Governing Board to determine the amount of compensation the CBBH will pay to banks on their reserve deposits at the CBBH. The amendment to the Article 3 of the CBBH Law, which was also accepted, confirms the CBBH's independence. During his address to the members of the House of Representatives and the House of People, the CBBH Governor **Peter Nicholl** said that there were two reasons why CBBH proposed these changes and that is to improve fair and efficient RR policy and because of need to pay attention to the increase in the volume of banking loans in BH and influence of those loans on the

Balance of Payments. The adoption under urgent procedure was a necessity, since the IMF decided to make amendments to the Article 36 a priority for the upcoming overview in accordance with the Stand By Arrangement. The Governor explained to representatives that, in case those amendments did not get adopted quickly, overview and the payment of the assets in accordance with the Stand By Arrangement would be postponed. The Governor stated that the adoption of those changes did not give any excuse to the commercial banks for the increase of their interest rates, which is something that some of them announced. The new Reserve Requirement Regulation should take effect from June 1, 2003, which would give the commercial banks a month to adjust to the new requirements.

CBBH's Financial Statements for 2002

The Presidency of BH, with positive appraisals, adopted the Financial Statement of the Central Bank of BH (CBBH) for 2002, which the CBBH submitted together with the Independent Auditor's Report. The basic characteristics of these Financial Statements are as follows: total assets and liabilities amount to KM 2,539,040,975. Total foreign assets amount to KM 2,464,392,491 and serves in the function of the Currency Board Arrangement. As of December 31 2002, the amount of KM in circulation was 1,868,650,806. The Domestic deposits were KM 476,502,000. Sum of these two figures makes monetary liabilities of the CBBH which amount to KM 2,345,152,806. Capital and reserves of the CBBH amount to KM 180,746,669. According to the Financial Statements, liabilities to non-residents were KM 1,173,174, while free foreign reserves were KM 118,066,511. Net-profit for 2002 was 58,019,044. Third party securities

and invested foreign exchange deposits held with foreign banks, where CBBH acts as an agent, were stated in the off-balance sheet items and amounted to KM 188,745,151. CBBH's foreign investments are being held in foreign banks of the extremely high rating, so the exposure to the credit risk is reduced to a minimum. The independent auditing company from Austria "Ernst & Young" gave its opinion about the CBBH's Financial Statements. It was reported that the CBBH's financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB). The audit was conducted in accordance with the International Standards on Auditing of the International Federation of Accountants (IFAC). Those standards require planning and performing the audit to obtain reasonable assurance that whether the financial

statements are free of material misstatement. The audit includes examining, on a sample of records evidence supporting the amounts and disclosures in the financial statements. The audit also included assessing the accounting principles used and significant estimates made by the Bank's management, as well as evaluation of the overall financial presentation. As auditors stated, the financial statements presented fairly, in all material respects, the financial position of the Bank at December 31, 2002, and the results of its operations and the cash flows for 2002 in accordance with International Financial Reporting Standards as published by the International Accounting Standards Board. In addition to the BH Presidency, CBBH's Financial Statements for 2002 were adopted by the House of Representatives of the Parliamentary Assembly of BH, and its adoption is also expected in the House of People of this Parliament.

P. Nicholl: BH needs the true strategy of development of capital market

Conclusion of the meeting that the Governor of the Central Bank of BH (CBBH) **Peter Nicholl** had with representatives of the Securities Commission of the RS, Banja Luka Stock Exchange and representatives of the RS brokers, was that current condition at the capital market in BH is not satisfactory and certain steps towards its development have to be taken, since it is most likely that the current situation will become worse if nothing gets done. The meeting was held in the MBRS CBBH Banja Luka on April 9 in Banja Luka, during the Governor's visit to Banja Luka and the discussion covered the current situation at the capital market in BH and exploration of new possibilities for its development. Governor Nicholl stressed that a large part of problems that occur in development of capital market comes from the facts that BH still has neither single economic space nor the true strategy for the development of the capital markets. "Infrastructure for the trading at the capital market has been established in BH, but there is no capital market. That is not a successful strategy.

This could lead to a reduction in the infrastructure, considering that brokers and

only method the state can use in order to provide the money for the implementation of capital projects, such as highways construction. Governor Nicholl reminded that the CBBH already introduced in the last year the initiative for the adoption of the amendment to the CBBH Law, which would make possible for the CBBH to issue securities, but at that time there was no sufficient support for that step. Participants at this meeting added that issuing of state bonds can also efficiently regulate the issue of state debt, in other



stock exchange shareholders that currently aren't making any profits, could give up the whole thing", Governor stressed. "When you have the situation in which it is impossible to make profit at the stock exchange, brokers have two options and that is to give up the whole thing or to try to make money illegally", said Nicholl. According to participants of this meeting, the necessary step that has to be taken is the start of securities issuing by the state or the CBBH, since that is the way to provide good securities to be traded at the capital market in BH. It is also the

words, the old savings issue. The Governor agreed with this principle, but he added that issuing of such bonds has to be done carefully in order not to overburden the state budget.

In order to overcome all problems that stand in the way of development of capital markets and in order to create the legal framework for its successful functioning, the Capital Markets Council of BH will be established on May 15. This council would have an advisory character and it would include all relevant institutions for the capital market and securities in BH.

DEPOSIT INSURANCE OF BH

VB Bank is the new member

Director of the Agency for Deposit Insurance of BH **Josip Nevjestić** and the Director of the VB Bank **Radovan Bajić** signed the contract which made the VB Bank the first bank from the Republika Srpska that was included in the Agency for Deposit Insurance of BH. The ceremony of the contract signing and handover of the certificate was held in Banja Luka on April 9, 2003, and it was attended by many state and entity officials and the Governor of the Central Bank of BH (CBBH) **Peter Nicholl**. On that occasion, the Governor addressed the people that gathered at the ceremony and stated that it was a significant day for the banking of BH in its entirety, since with the joining of the VB Bank, as the first bank from the RS, deposit insurance really became the state-level. "Establishment of the state-level deposit insurance scheme is one of ways to return the citizens' trust in banks", said Nicholl

and added that this is only a part of the ongoing reform of the banking system in BH. Nevjestić stated that the deposit insurance was not a matter of prestige anymore, but also the obligation of com-

mercial banks, since all commercial banks have to join the Agency for Deposit Insurance of BH until August 12 this year, or otherwise, they will lose their working license. According to Nevjestić, the obligatory deposit insurance is another step in consolidation of the banking system. "Only those banks that deserve to survive with their work and quality will stay", said Nevjestić and added that the total number of banks that will join the Agency for Deposit Insurance of BH will depend exclusively on their work and added that those that already have the Certificate have a constant obligation to improve their business. Deposit insurance scheme guarantees repayment to depositors of banks that are members of the Agency for Deposit Insurance of BH for deposits up to KM 5000. The Agency for Deposit Insurance of BH can be joined only by those banks that fulfill KM 15 million census requirements and that are mostly private owned. The Agency currently has 12 member banks - 11 banks from the BH Federation and one from the RS. The Law on Deposit Insurance in the BH banks was adopted on August 12 2002.



Seminar on money laundering and financial crime prevention

The participants of the Seminar on prevention of money laundering and financial crime, which was organised in the premises of the Central Bank of BH (CBBH) in Sarajevo from April 22 to April 25 2003, stressed the need for an effective bankers' association, considering that many pending problems in banking sector can only be solved in the framework of such organisation. During the



seminar, which was organized with the aim to educate the staff of commercial banks about how to successfully cope with the money laundering problem, it was stated that there is a need to tackle problems of the legal framework through the bankers' association, as well as for the need for the joint work of the Association of Banks of the BH Federation, the Banking Agency of the BH Federation and the CBBH. As it was stated during the seminar, there is the need to have a clear definition of the primary crime in relation to the prevention of money laundering, the exact reporting requirements, as well as the protection of the financial system from the crime. The government of Luxembourg through the Financial Technology Transfer Agency of Luxembourg (A.T.T.F.) sponsored this venture with assistance of newly formed Bankers' Association of the Federation of BiH. The lecturer at the seminar was a senior consultant of A.T.T.F. and Professor at the United Business Institutes in Brussels **Roger Claessens**. As the seminar was conceived both as academic and interactive, bankers participated actively, so the seminar, besides the issue of money laundering, lines of compliance "Know your customer" and Risk Management, raised some other issues important for successful operations of banking sector. 40 bankers from 20 Federation banks attended the seminar. ATTF in co-operation with RS Bankers' Association is planning to hold the similar seminar in autumn in Banja Luka.

Simplicity brings quality

"The simplest solutions are always best solutions". This thought, which is maybe unusual for current trends in the world of the Information Technologies (IT), was stated by the representatives of the Network Appliance Company during the presentation of the data storage systems, which was held on April 15 2003 in premises of the Central Bank of BH (CBBH) in Sarajevo.

Data storage systems are becoming more and more significant in planning of the modern large computer networks taking into account constant increase of the databases size. Data storage was a simple task in the past, because the amount of data was simply small. However, the new databases and software solutions are asking for more processor strength and storage space. This trend of development of the IT industry was noticed in 1992 by the group of the former Silicon Graphics engineers, who later established the Network Appliance. Even then, they stated that the backbone of their production program will be production of the large storage systems, which was the logical move, considering that none of the main large systems manufacturers of that time, such as IBM, hasn't offered an adequate answer to



growing demands for data storage space. Constructors from the Network Appliance figured out soon that it is not necessary to use the whole server for the data storage, so they shifted their focus on the development of hardware, which exclusively works on the input/output (IO) principle. This hardware is being managed by its own Operating System (OS), which is in charge for all IO operations. How much emphasis was placed on the simplicity of such system can be seen from the fact that the entire OS can fit on

three floppy disks. Despite its simplicity, this system offers everything that one administrator can ask for in terms of the data protection. All modern data protection mechanisms are available: RAID, mirroring, while connection of two devices can provide mirroring of the data to a remote location, which provides maximum **disaster recovery** mechanism. The simplicity of the system's architecture is a guarantee of the simple installation and management of the system. Network Appliance is made for the work in the **Enterprise** environment, and makes its connection with the network through the common TCP/IP protocol, which provides simple connection with various types of networks, such as Windows, UNIX... The hardware was designed to work in the "no-shutdown" environment (24-7 principle), and the "health" of the system, in addition to a network administrator, is being monitored by the manufacturers, who, through the Internet, monitor whether the device is working properly and, if a need occurs, make interventions in order to keep the

system running smoothly. The fact that maybe most favorably speaks in favor of these systems is that they almost never break down. As one of the official representatives

of the Network Appliance **Vincenc Juteršek** stressed, the average "up-time" of these storage systems is 99,9% and those systems almost never require any maintenance. "The largest praise for us is when people who bought this system tell us say that they are not even aware that this machine exists", Juteršek stated. Presentation of these systems was attended by the representatives of the Information Technology Department of the CBBH, as well as some representatives of commercial banks.

CBBH IS NOT IN CHARGE FOR THE USAGE OF EUROS IN PAYMENT TRANSACTIONS

The Central Bank of BH (CBBH) reminds citizens as well as the participants in transactions of goods and services it is not in charge for the usage of the euro, nor any other foreign currency in BH, since BH has its own currency, the Convertible Mark, for which the CBBH is responsible. A larger number of BH citizens addressed the CBBH through the Consumers' Association with the request to make a statement regarding the fact that some participants in the transactions of goods and services, without any apparent reason, do not accept euro banknotes and coins. CBBH supports the usage of the local currency, the Convertible Mark, but at the same time it reminds that the usage of the euro banknotes and coins in the payment transactions is not prohibited. This means that the euro can be used only with the consent of both sides - seller and buyer, which means that the sides can, but do not have to accept euro banknotes or coins if they do not want to.

THE GOVERNOR OF THE CBBH SUPPORTS HOUSEHOLD BUDGET SURVEY FOR BH

The Governor of the Central Bank of BH (CBBH) **Peter Nicholl** welcomed the initiative on a household budget survey (HBS) for BH, which will provide vital information on household income and expenditure for use in preparing much needed improvements to BH's national accounts, especially data on Gross Domestic Product (GDP), and also data for substantially improving BiH consumer price indices. The Governor discussed a proposed household budget survey with representatives of the Institute of Statistics in Italy (ISTAT) **Ms Micaela Jovenal** and **Mr Giulio Barcaroli**, who are also members of the Italian Mission which has been negotiating with BH State and entity statistical offices, with participation by the IMF Statistical Advisor for BH, on a proposed household budget survey (HBS) for BH. Peter Nicholl said this survey of 6000 households will be substantially funded by the Italian Government with technical assistance from ISTAT, which has long assisted the development of statistics in this country. The project, to be held over two years and costing over 860000 euros, will be coordinated by the State Agency for Statistics (BHAS) and conducted in cooperation with the entity statistical institutes. The Governor said this will be the most valuable statistical activity since the war to improve national accounts and price statistics in BiH. The Governor thanked the mission for

Italy's assistance for improving statistics in BiH and offered his full support for the project. He welcomed the mission's advice that the project is likely to commence in the very near future.

CBBH AND THE FACULTY OF ECONOMICS IN SARAJEVO SIGNED COOPERATION AGREEMENT

The Governor of the Central Bank of BH (CBBH) **Peter Nicholl** and Dean of the Faculty of Economics in Sarajevo **Miloš Trifković** have signed the Cooperation Agreement which sets out the framework of the future cooperation between the CBBH and the Faculty of Economics in Sarajevo in domains of common interest. CBBH is especially interested in development and successful work of its Research Department and the employment of the appropriate staff, while the



Faculty of Economics in Sarajevo is interested in development of the teaching and scientific-research work, as well as of the improvement of its students' education through various activities conducted by the CBBH. The Cooperation will encompass programming and implementation of the joint projects, engagement of teachers, associates and students on the projects done by the CBBH, occasional involvement of best students into the CBBH work and recruitment of the best students for their possible employment in the CBBH. The agreement provides periodical participation of the CBBH's associates in the undergraduate and postgraduate studies and in projects of the Faculty of Economics in Sarajevo. This Cooperation also includes holding of various seminars and lectures, optimal usage of the existing infrastructure capabilities of both institutions (center, library and publishing), improving of the technical equipment of the Faculty of Economics, improvement in methodology of work and education methodology at the Faculty, as well as volunteer engagement of assistants and students at the postgraduate studies, especially in the domain of finance, financial markets and banking institutions. This agreement will be valid for four years, starting from a day of its signing. This signing of agreement was also attended by the CBBH vice governors and representatives of the Faculty of Economics in Sarajevo of the Sarajevo University.

P. NICHOLL TALKED WITH THE REPRESENTATIVES OF EUROSTAT

The Governor of the Central Bank of BH (CBBH) **Peter Nicholl** welcomed consideration of possible new EC programs for assistance to BH statistical services and urged that priority be given to supporting the collection of new economic data from enterprises as the basis for much-needed improvements in the national accounts and price statistics. On 29 April, the Governor discussed with the representatives of the Statistical Office of the European Communities (EUROSTAT) **Mr. Kjartan Bjornsson** and **Mr. Ronald Delemont**, the current status of BH statistical services, delays in implementing the State Law on Statistics and the serious shortcomings in existing macroeconomic statistics, especially the national accounts, price indices and foreign trade statistics needed as the basis for monitoring the economic situation and for economic policy-making. The mission was visiting BH, among other things, to assess the need for future programs of assistance in statistics. Governor Nicholl urged that future EC assistance for BH statistics should focus on supporting the collection of new economic data to replace inadequate existing administrative and other source data used for compiling the national accounts and price indices. He proposed that priority should be given to collecting detailed data from enterprises in economic censuses that would be used for improving statistics of gross domestic product (GDP), developing new price indices that would assist in developing estimates of GDP, establishing the basis for future regular economic surveys and assisting in building better statistical registers of businesses. The Governor thanked the mission for EC efforts to improve the statistical system of BH and looked forward to new EC programs that would lead to much improved economic statistics.

UNBLOCKED FUNDS REMITTED TO THE CBBH ACCOUNT

The unblocked assets of the National Bank of the former Yugoslavia in the amount of USD 36.837.127,56 have been remitted to the account of the Central Bank of BH (CBBH). These assets were blocked in the USA. USA have unblocked foreign reserves of the National Bank of the former SFRY worth USD 238 million and according to the distribution key that was defined in the Agreement on succession issues, 15,5 percent of this money belongs to BH, which is USD 36.837.127,56. The instruction to the CBBH to take over those assets was given by the Ministry of Finances and Treasury of BH based on the authorization of the Council of Ministers of BH.

MAIN UNIT SARAJEVO

Activities on preparation of the new premises for the Main Unit Sarajevo continued in April. The Governing Board of the Central Bank of BH (CBBH) made a decision about the election of the most favorable bidder for the adaptation of the office building, so the construction works could start in April and finish in September. The LT Gospodarska Bank d.d. Sarajevo (work on the reserve account and Required Reserve), commenced its operations in April. This bank was created through a merger of the LT Commercial Bank d.d. Livno and Gospodarska Bank d.d. Sarajevo. The Banking Agency of the BH Federation imposed provisional administration in Ljubljanska Bank d.d. Sarajevo and in Post Bank BH d.d. Sarajevo because they haven't met the legal requirements for work. The Director of the Main Unit Sarajevo **Sadik Kadrić** attended the meeting of the Bankers' Association of the BH Federation, which was organized because of changes in the legal regulations that regulate Reserve Requirements of banks at the CBBH. The Bankers' Association of the BH Federation will send in its proposals regarding this matter to the Governing Board of the CBBH. A plenary meeting of the elected Expert Committee, which is made of countries that are members of the Council of Europe and some other financial organizations, which is in charge of prevention of money laundering was held in Strasburg from April 6 until April 12. Considering the fact that BH has no permanent members in this Committee, the Director of the Sarajevo Main Unit represented CBBH at this meeting.

MAIN UNIT MOSTAR

114.350 transactions were processed at the level of the Main Unit Mostar during March, out of which, 112.371 transactions were settled in gyro-clearing, while 1.979 transactions were settled in the RTGS.

MBRS BANJA LUKA

The Governor of the CBBH **Peter Nicholl** held a meeting with directors of the RS commercial banks in Banja Luka. During the



meeting, which was held on April 9, he informed representatives of banks about the future changes in the CBBH Law regarding the Reserve Requirements regulations. Representatives of banks also voiced their opinion during this meeting. Activities regarding preparation of instructions and procedures on treasury operations are completed, while preparations for the meeting with commercial banks because of consistent implementation of those procedures and solving of all issues that occur during the cash payment transactions are underway. Due to the constantly large inflow of cash (since January year, some 10.200.000 pieces of banknotes were received) and because of the constant technical problems in the work of the machine that counts banknotes, workers from other divisions were engaged on daily basis in order to finish all assignments and to meet all the deadlines that were provided in accordance with procedures.

PALE BRANCH

The average number of KM sales transactions per day increased 10,5 percent compared to March, while the number of KM purchase transactions per day increased 11 percent. The balance between buying and selling of KM slightly increased compared to the previous month - only 1,4 percent. Deposits of banks in the region that is covered by the Pale Branch increased 7,5 percent, the average balances at the reserve accounts increased 20%, while the amount of cash in vaults decreased five percent compared to the previous month.

BRCKO BRANCH

Considering that the Law on Banks in Br-ko District of BH, which was adopted by the Br-ko Assembly, partly effected obligations and added some new activities for the CBBH's Br-ko Branch, the Legal Affairs Section of the CBBH is preparing Book of Regulations on the conditions, procedures and documentation which is necessary for the signing into the register of banks, subsidiaries, branches and representative offices in Br-ko District BH, as well as the form which will be handed to the bank as the notification about its registration. Employees of the Branch are engaged in preparations for the implementation of this Law. Manager of Br-ko Branch **Mirzeta Arnaudović** attended the international conference entitled "Role of the Currency Board Arrangement in the Monetary Policy: History and practice", which was organized in Sarajevo on April 11. The trainee in Br-ko Branch **Almira Žilić** passed her trainee exam on April 23.



IN MEMORIAM

Milanka (Nuro) Golijanin, maiden Govedarica

The Central Bank of BH (CBBH) lost **Milanka Golijanin** on April 6, 2003, when she suddenly died at the age of 41. She started working in the Pale Office of the Vice Governor of the Central Office of the CBBH on March 1, 1999. She worked in the Common Affairs Department of the CBBH's Central Office since July 17, 2000. She worked as the Administrative Assistant in the Branch of the Main bank of Republika Srpska of the CBBH on Pale since June 1, 2001, and after November 1, 2002, she was allocated to the Publications, Library and Administrative Tasks Section, at the post of Administrative Assistant. News about her premature death caused a shock among employees who, together with her family, bid their last farewell to her on April 7. She will be remembered as a cheerful person, hard-working and devoted worker.

EMPLOYMENT

Amir Hadžiomerađić Manager of the Statistics Department

As of April 14, 2003, the Central Bank of BH (CBBH) has a new employee. That person is **Amir Hadžiomerađić**, who was employed for the indefinite time period at the post Manager of the Economics Research Division of the Economics Research and Statistics Department. We wish him a warm welcome to our institution. **Dragan Jović**, who was employed for the definite time period from April 1, 2002, whose contract was supposed to last until March 31, 2003, received an 11-month extension to his contract. Because of the urgency of this matter, his contract was extended without the public vacancy announcement and with this extension it should last until February 29, 2004. **Dragan Jović** is working as the Banking Economist in the Banking Section of the Main Bank of Republika Srpska of the CBBH Banja Luka. **Branislava Laco - Kovačević**, who worked as the Economist II in the Section for the Balance of Payments Statistics of the Central Office was shifted to the post Economist I in the same organizational unit. As of April 1, **Jelena Obradović** was shifted from the post Assistant Economist in the Section for the Balance of Payments Statistics of the Central Office to the post Economist II in the same organizational unit. Because of the changes that were made in the General Act of the CBBH on organization and systematization of posts, as of April 1, **Miralem Imamović** was shifted from the post Assistant Worker in the Common Affairs Department of the Central Office, which was removed from the systematization, to the post Vault Support Worker in the Treasury Division of the Central Office. Because of impossibility of **Bogdan Zirojević** undertaking duties at the post Treasury Officer in the Treasury Division of the Central Office

to which he was shifted on March 1, 2003 from the post Liquidator in the Treasury Operations Section of the Main Bank of Republika Srpska of the CBBH Banja Luka, the new decision was issued about his shifting to the mentioned post as of April 1, when he assumed his duties. Seven graduate economists - trainees of the CBBH have passed their trainee exams, which they took on April 20, after the completion of their training period. Those trainees are: **Suzana Kozinović** - Economics, Research and Statistics Department, **Dejan Kovačević** - Banking Department, **Maja Tepavčević** - Relations with International Financial Institutions Division, **Bojan Čajić** - temporarily shifted from the Main Unit Sarajevo to the Monitoring and



Analysis Division until he gets appointed after the passing of his trainee exam, **Ines Đulabić** - Accounting Division, **Tanja Vukić** - the Main Bank of Republika Srpska of the CBBH and **Almira @ilić** - CBBH Branch Br-ko. Congratulations to our trainees that will, after passing their exams, be shifted to appropriate posts. The CBBH has 277 job positions in its Systematization. Currently, the CBBH has 251 employees, out of which, 250 are employed permanently. Out of that number one employee is on unpaid leave of absence, while one employee is employed for a definite period of time.

EDUCATION

Education of the CBBH employees continues

The Officer for the Personal Education in the Personnel Section of the Central Bank of BH (CBBH) **Adela Lincender** and Secretary-Translator in the Common Affairs Division of the Central Office of the CBBH **Vildana Popovčević** attended a seminar entitled "Human Resources Management and



at the Czech National Bank and Preparation for Joining the European Union". This seminar was organized by the Czech National Bank in Prague from April 23 until April 25. Director of the Main Unit Sarajevo of the CBBH **Sadik Kadrić** was in Strasburg from April 7 until April 11, where he attended a preliminary meeting of the Committee for the evaluation of measures for money laundering prevention. The Manager of the Information Technologies Department **Nazif Husović** visited "Hermes Plus" company in Ljubljana from April 10 until April 11, where he also attended education. The banking conference that was organized by the HVB Bank was held in Vienna on April 23 and April 24. The Vice Governor of the CBBH **Ljubiša Vladušić** represented CBBH at this conference, along with other local officials. The Economic Analyst in the Economics Research Division of the Economics Research and Statistics Department of the Central Office of the CBBH **Damir Čosić** attended a seminar entitled "Indicators of the Financial Stability", which was organized by the IMF in Vienna, Austria. This seminar was held from April 21 until April 27.



CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Monthly Balance Sheet (temporary) as of 31st March, 2003
Explanation

Monthly Balance Sheet is being issued to provide information on the Central Bank of Bosnia and Herzegovina operations pursuant to the Currency Board rule, and to release some particular information as defined by the Law on the Central Bank of Bosnia and Herzegovina.

Some of specific features of the Balance Sheet as of 31st March are as follows :

On 31st March, the Bank met all requirements of the Currency Board rule as mentioned in the Article 31 of the Law. Status of Net Foreign Assets exceeds its Monetary Liabilities in Konvertibilna Marka (KM) by KM 137,407,148. This has been shown in the item Net Foreign Exchange Assets minus Monetary Liabilities.

Foreign Assets mainly consist of deposits held with the foreign banks.

The Balance Sheet also shows structure of the currencies holdings, differentiating them by EUR and other currencies.

The Bank,s foreign deposits incur income for the Bank from interest.

Monetary liabilities, represent to larger extent the liability of the Bank for KM currency in circulation (KM 1,728,745,289) and resident banks, reserve deposits (KM 340,646,982).

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

As depositary for membership of Bosnia and Herzegovina in the IMF, the Bank presents IMF accounts No.1 and No.2 as foreign liabilities in its Balance Sheet and holds securities of the Government of Bosnia and Herzegovina related to the membership. Acting in the same time also as fiscal agent on behalf of the Government in its relationship with the IMF, the Bank records the funds and liabilities of the Government related to the membership in the trust accounts separated from Balance Sheet. By consolidation of all accounts related to the membership of Bosnia and Herzegovina in the IMF, liability as net member position in the amount of KM 234,265,711 is calculated.

The Bank also maintains certain accounts in foreign currencies in terms of agreements concluded between the Government of Bosnia and Herzegovina and foreign governments and financial organisations, as well as foreign currency accounts of the state institutions and agencies for which the Bank acts as an agent. As these accounts does not appear to be either assets or liabilities of CBBH, they have not been included in the above mentioned balance sheet. Total amount of funds held in on these accounts was KM 177,788,574.

Any inquiry referred to the Monthly Balance Sheet can be addressed to the Administration and Finance Department, Accounting Section in Sarajevo, contact phone # (033) 27 81 19, fax # (033) 27 82 94. Media representatives can contact Public Relations Office, phone # (033) 27 81 23, fax # (033) 27 82 96.

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

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Monthly Balance Sheet (temporary) as of 31st March, 2003
(amounts in KM equivalents)

ASSETS	Total Amount	EUR	Other Currencies
Foreign Exchange Assets	2.228.491.847	2.225.786.016	2.705.831
Cash	26.708.077	26.670.690	37.387
Short term deposits	2.200.249.440	2.199.115.326	1.134.114
SDR in the IMF	1.534.330	0	1.534.330
Other Assets	64.439.367		
TOTAL ASSETS (1 + 2)	2.292.931.214		

LIABILITIES	Total Amount
Monetary Liabilities	2.089.979.763
Currency in Circulation	1.728.745.289
Credit Balances of Resident Banks	340.646.982
Credit Balances of Other Residents	20.587.492
Liabilities to Non Residents	1.104.936
Other Liabilities	9.743.180
Capital And Reserves	192.103.335
TOTAL LIABILITIES (3+4+5+6)	2.292.931.214

Net Foreign Assets minus Monetary Liabilities (1 - 3 - 4)	137.407.148
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Sarajevo (date) 18.04.2003.

Jasmina Halilbegović
Comptroller General