NOVA BANKA

GODIŠNJI IZVJEŠTAJ

ANNUAL REPORT

2016

NOVA BANKA

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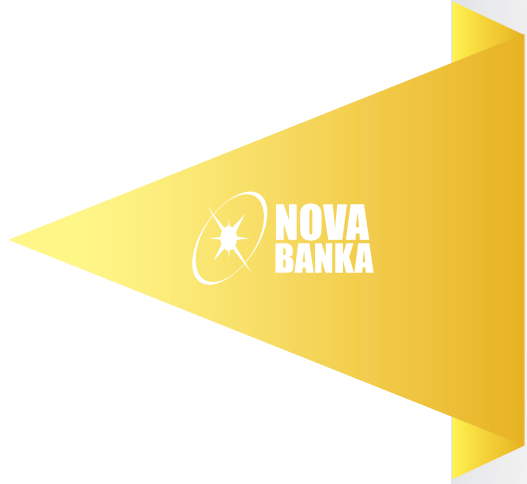
GODIŠNJI IZVJEŠTAJ **2016**

Da Nova banka predstavlja značajan oslonac razvoja Bosne i Hercegovine, prikazuju projekti koje Banka iz godine u godinu podržava.

ANNUAL REPORT 2016



Projects supported by the Bank from year to year show that Nova banka is an important supporter of the development of Bosnia and Herzegovina.

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Ostvarenjem aktive u iznosu od 1,71 milijarde KM
u potpunosti smo ostvarili naš cilj zadržavanja liderske pozicije
u Republici Srpskoj i treće pozicije na nivou Bosne i Hercegovine.

dostignuti nivo aktive
1,71
milijarde KM

ukupna neto dobit
13,45
miliona KM

akcije u vlasništvu domaćih fizičkih i pravnih lica
89,6%

By achieving the level of assets in the amount of 1.71 billion BAM
we fully achieved our goal, retaining the leading position in the Republic of
Srpska and the third position at the level of Bosnia and Herzegovina.

the achieved level of assets
1.71
billion BAM

total net profit
13.45
million BAM

the shares in the ownership of domestic natural and legal persons
89.6%

Doc. dr Milan Radović,
direktor Banke

Milan Radović, Ph.D.,
General Manager

RIJEČ DIREKTORA

Poštovani akcionari, radnici Nove banke, poslovni partneri i prijatelji,

Za nama je još jedna uspješna godina u kojoj smo ostvarili odlične finansijske rezultate, na koje svi zajedno možemo biti ponosni. Krećući se u susret godini u kojoj slavimo naše punoljetstvo, predstavljamo značajan oslonac i partnera svim kategorijama klijenata, ali i društvu u cjelini, što iz godine u godinu potvrđuje naša tržišna pozicija. Prema statistici, Nova banka je izbor svakog desetog klijenta u Bosni i Hercegovini, što u konkurenciji od dvadeset četiri banke koje posluju na teritoriji Bosne i Hercegovine predstavlja odličan rejting. Bez podrške klijenata, akcionara i zalaganja zaposlenih, Banka ne bi mogla ostvariti ovakve rezultate i na tom doprinosu im dugujemo veliku zahvalnost.

Ostvarenjem aktive u iznosu od 1,71 milijarde KM, u potpunosti smo ostvarili naš cilj zadržavanja liderske pozicije u Republici Srpskoj i treće pozicije na nivou Bosne i Hercegovine. Shodno rastu aktive, u 2016. godini ostvarena ukupna neto dobit Banke iznosi 13,45 miliona KM i predstavlja rast od 11,37% u odnosu na prethodnu godinu. Banka je u 2016. godini fokus stavila na kvalitetno i stabilno poslovanje, poboljšavanjem kvaliteta kreditnog portfolija i jačanjem svoje kapitalne pozicije. Gradeći stabilan oslonac budućeg poslovanja, Banka je iz godine u godinu jačala kapitalnu poziciju kroz rast osnovnog i dopunskog kapitala, te u 2016. godini dostigla nivo ukupnog kapitala u iznosu od 186.129 hiljada KM. Dominantno smo usmjereni na poslovanje sa stanovništvom, ali dajemo i značajan doprinos razvoju privrede RS i BiH u cjelini. Stalno unapređenje proizvoda i usluga koje Banka nudi i njihovo prilagođavanje potrebama klijenata, te kontinuirano uvođenje inovacija, naši partneri prepoznaju i adekvatno nagrađuju.

Godinu 2016. obilježilo je donošenje novog Zakona o bankama, koji propisuje nove standarde u pogledu odgovornosti, zahtjeva u pogledu adekvatnosti i likvidnosti, uvođenje Basela III i slično, a čije odredbe će kroz donošenje podzakonskih akata od strane Agencije za bankarstvo Republike Srpske biti pretočene u konkretne zahtjeve prema bankama. Ovi zahtjevi će se primarno odnositi na kapital (kapitalnu adekvatnost) i likvidnost, te je Banka tokom godine vršila tehnološke pripreme za primjenu istih. Implementacijom projekta IFRS9 do početka 2018. godine se namjerava zamijeniti i postojeći Međunarodni računovodstveni standard u području prepoznavanja i vrednovanja finansijskih instrumenata (IAS39). Savremene tokove globalnog finansijskog tržišta Banka nastoji implementirati u svom svakodnevnom poslovanju, te značajne resurse ulaže u inovativna i efektivna softverska rješenja.

Kako bismo za naše klijente obezbijedili što više pogodnosti, u martu 2016. godine, u saradnji sa strateškim partnerom MasterCard-om, pokrenuli smo jedinstveni projekat na tržištu BiH pod nazivom Klub lojalnosti "Super Nova". U okviru projekta "Super Nova" omogućili smo sakupljanje bodova prilikom transakcija plaćanja, pogodnosti u vidu popusta, plaćanja na rate bez kamate, kao i dodatne pogodnosti koje nudi kompanija MasterCard.

Svoju budućnost Banka zasniva na realnim mogućnostima, oslanjajući se pritom na vlastite snage i stručno znanje svojih zaposlenih. Kako zaposleni predstavljaju pokretačku snagu Banke, značajna sredstva se izdvajaju i za njihovu edukaciju. Tokom 2016. godine radnici Banke su prisustvovali na više od 130 različitih eksternih vidova edukacije i preko 20 internih obuka sa prisustvom gotovo 70% ukupno zaposlenih radnika.

Podstičući transparentnost u radu, inovativnost i motivaciju svojih zaposlenih za utakmicu s konkurencijom na tržištu, Banka stabilnim koracima ide ka svom punoljetstvu. Ime Nove banke danas prati epitet snažne i pouzdane domaće banke, podjednako privlačne investitorima, klijentima i zaposlenima.

Ne zaboravite, Nova banka je i vaša Banka i raste stabilno u duhu svog prepoznatljivog slogana „ZA DOBRA NOVA VREMENA".

S poštovanjem,
Direktor Banke

Doc. dr Milan Radović

A WORD FROM THE GENERAL MANAGER

Dear shareholders, employees of Nova banka, business partners and friends,

Another successful year is behind us in which we achieved excellent financial results, of which we can all be proud. Heading towards the year in which we celebrate our adulthood, we are a significant support and partner to all categories of clients, but also to the society as a whole, which is confirmed by our market position year after year. According to statistics, Nova banka is the choice of every tenth client in Bosnia and Herzegovina, which in competition with twenty-four banks operating in Bosnia and Herzegovina represents an excellent rating. Without the support of clients, shareholders and commitment of employees the Bank would not be able to achieve these results and we owe them a great debt of gratitude for their contribution.

By achieving assets in the amount of 1.71 billion BAM we have fully achieved our goal to keep the leading position in the Republic of Srpska and third position in Bosnia and Herzegovina. According to the growth of assets in 2016 the total achieved net profit of the Bank amounted to 13.45 million BAM, and it represents an increase of 11.37% in comparison with the previous year. In 2016 the Bank put its focus on the quality and stability of operations by improving the quality of the loan portfolio and by strengthening its capital position. By building a stable pillar of the future business operations, the Bank strengthened its capital position from year to year through the growth of basic and supplementary capital, and in 2016 it reached the level of the total capital in the amount of 186.129 thousand BAM. We are dominantly focused on retail operations, but we also give a significant contribution to the development of the economy of the RS and BiH as a whole. Our partners recognize and adequately reward continuous improvement of products and services offered by the Bank and their adaptation to the clients' needs, as well as continuous introduction of innovations.

Year 2016 was marked by the adoption of the new Law on Banks, which prescribes new standards in terms of responsibilities, requirements in terms of adequacy and liquidity, the introduction of Basel III and the like, and the provisions of which will be transferred into specific requirements towards banks through the adoption of by-laws by the Banking Agency of the Republic of Srpska. These requirements will primarily relate to the capital (capital adequacy) and liquidity, so during the year the Bank conducted technological preparations for the application thereof. Implementation of the project IFRS9 by the beginning of 2018 is intended to replace the existing IAS in the field of recognition and measurement of financial instruments (IAS39). The Bank seeks to implement the modern trends of global financial market in its daily business, thus investing significant resources in innovative and effective software solutions.

In order to provide as many benefits as possible to our clients, in March 2016, in cooperation with a strategic partner MasterCard, we launched a unique project in the market of Bosnia and Herzegovina under the name Loyalty Club "Super Nova". Within the project "Super Nova", we enabled collecting points during payment transactions, benefits in the form of discounts, installment payments without interest, as well as additional benefits offered by MasterCard.

The Bank bases its future on realistic possibilities, relying on its own strength and the expertise of its employees. As employees are the driving force of the Bank, significant resources are also allocated to their education. During 2016, employees of the Bank were present in more than 130 different external forms of education and over 20 in-house trainings with the presence of almost 70% of total employees.

By encouraging transparency in the work, innovativeness and motivation of its employees for the match with the competition in the market, the Bank is heading towards its adulthood by taking steady steps. Today the name of Nova banka is followed by the epithet of strong and reliable domestic bank, equally attractive to investors, clients and employees.

Remember, Nova banka is also your Bank and it grows steadily in the spirit of its distinctive slogan "FOR THE GOOD NEW TIMES".

With respect,
General Manager

Milan Radović, Ph.D.

OBRAĆANJE OSTALIH ČLANOVA UPRAVE U SUSRET PUNOLJETSTVU BANKE

Goran Avlijaš, zamjenik direktora

Budući da sam u Banci od momenta njenog osnivanja, prvenstveno bih se osvrnuo na taj period davne 1999. godine. U to veoma složeno vrijeme, povjerenje u bankarski sektor i finansijske institucije bilo je na veoma niskom nivou. Nalazili smo se među prvim privatnim bankama u BiH i pred nama su bili brojni izazovi. Trebalo je obezbijediti kapital iz domaćih izvora, uspostaviti kvalitetnu unutrašnju organizaciju, oformiti i urediti poslovnice, edukovati i osposobiti kadrove, te pridobiti povjerenje klijenata. Pored svih navedenih okolnosti, mi smo vjerovali u uspjeh i željeli brz i dinamičan razvoj.

Sa ove vremenske distance, dakle, nakon 18 godina poslovanja, slobodno mogu reći da smo u svojim ciljevima potpuno uspjeli. Vodeći se ispravnom strategijom Banke kroz četiri segmenta: jačanje kapitala, rast aktive, razvoj stabilne mreže, te konstantno povećanje kvaliteta usluga, sigurnim koracima smo išli ka svom cilju. Posmatrano sa stanovišta veličine aktive, krenuli smo kao 18. banka u RS, da bismo danas dostigli prestižno prvo mjesto.

Od 2010. godine, kao član Uprave Banke, svojim iskustvom nastojim dati doprinos stabilnom rastu i razvoju Banke. Sa sigurnošću mogu istaći da Nova banka danas posluje kao likvidna i adekvatno kapitalizovana banka spremna da se suočava i bori sa novim tržišnim izazovima, kao i da kreira i primjenjuje buduće, još kvalitetnije standarde poslovanja.

Goran Avlijaš, Deputy General Manager

Since I have been in the Bank from the moment of its founding, I would like primarily to look back to the period of now distant 1999. It was a very complex time, when confidence in the banking sector and financial institutions was at a very low level. We were among the first private banks in Bosnia and Herzegovina and many challenges lay ahead of us. We needed to provide capital from domestic sources, establish a high-quality internal organization, establish and organize branches, educate and train personnel, and to gain the trust of clients. With all these circumstances, we believed in success and wanted fast and dynamic development.

From this time distance, after 18 years of doing business, I can freely say that we have completely succeeded in our goals. Led by the proper strategy of the Bank through four segments: by strengthening of the capital, growth of assets, development of a stable network, and constant enhancing of the quality of services, we walked steadily towards our goal. Viewed from the standpoint of the size of assets we started as the 18th bank in the Republic of Srpska, to reach a prestigious first place today.

Since 2010, as a member of the Management Board of the Bank, with my experience I am trying to contribute to stable growth and development of the Bank. I can say with confidence that Nova banka currently operates as a liquid and adequately capitalized bank, ready to face and fight the new market challenges, as well as to create and apply future, even better, business standards.

ADDRESSING OF OTHER MANAGEMENT BOARD MEMBERS TOWARDS THE BANK'S ADULTHOOD

Novislav Milaković, izvršni direktor za IT i podršku

Cijeli svoj radni vijek sam proveo u bankarstvu i usko se specijalizovao za različite informacione sisteme koji se koriste u bankarstvu. Kao izvršni direktor za IT i podršku, u Novoj banci radim od 2010. godine i od tog momenta nastojim informacioni sistem Banke nadgraditi i podići na što viši nivo. Od tada, pa do danas, implementirani su mnogi projekti koji su doprinijeli bržem i kvalitetnijem procesu poslovanja.

Implementacijom novog core sistema, Banka je dobila informacioni sistem koji je pouzdaniji, jednostavniji za korišćenje i održavanje, integrisan i centralizovan, ali istovremeno i jeftiniji za održavanje. Banka je razvila i sistem podrške procesu odlučivanja kroz implementaciju naprednog sistema poslovne inteligencije. Zatim, kartični sistem je značajno unaprijeđen implementacijom sistema koji omogućava interno procesiranje ON-US transakcija, razvojem novih kartičnih proizvoda i osposobljavanjem za samostalnu personalizaciju kartica. Razvijen je kvalitetan višeslojni sistem zaštite informacionog sistema prema sigurnosnim standardima, najboljim praksama i zahtjevima regulatornih organa. Banka je razvila i disaster-recovery site udaljen 220 km od primarne lokacije koji je implementiran tako da omogućava uspostavu funkcionisanja pojedinačnih servisa, ali i kompletnog sistema sa DR lokacije za rekordno vrijeme, što Banci omogućava nesmetani kontinuitet u poslovanju.

Kako Banka posluje po principu "biti u korak s vremenom", i u narednom periodu ćemo nastojati primijeniti najbolje informacione prakse.

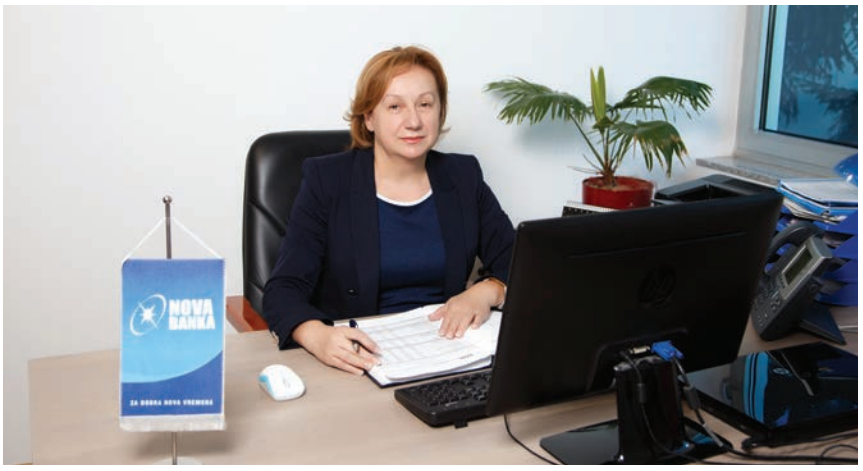
Novislav Milaković, Executive Director for IT and Support

I have spent all my working life in the banking sector and become closely specialized in various IT systems used in banking. As Executive Director for IT and Support, I have been working in Nova Banka since 2010 and from that moment I have been trying to upgrade the Bank's IT system and raise it to a higher level. Since then until today many projects have been implemented which contributed to a faster and better process of business operations.

Through the implementation of the new core system the Bank has got an IT system that is more reliable, easier to use and maintain, integrated and centralized, but at the same time cheaper to maintain. The Bank has also developed a system of support to the decision making process, through the implementation of an advanced system of business intelligence. Then, the payment card system has been significantly improved by implementing a system that allows the internal processing of ON-US transactions, by developing new payment card products and by training for independent payment card personalization. A high quality multilayer system of protection of the IT system has been developed according to security standards, best practices and requirements of regulatory authorities. The Bank has also developed a disaster recovery (DR) site located 220 km away from the primary location in Banja Luka, which has been implemented to allow the establishment of functioning of individual services, but also of a complete system from a DR site in a record breaking time, which allows the Bank to maintain uninterrupted continuity of business operations.

Since the Bank operates under the principle "keep up with the times", in the next period we will also seek to apply the best IT practices.

OBRAĆANJE OSTALIH ČLANOVA UPRAVE U SUSRET PUNOLJETSTVU BANKE



Gorana Zorić, izvršni direktor za finansije i sredstva

Period od 2013. godine, kada sam imenovana za člana Uprave Banke, pa do danas, obilježen je rastom i napretkom Banke u kojem sam imala zadovoljstvo i priliku da aktivno učestvujem.

Banka se opredijelila na kontinuiran i stabilan rast i razvoj, na način da optimizacijom svojih proizvoda i usluga, broja zaposlenih i lokacija, odgovora na izazove tržišta Republike Srpske i Bosne i Hercegovine. Banka je otvarala nove poslovne jedinice, podmlađivala kolektiv, ulagala u obrazovanje i usavršavanje zaposlenih, ulagala u jednostavna i efikasna softverska rješenja, širila lepezu svojih proizvoda, unapređivala svoje procese rada i podizala kvalitet usluge. Efekti takvog načina poslovanja su se reflektovali kroz finansijske pokazatelje Banke i omogućili joj stabilan rast i razvoj.

Strategiju i planove poslovanja blagovremeno, na jednostavan i prihvatljiv način, prezentujemo svojim zaposlenima, a sve u svrhu boljeg razumijevanja postavljenih ciljeva i timskog doprinosa ostvarenju što uspješnijih rezultata poslovanja Banke. Detaljnom analizom izvještaja poslovanja svih pojedinačnih organizacionih jedinica iz prethodnog perioda, kao i analizom usklađenosti sa zahtjevima tržišta, dobijamo smjernice za njihov budući plan poslovanja.

Sa zadovoljstvom mogu istaći da Banka kontinuirano prati i usvaja izmjene međunarodnih računovodstvenih standarda, zakonodavne regulative i regulative Regulatora, na način da se pravovremeno priprema za njihovu primjenu, a sve sa ciljem usklađenog i kvalitativnog poslovanja.

Gorana Zorić, Executive Director for Finance and Treasury

The period from 2013, when I was appointed to the Management Board, until today, was marked by the growth and progress of the Bank, in which I had the pleasure and opportunity to actively participate.

The Bank is committed to the continuous and stable growth and development, so that, by optimizing its products and services, the number of employees and locations, it responses to the challenges of the market of the Republic of Srpska and Bosnia and Herzegovina. The Bank has opened new business units, rejuvenated the team, invested in education and training of its employees, invested in simple and efficient software solutions, expanded its range of products, improved its work processes and increased the quality of services. The effects of such a way of doing business have been reflected in the financial indicators of the Bank and allowed it stable growth and development.

We present strategy and business plans timely to our employees in a simple and acceptable manner, all with the purpose of better understanding of the set objectives and team contribution to achieving successful business results of the Bank. By a detailed analysis of the business reports of all individual organizational units, from the previous period, as well as by the analysis of compliance with the requirements of the market, we get guidelines for their future business plan.

I am pleased to point out that the Bank continuously monitors and adopts amendments to international accounting standards, legal regulations and the regulations of the Regulator, in a way to be timely prepared for their application, all with the aim of harmonized and qualitative business operations.

ADDRESSING OF OTHER MANAGEMENT BOARD MEMBERS TOWARDS THE BANK'S ADULTHOOD

Igor Jovičić, izvršni direktor za tržišta (Corporate & Retail)

Od 2013. godine, kada sam imenovan za izvršnog direktora Nove banke, imao sam priliku da na strateškom, ali i operativnom nivou učestvujem u jačanju njene tržišne pozicije.

Od imenovanja pa do danas, veoma sam zadovoljan postignutim rezultatima na koje je snažan doprinos imao rad i angažovanje cjelokupne poslovne mreže Banke. Kao osnovni preduslov za ostvarenje svih ostalih planskih veličina, nameće se konstantan rast broja klijenata. Širenjem poslovne mreže, intenzivnim aktivnostima akvizicija, kao i širokom i konkurentnom ponudom proizvoda, uspijevali smo ostvarivati kontinuitet u rastu broja klijenata uprkos snažnoj konkurenciji na tržištu. Posebno zadovoljstvo mi predstavlja što iz godine u godinu Nova banka bilježi značajan rast broja klijenata u segmentu poslovanja sa stanovništvom, što je dalo veliki doprinos u diverzifikaciji rizika.

Strateške smjernice u upravljanju prodajom i upravljanju kvalitetom portfolija omogućile su stabilan rast i razvoj Banke na svim poljima. Vođeni našom vizijom i strategijom razvoja, očekujem da i u narednom periodu zadržimo lidersku poziciju među bankama u Republici Srpskoj, kao i jednu od vodećih pozicija u Bosni i Hercegovini.

Igor Jovičić, Executive Director for Markets (Corporate & Retail)

Since 2013, when I was appointed as Executive Director of Nova banka, I had the opportunity to participate in strengthening of its market position both at the strategic and operational level.

From my appointment to this day I have been very pleased with the achieved results which were strongly influenced by the work and engagement of the Bank's entire business network. The constant increase in the number of clients is imposed as a main prerequisite for the realization of all other planned volumes. By expanding the branch network, intense acquisition activities, as well as a broad and competitive range of products we managed to achieve continuity in the increase in the number of clients in spite of a strong competition in the market. I am particularly pleased that Nova banka records a significant increase in the number of clients in the retail segment, which gave a great contribution to the risk diversification.

Strategic guidelines in managing sales and managing portfolio quality enabled steady growth and development of the Bank in all fields. Guided by our vision and development strategy, I expect that in the coming period we will keep the leading position among banks in the Republic of Srpska, as well as one of the leading positions in Bosnia and Herzegovina.

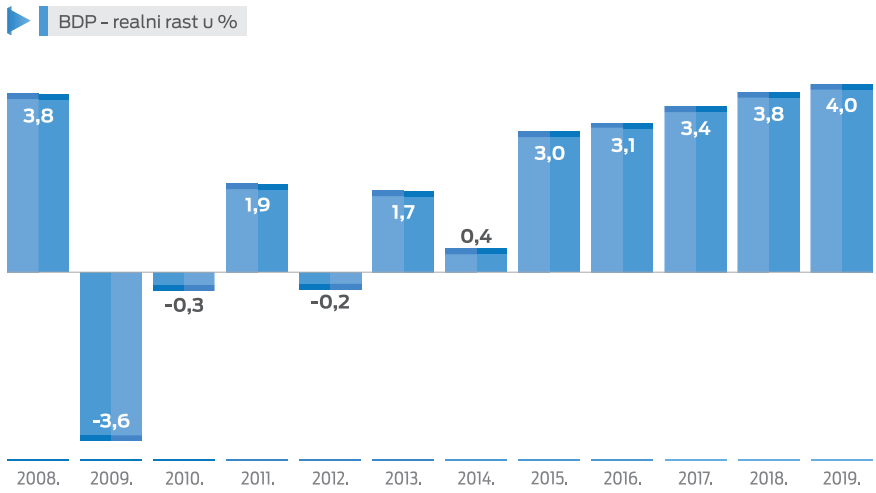
Podrška projektu kompanije „Minerva" d.o.o. Bijeljina za rekonstrukciju i pokretanje rada Hotela „Drina" u Bijeljini.

Support to the project of the company "Minerva" doo Bijeljina for the reconstruction and launching of the Hotel Drina in Bijeljina.

MAKROEKONOMSKO OKRUŽENJE

Na osnovu analize makroekonomskih kretanja u BiH u prethodnom periodu, kao i sagledavanja uticaja ključnih unutrašnjih i spoljnih činilaca na razvoj ekonomije, Direkcija za ekonomsko planiranje BiH (DEP) predviđa da će realna stopa rasta BDP-a u 2017. godini iznositi 3,4%, odnosno 3,8% u 2018. i 4% u 2019. godini. Kako se u cijelom regionu očekuje blagi rast BDP-a u 2017. godini (2,1% u Hrvatskoj, 2,8% u Srbiji, 3,3% u Makedoniji, 3,5% u Albaniji i 3,6% u Crnoj Gori), realni su izgledi postepenog jačanja BiH ekonomije.

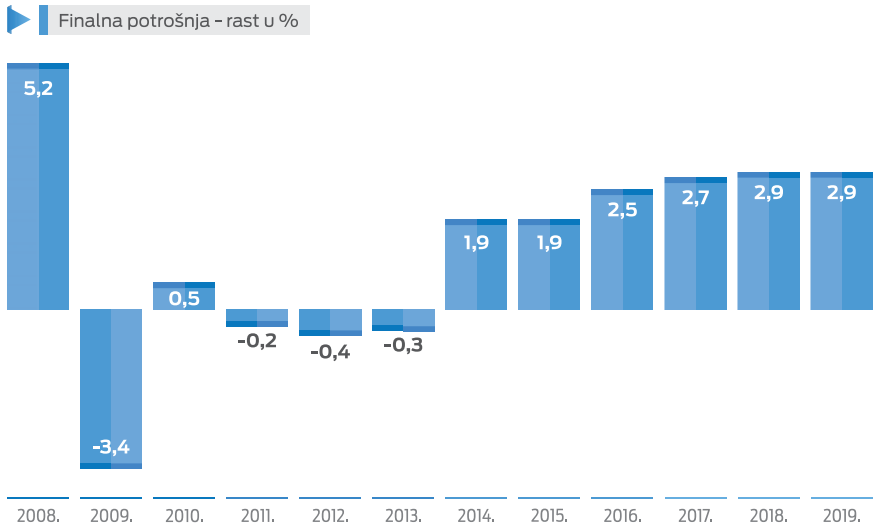
Dostupni indikatori ukazuju da je ekonomski rast u 2016. godini bio nošen rastućim stopama izvoza i finalne potrošnje, te je na kraju 2016. godine dostigao nivo od 3,1%.



Kretanje stope rasta BDP-a (g/g) prema projekcijama DEP-a

Jačanje domaće potražnje trebalo bi da bude glavni činilac ubrzanja BiH ekonomskog rasta, a to prije svega podrazumijeva očekivani realni rast investicija od 8,3% u 2017. godini. Time bi bio zaustavljen blagi pad iz 2015. godine, prije svega u domenu privatnih investicija. Rast investicija u periodu 2017 – 2019. godine trebalo bi da bude znatno podstaknut javnim radovima, najviše u domenu putne infrastrukture.

Rast stope privatne potrošnje u narednom periodu biće nošen rastom broja zaposlenih od 1,5%, te realnim rastom plata od približno 1,6%.



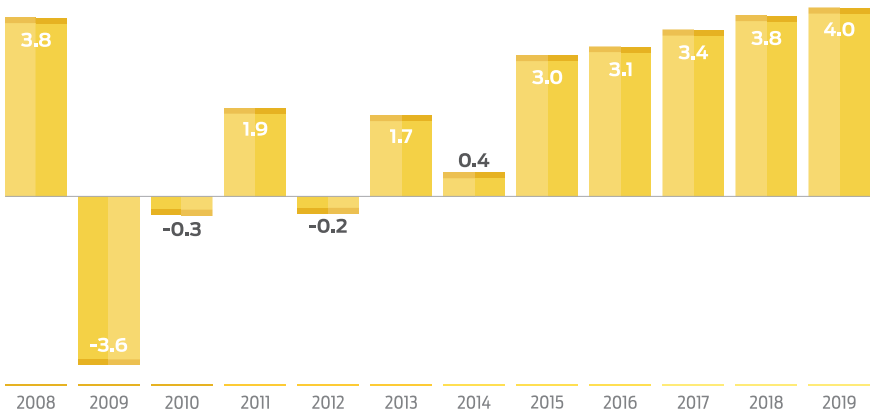
Kretanje stope rasta finalne potrošnje (g/g) prema projekcijama DEP-a

MACROECONOMIC ENVIRONMENT

Based on the analysis of macroeconomic developments in Bosnia and Herzegovina in the previous period, as well as looking at the impact of key internal and external factors on the development of the economy, the BiH Directorate for Economic Planning (DEP) estimates that the real growth rate of GDP in 2017 will amount to 3.4% i.e. 3.8% in 2018, and 4% in 2019. As the entire region expects a slight increase in GDP in 2017 (2.1% in Croatia, 2.8% in Serbia, 3.3% in Macedonia, 3.5% in Albania and 3.6% in Montenegro), there are real prospects of gradual strengthening of the BiH economy.

Available indicators suggest that economic growth in 2016 was driven by growing rates of exports and final consumption, and at the end of 2016 it reached the level of 3.1%.

GDP - real growth in %

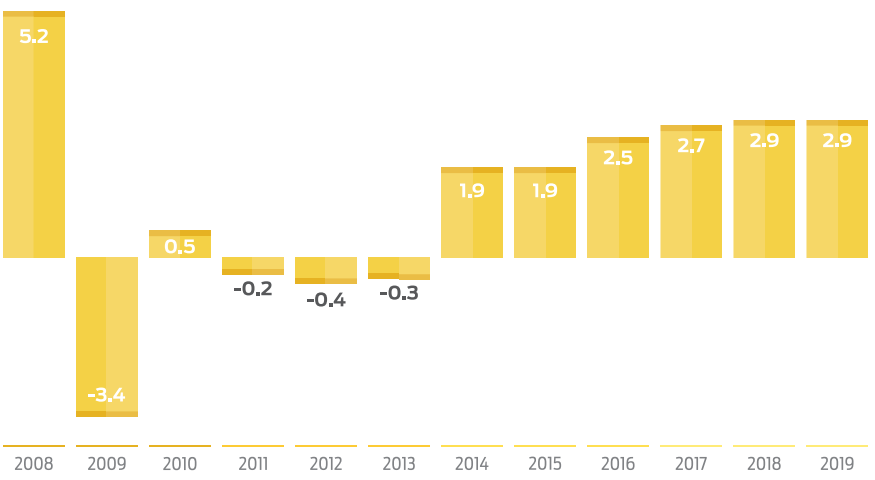


Trend of GDP growth rate (y/y) according to DEP projections

Strengthening of domestic demand should be the main factor for accelerating BiH economic growth, which primarily means the expected real investments growth of 8.3% in 2017. This would stop a slight decrease from 2015, primarily in the domain of private investments. Investment growth in the period 2017 - 2019 should be significantly stimulated by public works mostly in the field of road infrastructure.

Growth rate of private expenditure in the coming period will be driven by growth in employment of 1.5% and real wage growth of about 1.6%.

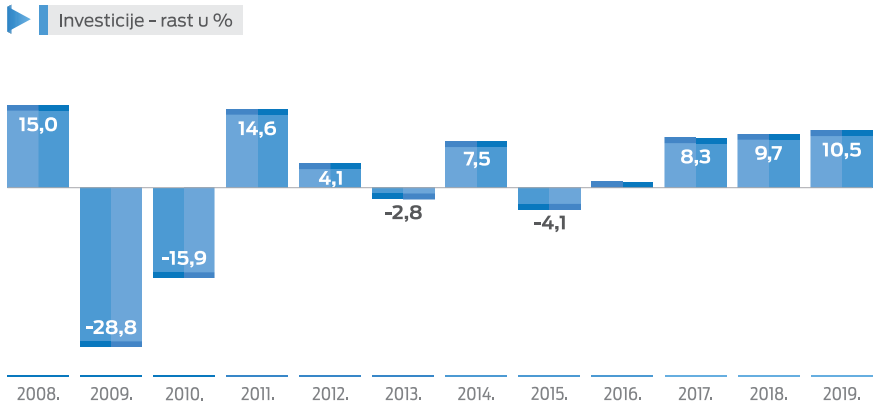
Final consumption - growth in %



Trend of final consumption growth rate (y/y) according to DEP projections

MAKROEKONOMSKO OKRUŽENJE

Prema projekcijama za 2018 – 2019. godinu očekuje se nastavak postepenog poboljšanja u okruženju koje bi trebalo dodatno da ojača rast investicija. Pri tome se očekuje stabilizacija rasta finalne potrošnje od približno 2,7%, te izvoza od 5,5%. Javna potrošnja bi i dalje trebala zadržati skroman realni rast od 1,5% do 1,8% godišnje, uz godišnji rast javnih investicija od približno 11%. Pri tome bi uvoz trebalo da se stabilizuje na nivou od 53% BDP-a, postignutom još u 2017. godini. Postepeno jačanje investicija uz doprinos spoljne trgovine trebao bi dovesti do daljeg jačanja ekonomskog rasta na stopu od 3,4% u 2017. godini, odnosno 3,8% u 2018. godini.

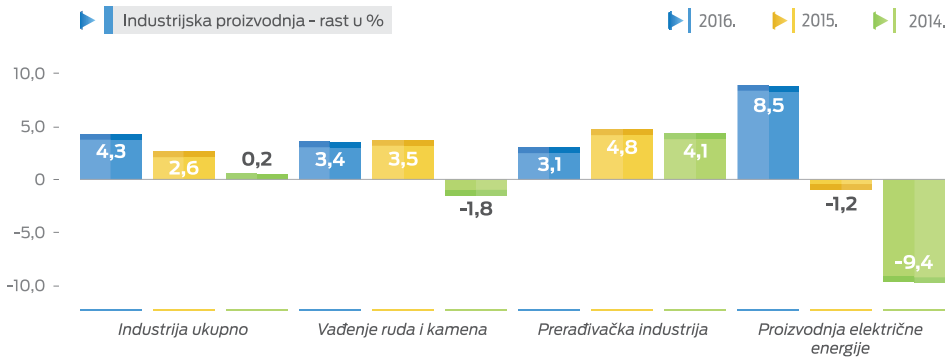


Kretanje stope rasta investicija (g/g) prema projekcijama DEP-a

Tokom 2016. godine u Bosni i Hercegovini je zabilježen rast industrijske proizvodnje od 4,3% u poređenju sa prethodnom godinom. Najznačajniji doprinos rastu ostvaren je u okviru prerađivačke industrije koja je zahvaljujući pozitivnim ekonomskim kretanjima na izvoznim tržištima ostvarila povećanje proizvodnje od 3,1% u odnosu na prethodnu godinu. U okviru prerađivačke industrije najviše stope rasta proizvodnje ostvarene su u okviru proizvodnje hemijskih proizvoda 14,2%, gotovih metalnih proizvoda 12,5%, te u proizvodnji namještaja i prehrambenih proizvoda, gdje su povećanja proizvodnje iznosila 8,8% odnosno 7,3% u odnosu na prethodnu godinu.

S druge strane, imajući u vidu zastupljenost ovih grana u strukturi industrijske proizvodnje u BiH, najznačajnija smanjenja su zabilježena u okviru proizvodnje baznih metala 4,7% (gvožđe, čelik i aluminijum), te koksa i naftnih derivata od 5,7%. Pad proizvodnje u okviru ovih kategorija je uglavnom posljedica cjenovnih kretanja na svjetskom tržištu gdje je došlo do smanjenja cijena i slabljenja tražnje za ovim proizvodima.

Tako je u 2016. godini u okviru sektora rudarstva registrovano povećanje proizvodnje od 3,4% u odnosu na prethodnu godinu što je ponajviše posljedica povećanja proizvodnje uglja i lignita od 9,2% u odnosu na prethodnu godinu. Povećanje proizvodnje uglja pozitivno se odrazilo i na sektor za proizvodnju električne energije gdje je registrovano povećanje proizvodnje od 8,5% u odnosu na prethodnu godinu, usljed povećanja proizvodnje u termoelektranama.

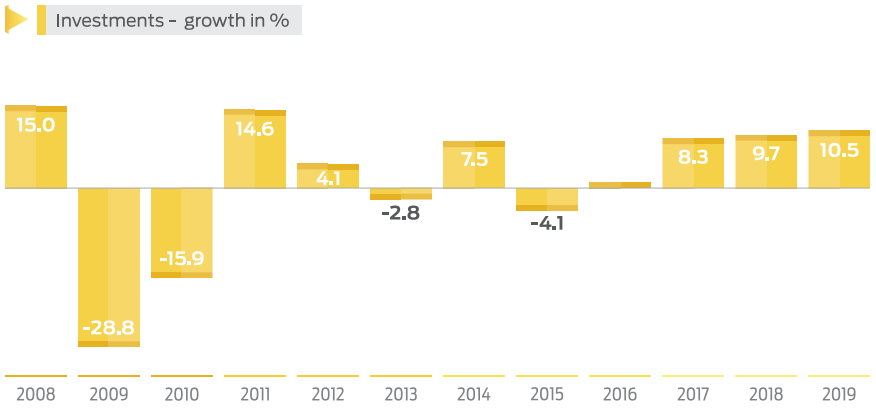


Pregled kretanja stopa rasta industrijske proizvodnje u BiH po sektorima (g/g)[1]

[1] Izvor: Agencija za statistiku BiH

MACROECONOMIC ENVIRONMENT

According to projections for 2018-2019, a continuation of gradual improvement in the region is expected, which should further strengthen the growth of investments. Wherein it is expected to have the stabilization of the final consumption growth of about 2.7%, and 5.5% of exports. Public expenditure should continue to keep a modest real growth of 1.5-1.8% per year, with annual growth of public investments of about 11%. At the same time, the imports should be stabilized at a level of 53% of GDP, achieved in 2017. The gradual strengthening of investments with the contribution of foreign trade should lead to further strengthening of economic growth at the rate of 3.4% in 2017, and 3.8% in 2018.

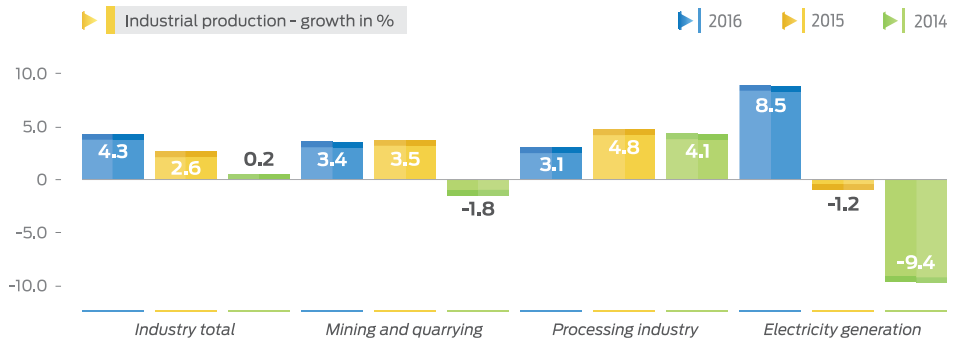


Trend of investments growth rate (y/y) according to DEP projections

During 2016, an increase in industrial production of 4.3% was recorded in Bosnia and Herzegovina (BiH) in comparison with the previous year. The most significant contribution to the growth was recorded in the processing industry, which, due to positive economic developments in export markets, achieved an increase in production of 3.1% compared to the previous year. In the processing industry, the highest production growth rates were achieved in the production of chemical products of 14.2%, fabricated metal products 12.5%, and in production of furniture and food products, where the increase in production was 8.8% and 7.3%, compared to the previous year.

On the other hand, having in mind the representation of these branches in the structure of industrial production in BiH, the most significant reductions are recorded in the branch of base metals production of 4.7% (iron, steel and aluminum), and coke and petroleum products of 5.7%. The decline in production within these categories is mainly due to price movements in the world market where there has been a reduction in prices and the weakening in demand for these products.

Thus, in 2016 within the mining sector, an increase in production of 3.4% was registered compared to the previous year, largely reflecting an increase in production of coal and lignite by 9.2% compared to the previous year. The increase in coal production positively reflected on the electricity generation sector where an increase in production of 8.5% was registered compared to the previous year, as a result of increased production in thermal power plants.



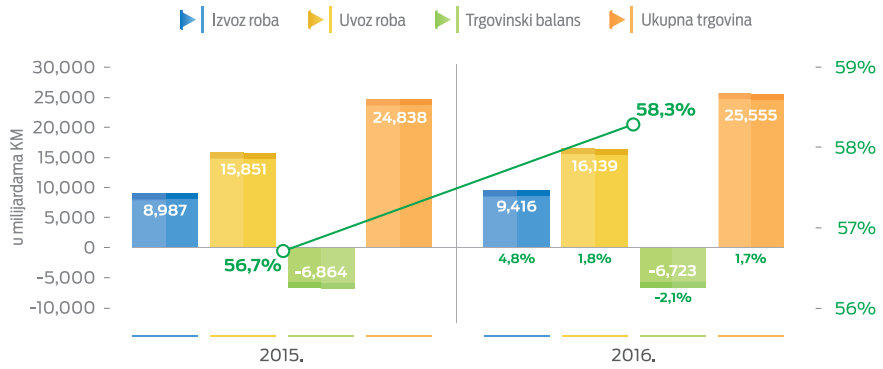
Trend of industrial production growth rates by sectors in BiH (y/y)[1]

[1] Source: Agency for Statistics of BiH

MAKROEKONOMSKO OKRUŽENJE

Tokom 2016. godine nastavljen je uzlazni trend u spoljnotrgovinskoj robnoj razmjeni sa svijetom, a glavne karakteristike su mu bile povećanje obima ukupne robne razmjene, izvoza i uvoza roba, te smanjenje spoljnotrgovinskog robnog deficita i bolja pokrivenost uvoza izvozom u odnosu na prošlu godinu. Ključne determinante kretanja spoljnotrgovinske robne razmjene u 2016. godini bile su jačanje poslovne aktivnosti sa glavnim trgovinskim partnerima (izvozna tražnja), rast domaće tražnje i nizak nivo svjetskih cijena za pojedine BH izvozne proizvode.

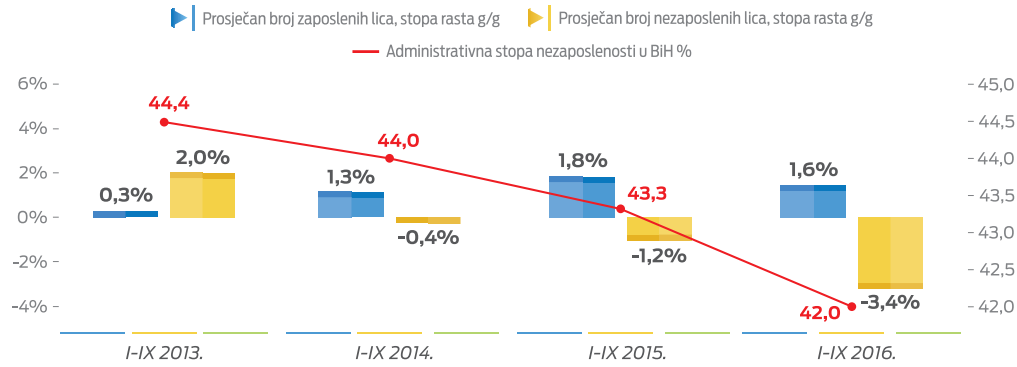
Izvoz iz BiH u 2016. godini iznosio je 9,417 milijardi KM, što je za 4,8% više nego 2015. godine, dok je uvoz iznosio 16,139 milijardi KM, što je više za 1,8% u odnosu na prethodnu godinu. Prema evidencijama Agencije za statistiku BiH, pokrivenost uvoza izvozom u 2016. godini bila je 58,3%, dok je spoljnotrgovinski robni deficit iznosio 6,723 milijarde KM.



Kretanja spoljnotrgovinske robne razmjene u BiH u 2016. godini (nominalni iznosi i stope rasta)[2]

Posmatrano po glavnim trgovinskim partnerima, izvoz u zemlje CEFTA-e u 2016. godini iznosio je 1,394 milijarde KM, što je za 4,4% više nego u 2015. godini, dok je uvoz iznosio 2,057 milijardi KM, što je za 5,1% više nego u prethodnoj godini. Pokrivenost uvoza izvozom sa zemljama CEFTA-e iznosila je 67,7%. Izvoz u zemlje Evropske unije u 2016. godini iznosio je 6,734 milijarde KM, što je za 4,4% više nego 2015. godine, dok je uvoz iznosio 9,923 milijarde KM, što je za 2,9% više nego u 2015. godini. Pokrivenost uvoza izvozom sa zemljama EU iznosila je 67,9%.

U 2016. godini nastavljen je trend smanjenja broja registrovanih nezaposlenih osoba, povećanja broja zaposlenih osoba, te povećanja broja prijavljenih potreba za radnicima od strane poslodavaca. U periodu I-IX 2016. prosječan broj zaposlenih lica je uvećan za 1,6% g/g i iznosi 723,6 hiljada. Najznačajniji rast broja zaposlenih lica je u oblastima trgovine i prerađivačke industrije koje zapošljavaju najveći broj lica u BiH, od oko 38%. Prosječan broj nezaposlenih lica u BiH u periodu I-IX 2016. godine smanjen je za 3,4% u poređenju sa istim periodom 2015. godine i iznosi 524,7 hiljada. Uz porast broja zaposlenih lica, administrativna stopa nezaposlenosti u BiH je smanjena za 1,3% (g/g) i iznosi 42%.



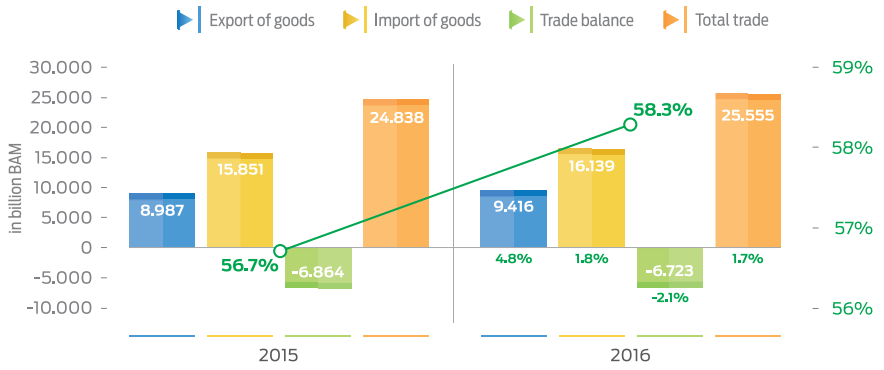
Kretanje stope rasta zaposlenih i nezaposlenih lica u BiH i administrativna stopa nezaposlenosti[3]

[2] Izvor: Agencija za statistiku BiH
[3] Izvor: Agencija za statistiku BiH

MACROECONOMIC ENVIRONMENT

During 2016, the upward trend in foreign trade in goods with the world was continued, and its main characteristics were the increase in the volume of total trade in goods, exports and imports of goods, and the reduction of foreign trade deficit in goods and better coverage of imports by exports compared to the previous year. Key determinants of the trend in foreign trade in goods in 2016 were the strengthening of business activities with major trading partners (exports demand), growth of domestic demand and the low level of world prices for certain BiH export products.

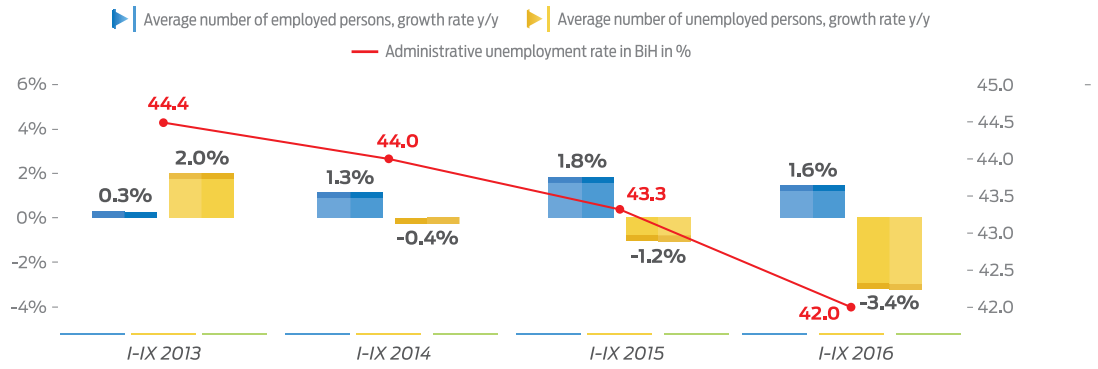
Exports from Bosnia and Herzegovina in 2016 amounted to 9.417 billion BAM, which was by 4.8% more than in 2015, while imports amounted to 16.139 billion BAM, which was by 1.8% more compared to the previous year. According to the records of the Agency for Statistics of BiH coverage of imports by exports in 2016 was 58.3%, while foreign trade deficit in goods amounted to 6.723 billion BAM.



Trend of foreign trade in goods in BiH in 2016 (nominal amounts and growth rates)[2]

Observed by main trading partners, exports to CEFTA countries in 2016 amounted to 1.394 billion BAM, which was by 4.4% more than in 2015, while imports amounted to 2.057 billion BAM, which was by 5.1% more than in the previous year. The coverage of imports by exports with CEFTA countries amounted to 67.7%. Exports to European Union countries in 2016 amounted to 6.734 billion BAM, which was by 4.4% more than in 2015, while imports amounted to 9.923 billion BAM, which was by 2.9% more than in 2015. The coverage of imports by exports with the EU countries amounted to 67.9%.

In 2016, the trend of reducing the number of registered unemployed persons, increase in the number of employed persons and an increase in the number of reported vacancies by employers continued. In the period from January to September 2016 the average number of employed persons was increased by 1.6% y/y and amounted to 723,600. The most significant growth in the number of employed persons was in the areas of trade and processing industry which employed the largest number of persons in BiH of around 38%. The average number of unemployed persons in BiH in the period from January to September 2016 decreased by 3.4% compared with the same period in 2015 and amounted to 524,700. With the increase in the number of employed persons, the administrative unemployment rate in BiH decreased by 1.3% (y/y) and amounted to 42%.



Trend of growth rates of employed and unemployed persons in BiH and administrative unemployment rate[3]

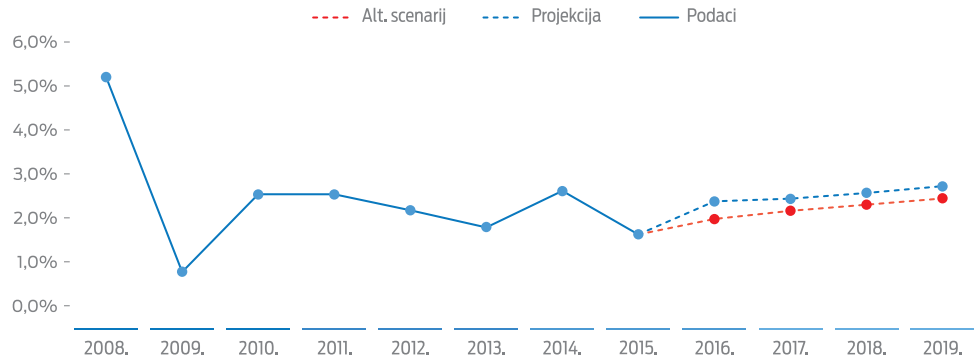
[2] Source: Agency for Statistics of BiH
[3] Source: Agency for Statistics of BiH

MAKROEKONOMSKO OKRUŽENJE

U skladu sa planiranim projektima, direktna strana ulaganja u 2017. godini će se kretati oko 2,6% BDP-a. Planiran je početak realizacije više projekata iz oblasti elektroenergetike TE „Ugljevik 326“ (do sada je uloženo oko 63 miliona KM, od ukupne vrijednosti od preko 1 milijarde KM), te HE „Ulog“ i HE „Mrsovo“.

U 2018. godini, prema projekcijama DEP-a, udio stranih direktnih ulaganja trebalo bi da se poveća do 2,9% BDP-a. Pored nastavka ulaganja u već pomenute elektroenergetske objekte i dionice autoputeva, pojavljuje se projekat ulaganja u Tvornicu cementa „Banovići“ ukupne vrijednosti oko 150 miliona evra, koji bi bio finansiran po načelu zajedničkog ulaganja. Takođe, moguće je očekivati i početak značajnijeg ulaganja u projekat „Buroj - ozone“. Prva faza bila bi izgradnja Sportsko - rekreacionog centra “Bjelašnica - Donja Grkarica - Prečko polje - Kolijevka” u čiju svrhu je potpisan ugovor o izradi regulacionog plana između opštine Trnovo i kompanije „Buroj Property Development“ iz UAE.

Direktna strana ulaganja u 2019. godini trebalo bi da budu oko 3% BDP-a. Ulaganja u elektroenergetski sektor, uz nastavak ulaganja u izgradnju puteva, bili bi nosioci ulaganja u navedenom periodu. Kako prilikom izrade projekcije nije uzeta u obzir moguća privatizacija dijela „BH Telekoma“ d.d. Sarajevo, kao i izgradnja projekata HE „Dabar“ i TE „Gacko 2“, koji su još u fazi pronalaženja strateškog partnera, stopa učešća bi mogla biti i znatno veća.



Kretanje procenta učešća SDU u BDP-u po godinama prema projekcijama DEP-a

BANKARSKI SEKTOR

Bankarski sektor je najbolje organizovan, regulisan i kontrolisan sektor u BiH u okviru kojeg posluju 24 komercijalne banke.

Po uzoru na Evropsku centralnu banku (ECB) koja je nezadovoljna količinom plasiranih kredita u privredu EU, uvela negativnu kamatnu stopu na sredstva koja se deponuju u ovoj instituciji iznad obaveznih rezervi, tokom 2016. godine i Centralna banka BiH (CBBiH) se odlučila da radikalnije interveniše na finansijskom tržištu.

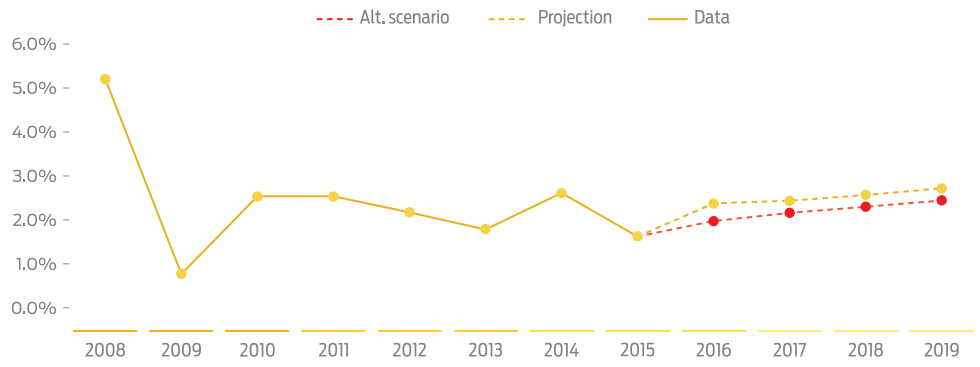
CBBiH po prvi put uvodi negativnu kamatnu stopu, nakon intervencija koje datiraju od 2009. godine kada je CBBiH počela politiku smanjenja stope obavezne rezerve i smanjenja nivoa naknada na viškove obaveznih rezervi u cilju stimulisanja kreditne aktivnosti u bankarskom sektoru. Ovi efekti su bili veoma ograničenog uspjeha budući da komercijalne banke imaju jasna pravila da kratkoročne izvore/depozite u lokalnoj valuti do jedne godine mogu plasirati isključivo u kredite kratkog roka u lokalnoj valuti. Stoga banke koje imaju velik priliv sredstava kratkog roka dospijeća i depozita po viđenju ostaju veoma ograničene lokalnom regulativom kako i gdje mogu plasirati sredstva. Budući da privredi i tržištu nisu zanimljivi krediti kratkog roka dospijeća, banke su bile uglavnom primorane da ovaj višak sredstava drže na računima kod CBBiH. Tako su viškovi iznad obavezne rezerve komercijalnih banaka na računima rezervi kod CB BiH već duži niz godina bilježili kontinuiran rast i trenutno dostigli nivo od oko 2,5 milijarde KM.

MACROECONOMIC ENVIRONMENT

In accordance with the planned projects, foreign direct investments in 2017 will be around 2.6% of GDP. It is planned to start implementation of several projects in the field of electrical engineering "TPP Ugljevik 326" (around 63 million BAM invested so far, of a total value of over 1 billion BAM), "HPP Ulog" and "HPP Mrsovo".

In 2018, according to DEP projections, the share of foreign direct investments should be increased to 2.9% of GDP. In addition to continuing investments in the aforementioned power plants and highway sections, there is a new project of investments in the "Cement factory Banovići", worth 150 million Euros, which would be funded under the principle of joint venture. Also, it is possible to expect the beginning of a significant investment in the project "Buroj-ozone". The first phase would be the construction of "Sports and recreation center Bjelasnica-Donja-Grkarica-Precko polje-Kolijevka" for which purpose the Contract was signed on the development of a regulatory plan between the Municipality of Trnovo and the company "Buroj Property Development" from the UAE.

Foreign direct investments in 2019 should be around 3% of GDP. Investments in the power sector, with continued investments in road construction, would be bearers of investments in the mentioned period. Since these projections did not take into account the possible privatization of a part of "BH Telecom" dd Sarajevo, as well as the implementation of projects "HPP Dabar" and "TPP Gacko 2", which are still in the stage of finding strategic partners, the participation rate could be much higher.



Trend of the participation rate of FDI in GDP per year, according to DEP projections

BANKING SECTOR

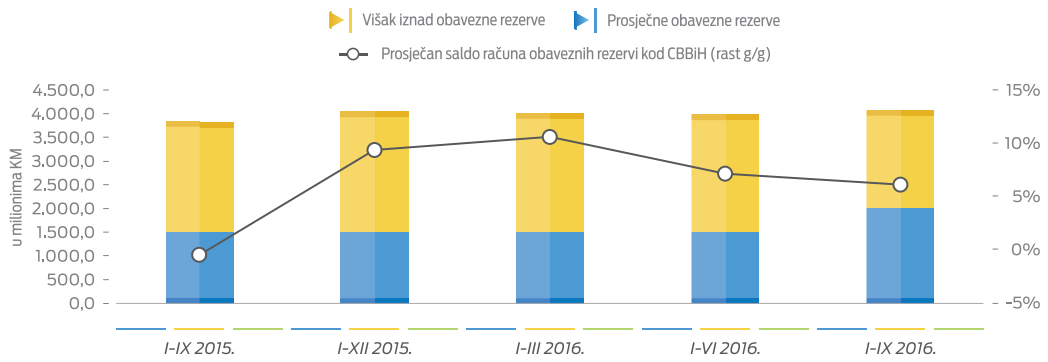
Banking sector is the best organized, regulated and controlled sector in BiH within which 24 commercial banks operate.

Following the example of the European Central Bank (ECB) which, dissatisfied with the amount of loans granted to the EU economy, introduced a negative interest rate on the funds deposited in this institution above the required reserves, during 2016 the Central Bank of BiH (CBBH) also decided to intervene more radically in the financial market.

For the first time the CBBH introduces negative interest rate, after the interventions which date from 2009 when the CBBH started to implement the policy of reducing the required reserves rate and reducing the level of fees for required reserves surpluses in order to stimulate lending activity in the banking sector. These effects had very limited success because commercial banks have clear rules that short-term sources/deposits in local currency up to one year may be placed exclusively in short-term loans in local currency. Therefore, banks that have a large inflow of short-maturity funds and demand deposits remain very limited by local regulations on how and where they can place their funds. Since short-maturity loans are not interesting for the economy and the market, banks were mostly forced to hold this surplus of funds in accounts with the CBBH. Thus the surplus above the required reserves of commercial banks in the reserve accounts with the CBBH has for many years recorded continuous growth and currently reached the level of about 2.5 billion BAM.

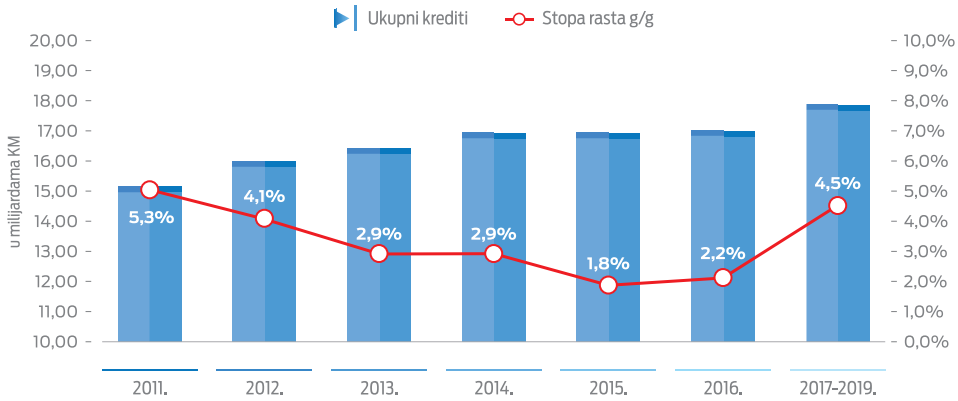
MAKROEKONOMSKO OKRUŽENJE

Dana 1. jula 2016. godine CBBiH uvodi jedinstvenu stopu obavezne rezerve od 10%, bez obzira na ročnost i valutu osnovice, kao i negativnu stopu naknade na višak iznad obavezne rezerve u visini od 50% stope koju primjenjuje ECB na depozite komercijalnih banaka. Ovakva izmjena politike obavezne rezerve imala je više ciljeva: stvaranje dodatne sigurnosne zalihe u likvidnim sredstvima u sistemu, stimulisanje prekompozicije aktive komercijalnih banaka, te smanjenje troškova CBBiH. Takođe, ovom monetarnom mjerom CBBiH želi podstaći ekonomski razvoj, kroz ulaganje više slobodnih novčanih sredstava putem kreditiranja u investicije. Da bi navedena mjera CBBiH urodila plodom, neophodno je da postoji snažan ekonomski progres, kako bi se sredstva mogla adekvatno plasirati. Kako na iznos obaveznih rezervi od 10% CBBiH ne obračunava naknadu, stopa prosječne obavezne rezerve znatno je uvećana u periodu 2016. godine u odnosu na 2015. godinu za 35,5%, dok je višak iznad obaveznih rezervi smanjen za 11,5%.



Prosječan saldo računa obaveznih rezervi kod CBBiH[4]

I pored slabe kreditne aktivnosti, u 2016. godini je i dalje prisutan rast kredita komercijalnih banaka. Ukupni krediti koje su banke na nivou BiH plasirale iznosi 17,2 milijarde KM i predstavlja rast od 2,2% u odnosu na 2015. godinu. Po strukturi posmatrano, najveći dio kredita čine krediti nefinansijskim privatnim preduzećima i krediti stanovništvu, što pokazuje određeno nepovjerenje bankarskog sektora u rast privrede, a stoga i opravdanje poteza CBBiH u svrhu stimulacije kreditiranja privrede. Krediti stanovništvu rasli su bržim tempom od kredita privrede, te su dostigli iznos od 8,1 milijarde KM što predstavlja rast od 3,8% u odnosu na prošlu godinu kada su iznosili 7,8 milijardi KM. Krediti nefinansijskim preduzećima su imali stopu rasta od 2,4% i iznose 7,7 milijardi KM na kraju 2016. godine.

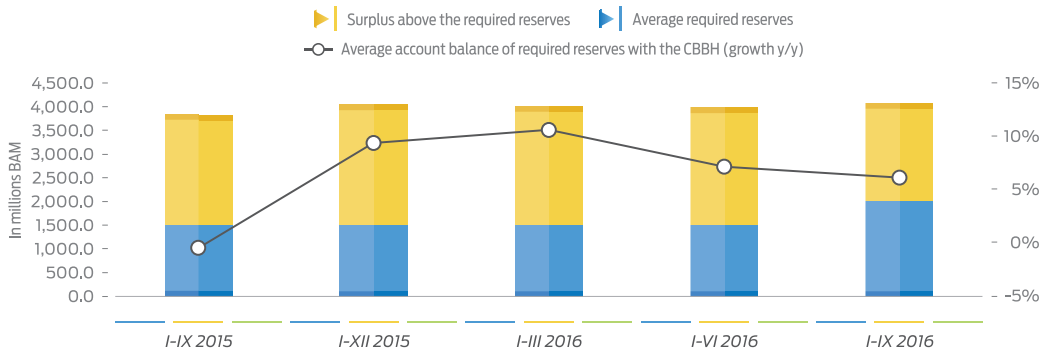


Ukupni krediti i godišnja stopa promjene sa prognozama DEP-a za budući period

[4] Izvor: Agencija za statistiku BiH

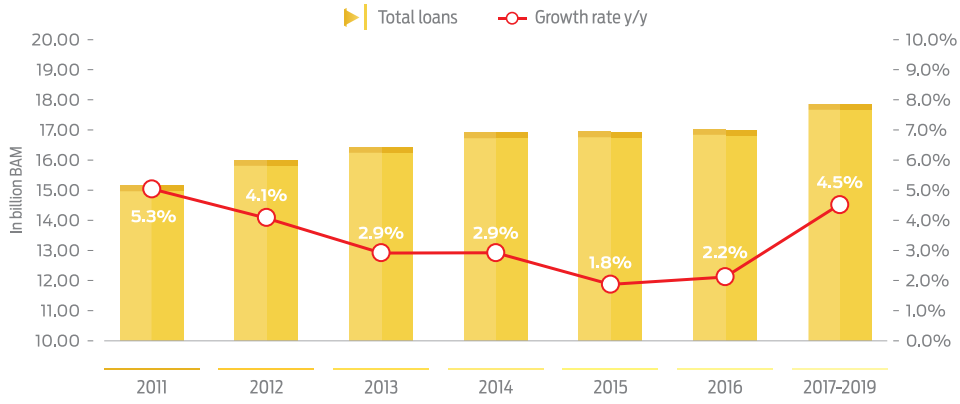
MACROECONOMIC ENVIRONMENT

On 1 July 2016, the CBBH introduced a single rate of required reserves of 10%, regardless of the maturity and the currency of a base, as well as the negative rate of fees for required reserves surplus in the amount of 50% of the rate applied by the ECB on deposits of commercial banks. Such change of the policy of required reserves had several objectives: creating additional safety stocks in liquid funds in the system, stimulating the reorganization of assets of commercial banks, and reducing costs of the CBBH. Also, with this monetary measure the CBBH wants to encourage economic development by investing more free money through lending in investments. In order for this measure of the CBBH to bear fruit it is necessary to have a strong economic progress to ensure that funds could be adequately placed. Since the CBBH does not charge a fee to the amount of required reserves of 10%, the average rate of required reserves was significantly increased in the period 2016 compared to 2015 by 35.5%, while the surplus above the required reserves decreased by 11.5%.



Average account balance of required reserves with the CBBH[4]

Despite weak credit activity in 2016 credit growth of commercial banks is still evident. Total loans that banks have placed at the state level amount to 17.2 billion BAM and represent an increase of 2.2% compared to 2015. Broken down by the structure, most of loans are loans granted to non-financial private companies and retail loans, which shows some distrust of the banking sector in the growth of the economy, and therefore justifies the move of the CBBH in order to stimulate lending to the economy. Retail loans grew at a faster pace than loans to the economy, and have reached the amount of 8.1 billion BAM, which represented an increase of 3.8% compared to the previous year when they amounted to 7.8 billion BAM. Loans to non-financial companies had a growth rate of 2.4% and amounted to 7.7 billion BAM at the end of 2016.

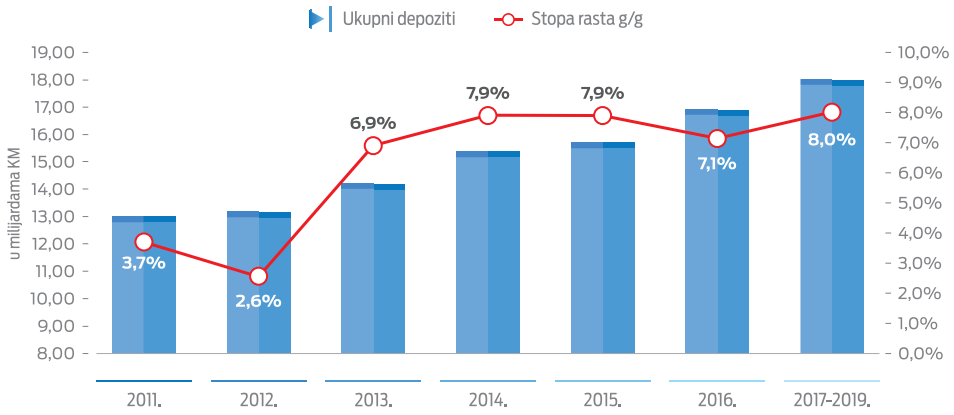


Total loans and the annual rate of change with DEP forecasts for the future period

[4] Source: Agency for Statistics of BiH

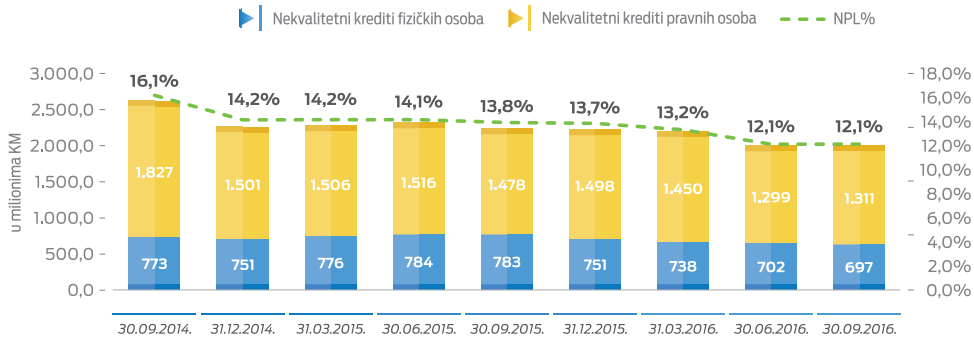
MAKROEKONOMSKO OKRUŽENJE

Za razliku od kredita, rast depozita se odvija bržim intenzitetom. Već duži niz godina izgrađeno je povjerenje građana u banke, te se tako bilježi i rekordan nivo štednje. Prema podacima CBBiH u 2016. godini ukupni depoziti iznose 17,75 milijardi KM, što predstavlja rast od 7,1% u poređenju sa prethodnom godinom. Depoziti fizičkih lica, koji su u martu 2016. prvi put premašili iznos od 10 milijardi KM, već su u novembru dostigli iznos od 10,6 milijardi KM i zabilježili stopu rasta u odnosu na 2015. godinu od 6,5%. U strukturi depozita dominiraju dugoročni depoziti, sa nešto manje od polovine ukupnog iznosa (4,85 milijardi KM). Od dugoročnih depozita, najveći dio, 3,40 milijardi KM, je u stranoj valuti, dok je 1,45 milijardi KM u domaćoj valuti.



Ukupni depoziti i godišnja stopa promjene sa prognozama DEP-a za budući period

Prilikom analize kvaliteta kredita u 2016. godini primjećuje se trend smanjenja nekvalitetnih kredita u ukupnim kreditima plasiranim fizičkim i pravnim licima. Tako je učešće od 13,8%, koliko je iznosilo na kraju trećeg kvartala 2015. godine, smanjeno na 12,1% na kraju trećeg kvartala 2016. godine. U strukturi nekvalitetnih kredita i dalje daleko veće učešće imaju krediti pravnim licima u odnosu na kredite plasirane fizičkim licima, 65,3% pema 34,7%. Iako je tržište BiH rizičnije od tržišta EU, kontinuirano se provode aktivnosti vezane za povećanje adekvatnosti kapitala, kao i smanjenje nivoa nekvalitetnih kredita, odnosno aktivnosti na usklađivanju sa Bazel II principima, što bankarskom sektoru BiH daje karakter stabilnosti.



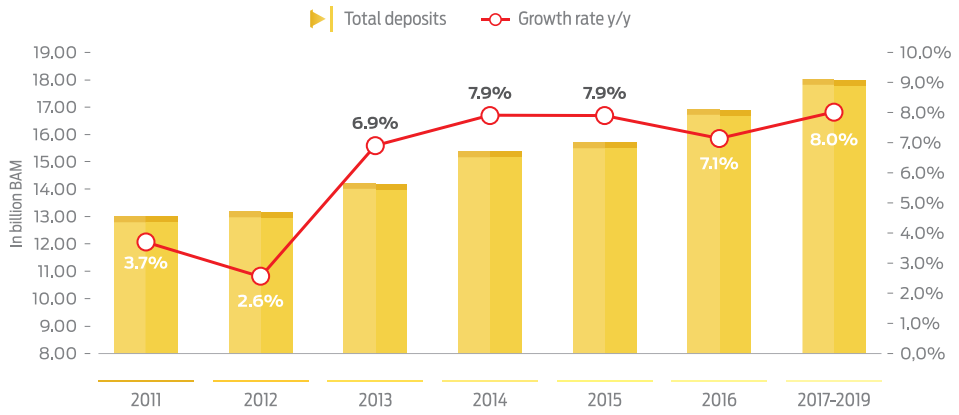
Kretanje stope nekvalitetnih kredita[5]

Pokazatelji iz 2016. godine jasno ukazuju na nesrazmjer između ukupnog broja banaka i udjela u tržištu, jer je prema pokazateljima pet najvećih bankarskih grupacija, uključujući i Novu banku, imalo čak 64,4% učešća u aktivi bankarskog sektora u cjelini. Prema tome, proces konsolidacije BH banaka je neizbježan s obzirom na zasićenost i veoma intenzivnu koncentraciju.

[5] Izvor: Agencija za bankarstvo RS i Agencija za bankarstvo FBiH

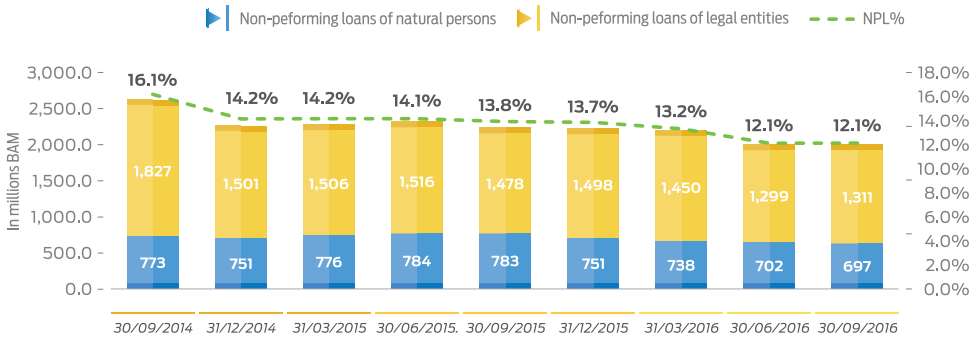
MACROECONOMIC ENVIRONMENT

Unlike loans, the growth of deposits occurs at a faster pace. The confidence of citizens in the banks has grown over years, thus a record level of savings is recorded. According to the CBBH, in 2016 total deposits amounted to 17.75 billion BAM, which represented an increase of 7.1% compared to the previous year. Deposits of natural persons, which exceeded the amount of 10 billion BAM for the first time in March 2016, already in November reached the amount of 10.6 billion BAM thus recording a growth rate compared to 2015 of 6.5%. The structure of deposits is dominated by long-term deposits, with slightly less than a half of the total amount (4.85 billion BAM). In the structure of long-term deposits, the largest part, 3.40 billion BAM is in foreign currency, while 1.45 billion BAM is in domestic currency.



Total deposits and the annual rate of change with DEP forecasts for the future period

When analyzing the quality of loans in 2016 the downward trend of non-performing loans in total loans placed to natural persons and legal entities can be observed. Thus the share of 13.8% as it was at the end of the third quarter of 2015 decreased to 12.1% at the end of the third quarter of 2016. In the structure of non-performing loans there is still far greater share of loans granted to legal entities compared to loans granted to natural persons, 65.3% versus 34.7%. Although the BiH market is riskier than the EU market, there are ongoing activities related to the increase in capital adequacy, as well as reducing the level of non-performing loans, or activities in the alignment with Basel II principles, which gives the character of stability to the banking sector of BiH.



Trend of the non-performing loans rate[5]

Indicators from 2016 clearly indicate a discrepancy between the total number of banks and market share, because, according to the indicators, the five largest banking groups, including Nova banka, had as many as 64.4% share in the assets of the banking sector as a whole. Thus, the process of consolidation of BiH banks is inevitable due to the saturation and very intense concentration.

[5] Source: Banking Agency of the Republic of Srpska and Banking Agency of the Federation of BiH

Podrška projektu kompanije „Red Brick Gradnja" d.o.o. Banja Luka za izgradnju stambene zgrade u Banjoj Luci.

Support to the project of the company "Red brick gradnja" doo Banjaluka for the construction of a residential building in Banja Luka.

PROFIL NOVE BANKE

Vizija Banke ***je da bude kontinuirano pouzdana, sigurna, dostupna i profitabilna banka koja će koristiti svojim klijentima, akcionarima i društvu u cjelini.***

Vizija Banke je da bude pouzdana, sigurna i profitabilna banka u bankarskom sektoru u Bosni i Hercegovini, prisutna i dostupna u najvećim gradovima u zemlji i fokusirana na visokokvalitetne proizvode i usluge koji u potpunosti zadovoljavaju potrebe klijenata.

Misija Banke ***je podrška razvoju privrede Republike Srpske i Bosne i Hercegovine i društva u cjelini u cilju ostvarenja zajedničkog dugoročnog rasta i razvoja.***

Kao važan finansijski subjekat na tržištu Republike Srpske i Bosne i Hercegovine, Nova banka je svjesna svog uticaja na okruženje, kao i činjenice da djelovanje i poslovanje u društvu podrazumijeva i konstantnu brigu i poštovanje prema njemu. U tom smislu, misija Banke je podrška razvoju privrede i društva u cjelini u cilju ostvarenja dugoročnog rasta i razvoja.

O BANCI

U susret svom punoljetstvu, Nova banka AD Banja Luka po visini aktive ulazi kao najveća banka u Republici Srpskoj i treća po veličini u Bosni i Hercegovini. Nova banka već dugi niz godina posluje kao izuzetno profitabilna banka, solventna, likvidna i adekvatno kapitalizovana. Osamnaest godina bilo je i više nego dovoljno da mala privatna banka, osnovana od grupe entuzijasta, domaćih fizičkih i pravnih lica, izraste u pravog giganta, dostojnog protivnika svim velikim bankama. Na tom putu, koji nije bio nimalo lak, Nova banka izrasta u lidera na tržištu.

Da bi danas, u godini u kojoj obilježava svoje punoljetstvo, bila to što jeste, Banka je radila puno na sebi, na svojim zaposlenim, ali i na zajednici u kojoj posluje, podstičući i podržavajući dobre projekte, navike i aktivnosti. Banka je tako razvijala sve funkcije, uključujući, ali ne ograničavajući se, funkciju upravljanja rizicima, funkciju naplate i restrukturiranja, jačanje fronta, jačanje uloge interne revizije, te funkcije interne kontrole. Banka je samostalno razvijala veliki broj funkcionalnosti neophodnih za uspješan rad i poslovanje, kao što su aplikacije za upravljanje rezervisanjima i ispravkama vrijednosti, kolateralima, osnovnim sredstvima, zaposlenima, te platnim karticama.

Banka je godinama unazad polako, ali stabilno gradila svoju mrežu, rukovodeći se time da je prvi izbor klijenta, banka koja mu je na dohvat ruke, banka koja se nalazi u neposrednoj blizini posla, kuće, škole ili fakulteta. Danas tako organizacionu strukturu Banke čine: Centrala Banke u Banjoj Luci, koja je smještena u modernom i savremenom objektu u vlasništvu Banke, u centru grada gdje su uspostavljene core banking funkcije i 65 drugih organizacionih jedinica. Veći broj organizacionih jedinica Banke lociran je u Republici Srpskoj (Banja Luka, Gradiška, Prnjavor, Laktaši, Bijeljina, Ugljevik, Doboj, Teslić, Modriča, Brod, Derventa, Stanari, Foča, Andrićgrad, Istočno Sarajevo, Pale, Rogatica, Sokolac, Prijedor, Novi Grad, Kozarska Dubica, Omarska, Trebinje, Gacko, Zvornik, Milići, Bratunac, Šekovići, Vlasenica, Srebrenica) dok se nešto manji broj nalazi u Federaciji Bosne i Hercegovine (Sarajevo, Mostar, Međugorje, Ključ, Sanski Most, Tuzla, Lukavac). Banka organizacionu jedinicu ima i u Brčko Distriktu. Sve organizacione jedinice su kanali distribucije proizvoda Banke prema klijentima, koji su primarno retail i SME klijenti, a sekundarno veliki corporate klijenti.

PROFILE OF NOVA BANKA

***The vision of the Bank* is to be continuously reliable, safe, available and profitable bank, which will be useful to its clients, shareholders and society as a whole.**

The vision of the Bank is to be a reliable, safe and more profitable bank in the banking sector of Bosnia and Herzegovina, present and available in major cities in the country and focused on high-quality products and services that fully meet clients' needs.

***The mission of the Bank* is to support the economic development of the Republic of Srpska and Bosnia and Herzegovina and the society as a whole in order to achieve a common long-term growth and development.**

As an important financial entity in the market of the Republic of Srpska and Bosnia and Herzegovina, Nova banka is aware of its impact on the environment, as well as the fact that the actions and business operations in the society also imply constant care and respect for the society. In this regard, the mission of the Bank is to support the development of the economy and society as a whole in order to achieve long-term growth and development.

ABOUT THE BANK

Nova banka AD Banja Luka is getting closer to its full age as the largest bank in the Republic of Srpska and the third largest in Bosnia and Herzegovina by the amount of assets. For many years Nova banka has been operating as a highly profitable bank, solvent, liquid and adequately capitalized. Eighteen years were more than enough for a small private bank, founded by a group of enthusiasts, domestic natural persons and legal entities, to grow into a true giant, a worthy opponent to all major banks. On this journey, which was not easy at all, Nova banka grew into the market leader.

In order to be what it is today, in the year marking its full age, the Bank has worked a lot on itself, on its employees, but also on the community in which it operates, encouraging and supporting good projects, habits and activities. In this way the Bank has developed all functions including, but not limited to, risk management function, function of collection and restructuring, strengthening the front office, strengthening the role of internal audit and internal control functions. The Bank has independently developed a large number of functionalities necessary for the successful work and business operations, such as applications for managing provisions and impairments, collaterals, fixed assets, employees, and payment cards.

For years the Bank has slowly but steadily built its network, guided by the fact that the client's first choice is a bank that is at hand, a bank that is close to work, home, school or faculty. Today, the organizational structure of the Bank consists of: the Head Office in Banja Luka, which is located in a modern and contemporary building, owned by the Bank, in the center of the city, where the core banking functions are established, and 65 other organizational units. A larger number of organizational units of the Bank is located in the Republic of Srpska (Banja Luka, Gradiška, Prnjavor, Laktaši, Bijeljina, Ugljevik, Doboj, Teslić, Modriča, Brod, Derventa, Stanari, Foča, Andrićgrad, East Sarajevo, Pale, Rogatica, Sokolac, Prijedor, Novi Grad, Kozarska Dubica, Omarska, Trebinje, Gacko, Zvornik, Milići, Bratunac, Šekovići, Vlasenica, Srebrenica), while a slightly smaller number is located in the Federation of Bosnia and Herzegovina (Sarajevo, Mostar, Međugorje, Ključ, Sanski Most, Tuzla, Lukavac). The Bank also has an organizational unit in Brčko District. All organizational units represent the distribution channels of Bank's products to clients, who are primarily retail and SME clients, and secondarily large corporate clients.

PROFIL NOVE BANKE

Godinama unazad Nova banka je pionir među bankama u Bosni i Hercegovini i kontinuirano proširuje svoju paletu proizvoda novim savremenim bankarskim proizvodima čime indirektno i podstiče razvoj finansijskog sektora kako u Republici Srpskoj, tako i u Bosni i Hercegovini. Depozitni bankomat, infoLogin, eKiosk, kartičarski proizvodi iz mreže MasterCard, Visa, Dinners, korisnički centar dostupan klijentima na principu 24/7, te razvoj prvog loyalty proizvoda „Super Nova“, samo su neki od proizvoda koje je Banka prva uvela. No, tu je svakako i širok portfolio tradicionalnih bankarskih usluga (uključujući različite vrste kredita, dokumentarnih poslova, depozita i štednje, platnih transakcija i transfera novca, mjenjačkih poslova i sličnih usluga), ali i veliki broj primarno nebankarskih aktivnosti kao što su brokerske operacije, kastodi poslovanje, factoring i forfeting.

Od novembra 2002. godine Banka je listirana na Banjalučkoj berzi hartija od vrijednosti, a od juna 2009. godine čini jednu od 6 akcija, jedinu iz finansijskog sektora, prema kojima se računa BH indeks koji se objavljuje na Vienna Stock Exchange. Akcijama Banke se na dnevnom nivou trguje na Banjalučkoj berzi i u tom smislu one su veoma likvidne akcije.

Briga o zaposlenima je utkana u srž poslovanja Banke. Kao etabliran tržišni igrač, Banka je prepoznata kao veoma interesantan i poželjan poslodavac, te je tako krajem 2016. godine imala 676 zaposlenih. Korporativna kultura Banke je rezultovala visokim stepenom lojalnosti i izuzetno motivisanim zaposlenima koji rade u 66 organizacionih dijelova.

Pionirska uloga i podsticaj razvoju privrede, stalno unapređenje proizvoda i usluga koje Banka nudi i njihovo prilagođavanje potrebama klijenata, te kontinuirano uvođenje inovacija, prepoznaje i zajednica u kojoj Banka posluje, što i nagrađuje. Iz godine u godinu Banka svoju lidersku poziciju potvrđuje nagradama Privredne komore Republike Srpske, Banjalučke berze hartija od vrijednosti, Investiciono-razvojne banke Republike Srpske, te nagrada za specifične projekte koje ogranizuju brojne fondacije uz podršku International Finance Corporation.

S druge strane pak, Banka nastoji da svojim djelovanjem podstiče i promoviše dobre projekte, navike i aktivnosti. U tom smislu, Banka pomaže zajednicu u kojoj posluje, prije svega putem donacija socijalno ugroženim grupama (djeca sa posebnim potrebama, djeca bez roditeljskog staranja), mladim talentima (dostignuća iz oblasti nauke, sporta, obrazovanja), te sportskim klubovima. Podržavajući iste, Banka promoviše vrijednosti koje su univerzalno prihvaćene i podržane, a koje istovremeno predstavljaju i ključna načela i vrijednosti na kojima se zasniva poslovanje Banke.

Svoju budućnost Banka zasniva na realnim mogućnostima, oslanjajući se pritom na vlastite snage i stručno znanje svojih zaposlenih. Banka podstiče transparentnost u radu, inovativnost i motiviše svoje zaposlene za utakmicu s konkurencijom na tržištu. Kroz svoje godine poslovanja, Nova banka uspješno ostvaruje željeni cilj da bude snažna i pouzdana domaća banka podjednako privlačna investitorima, zaposlenima i klijentima.

PROFILE OF NOVA BANKA

For years Nova banka has been a pioneer among banks in Bosnia and Herzegovina and has continuously expanded its product range with new modern banking products, by which it indirectly supports the development of the financial sector both in the Republic of Srpska and in Bosnia and Herzegovina. Deposit ATM, infoLogin, eKiosk, payment card products from MasterCard, Visa and Diners networks, user support center available to clients on 24/7 principle, and the development of the first loyalty product "Super Nova" are just some of the products that the Bank has introduced the first. However, there is certainly a wide portfolio of traditional banking services (including various types of loans, documentary businesses, deposits and savings, payment transactions and money transfers, currency exchange services and other similar services), but also a large number of primarily non-banking activities such as brokerage operations, custody business, factoring and forfeiting.

Since November 2002, the Bank has been listed on the Banja Luka Stock Exchange of Securities, and since June 2009 it constitutes one of the 6 shares, the only one from the financial sector, according to which the BH index, which is published in Vienna Stock Exchange, is calculated. The Bank's shares are traded on a daily basis at the Banja Luka Stock Exchange and in that sense they are very liquid shares.

Taking care of employees is woven into the core of Bank's business operations. As an established market player, the Bank has been recognized as a very interesting and attractive employer, so at the end of 2016 it had 676 employees. Corporate culture of the Bank resulted in a high degree of loyalty and highly motivated employees who work in 66 organizational units.

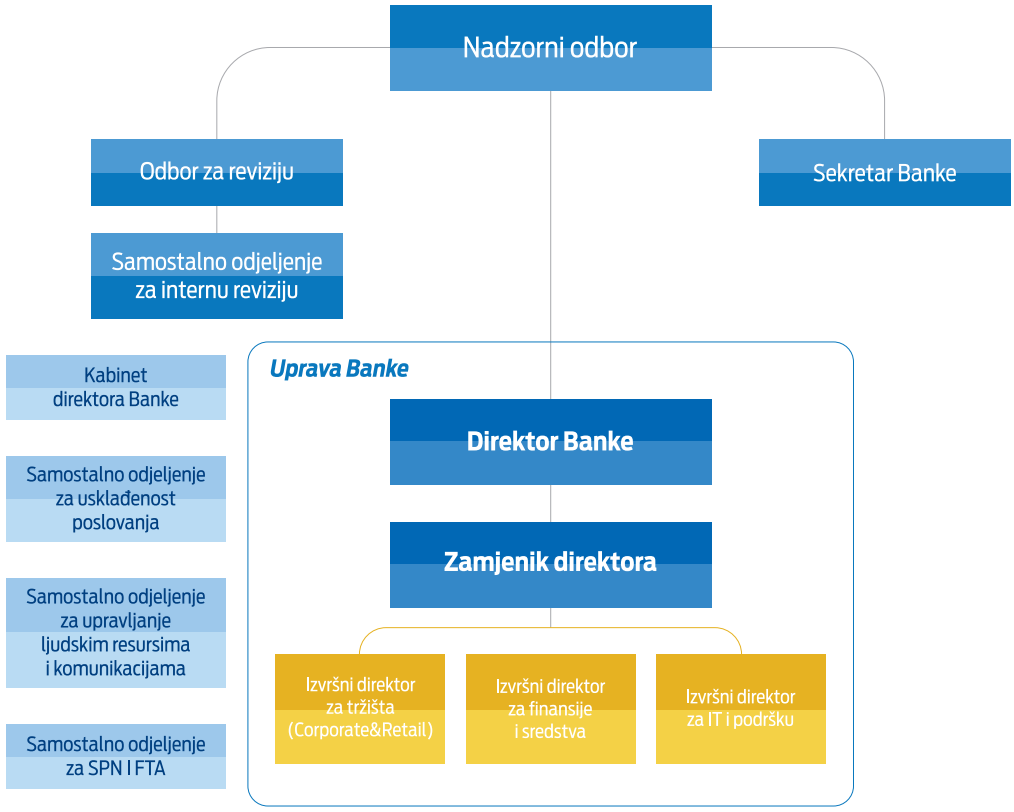
The pioneering role and incentive for economic development, continuous improvement of products and services offered by the Bank and their adaptation to clients' needs, and continuous introduction of innovations are recognized and rewarded by the community in which the Bank operates. Year after year, the Bank confirmed its leadership position by rewards of the Chamber of Commerce of the Republic of Srpska, Banja Luka Stock Exchange, Investment-Development Bank of the Republic of Srpska, as well as the rewards for specific projects organized by numerous foundations with the support from the International Finance Corporation.

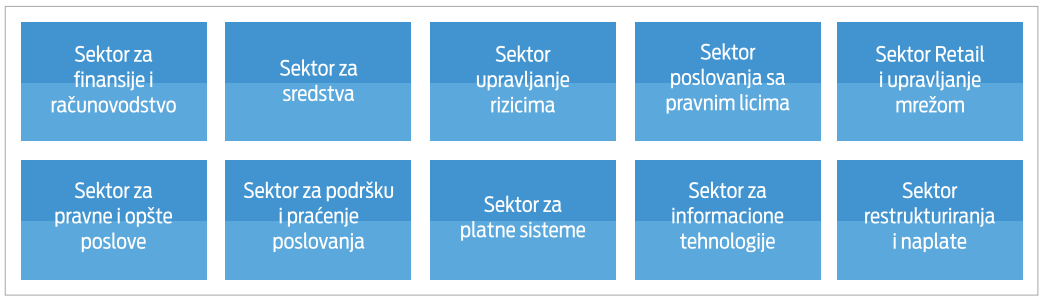
On the other hand, however, the Bank seeks to encourage and promote good projects, habits and activities by its own actions. In this regard, the Bank supports the community in which it operates, primarily through donations to socially vulnerable groups (children with special needs, children without parental care), young talents (achievements in the field of science, sports, education), and sports clubs. By supporting them the Bank promotes values which are universally accepted and supported and which at the same time constitute the core principles and values on which the Bank's operations are based.

The Bank bases its future on real possibilities, relying on its own strength and expertise of its employees. The Bank promotes transparency in the work and innovativeness, and it motivates its employees in the victorious battle with its competition in the market. Through years of its business operations, Nova banka successfully achieves the desired goal of being a strong and reliable domestic bank equally attractive to investors, employees and clients.

PROFIL NOVE BANKE

ORGANIZACIONA STRUKTURA

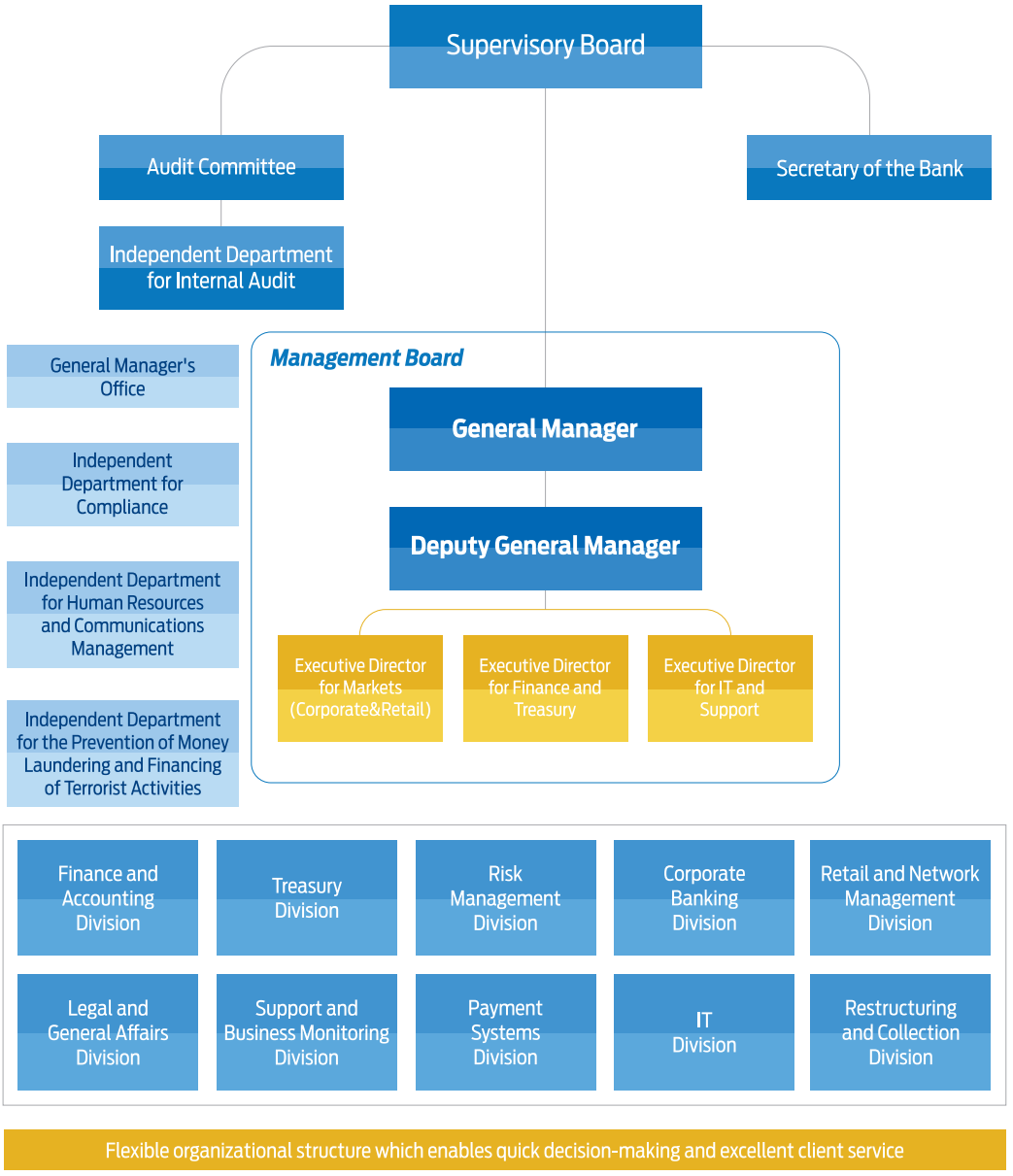




Fleksibilna organizaciona struktura koja omogućava brzo donošenje odluka i vrhunski korisnički servis

PROFILE OF NOVA BANKA

ORGANIZATIONAL STRUCTURE



Flexible organizational structure which enables quick decision-making and excellent client service

PROFIL NOVE BANKE

NAGRADE I PRIZNANJA URUČENA TOKOM 2016. GODINE

- Zlatni BAM, za banku sa najvećom aktivom sa pretežno domaćim kapitalom koju dodjeljuje Magazin „Banke i Biznis u BiH“.
- Zlatna nagrada za najbolji godišnji izvještaj iz 2015, tj. za izvanrednu prezentaciju i transparentnost u objavljivanju informacija koju dodjeljuje Udruženje banaka Centralne i Istočne Evrope.
- Najbolja internet banka u Bosni i Hercegovini za 2016. godinu koju dodjeljuje časopis „Global Banking & Finance Review” London.
- „Najmenadžer u oblasti bankarstva & Najbanka Jugoistočne i Srednje Evrope 2016“, te „Nagrada za životno djelo” dodijeljeni su Novoj banci i direktoru Banke, doc. dr Milanu Radoviću, od strane Direkcije za izbor najmenadžera BiH, Jugoistočne i Srednje Evrope.
- „STP Excellence award“ za izuzetan kvalitet u obavljanju platnog prometa, a odnosi se na postignut stoprocentni nivo efikasnosti i tačnosti prenosa novca koju dodjeljuje Deutsche bank.
- „Privrednik godine”, za direktora Banke doc. dr Milana Radovića koju dodjeljuju Nezavisne novine.
- „Kapetan Miša Anastasijević” za najboljeg bankara u regionu, dodijeljena je direktoru Banke doc. dr Milanu Radoviću, a direktoru Filijale Istočno Sarajevo Daliboru Đuroviću nagrada za podršku privrednom razvoju te regije, od strane Media Invent iz Novog Sada, Univerziteta u Banjoj Luci i Privredne komore RS.

PROFILE OF NOVA BANKA

AWARDS AND RECOGNITIONS PRESENTED DURING 2016

- "Zlatni BAM" for the Bank with the largest assets with predominantly domestic capital, awarded by the magazine "Banke i Biznis u BiH".
- Golden Award for the best annual report in 2015, i.e. for the extraordinary presentation and transparency in the disclosure of information awarded by the Banking Association for Central and Eastern Europe.
- The best Internet Bank in Bosnia and Herzegovina for 2016, awarded by the magazine "Global Banking & Finance Review" London.
- "Best manager in the field of banking & the best bank of the South East and Central Europe 2016" and "Lifetime Achievement Award" were awarded to Nova banka and its General Manager Milan Radović, PhD, by the Directorate for the selection of the best manager of BiH, South East and Central Europe.
- "STP Excellence Award" for outstanding quality in the performance of payment services relating to achieved one hundred percent level of efficiency and accuracy in the transfer of money, awarded by the Deutsche Bank.
- "Businessman of the Year", for the General Manager of the Bank, Milan Radović, PhD, awarded by Nezavisne novine.
- "Kapetan Miša Anastasijević" for the best banker in the region was awarded to the General Manager of the Bank, Milan Radović, PhD, and Director of the Branch Office East Sarajevo, Dalibor Đurović, was awarded for the support to economic development of the region by the Media Invent from Novi Sad, University of Banja Luka and the Chamber of Commerce of the RS.

PROFIL NOVE BANKE

ORGANI UPRAVLJANJA BANKE

Nadzorni odbor Banke

- Goran Radanović, *predsjednik*
- Grega Kukec, *zamjenik predsjednika*
- Nebojša Ninić, *član*
- Miroslav Lazarević, *član*
- Radislav Jovičić, *član*

Uprava Banke

- Doc. dr Milan Radović, *direktor Banke i predsjednik Uprave Banke*
- Goran Avlijaš, *zamjenik direktora*
- Novislav Milaković, *izvršni direktor*
- Gorana Zorić, *izvršni direktor*
- Igor Jovičić, *izvršni direktor*

Odbor za reviziju

- Prof. dr Branko Krsmanović, *predsjednik*
- Mr Vlado Vasiljević, *zamjenik predsjednika*
- Zdenko Sivrić, *član*
- Goran Marković, *član*
- Doc. dr Slobodan Lukić, *član*

Sekretar banke

- Ivana Kantar

Interni revizor

- Branka Štaka

Sektori i samostalna odjeljenja Nove banke

- Dobrila Lovre, *direktor Sektora za platne sisteme*
- Dejan Vukosavljević, *direktor Sektora Retail i upravljanje mrežom*
- Borislav Trampa, *direktor Sektora poslovanja sa pravnim licima*
- Mirko Antić, *direktor Sektora za informacione tehnologije*
- Tijana Pjević, *direktor Sektora za finansije i računovodstvo*
- Rade Obradović, *direktor Sektora za upravljanje rizicima*
- Jasna Zrilić, *direktor Sektora za sredstva*
- Milan Kudra, *direktor Sektora za pravne i opšte poslove*
- Vidosava Pejić, *direktor Sektora za podršku i praćenje* poslovanja
- Milija Dedić, *direktor Sektora restrukturiranja i naplate*
- Jagoda Matrak, *rukovodilac Samostalnog odjeljenja za upravljanje ljudskim resursima i komunikacijama*
- Zoran Skvarica, *rukovodilac Samostalnog odjeljenja za sprečavanje pranja novca i finansiranja terorističkih aktivnosti*
- Dragica Blagojević, *rukovodilac Samostalnog odjeljenja za usklađenost poslovanja*

Filijale Nove banke

- ***Filijala Bijeljina,*** direktor Srđan Stanojević
- ***Filijala Banja Luka*** direktor Saša Maglov
- ***Filijala Brčko*** direktor Petar Domić
- ***Filijala Zvornik*** direktor Branka Risović
- ***Filijala Doboj*** direktor Miodrag Mišić
- ***Filijala Istočno Sarajevo*** direktor Dalibor Đurović
- ***Filijala Sarajevo*** direktor Saša Mulalić
- ***Filijala Foča*** direktor Milada Simić
- ***Filijala Trebinje*** direktor Obrad Zelenović
- ***Filijala Tuzla*** direktor Igor Josipović
- ***Filijala Mostar*** direktor Sanda Boban
- ***Filijala Prijedor*** direktor Goran Vukoje

PROFILE OF NOVA BANKA

MANAGEMENT BODIES OF THE BANK

Supervisory Board

- Goran Radanović,
  Chairman
- Grega Kukec,
  Deputy Chairman
- Nebojša Ninić,
  member
- Miroslav Lazarević,
  member
- Radislav Jovičić,
  member

Management Board of the Bank

- Milan Radović, PhD,
  General Manager of the Bank and Chairman of the Management Board
- Goran Avlijaš,
  Deputy General Manager
- Novislav Milaković,
  Executive Director
- Gorana Zorić,
  Executive Director
- Igor Jovičić,
  Executive Director

Audit Committee of the Bank

- Prof. Branko Krsmanović, PhD,
  Chairman
- Vlado Vasiljević, MSc,
  Deputy Chairman
- Zdenko Sivrić,
  member
- Goran Marković,
  member
- Slobodan Lukić, PhD,
  member

Secretary of the Bank

- Ivana Kantar

Internal Auditor

- Branka Štaka

Divisions and independent departments of Nova banka

- Dobrila Lovre,
  Director of Payment Systems Division
- Dejan Vukosavljević,
  Director of Retail and Network Management Division
- Borislav Trampa,
  Director of Corporate Banking Division
- Mirko Antić,
  Director of Information Technology Division
- Tijana Pjević,
  Director of Finance and Accounting Division
- Rade Obradović,
  Director of Risk Management Division
- Jasna Zrilić,
  Director of Treasury Division
- Milan Kudra,
  Director of Legal and General Affairs Division
- Vidosava Pejić,
  Director of Support and Business Monitoring Division
- Milija Dedić,
  Director of Restructuring and Collection Division
- Jagoda Matrak,
  Head of Independent Department for Human Resources and Communications Management
- Zoran Skvarica,
  Head of Independent Department for the Prevention of Money Laundering and Financing of Terrorist Activities
- Dragica Blagojević,
  Head of Independent Department for Compliance

Branch Offices of Nova banka

- ***Branch Office Bijeljina,***
  Director of the Branch Office Srđan Stanojević
- ***Branch Office Banja Luka,***
  Director of the Branch Office Saša Maglov
- ***Branch Office Brčko,***
  Director of the Branch Office Petar Domić
- ***Branch Office Zvornik,***
  Director of the Branch Office Branka Risović
- ***Branch Office Doboj,***
  Director of the Branch Office Miodrag Mišić
- ***Branch Office East Sarajevo,***
  Director of the Branch Office Dalibor Đurović
- ***Branch Office Sarajevo,***
  Director of the Branch Office Saša Mulalić
- ***Branch Office Foča,***
  Director of the Branch Office Milada Simić
- ***Branch Office Trebinje,***
  Director of the Branch Office Obrad Zelenović
- ***Branch Office Tuzla,***
  Director of the Branch Office Igor Josipović
- ***Branch Office Mostar,***
  Director of the Branch Office Sanda Boban
- ***Branch Office Prijedor,***
  Director of the Branch Office Goran Vukoje

UPRAVLJANJE LJUDSKIM RESURSIMA

U 2016. godini radnici Banke su prisustvovali na više od 130 različitih eksternih vidova edukacija i preko 20 internih obuka sa prisustvovanjem gotovo 70% ukupno zaposlenih radnika.

Dinamiku kontinuiranog razvoja poslovanja Nove banke prati i stalno unapređenje procesa upravljanja ljudskim resursima koje se temelji na prepoznatljivosti Banke kao poželjnog poslodavca s jedne strane i obezbjeđenju stručnog, kvalitetnog i motivisanog kadra s druge strane.

Aktivnosti u domenu određivanja profila ličnosti za svako radno mjesto, pravilnog izbora kandidata, identifikacije oblasti koje zahtijevaju poboljšanje, te unapređenje komunikacione strategije, omogućili su radnicima da postignu svoj puni potencijal, a Banka kontinuiran rast u ostvarivanju poslovanja.

Tokom 2016. godine kreirana je i razvijena „Entris“ aplikacija koja podrazumijeva tehnološko rješenje za niz aktivnosti, podržanih od višemodulskog aplikativnog softvera koji pomaže u upravljanju poslovnim i finansijskim aspektima poslovanja, kao i ljudskim resursima. Puštanje u rad i aktivno korišćenje „Entris“ aplikacije doprinijelo je mnogo efikasnijem načinu upravljanja podacima o radnicima, unapređenju izvještavanja, te projekcijama i predviđanjima u domenu upravljanja ljudskim resursima.

U 2016. godini radnici Banke su prisustvovali na više od 130 različitih eksternih vidova edukacija i preko 20 internih obuka sa prisustvovanjem gotovo 70% ukupno zaposlenih radnika. Pomenutim edukacijama je zadržan kontinuitet u usmjeravanju radnika, savladavanju novih vještina, znanja i informacionih trendova.

Na dan 31.12.2016. godine broj zaposlenih radnika Banke iznosi 676. Po strukturi posmatrano, od ukupno zaposlenih, 495 radnika su žene, a 181 muškarci. Prosječna starost zaposlenih iznosi 37,5 godina.

Timski duh radnika Banke dokazan je ne samo u poslovanju, već i na terenu u okviru 13. Bankarskih susreta 2016. godine održanih u Međugorju, gdje su osvojeni sljedeći rezultati:

- 1. mjesto: košarka-žene, košarka-muškarci;
- 2. mjesto: kuglanje-žene, karaoke;
- 3. mjesto: fudbal-muškarci, odbojka-žene.

HUMAN RESOURCES MANAGEMENT

In 2016 employees of the Bank were present in more than 130 different types of external educations and over 20 in-house trainings with attendance of almost 70% of total employees.

The dynamics of continuous development of Nova banka's business operations is also followed by the continuous improvement of human resources management process, which is based on the recognition of the Bank as a desirable employer on the one hand and the provision of professional, high quality and motivated staff on the other.

Activities in the area of determining the personality profile for each position, the proper selection of candidates, identification of areas that require improvement, and improvement of the communication strategy, allowed employees to achieve their full potential and the Bank to achieve continued growth in the realization of its business operations.

During 2016, "Entris" application was created and developed and it includes technological solution for a range of activities, supported by multimodal application software that helps manage business and financial aspects of business operations, as well as human resources. Commissioning and active use of "Entris" application has contributed to a much more efficient way of managing information on employees, improvement of reporting, and projections and forecasts in the field of human resources management.

In 2016 employees of the Bank were present in more than 130 different types of external educations and over 20 in-house trainings with attendance of almost 70% of total employees. The aforementioned trainings maintained continuity in the education of employees, mastering new skills, and knowledge and information trends.

On 31 December 2016 the number of employees of the Bank amounted to 676. Broken down by structure, of the total number of employees 495 are women and 181 are men. The average age of employees is 37.5 years.

The team spirit of the Bank employees has been proven not only in business, but also on the sports grounds during the 13th Banking Gathering 2016 held in Međugorje, where the following results were ahcived:

- First place - basketball / women, basketball / men;
- Second place - bowling / women, karaoke;
- Third place - football / men, volleyball / women.

Podrška projektu kompanije „Di&DŽ" d.o.o. Mostar u izgradnji Sportsko-rekreativnog centra „Arena sport centar".

Support to the project of the company "Di&DŽ" doo Mostar for the construction of the sports and recreation center "Arena sport centar."

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Banka je fokus stavila na poboljšanje kvaliteta kreditnog portfolija, pojačanu aktivnost naplate i održavanje kontinuiteta u zadovoljavanju preferencija postojećih, po Banku poželjnih klijenata.

Tokom prethodnih godina Banka je svoju strategiju poslovanja usmjerila na rast i razvoj, kako bilansnih pozicija Banke, tako i mreže poslovnih jedinica. Rezultat takvog načina poslovanja bio je postizanje liderske pozicije u bankarskom sektoru RS i treće pozicije na nivou bankarskog sektora BiH.

Širenje mreže poslovnih jedinica bilo je u skladu sa akcentom poslovanja Banke usmjerenom na poslovanje sa stanovništvom i strategijom diverzifikacije rizika, kako bi Banka bila pristupačnija i više na usluzi širokoj bazi klijenata.

Za razliku od prethodnih godina u kojima je naglasak poslovanja bio na rastu i razvoju, u 2016. godini menadžment Banke usmjerava strategiju poslovanja na stabilnost i jačanje likvidne pozicije Banke. Ovaj strateški potez menadžmenta Banke bio je logičan slijed, nakon veoma zapaženog rasta, kao nastavak stabilnog i kontinuiranog poslovanja Banke.

Dakle, u odnosu na kvantitet portfolija, strateška opredijeljenost Banke u 2016. godini bazirana je na kvalitetu. Banka je fokus stavila na poboljšanje kvaliteta kreditnog portfolija, pojačanu aktivnost naplate i održavanje kontinuiteta u zadovoljavanju preferencija postojećih, po Banku poželjnih klijenata.

TREND KRETANJA BROJA KLIJENATA

Za razliku od prethodnih godina, u 2016. godini evidentan je blaži rast klijenata sa zadržanim kontinuitetom u rastu, a sve u skladu sa generalnom strategijom Banke. Sa stanovišta broja klijenata, poslovanje Banke bazirano je na zadržavanju postojećih klijenata kroz analizu baze klijenata, te diferenciranju proizvoda i usluga u skladu sa njihovim potrebama. Uspostavljanjem i unapređenjem odnosa sa postojećim klijentima, Banka je kreirala stabilnu bazu lojalnih klijenata uz kontinuiran rast korišćenja svojih proizvoda.

Potencijal širenja baze klijenata u narednom periodu, Banka vidi u intenziviranju saradnje sa postojećom bazom SME klijenata, Velikih klijenata i Javnog sektora, stavljanjem primata poslovanja na prenos isplate plata njihovih radnika putem Nove banke.

QUANTITATIVE REALIZATION OF THE BUSINESS STRATEGY

The Bank put its focus on the improvement of quality of the loan portfolio, increased activity of collection and maintenance of continuity in meeting the preferences of existing, for the Bank desirable clients.

During previous years, the Bank has focused its business strategy on growth and development of both balance sheet positions of the Bank and a network of business units. The result of this way of operating was achieving the leadership position in the banking sector of the Republic of Srpska and third position in the banking sector of Bosnia and Herzegovina.

Expanding the network of business units was in line with the emphasis of the Bank's operations focused on the retail business and the strategy of risk diversification, so that the Bank would be more accessible and more at the service of a broad base of clients.

Unlike previous years in which the emphasis of business operations was on the growth and development, in 2016 the Bank management focused business strategy towards stability and strengthening of the liquidity position of the Bank. This strategic move of the Bank management was a logical sequence, after a significant growth, as a continuation of stable and continuous operations of the Bank.

So, in relation to the quantity of the portfolio, strategic commitment of the Bank in 2016 was based on quality. The Bank put its focus on the improvement of quality of the loan portfolio, increased activity of collection and maintenance of continuity in meeting the preferences of existing, for the Bank desirable clients.

TREND IN THE NUMBER OF CLIENTS

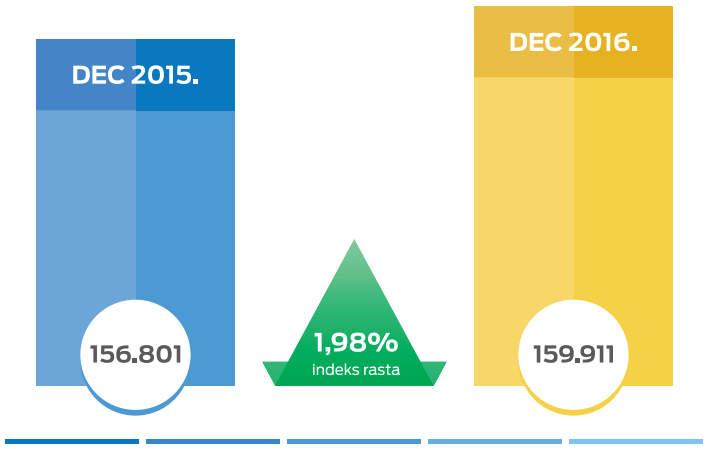
Unlike previous years in 2016 there was a moderate increase in the number of clients with retained continuity in growth was observed, all in accordance with the general strategy of the Bank. From the standpoint of the number of clients the Bank's business was based on retaining existing clients by analyzing client base and differentiating products and services in accordance with their needs. By establishing and improving relationships with existing clients, the Bank created a stable base of loyal clients along with the continued growth of the use of its products.

The Bank sees the potential expansion of the client base in the next period in the intensification of cooperation with the existing base of SME clients, Corporate clients and Public sector, by putting the primacy of its business operations to the transfer of payment of salaries of their employees through Nova banka.

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Broj klijenata – fizičkih lica na kraju poslovne 2016. godine iznosio je 159.911, što u poređenju sa brojem klijenata na kraju poslovne 2015. godine, predstavlja rast od 1,98%.

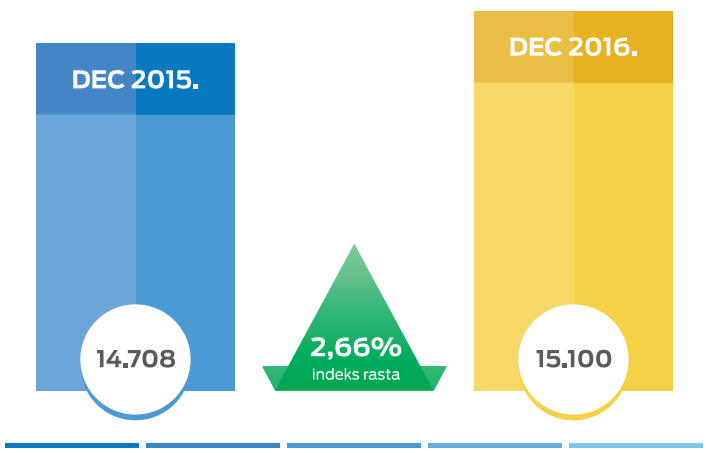
FIZIČKA LICA



Trend rasta broja klijenata - fizičkih lica u 2016. godini

Broj SME klijenata na kraju poslovne 2016. godine iznosio je 15.100, što u poređenju sa 2015. godinom kada je taj broj bio 14.708, predstavlja rast od 2,66%.

SME KLIJENTI

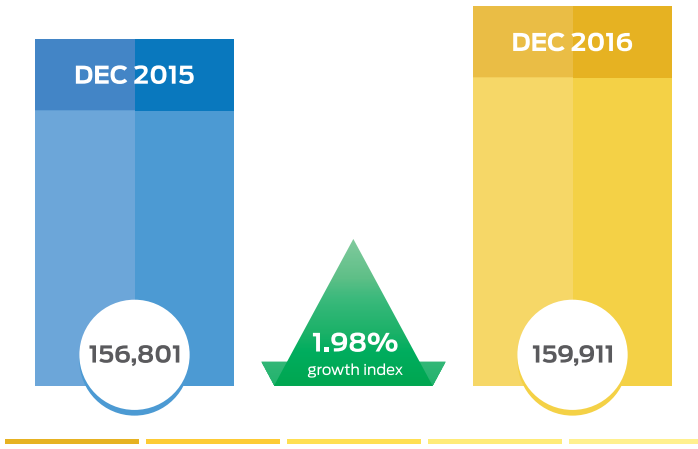


Trend rasta broja SME klijenata u 2016. godini

QUANTITATIVE REALIZATION OF THE BUSINESS STRATEGY

The number of clients – natural persons at the end of the business year 2016 amounted to 159,911, which, compared with the number of clients at the end of the business year 2015, represented an increase of 1.98%.

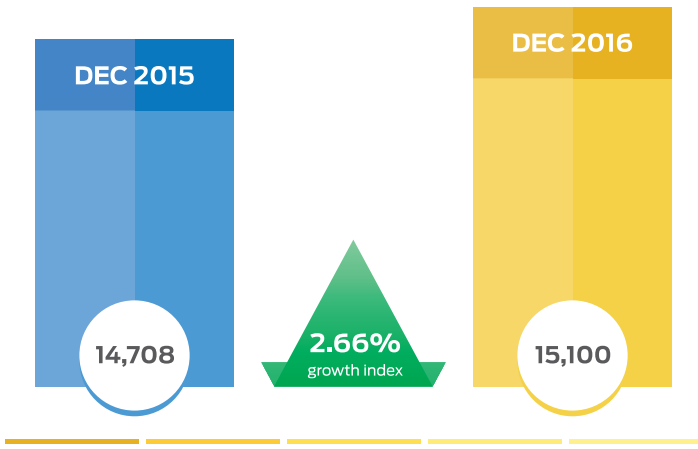
NATURAL PERSONS



Growth trend in the number of clients – natural persons in 2016

Number of SME clients at the end of the business year 2016 amounted to 15,100, which, in comparison with 2015 when this number was 14,708, represented an increase of 2.66%.

SME CLIENTS

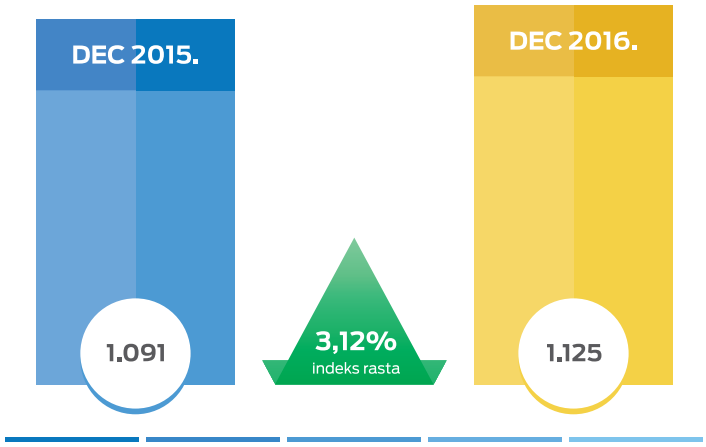


Growth trend in the number of SME clients in 2016

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Broj klijenata segmenta Veliki klijenti i Javni sektor na kraju poslovne 2016. godine iznosio je 1.125, što u poređenju sa krajem poslovne 2015. godine, predstavlja rast od 3,12%.

VELIKI KLIJENTI I JAVNI SEKTOR



Trend rasta klijenata - Veliki klijenti i Javni sektor u 2016. godini

TREND KRETANJA PLASMANA

Tokom 2016. godine došlo je do značajnog smanjenja aktivnih kamatnih stopa na tržištu BiH koje je inicirano prvenstveno od strane banaka koje su dio velikih bankarskih grupacija i kojima su na raspolaganju jeftinija sredstva matičnih banaka. Aktivnost navedenih banaka uticala je na obaranje kamatnih stopa na cijelom tržištu BiH, a sve u skladu sa rekordno niskim kamatnim stopama na evropskom bankarskom tržištu.

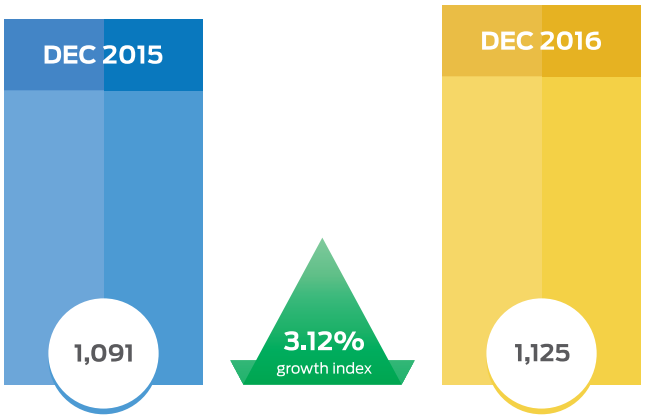
Prepoznajući navedene tržišne uslove kao i veoma zapažen rast plasmana iz prethodnih godina, Banka je u 2016. godini fokus stavila na poboljšanje kvaliteta kreditnog portfolija, veću naplatu i restrukturiranje problematičnih kredita, što je za rezultat imalo smanjenje nivoa dospjelih nenaplaćenih kredita.

Stanje portfolija plasmana fizičkih lica na dan 31.12.2016. godine iznosio je 420,95 miliona KM i manji je u odnosu na 31.12.2015. godine za 2,92%, dok u poređenju sa 31.12.2014. godine rezultat iz 2016. predstavlja rast od 5,25%.

QUANTITATIVE REALIZATION OF THE BUSINESS STRATEGY

The number of clients in the segment Corporate clients and Public sector at the end of business year 2016 was 1,125, which, in comparison with the end of the business year 2015, represented an increase of 3.12%.

CORPORATE CLIENTS AND PUBLIC SECTOR



Growth trend in the number of clients – Corporate clients and Public sector in 2016

TREND OF PLACEMENTS

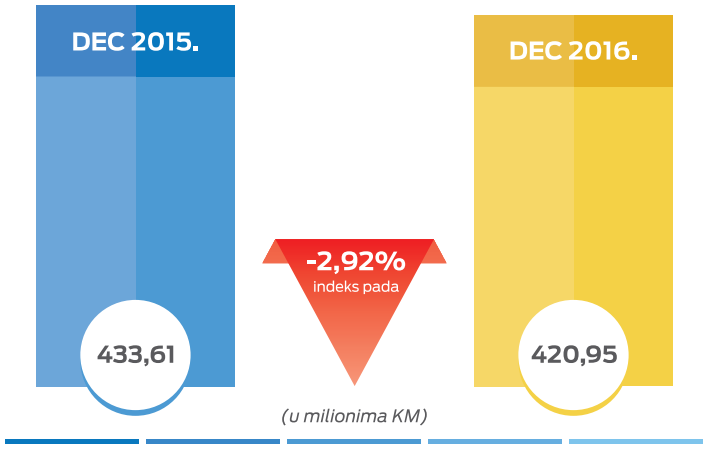
During 2016 there was a significant reduction in lending interest rates in the market of Bosnia and Herzegovina which was initiated primarily by banks which were part of the large banking groups and which had cheaper funds from parent banks available. Activity of these banks influenced the decrease of interest rates on the whole market of Bosnia and Herzegovina, all in accordance with record-low interest rates in the European banking market.

By recognizing these market conditions as well as a very noticeable increase in placements from previous years, the Bank put its focus in 2016 on the improvement of the quality of the loan portfolio, higher collection and restructuring of non-performing loans, which resulted in reducing the level of overdue loans.

Balance of the loan portfolio of natural persons on 31 December 2016 amounted to 420.95 million BAM, and was lower in comparison with 31 December 2015 by 2.92%. While, in comparison with 31 December 2014 the result from 2016 represented an increase of 5.25%.

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

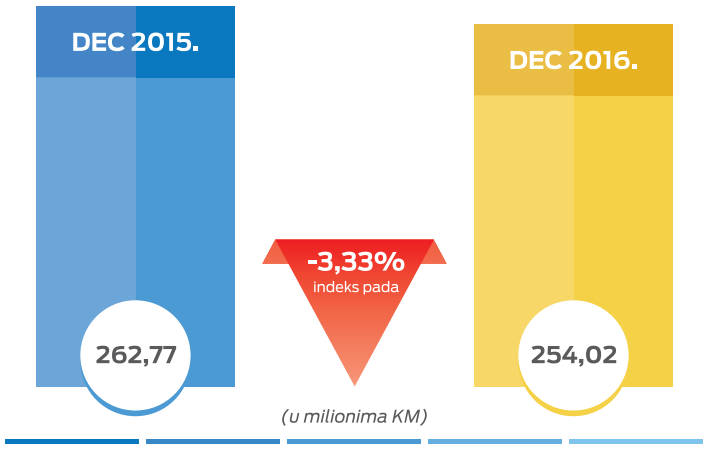
KREDITI - FIZIČKA LICA



Trend kretanja kredita fizičkih lica u 2016. godini

Stanje kreditnih plasmana SME klijenata na dan 31.12.2016. godine iznosio je 254,02 miliona KM i manji je u odnosu na 31.12.2015. godine za 3,33%, dok u poređenju sa 31.12.2014. godine, rezultat iz 2016. predstavlja rast od 9,79%.

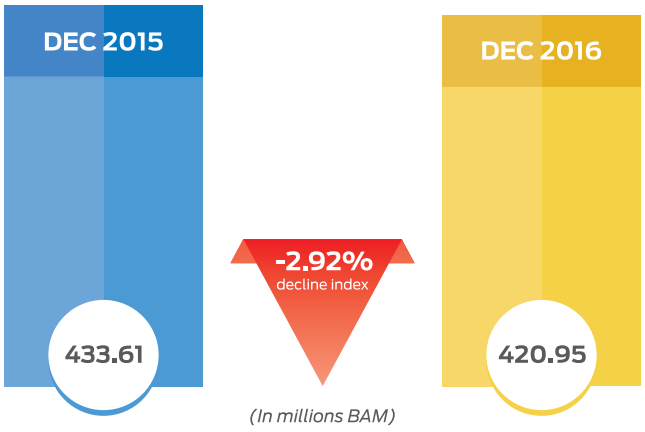
KREDITI - SME KLIJENTI



Trend kretanja kredita SME klijenata u 2016. godini

QUANTITATIVE REALIZATION OF THE BUSINESS STRATEGY

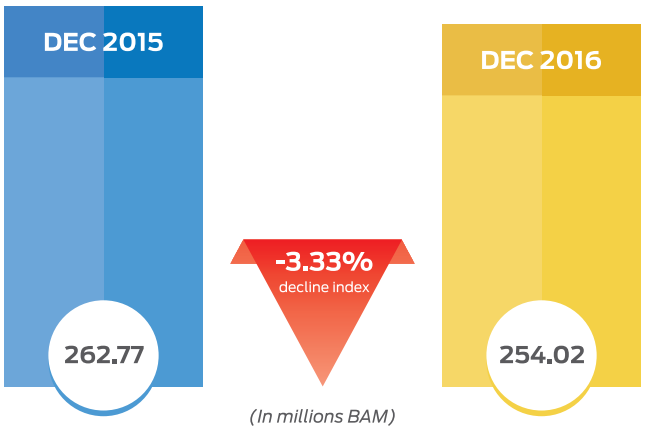
LOANS – NATURAL PERSONS



Trend of loans of natural persons in 2016

Balance of loans of SME clients on 31 December 2016 amounted to 254.02 million BAM, and was lower in comparison with 31 December 2015 by 3.33%. While, in comparison with 31 December 2014 the result from 2016 represented an increase of 9.79%.

LOANS – SME CLIENTS

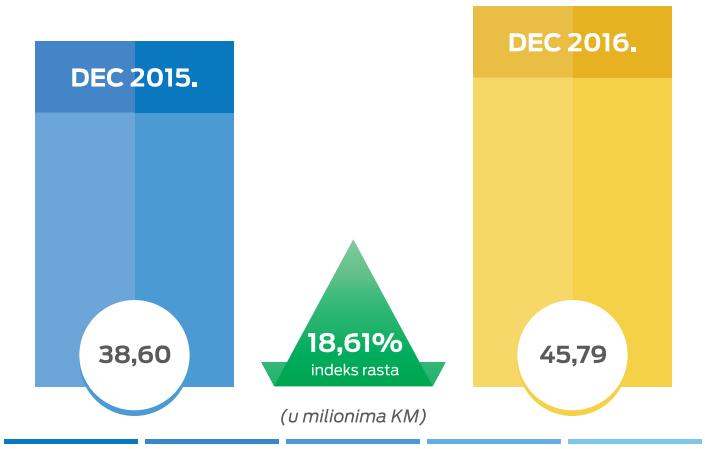


Trend of loans of SME clients in 2016

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Zapaženi rezultati ostvareni su u dijelu odobrenih garancija SME klijentima. U skladu s tim, stanje ukupno odobrenih garancija na dan 31.12.2016. godine iznosi 45,79 miliona KM i veće je za 18,61% od stanja na dan 31.12.2015. godine kada je iznosilo 38,60 miliona KM.

GARANCIJE - SME KLIJENTI

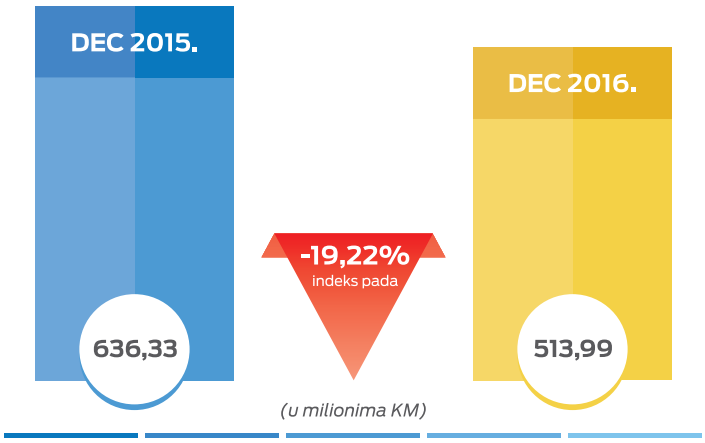


Trend kretanja garancija SME klijenata u 2016. godini

Stanje kreditnih plasmana segmenta Velikih klijenata i Javnog sektora na dan 31.12.2016. godine iznosilo je 513,99 miliona KM i manje je u odnosu na 31.12.2015. godine za 19,22%, dok u poređenju sa 31.12.2014. godine, rezultat iz 2016. predstavlja pad od 15,77%.

U posmatranom periodu po obimu je zabilježen pad kratkoročnih kredita za 51 milion KM, dugoročnih kredita za 67 miliona, dok je iznos dospjelih kredita smanjen za 3,4 miliona KM. Po segmentima kreditni plasmani Velikim klijentima smanjeni su za 16,60%, dok je segment Javni sektor zabilježio pad za 22,14%.

KREDITI - VELIKI KLIJENTI I JAVNI SEKTOR

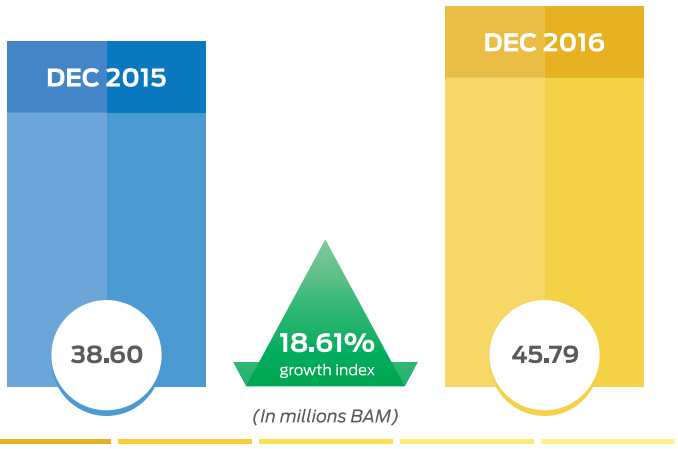


Trend kretanja kredita Velikih klijenata i Javnog sektora u 2016. godini

QUANTITATIVE REALIZATION OF THE BUSINESS STRATEGY

Notable results were achieved in the area of approved guarantees to SME clients. Accordingly, the balance of total approved guarantees on 31 December 2016 amounted to 45.79 million BAM and was higher by 18.61% from the balance on 31 December 2015 when it stood at 38.60 million BAM.

GUARANTEES – SME CLIENTS

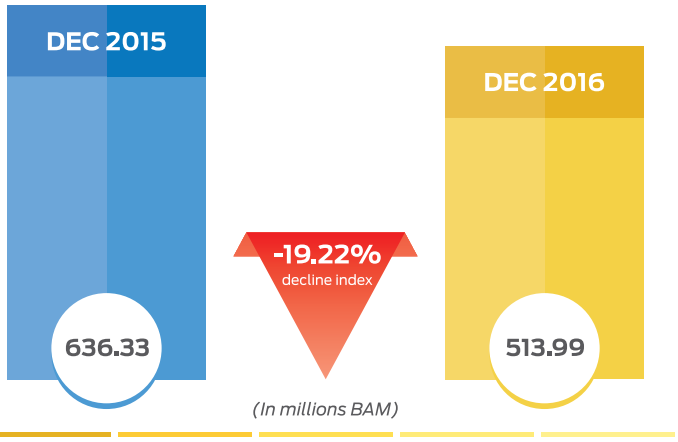


Trend of guarantees of SME clients in 2016

Balance of loans in the segment of Corporate clients and Public sector on 31 December 2016 amounted to 513.99 million BAM and was lower in comparison with 31 December 2015 by 19.22%. While, in comparison with 31 December 2014 the result from 2016 represented a decrease of 15.77%.

In the observed period, the volume of short-term loans decreased by 51 million BAM, long-term loans by 67 million BAM, while the amount of outstanding loans decreased by 3.4 million BAM. Broken down by segments, loans disbursed to Corporate clients decreased by 16.60%, while the Public sector segment recorded a decrease of 22.14%.

LOANS – CORPORATE CLIENTS AND PUBLIC SECTOR

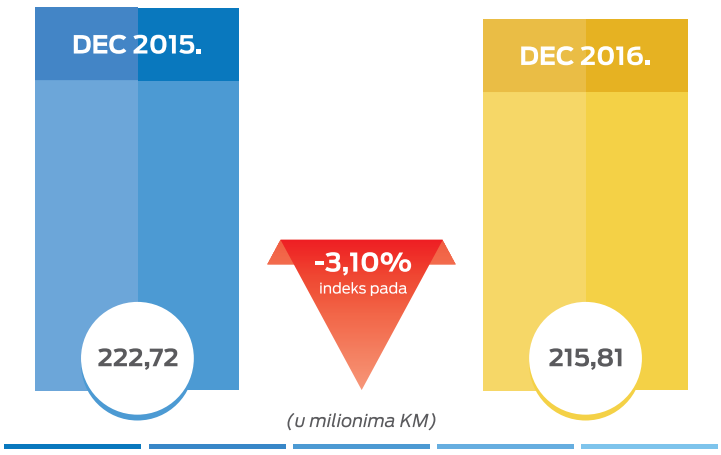


Trend of loans of Corporate clients and Public sector in 2016

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Pozicije vanbilansa u 2016. godini su smanjene u odnosu na 2015. godinu za 3,10% i na dan 31.12.2016. godine iznose 215,81 milion KM. U posmatranom periodu, struktura vanbilansa je ostala slična kao u prethodnoj 2015. godini (smanjenje učešća plativih garancija za 2,7%, povećanje neopozivih obaveza za 0,77%, povećanje činidbenih garancija za 2%). Prema obimu, najveći rast je zabilježen kod neopozivih obaveza za 0,57 miliona KM, zatim činidbenih garancija za 0,37 miliona KM, dok su plative garancije smanjene za 7,74 miliona KM. Po segmentima, vanbilans Velikih klijenata je u padu za 1,3 miliona KM, dok je vanbilans Javnog sektora u padu za 5,6 miliona KM.

VANBILANS - VELIKI KLIJENTI I JAVNI SEKTOR



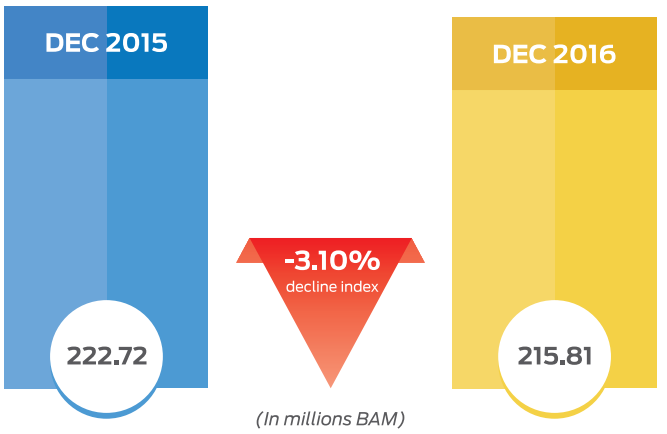
Trend kretanja vanbilansa segmenta Velikih klijenata i Javnog sektora u 2016. godini

Po segmentima posmatrano, ostvarenje ukupnih plasmana segmenta Velikih klijenata je iznosio 481,57 miliona KM, dok je Javnom sektoru plasirano 248,24 miliona KM. Smanjenje segmenta Velikih klijenata po ukupnim plasmanima je za 10,57% ili 56,90 miliona KM, dok je smanjenje segmenta Javnog sektora za 22,56% ili 72,33 miliona KM u odnosu na stanje na dan 31.12.2015. godine.

QUANTITATIVE REALIZATION OF THE BUSINESS STRATEGY

Off-balance sheet items in 2016 decreased in comparison with 2015 by 3.10% and on 31 December 2016 amounted to 215.81 million BAM. In the observed period, the structure of off-balance sheet remained similar to the previous 2015 (decrease in the share of payment guarantees by 2.7%, increase of irrevocable commitments by 0.77%, increase of performance guarantees by 2%). According to the scope, the highest growth was recorded in irrevocable commitments by 0.57 million BAM, followed by performance guarantees by 0.37 million BAM, while payment guarantees decreased by 7.74 million BAM. Broken down by segments the off-balance sheet of Corporate clients decreased by 1.3 million BAM, while the off-balance sheet of Public sector decreased by 5.6 million BAM.

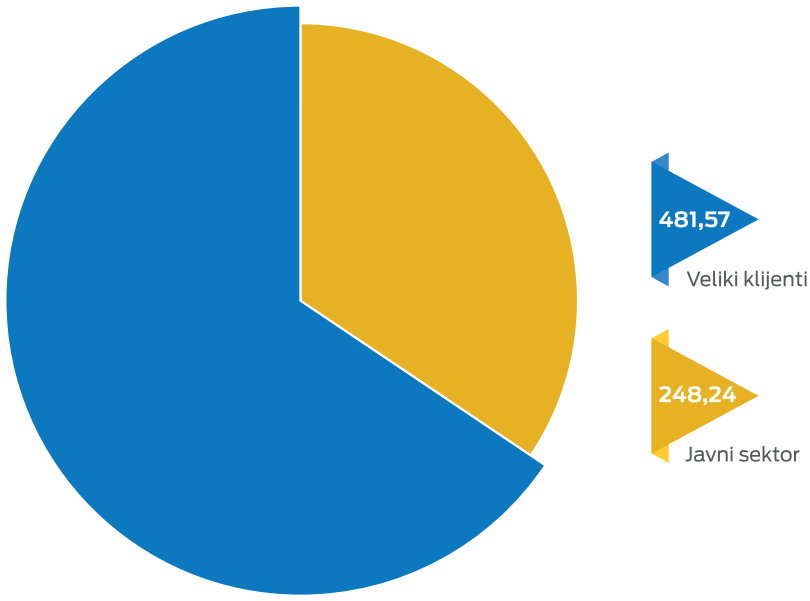
OFF-BALANCE SHEET – CORPORATE CLIENTS AND PUBLIC SECTOR



Trend of off-balance sheet segment of Corporate clients and Public sector in 2016

Broken down by segments, the achievement of total placements in the segment of Corporate clients amounted to 481.57 million BAM, while 248.24 million BAM was placed to the Public sector. Decrease in the segment of Corporate clients by total placements was 10.57% or 56.90 million BAM, while the decrease in the segment of Public sector was 22.56% or 72.33 million BAM in comparison with the balance on 31 December 2015.

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA



(u milionima KM)

Ukupni plasmani segmenta Veliki klijenti i Javni sektor na dan 31.12.2016. strukturalno posmatrani

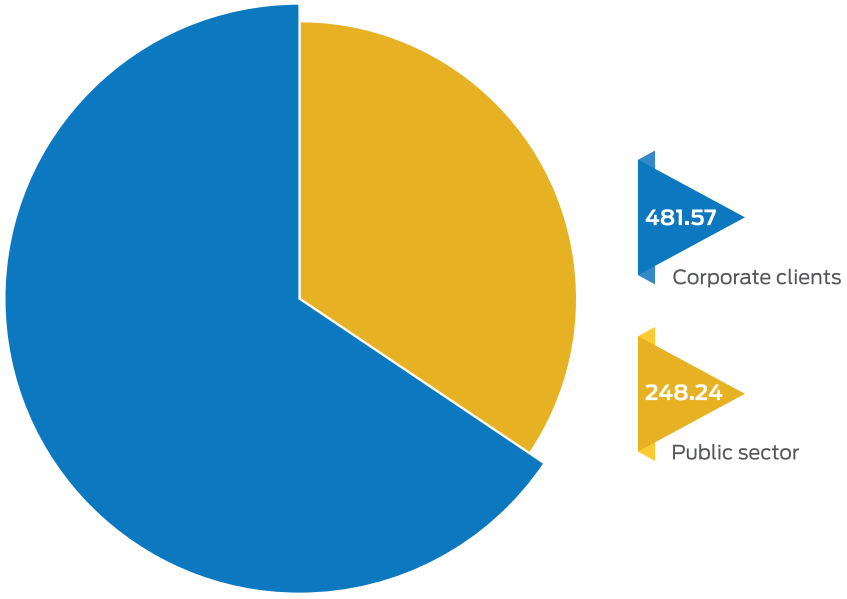
TREND KRETANJA DEPOZITA

Banka je u prethodnom periodu 2010 - 2016. godine zabilježila značajan rast nivoa depozita stanovništva što je bio ključni cilj kako bi se postigla diversifikacija rizika i alokacija velikih depozita privrede ka većem broju manjih depozita fizičkih lica.

Odnos depozita pravnih i fizičkih lica u 2010. godini proporcionalno izražen iznosio je 70% prema 30% u korist depozita pravnih lica. Prema podacima na dan 31.12.2016. godine, taj odnos se znatno promijenio i iznosi 62% naprema 38% u korist depozita fizičkih lica. Tendencija ka povećanju učešća depozita fizičkih lica u ukupnom depozitnom potencijalu Banke biće primjenjivana i u narednom periodu.

Banka je u 2016. godini bilježila rast portfolija depozita fizičkih lica u visini od 10,72% u odnosu na period iz prethodne godine, te ukupni depoziti fizičkih lica na dan 31.12.2016. godine iznose 822,20 miliona KM.

QUANTITATIVE REALIZATION OF THE BUSINESS STRATEGY



(In millions BAM)

Total placements of the segment Corporate clients and Public sector on 31 December 2016, broken down by structure

TREND OF DEPOSITS

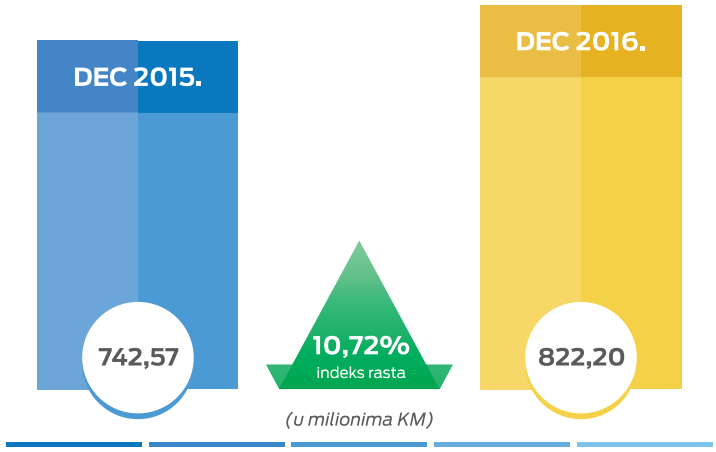
In the previous period 2010-2016 the Bank recorded a significant growth in the level of retail deposits which was a key objective in order to achieve diversification of risks and allocation of large deposits of the economy towards the greater number of smaller deposits of natural persons.

The ratio of deposits between legal entities and physical persons in 2010, proportionately expressed, was 70% to 30% in favor of deposits of legal entities. According to data available as at 31 December 2016 this ratio significantly changed and was 62% to 38% in favor of deposits of natural persons. The tendency of increase of the share of deposits of natural persons in the total deposit potential of the Bank shall be applied in the future as well.

In 2016 the Bank recorded a growth of deposit portfolio of natural persons in the amount of 10.72%, compared to same period of the previous year, so total retail deposits on 31 December 2016 amounted to 822.20 million BAM.

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

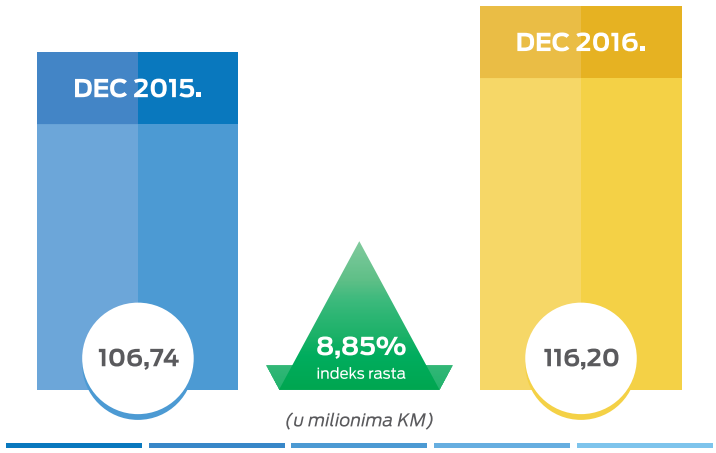
DEPOZITI - FIZIČKA LICA



Trend rasta depozita fizičkih lica u 2016. godini

Banka je u 2016. godini bilježila rast portfolija depozita SME klijenata u visini od 8,85% u odnosu na period iz prethodne godine, te ukupni depoziti SME klijenata na dan 31.12.2016. godine iznose 116,20 miliona KM. Pri tome su oročeni depoziti zabilježili manji pad za 1,21 milion KM, dok su avista depoziti ostvarili rast od skoro 10,66 miliona KM.

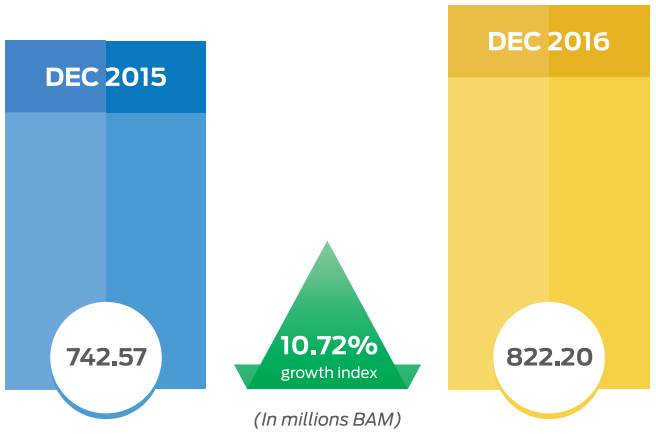
DEPOZITI - SME KLIJENTI



Trend kretanja depozita SME klijenata u 2016. godini

QUANTITATIVE REALIZATION OF THE BUSINESS STRATEGY

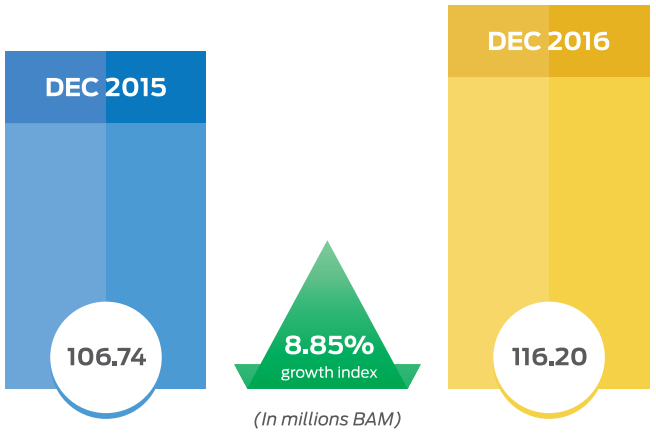
DEPOSITS – NATURAL PERSONS



Growth trend of deposits of natural persons in 2016

In 2016 the Bank recorded a growth of deposit portfolio of SME clients in the amount of 8.85% compared to the same period of the previous year, so total deposits of SME clients on 31 December 2016 amounted to 116.20 million BAM. At the same time, term deposits recorded a smaller decline by 1.21 million BAM, while sight deposits recorded an increase by nearly 10.66 million BAM.

DEPOSITS – SME CLIENTS



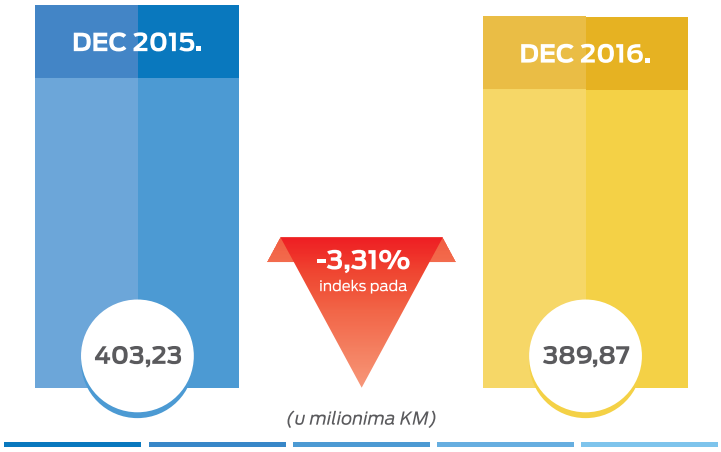
Trend of deposits of SME clients in 2016

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Banka je u 2016. godini bilježila pad portfolija depozita segmenta Velikih klijenata i Javnog sektora od 3,31% u odnosu na period iz prethodne godine, te ukupni depoziti segmenta Velikih klijenata i Javnog sektora na dan 31.12.2016. godine iznose 389,87 miliona KM.

Struktura depozita je izmijenjena u posmatranim godinama prema sljedećim promjenama učešća: depoziti po viđenju povećani sa 50% na 53%, kratkoročni depoziti povećani sa 10% na 20% i smanjeno učešće dugoročnih depozita sa 40% na 26%. Prema obimu, rast je bio najveći kod kratkoročnih depozita za 38,02 miliona KM, avista depozita za 5,45 miliona KM, dok su dugoročni depoziti smanjeni za 56,81 milion KM.

DEPOZITI - VELIKI KLIJENTI I JAVNI SEKTOR



Trend kretanja depozita Velikih klijenata i Javnog sektora u 2016. godini

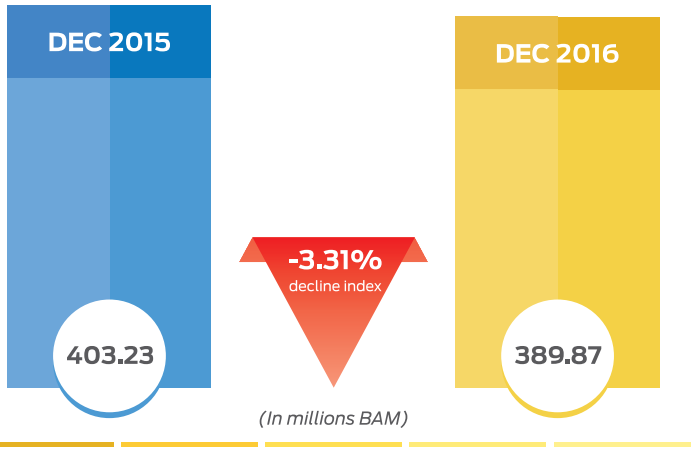
Po segmentima posmatrano u 2016. godini, depoziti Velikih klijenata su zabilježili smanjenje od 25,48 miliona KM i na dan 31.12.2016. bilježe 115,62 miliona KM, dok su depoziti Javnog sektora povećani za 12,12 miliona KM i na dan 31.12.2016. iznose 274,25 miliona KM.

QUANTITATIVE REALIZATION OF THE BUSINESS STRATEGY

In 2016 the Bank recorded a decline in deposit portfolio in the segment of Corporate clients and Public sector by 3.31% compared to the same period of the previous year, so total deposits of Corporate clients and Public sector as at 31 December 2016 amounted to 389.87 million BAM.

Deposit structure was changed during the observed period according to the following changes in share: demand deposits increased from 50% to 53%, short-term deposits increased from 10% to 20%, and the share of long-term deposits decreased from 40% to 26%. Observed by volume, the greatest growth was recorded in short-term deposits by 38.02 million BAM, sight deposits by 5.45 million BAM, while long-term deposits decreased by 56.81 million BAM.

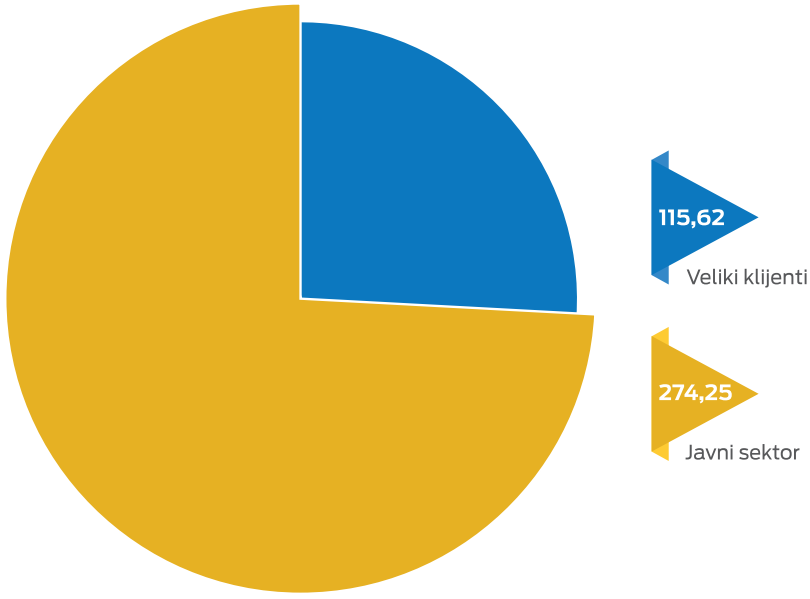
DEPOSITS – CORPORATE CLIENTS AND PUBLIC SECTOR



Trend of deposits of Corporate clients and Public sector in 2016

Broken down by segments, in 2016 deposits of Corporate clients recorded a decrease of 25.48 million BAM and on 31 December 2016 stood at 115.62 million BAM, while deposits of the Public sector increased by 12.12 million BAM and on 31 December 2016 stood at 274.25 million BAM.

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA



(u milionima KM)

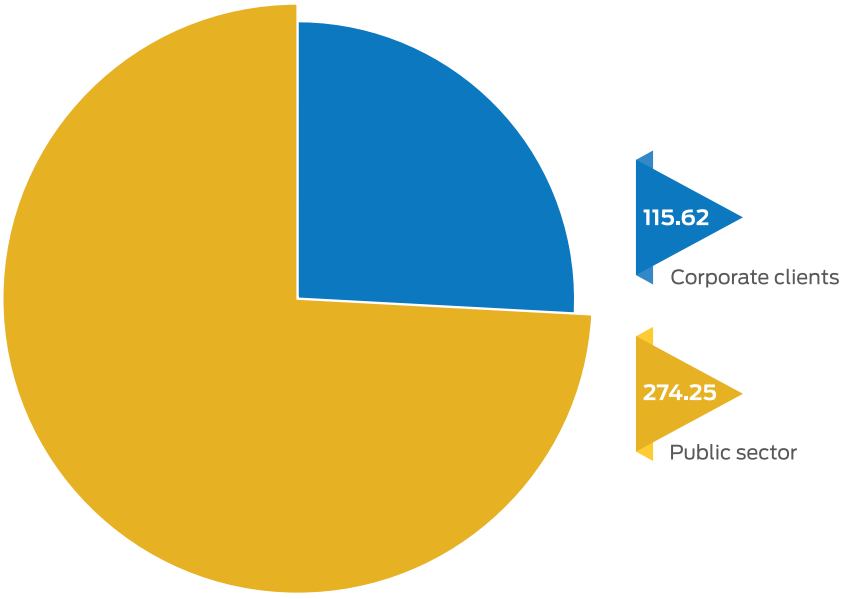
Ukupni depoziti segmenta Velikih klijenata i Javnog sektora na dan 31.12.2016. strukturalno posmatrani

TREND KRETANJA KARTIČNOG POSLOVANJA

Banka je u 2016. godini nastavila da ulaže u razvoj kartičnog poslovanja, u smislu praćenja novih trendova, mandata koje su zadale kartične kuće Visa i MasterCard, te da u određenim segmentima bude ispred konkurencije. Ulaganja i aktivnosti u 2016. su obuhvatali: kupovinu softvera za program lojalnosti, nabavku novih bankomata u cilju zamjene starih Banquit uređaja, nabavku mašina za personalizaciju, nabavku beskontaktnih kartica, uvođenje beskontaktnog prihvata MasterCard i Visa payWave, ulaganja u Klub lojalnosti „Super Nova“. Veliki napori su uloženi u projekat migracije sa procesora FDH na Euronet Worldwide.

Uvođenjem novog kartičnog loyalty proizvoda pod nazivom Super Nova klub lojalnosti koji se sastoji od novih kartičnih proizvoda MasterCard World Debit (Super Nova debitna kartica) i MasterCard World Credit (Super Nova kreditna kartica) kao i Kluba lojalnosti u koji je uključen veliki broj trgovaca koji korisnicima za svaku transakciju daju određeni dio bodova. U globalu posmatrano, unaprijeđeno je poslovanje Banke i proširena lepeza proizvoda koji se nude krajnjim korisnicima Banke i to kako klijentima vlasnicima kartica, tako i trgovcima.

QUANTITATIVE REALIZATION OF THE BUSINESS STRATEGY



(In millions BAM)

Total deposits of the segment Corporate clients and Public sector on 31 December 2016, broken down by structure

TREND IN PAYMENT CARDS BUSINESS

In 2016 the Bank continued to invest in the development of payment card business, in terms of following of new trends, a mandate set by the credit card companies Visa and MasterCard, and to be ahead of the competition in certain segments. Investments and activities in 2016 included: purchase of software for the loyalty program, purchase of new ATMs in order to replace old BANQIT devices, purchase of personalization devices, purchase of contactless cards, introduction of contactless acceptance devices MasterCard and Visa payWave, and investment in the Loyalty Club Super Nova. Great efforts have been made in the project of migration from FDH processor to Euronet Worldwide.

With the introduction of the new loyalty card product called Super Nova loyalty club, which consists of new card products MasterCard World Debit (Super Nova Debit Card), and MasterCard World Credit (Super Nova Credit Card) as well as the loyalty club which involves a large number of retailers who give a certain number of points to users for each transaction. Generally speaking, the Bank enhanced its business operations and expanded the range of products offered to the end users, both to cardholders and retailers.

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Na dan 31.12.2016. godine Banka je imala 130 partnera Kluba lojalnosti „Super Nova“, dok je broj prodajnih mjesta partnera na kojima korisnici Super Nova platnih kartica mogu da sakupljaju i troše bodove širom BiH bio 401. Pored navedenih pogodnosti na 220 lokacija, korisnici Super Nova kartice mogli su da plaćaju kreditnom Super Nova karticom na rate bez kamate. Međutim, kreditnom Super Nova karticom moguće je plaćati i kod trgovaca koji nisu u Klubu lojalnosti, pa je tako omogućeno na 778 trgovačkih POS uređaja da se plaća na rate bez kamate sa Super Nova kreditnom karticom.

Posmatrano od početka projekta pa do 31.12.2016. godine, broj izdatih Super Nova debitnih kartica je 10.872, a kreditnih 3.049, što ukupno iznosi 13.921 Super Nova izdata kartica.

Super Nova program lojalnosti je direktno doprinio povećanju broja kartica i povećanju prometa po kartičnim transakcijama. Plan u 2017. godini je nastavak povećanja broja kartica i to pretežno kreditnih kartica što će direktno dovesti do povećanja prihoda po naknadama i kamatama, kao i prihoda po međubankarskom poravnanju korišćenjem Super Nova kartice kod trgovaca koji imaju POS terminal druge banke.

Trendovi kartičnog poslovanja u odnosu na prethodnu 2015. godinu ukazuju na sljedeće promjene u kartičnom poslovanju: broj kartica (<4%), promet karticama (>13%), broj transakcija karticama (>17%), promet na bankomatima (>12%) i POS terminalima (>31%). Povećan je prihod od naknada po osnovu kartičnog poslovanja za 22%, a po osnovu kamata za 13%. Očekuje se da se pozitivni trendovi nastave i u narednom periodu.

U 2017. godini u domenu kartičnog poslovanja su planirani sljedeći projekti:

- Uvođenje nove platne šeme China Union Pay;
- Plaćanje računa na bankomatima;
- Plaćanje računa na POS terminalima mobilnom aplikacijom;
- E-Commerce- trgovci sa prihvatom Visa/MasterCard kartica na Internetu;
- MasterCard Secure Code i Verified By Visa kao sistem dodatne zaštite prilikom plaćanja na Internetu;
- Implementacija DCC – dinamičke konverzije na bankomatima kod prihvata MasterCard platnih kartica.

QUANTITATIVE REALIZATION OF THE BUSINESS STRATEGY

On 31 December 2016 the Bank had 130 partners of the Loyalty Club Super Nova, while the number of partners' retail outlets where users of Super Nova payment cards could collect and spend points across the country was 401. In addition to these benefits, at 220 locations users of Super Nova payment cards could pay with Super Nova credit card in installments without interest. However, it is also possible to pay with Super Nova credit card with retailers who are not in the loyalty club, thus enabling payment in installments without interest with Super Nova credit card at 778 retail POS devices.

Observed from the beginning of the project, until 31 December 2016 the number of issued Super Nova debit cards was 10,872, and 3,049 credit cards, totaling 13,921 of Super Nova issued payment cards.

Super Nova loyalty program has directly contributed to the increase in the number of payment cards and to the increase in turnover per card transactions. The plan in 2017 is to continue to increase the number of payment cards, mainly credit cards, which will directly lead to the increase in income from fees and interests, as well as income from interbank settlements using SuperNova cards at retailers who have POS terminal of another bank.

Trends in payment card business, compared to 2015, point to the following changes in the payment card business: number of payment cards (<4%), payment cards turnover (>13%), number of transactions made by payment cards (>17%), turnover at ATMs (>12%) and turnover at POS terminals (>31%). Income from fees from payment card business increased by 22% and from interests by 13%. It is expected that positive trends will continue in the future.

In 2017 in the area of payment card operations the following projects are planned:

- Introduction of the new payment scheme China Union Pay;
- Payment of bills at ATMs;
- Payment of bills at POS terminals via mobile application;
- E-Commerce - retailers accepting Visa/MasterCard payment cards on the Internet;
- MasterCard Secure Code and Verified by Visa as a system of additional protection when paying on the Internet;
- Implementation of DCC - dynamic conversion at ATMs when accepting MasterCard payment cards.

Podrška projektu kompanije „Bentoproduct" d.o.o. Šipovo za izgradnju infrastrukture rudnika bentonita.

Support to the project of the company "Bentoproduct" doo Šipovo for the construction of infrastructure of the bentonite mine.

KVALITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Tokom 2016. godine upravljanje ključnim parametrima kvalitativnog poslovanja odnosilo se na povećanje kapitalne osnove, smanjenje nekvalitetne aktive i promjena depozitne strukture u korist fizičkih lica.

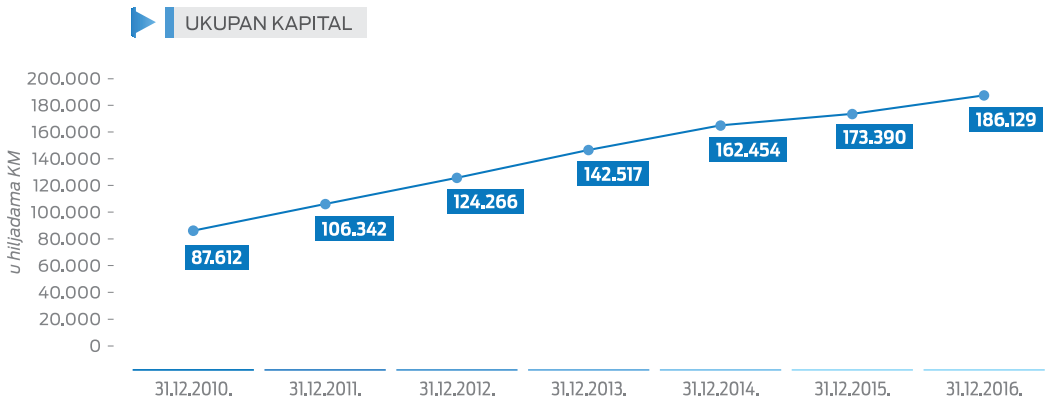
Iako Banka kontinuirano održava kvalitet u svom poslovanju, tokom 2016. godine posebna strateška opredijeljenost Banke bila je bazirana na ostvarenju upravo kvalitativne strategije poslovanja, ispred ostvarenja kvantitativnih veličina portfolija.

Od krucijalne važnosti za stabilnost poslovanja Banke je kreiranje kvalitetne aktive i adekvatno upravljanje aktivom, dok su za određivanje njene visine, odnosno potencijala za rast i razvoj Banke, polazne osnove visina kapitala i struktura depozitnog portfolija. Sva tri navedena parametra predstavljaju ključne faktore kvalitetnog upravljanja Bankom u cjelini.

Tokom 2016. godine upravljanje ovim ključnim parametrima se odnosilo na povećanje kapitalne osnove, smanjenje nekvalitetne aktive i promjena depozitne strukture u korist fizičkih lica.

TREND KRETANJA KAPITALA

Jačanje kapitalne pozicije u 2016. godini je ostvareno kroz rast osnovnog kapitala od 9,51% u odnosu na osnovni kapital iz 2015. godine. Povećanje je ostvareno akumulacijom dobiti, odnosno raspodjelom ostvarene dobiti u akcionarski kapital Banke. Rast kapitala uticao je na povećanje kapitalne adekvatnosti Banke, povećanje stope finansijske poluge i stope osnovnog kapitala. Banka će i u narednom periodu nastaviti sa strategijom jačanja kapitalne baze koja podržava strateški rast bilansnih pozicija.



Trend kretanja ukupnog kapitala Nove banke od 2010. do 2016. godine

QUALITATIVE REALIZATION OF THE BUSINESS STRATEGY

During 2016, management of key parameters of the qualitative business operations related to increasing the capital base, reducing non-performing assets and changing deposit structure in favor of natural persons.

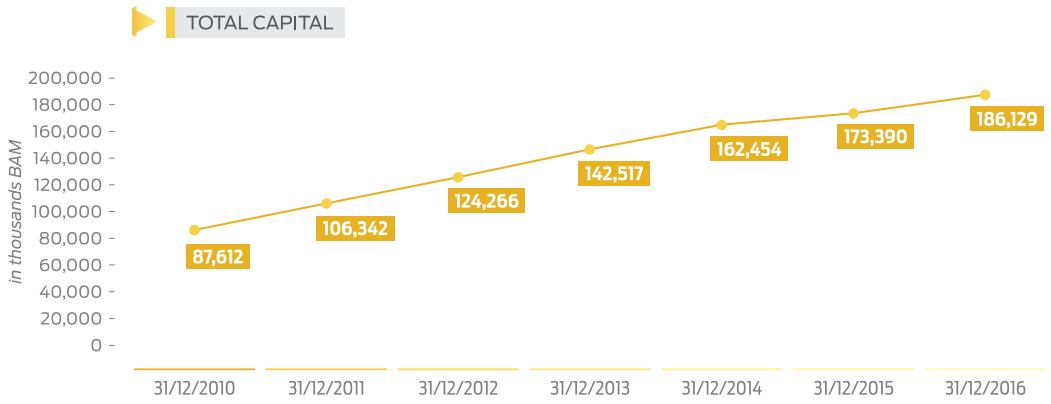
Although the Bank continuously maintain quality in its operations, during 2016 special strategic commitment of the Bank was based on the realization of qualitative business strategy, before the realization of quantitative size of the portfolio.

Creation of high-quality assets and adequate asset management are of crucial importance for the stability of the Bank's operations, while for the determination of its amount, i.e. potential for growth and development of the Bank, starting points are amount of the capital and structure of the deposit portfolio. All three parameters are key factors of quality management of the Bank as a whole.

During 2016, management of these key parameters related to increasing the capital base, reducing non-performing assets and changing deposit structure in favor of natural persons.

TREND IN CAPITAL FLOWS

Strengthening the capital position in 2016 was achieved through the growth of share capital of 9.51% compared to the share capital from 2015. The increase was achieved by the accumulation of profit, i.e. distribution of achieved profit in the Bank's shareholders' equity. The growth of capital resulted in the increase of capital adequacy of the Bank, increase in financial leverage and rate of share capital. In the coming period the Bank will continue with the strategy of strengthening the capital base which supports strategic growth of balance sheet items.



Trend of the total capital flow of Nova Bank 2010-2016

KVALITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

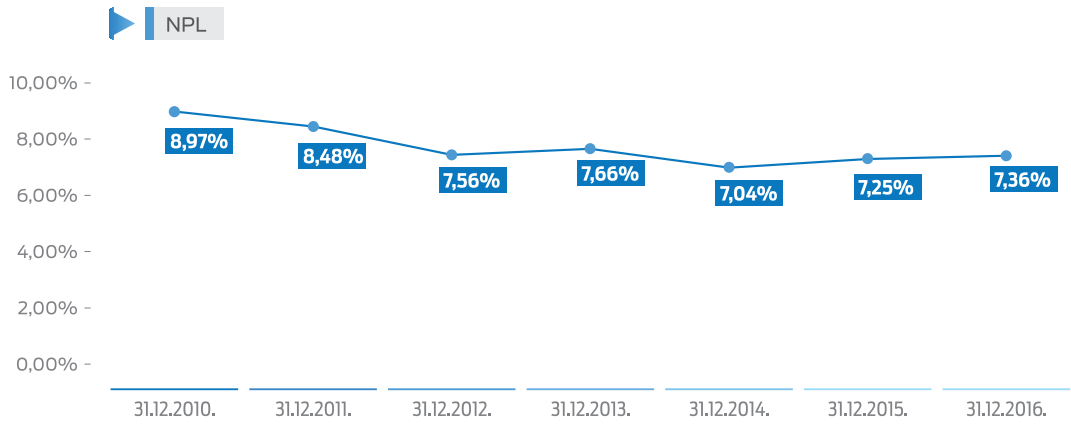
TREND KRETANJA NPL-a

Budući da krediti predstavljaju najveći dio aktive, koji s jedne strane donose najveći dio prihoda, ali s druge strane i troškove rezervisanja koji u određenoj mjeri opterećuju bilans uspjeha, za Banku je od velikog značaja adekvatno upravljanje ovim plasmanima i održavanje NPL-a na što nižem, za Banku prihvatljivom nivou.

U cilju kvalitetnog upravljanja NPL-om, od velikog značaja je da Banka sredstva plasira u skladu sa kreditnom politikom i propisanim procedurama Banke, te da kontinuirano vrši monitoring u fazi otplate zbog pravovremenih reakcija na signale ranog upozorenja koji mogu ukazivati na poremećaje u otplati kredita.

Tačna i objektivna klasifikacija svih plasmana Banke omogućava rano identifikovanje potencijalnih problema u svrhu brzog preduzimanja određenih aktivnosti koje sprečavaju daljnu eroziju i pogoršanje kreditnog portfolija. Prethodno navedeno predstavlja prvi korak u efikasnom rješavanju problematičnih plasmana, dok drugi korak predstavlja pravovremene reakcije iskusnih radnika koji sve problematične stavke aktive prepoznaju u njihovom ranom periodu nastanka i na adekvatan način reaguju, te gubitke Banke svode na što niži nivo.

Da Nova banka uspješno obavlja funkciju upravljanja NPL-om, ukazuje njegov opadajući trend kretanja.



Trend kretanja NPL-a Nove banke od 2010. do 2016. godine

QUALITATIVE REALIZATION OF THE BUSINESS STRATEGY

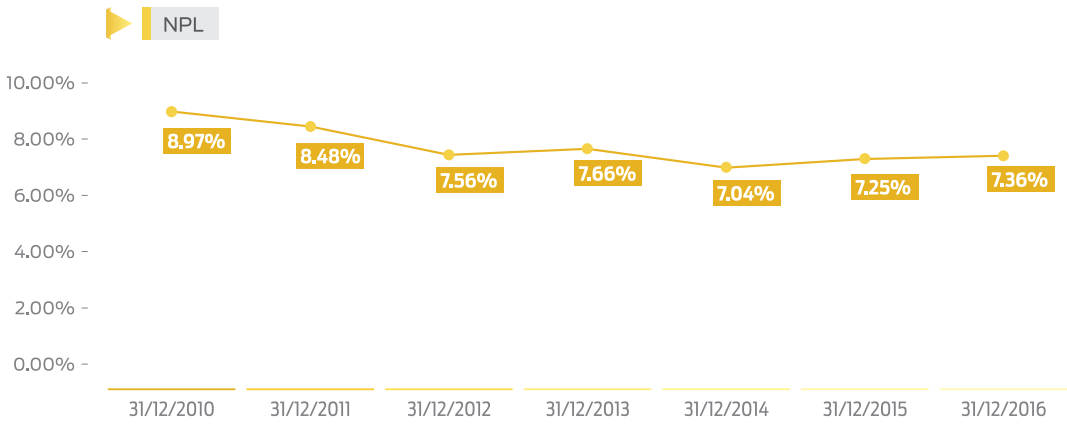
TREND OF NPL

Since loans represent the greatest part of the assets, which on the one hand bring most of the income but on the other hand costs of provisions which to a certain extent burden the income statement, it is of great importance for the Bank to adequately manage these placements and to maintain NPL on the lowest possible level acceptable for the Bank.

In order to manage NPL in a quality manner it is of great importance for the Bank to place its funds in accordance with the credit policy and prescribed procedures of the Bank, and to preform continuous monitoring in the stage of repayment in order to timely respond to early warning signals that could indicate failures in loan repayment.

Accurate and objective classification of all Bank's placements enables early identification of potential problems for the purpose of rapid undertaking of certain activities in order to prevent further erosion and deterioration of the loan portfolio. The aforementioned represents the first step in efficient resolution of non-performing loans. While, timely reactions of experienced employees who identify all problematic asset items in their early stage of emergence and adequately respond thus reducing the losses of the Bank to a minimum, represent the second step.

The fact that Nova banka successfully performs the function of NPL management is best shown by its declining trend.



Trend of NPL of Nova banka 2010-2016

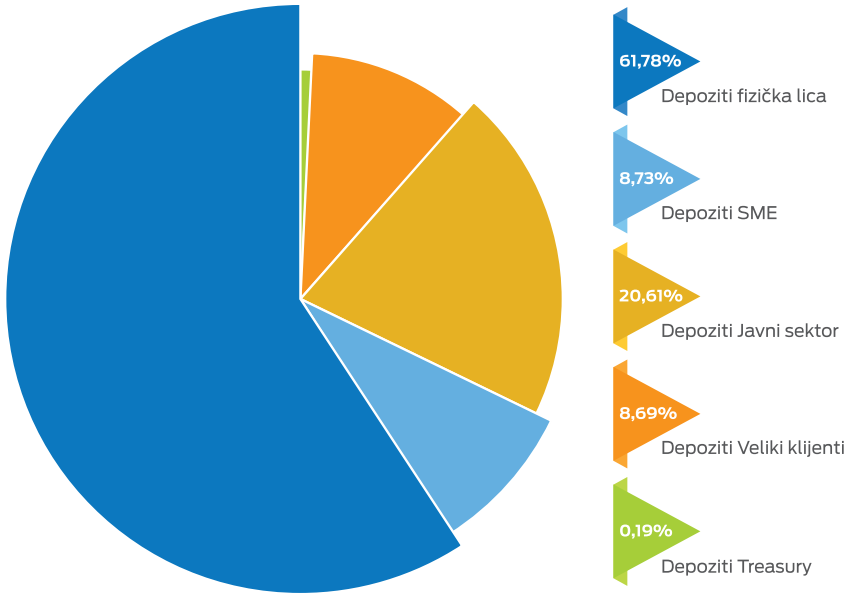
KVALITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

TREND KRETANJA STRUKTURE DEPOZITA

Upravljanje depozitima u cilju obezbjeđivanja adekvatne strukture izvora sredstava bilo je u fokusu i tokom 2016. godine. Nastavljeno je strateško opredjeljenje Banke ka povećanju depozita segmenta fizičkih lica, koji su na kraju 2016. godine činili 61,78% ukupnih depozita Banke. Jačanje stabilnosti depozitne baze ujedno je jedan od dugoročnih ciljeva Banke.

Usklađujući se sa tržišnim prilikama, Banka je tokom 2016. godine smanjivala cijene depozita, ali to nije nadjačalo povjerenje klijenata koje je Banka godinama gradila, pa je kontinuitet u rastu depozita Banke nastavljen i tokom 2016. godine. Ukupni depoziti Banke u 2016. godini veći su za 5,98% u odnosu na 2015. godinu, a vođeni su smanjenjem koncentracije i diverzifikacijom izvora.

	31.12.2014.		31.12.2015.		31.12.2016.	
OPIS	*Iznos 000 KM*	%	*Iznos 000 KM*	%	*Iznos 000 KM*	%
Depoziti treasury	9.336	0,77%	2.696	0,21%	2.528	0,19%
Depoziti Veliki klijenti	143.064	11,85%	141.102	11,24%	115.616	8,69%
Depoziti Javni sektor	279.320	23,14%	262.127	20,88%	274.255	20,61%
Depoziti SME	106.773	8,85%	106.745	8,50%	116.199	8,73%
Depoziti fizička lica	668.388	55,38%	742.565	59,16%	822.198	61,78%
UKUPNI DEPOZITI	**1.206.881**	100%	**1.255.234**	100%	**1.330.796**	100%



Učešće depozita po segmentima u ukupnom depozitnom portfoliju Banke na dan 31.12.2016.

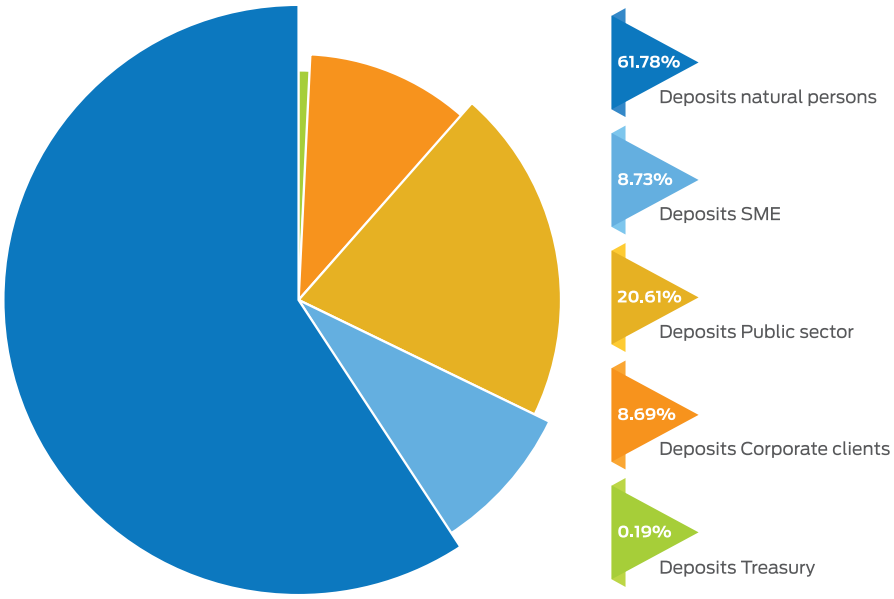
QUALITATIVE REALIZATION OF THE BUSINESS STRATEGY

TREND IN THE STRUCTURE OF DEPOSITS

Management of deposits in order to provide adequate structure of funding sources was in focus during 2016 as well. The Bank continued its strategic commitment to increase deposits in the segment of natural persons, which, at the end of 2016, accounted for 61.78% of total deposits of the Bank. Strengthening the stability of the deposit base at the same time is one of the long-term objectives of the Bank.

Adjusting to market conditions during 2016 the Bank reduced costs of deposits, but this did not overpower the trust of clients that the Bank had built for years, so the continuity in the growth of Bank's deposits continued in 2016 as well. Total deposits of the Bank in 2016 increased by 5.98% compared to 2015, and were led by the reduction of concentration and diversification of sources.

	31/12/2014		31/12/2015		31/12/2016	
DESCRIPTION	*Amount 000 BAM*	%	*Amount 000 BAM*	%	*Amount 000 BAM*	%
Deposits Treasury	9,336	0.77%	2,696	0.21%	2,528	0.19%
Deposits Corporate clients	143,064	11.85%	141,102	11.24%	115,616	8.69%
Deposits Public sector	279,320	23.14%	262,127	20.88%	274,255	20.61%
Deposits SME	106,773	8.85%	106,745	8,50%	116,199	8.73%
Deposits natural persons	668,388	55.38%	742,565	59.16%	822,198	61.78%
TOTAL DEPOSITS	**1,206,881**	100%	**1,255,234**	100%	**1,330,796**	100%

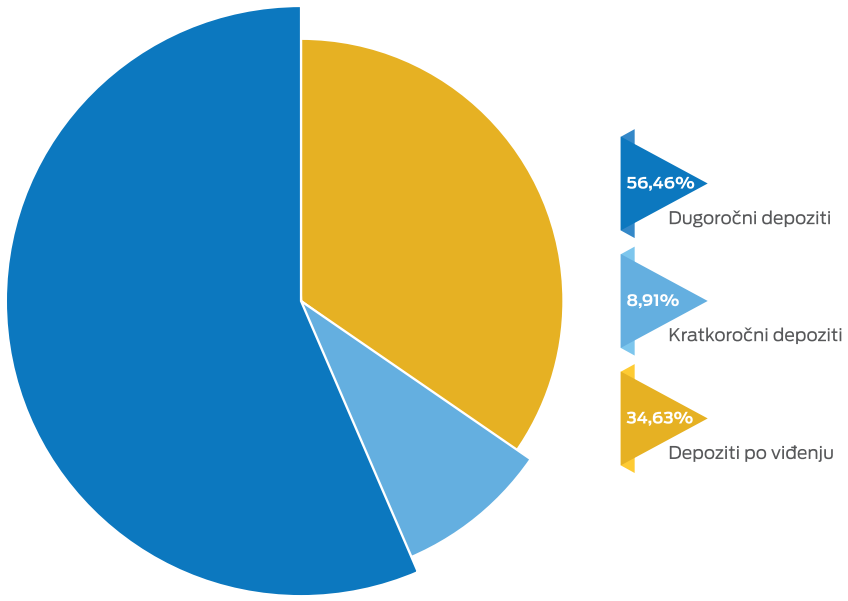


Share of deposits by segments in the total deposit portfolio of the Bank as at 31 December 2016

KVALITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Posmatrano sa pozicije ročnosti depozita, Banka je tokom 2016. godine očuvala postignuti nivo učešća oročenih depozita u ukupnoj strukturi depozita, što pozitivno utiče na usklađenost u pogledu obezbjeđenja izvora namijenjenih plasiranju sredstava. Stoga, učešće oročenih depozita u ukupnim depozitima na dan 31.12.2016. iznosi 65,37%.

OPIS	31.12.2014. *Iznos 000 KM*	%	31.12.2015. *Iznos 000 KM*	%	31.12.2016. *Iznos 000KM*	%
Depoziti po viđenju	383.842	31,80%	425.753	33,92%	460.857	34,63%
Kratkoročni depoziti	114.600	9,50%	82.598	6,58%	118.568	8,91%
Dugoročni depoziti	708.439	58,70%	746.884	59,50%	751.371	56,46%
UKUPNI DEPOZITI	**1.206.881**	100%	**1.255.234**	100%	**1.330.796**	100%

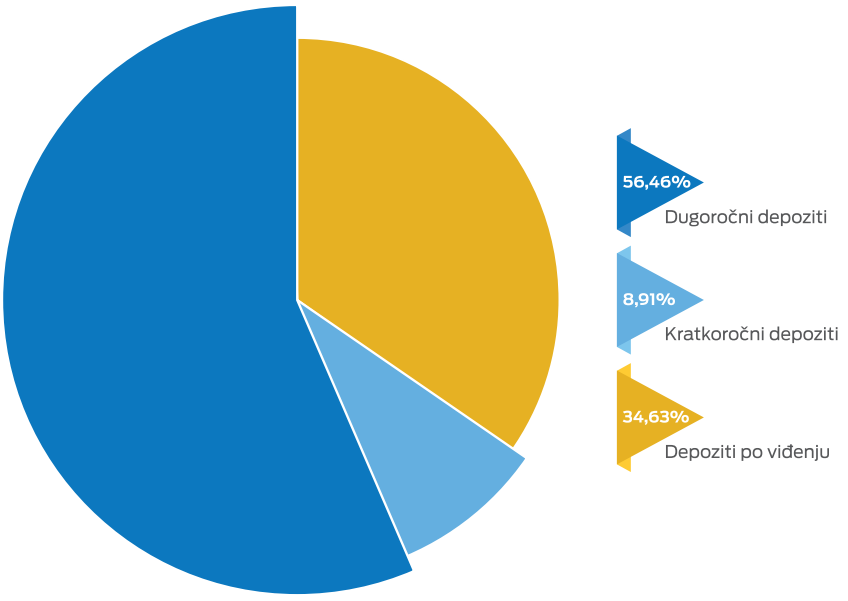


Učešće depozita po ročnosti u ukupnim depozitima Banke na dan 31.12.2016.

QUALITATIVE REALIZATION OF THE BUSINESS STRATEGY

Seen from the position of the maturity of deposits, during 2016 the Bank maintained the achieved level of the share of term deposits in total deposits, which had a positive impact on compliance in terms of providing sources, intended for the placement of funds. Thus, the share of term deposits in total deposits as at 31 December 2016 amounted to 65.37%.

DESCRIPTION	31/12/2014 Amount 000 BAM	%	31/12/2015 Amount 000 BAM	%	31/12/2016 Amount 000 BAM	%
Demand deposits	383,842	31,80%	425,753	33,92%	460,857	34,63%
Short-term deposits	114,600	9,50%	82,598	6,58%	118,568	8,91%
Long-term deposits	708,439	58,70%	746,884	59,50%	751,371	56,46%
TOTAL DEPOSITS	**1,206,881**	100%	**1,255,234**	100%	**1,330,796**	100%



Učešće depozita po ročnosti u ukupnim depozitima Banke na dan 31.12.2016.

Podrška projektu kompanije „Popovo polje" d.o.o. Trebinje za izgradnju hladnjače, kao podrška najvećem proizvođaču voća u Hercegovini.

Support to the project of the company "Popovo polje" doo Trebinje for the construction of a cold storage, as a support to the largest producer of fruits in Herzegovina.

UPRAVLJANJE SREDSTVIMA

Stabilnost poslovanja i profitabilnost je dodatno povećana provođenjem strategije smanjenja koncentracija u aktivi i pasivi Banke kroz fokusiranje na segment fizičkih lica i malih i srednjih preduzeća.

Upravljanje strukturom i nivoom aktive i pasive Banke je od velikog značaja za stabilan rast i razvoj Banke. Osnovni postulat u ovoj funkciji predstavlja ispunjavanje regulatornih zahtjeva i interno postavljenih limita, te konstantno prilagođavanje bilansnih pozicija u skladu sa tržišnim prilikama i novim zakonskim propisima. U 2016. godini došlo je do značajnog smanjenja kredita pravnim licima, što je uticalo na smanjenje i rizikom ponderisane aktive Banke.

Banka je tokom 2016. godine u skladu sa najavom uvođenja Basel III principa u regulativu bankarskog sektora dodatno ojačala kapitalnu poziciju kroz rast osnovnog kapitala od 9,51% u odnosu na 2015. godinu. Kapital je povećan raspodjelom ostvarene dobiti u akcionarski kapital Banke.

Stabilnost poslovanja i profitabilnost je dodatno povećana provođenjem strategije smanjenja koncentracija u aktivi i pasivi Banke kroz fokusiranje na segment fizičkih lica i malih i srednjih preduzeća.

Likvidna pozicija Banke je tokom 2016. održavana na znatno višem nivou od eksterno i interno propisanih limita. Smanjenje kreditnog portfelja i istovremeni rast depozita uticao je na rast novčanih sredstava. Nivo novčanih sredstava je održavan na visokom nivou i iz razloga promjene zakonske regulative u vezi povećanja obavezne rezerve kod Centralne banke BiH, koja ima za cilj povećanje likvidnosti bankarskog sektora BiH u cjelini. Izmjene ove regulative podrazumijevaju plaćanje negativne kamate na sredstva koja Banka drži iznad nivoa obavezne rezerve na računu rezervi kod Centralne banke. U pogledu upravljanja likvidnom pozicijom, Banka sigurnost i stabilnost poslovanja stavlja ispred profitabilnosti.

Na dan 31.12.2016. godine nivo bilansne aktive je iznosio 1.707.095 hiljada KM, što predstavlja rast od 4,86% u odnosu na 31.12.2015. godine. Rast aktive, kako je već naglašeno, pratio je značajan rast novčanih sredstava Banke, dok je kreditni portfolio zabilježio smanjenje od 10,78% u odnosu na kraj prethodne godine.

Banka je i tokom 2016. godine nastavila sa strateškim opredjeljenjem za ulaganjem u hartije od vrijednosti. Ovaj oblik ulaganja nosi znatno veću kamatnu stopu u poređenju sa datim međubankarskim pozajmicama i sredstvima na računu rezerve kod Centralne banke BiH, a sa aspekta rizika ne predstavlja rizično ulaganje. Portfolio hartija od vrijednosti na dan 31.12.2016. je iznosio 122.957 hiljada KM što predstavlja rast od 37,59% u odnosu na prethodnu godinu, a značajna promjena u strukturi portfolija odnosi se na rast učešća dugoročnih obveznica države.

TREASURY MANAGEMENT

Business stability and profitability were further increased by implementing strategies to reduce the concentration in assets and liabilities of the Bank through focusing on the segment of natural persons and small and medium sized enterprises.

Managing the structure and level of assets and liabilities of the Bank is of great importance for the stable growth and development of the Bank. Fulfillment of regulatory requirements and internally set limits, and constant adjustment of balance sheet items in accordance with market conditions and new legal regulations represent the main postulate in this function. In 2016 there was a significant reduction of loans granted to legal entities, which resulted in reducing the risk weighted assets of the bank as well.

In accordance with the announcement of the introduction of Basel III principles in the regulation of the banking sector, during 2016 the Bank strengthened its capital position through the growth of share capital by 9.51% compared to 2015. The capital was increased through the distribution of achieved profit in the Bank's shareholders' capital.

Business stability and profitability were further increased by implementing strategies to reduce the concentration in assets and liabilities of the Bank through focusing on the segment of natural persons and small and medium sized enterprises.

During 2016 the liquid position of the Bank was maintained at a much higher level from externally and internally prescribed limits. Reduction of the loan portfolio and the simultaneous growth of deposits influenced the growth of financial assets. The level of financial assets was maintained at a high level for the reason of changes in legislation concerning the increase of required reserves with the Central Bank of BiH, which aims to increase the liquidity of the banking sector of BiH as a whole. Amendments to these regulations involve paying negative interest on funds which bank holds above the required reserves at the reserve account with the Central Bank. In terms of managing liquidity position, the Bank puts security and stability of its business operations ahead of profitability.

On 31 December 2016 the level of balance sheet assets amounted to 1,707,095 thousand BAM, which represented an increase of 4.86% compared to 31 December 2015. Assets growth, as already pointed out, was accompanied by a significant increase in the financial assets of the Bank, while the loan portfolio recorded a decrease of 10.78% compared to the previous year.

During 2016 the Bank continued its strategic commitment to invest in securities. This type of investment carries a much higher interest rate compared to the given interbank loans and funds at the reserve account with the Central Bank, and in terms of risk it does not represent a risky investment. On 31 December 2016 portfolio of securities amounted to 122,957 thousand BAM which represented an increase of 37.59% compared to the previous year, and a significant change in the structure of the portfolio related to the increase in the participation of long-term government bonds.

UPRAVLJANJE SREDSTVIMA

DEVIZNE POZICIJE NOVE BANKE I KURSNE RAZLIKE

Tokom 2016. godine nastavljen je rast prihoda po osnovu FX poslova. Rast prihoda ostvaren je širenjem mreže ovlašćenih mjenjača, povećanjem prometa po osnovu gotovinskih i bezgotovinsih konverzija, te pravovremenim upravljanjem deviznom pozicijom.

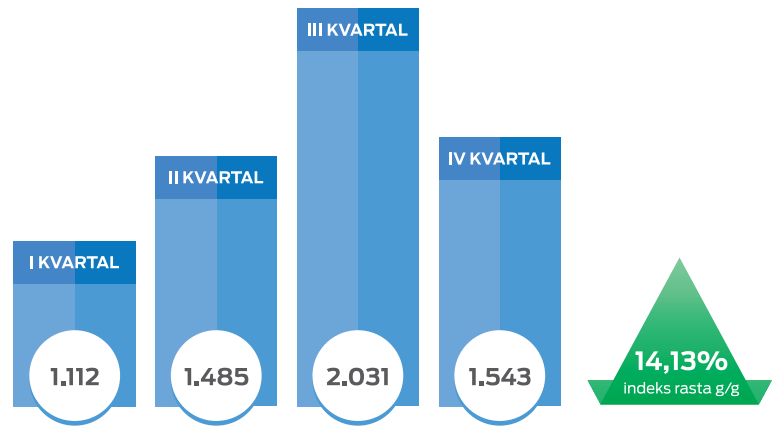
Za klijente koji ostvaruju značajne iznose po osnovu deviznih kupoprodaja valuta (izvoznici i uvoznici), Banka omogućava „real-time“ konverzije po tržišnim kursevima. Neto prihod po osnovu kursnih razlika bilježi rast od 780 hiljada KM ili 14,48% u odnosu na prethodnu godinu.

KATEGORIJA	Ukupno 2015.	Ukupno 2016.	Indeks
Realizovane kursne razlike	5.397.597,67	6.147.856,92	113,90%
Obračunske kursne razlike	-7.260,11	23.173,54	319,19%
Neto kursne razlike	**5.390.337,56**	**6.171.030,46**	114,48%

Nova banka je i dalje lider na tržištu Republike Srpske vezano za poslove sa ovlašćenim mjenjačima. Banka je na dan 31.12.2016. godine imala zaključen ugovor sa 75 ovlašćenih mjenjača na teritoriji cijele BiH. Prihod od ovlašćenih mjenjača u 2016. godini povećan je za 727 hiljada KM u odnosu na 2015. godinu. U 2016. godini zabilježen je trend povećanja broja ovlašćenih mjenjača, kako na teritoriji Republike Srpske tako i na području Federacije Bosne i Hercegovine koji su sklopili ugovor sa Novom bankom, te se očekuje nastavak trenda rasta i u 2017. godini.

Takođe, značajan rast prihoda ostvaren je po osnovu bezgotovinskih konverzija i zabilježen je rast od 67 hiljada KM u odnosu na 2015. godinu.

NETO PRIHOD OD KURSNIH RAZLIKA



Trend rasta neto prihoda od kursnih razlika u 2016. godini

TREASURY MANAGEMENT

FOREIGN EXCHANGE POSITION OF NOVA BANKA AND EXCHANGE RATE DIFFERENCES

During 2016, the income growth from FX operations continued. The income growth was achieved by expanding the network of authorized forex dealers, increasing the turnover on the basis of cash and non-cash conversions, and timely management of foreign currency position.

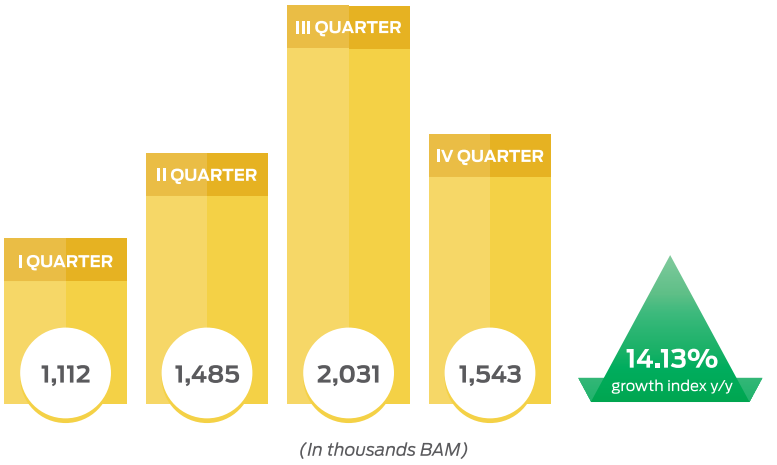
For clients who receive substantial amounts from the foreign exchange buying and selling of currencies (exporters and importers), the Bank provides "real-time" conversions at market exchange rates. Net income from foreign exchange differences increased by 780 thousand BAM or 14.48% compared to the previous year.

CATEGORY	Total 2015	Total 2016	Index
Realized exchange rate differences	5,397,597.67	6,147,856.92	113.90%
Accounting exchange rate differences	-7,260.11	23,173.54	319.19%
Net exchange rate differences	**5,390,337.56**	**6,171,030.46**	114.48%

Nova banka is still the market leader in the Republic of Srpska regarding operations with authorized forex dealers. On 31 December 2016 the Bank had contracts concluded with 75 authorized forex dealers throughout BiH. The income from authorized forex dealers in 2016 increased by 727 thousand BAM compared to 2015. In 2016 a growth trend was recorded in the number of authorized forex dealers both in the territory of the Republic of Srpska and in the Federation of Bosnia and Herzegovina who concluded a contract with Nova banka, so the continuation of the growth trend is expected in 2017 as well.

Also, significant income growth was achieved on the basis of non-cash conversions and the increase of 67 thousand BAM was recorded in comparison to 2015.

NET INCOME FROM EXCHANGE RATE DIFFERENCES



Growth trend in net income from exchange rate differences in 2016

RISK PROFIL I RISK POLITIKA BANKE

Osnovne uloge u procesu upravljanja rizicima u Banci imaju Nadzorni odbor i Uprava Banke, Odbor za upravljanje aktivom i pasivom (ALCO), Sektor za upravljanje rizicima, Odbor za reviziju i Interna revizija.

Generalni cilj upravljanja rizicima u Banci je optimizacija nivoa rizika koji je Banka spremna da preuzme u svrhu ostvarivanja svoje strategije. Banka preuzimanjem rizika uvećava prihode, a adekvatnim upravljanjem rizicima obezbjeđuje kontinuitet u sigurnosti i stabilnosti poslovanja.

Osnovna infrastruktura za upravljanje rizicima podrazumijeva širi kontekst u kojem su jasno definisani sljedeći principi kao preduslov za uspješno upravljanje rizicima:

- Filozofija upravljanja rizicima Banke koja je opredijeljena ka korišćenju svih potencijalnih šansi (spremnost da se uđe u rizik) za ostvarenje dobiti kao osnovnog cilja sve do nivoa dok se ne ugrožava stabilno i sigurno poslovanje Banke.
- Kultura i etičke karakteristike menadžmenta i zaposlenih, a koja podrazumijeva dobre prakse po sljedećim principima: poštenje, integritet, odgovornost, profesionalizam i izbjegavanje sukoba interesa, povjerljivost i poštovanje klijenata, zaposlenih i konkurencije, prijavljivanje etičkih prekršaja, upravljanje žalbama i sl.
- Banka je opredijeljena da prihvati standarde, pravila i prakse korporativnog upravljanja.
- Jasno definisanje dugoročnih (strateških) i kratkoročnih ciljeva na nivou Banke, po pojedinačnim procesima na koje se odnosi proces upravljanja rizicima (navedeno u Strateškom planu i Godišnjem planu na nivou Banke i na nivou pojedinačnih procesa).
- Jasno definisanje organizacije Banke, organizacije procesa i posebno organizacije funkcije upravljanja rizicima. Ovo podrazumijeva jasno modeliranje procesa.
- Jasno definisanje dužnosti i odgovornosti sistema, odnosno linija izvještavanja za svaki proces i svakog izvršioca, definisanje granica procesa (razgraničenje), definisanje nadležnosti u dijelovima procesa koji se preklapaju (isprepletenost procesa) na način da su nedvosmisleno utvrđeni i međusobno usaglašeni.
- Jasno definisanje dužnosti i odgovornosti zaposlenih u Sektoru za upravljanje rizicima. Poslovi u pojedinim procesima i organizaciji (po dubini i širini) Banke koji se tiču sistema upravljanja rizicima su jasno opisani, dodijeljeni izvršiocima i definisana im je podređenost funkciji upravljanja rizicima. Svi zaposleni treba da razumiju svoju ulogu i odgovornost u okviru procesa upravljanja rizicima.
- Sektor za upravljanje rizicima ima slobodan pristup informacijama i podacima koji su potrebni za obavljanje zadataka i ima pravo da slobodno objavljuje svoje nalaze Upravi Banke i Nadzornom odboru u skladu sa linijama izvještavanja.
- Uprava Banke treba da je opredijeljena da razvija i unapređuje (svijest, kulturu) proces upravljanja rizicima i da u tom smislu kontinuirano edukuje zaposleno osoblje.

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RISK PROFILE AND RISK POLICY OF THE BANK

Supervisory Board and Management Board of the Bank, the Assets and Liabilities Committee (ALCO), Risk Management Division, Audit Committee and Internal Audit have the basic role in the risk management process in the Bank.

The general objective of risk management in the Bank is to optimize the level of risk that the Bank is prepared to take in order to achieve its strategy. By risk-taking the Bank increases its revenue, and by adequate risk management it ensures the continuity in the security and stability of its operations.

The basic infrastructure for risk management implies a broader context in which the following principles are clearly defined as a precondition for successful risk management:

- Philosophy of risk management of the Bank which is committed towards the use of all potential opportunities (willingness to take the risk) to achieve profit as the main goal to the level at which it does not threaten stable and safe operations of the Bank.
- Culture and ethical characteristics of the management and employees, which involves good practices by following principles: honesty, integrity, responsibility, professionalism and avoiding conflict of interest, confidentiality and respect of clients, employees and competitors, reporting ethical violations, management of complaints, etc.
- The Bank is committed to accept standards of rules and practices of corporate governance.
- Clearly defining the long-term (strategic) and short-term goals at the Bank level, by individual processes to which the risk management process relates (outlined in the Strategic Plan and Annual Plan at the Bank level and at the level of individual processes).
- Clearly defining the organization of the Bank, the organization process and in particular the organization of the risk management function. This implies a clear process modeling.
- Clearly defining the duties and responsibilities, and systems, i.e. reporting lines for each process and each employee, defining limits of the process (separation), defining competences in parts of processes that overlap (overlapping processes) in a way that they are unambiguously identified and mutually agreed.
- Clearly defining the duties and responsibilities of employees in the Risk Management Division. Tasks in specific processes and in the organization (by depth and width) of the Bank relating to the risk management system are clearly described, assigned to employees and their subordination to the risk management function is defined. All employees should understand their role and responsibility within the risk management process.
- The Risk Management Division has a free access to information and data that are required to perform tasks and have the right to freely publish their findings to the Management Board of the Bank and to the Supervisory Board in accordance with reporting lines.
- Management Board of the Bank should be committed to developing and improving (awareness, culture) risk management process and, in this sense, to continually educate employees.

Supervisory Board and Management Board of the Bank, the Assets and Liabilities Committee (ALCO), Risk Management Division, Audit Committee and Internal Audit have the basic role in the risk management process in the Bank.

RISK PROFIL I RISK POLITIKA BANKE

KREDITNI RIZIK

Orijentacija poslovanja Banke je na maksimalnoj diverzifikaciji i disperziji rizika u okviru optimalne strukture kreditnog portfolija.

U sprovođenju kreditne politike, Banka se pridržava određenih principa ustanovljenih poslovnom i kreditnom politikom Banke i na taj način se štiti od prekomjerne izloženosti kreditnom riziku. U Sektoru za upravljanje rizicima, Odjeljenje za upravljanje kreditnim rizikom se bavi upravljanjem rizikom na nivou pojedinačne transakcije kroz odobravanje, dok Odjeljenje za kontrolu rizika upravlja kreditnim rizikom na nivou cjelokupnog portfolija Banke.

U okviru Odjeljenja za kontrolu rizika tokom 2016. godine, pored redovnih aktivnosti, započeta je realizacija sljedećih važnih aktivnosti/projekata:

1. Implementacija Bazela II - izračun kapitalnog zahtjeva po standardizovanom pristupu.
2. Implementacija internog mjerenja kapitala (ICAAP) po sljedećim osnovama: modifikovani standardizovani pristup za kreditni rizik; modifikovani standardizovani pristup za operativni rizik; izračun internog kapitalnog zahtjeva za tržišni rizik; izračun internog kapitalnog zahtjeva za rizik koncentracije; izračun internog kapitalnog zahtjeva za kreditno-devizni rizik; izračun internog kapitalnog zahtjeva za kamatni rizik; izračun internog kapitalnog zahtjeva za rizik likvidnosti; izračun internog kapitalnog zahtjeva za ostale rizike (reputacioni, pravni, rizik zemlje), te u okviru njega procjena efekata stres testa za: kreditni rizik, operativni rizik, tržišni rizik, kreditno-devizni rizik, kamatni rizik, rizik likvidnosti.
3. Implementacija projekta IFRS 9 koji je razvio Međunarodni odbor za finansijsko izvještavanje (IASB) kojim se do početka 2018. godine namjerava zamijeniti postojeći Međunarodni računovodstveni standard u području prepoznavanja i vrednovanja finansijskih instrumenata (IAS 39).

U cilju unapređenja procesa i efektnijeg upravljanja rizikom, kako na nivou pojedinačne transakcije, tako i na nivou kompletnog portfolija u prethodnom periodu, fokus je stavljen na unapređenje ocjene boniteta i procjene kreditnog rizika, te je u tu svrhu revidirana i unaprijeđena Risk sekcija u dijelu koji se odnosi na Cash Flow.

TRŽIŠNI RIZIK

U Odjeljenju za upravljanje tržišnim rizikom se upravlja rizikom likvidnosti, kamatnim i deviznim rizikom.

Rizikom likvidnosti Banka upravlja na način da sprovodi aktivnosti koje obezbjeđuju usklađenost strukture aktive i pasive bilansa i vanbilansa Banke, odnosno njenih novčanih tokova (priliva i odliva) i kontinuirano prati i planira buduće novčane tokove uzimajući u obzir promjene u operativnim, ekonomskim i ostalim uslovima poslovnog okruženja Banke. Za upravljanje rizikom likvidnosti, Banka sprovodi i stres testove koji imaju za cilj da se identifikuju potencijalni likvidnosni gapovi koji mogu nastati u određenim vremenskim periodima i pod određenim uslovima i to: po osnovu odliva depozita, nemogućnosti transformacije dijelova aktive u likvidna sredstva, povećanog odliva gotovine i slično. U skladu s tim se identifikuju potencijalni dodatni izvori finansiranja koji će omogućiti pokriće nastalih gapova.

Rizikom kamatnih stopa Banka upravlja na način da se kontinuirano rade analize u kojima se izdvajaju senzibilna aktiva i pasiva, te računa visina izloženosti riziku, promjena kamatnih stopa uzimanjem različitih „šta ako" hipoteza. Odjeljenje za upravljanje tržišnim rizicima takođe prati kretanje prosječnih kamatnih stopa portfelja kredita iz vlastitih izvora i oročenih depozita, kao i njihov odnos.

Deviznim rizikom Banka upravlja na način da vrši optimizaciju devizne strukture aktive i pasive, tako da fluktuacije deviznih kurseva nemaju značajniji uticaj na bilans uspjeha. Cilj je da se rizikom upravlja tako da Banka može reagovati na veće promjene kursa bez ugrožavanja kontinuiteta u poslovanju.

Odjeljenje za upravljanje tržišnim rizicima na dnevnom i mjesečnom nivou vrši praćenje internih limita propisanih od strane Nadzornog odbora i drugih organa Banke, kao i regulatornih limita propisanih od strane Agencije za bankarstvo, pri čemu su interno definisani limiti stroži od regulatornih limita.

RISK PROFILE AND RISK POLICY OF THE BANK

CREDIT RISK

The orientation of the Bank's business operations is toward maximum diversification and dispersion of risks within the optimal structure of the loan portfolio.

In the implementation of the credit policy, the Bank adheres to certain principles established by the business and credit policy of the Bank and thus protects itself from excessive exposure to the credit risk. Within the Risk Management Division, the Credit Risk Management Department deals with the risk management at the level of individual transactions through the approval, while the Risk Controlling Department manages the credit risk at the level of the overall portfolio of the Bank.

During 2016, the Risk Controlling Department, in addition to its regular activities started the implementation of the following major activities/projects:

1. Implementation of the Basel II – calculation of capital requirements according to standardized approach;
2. Implementation of Internal Capital Adequacy Assessment Process (ICAAP) in the following categories: modified standardized approach for credit risk; modified standardized approach for operational risk; calculation of internal capital requirements for market risk; calculation of internal capital requirement for concentration risk; calculation of internal capital requirement for credit-currency risk; calculation of internal capital requirement for interest rate risk; calculation of internal capital requirement for liquidity risk; calculation of internal capital requirement for other risks (reputational, legal, country risk), and within it the estimation of the effects of stress test for credit risk, operational risk, market risk, credit-currency risk, interest rate risk, and liquidity risk.
3. Implementation of the IFRS 9 project, which is developed by the International Accounting Standards Board (IASB) and which is intended to replace the existing international accounting standard in the field of recognition and valuation of financial instruments (IAS 39) until the beginning of 2018.

In order to improve processes and manage risks more efficiently, both at the level of individual transactions and at the level of the entire portfolio, in the previous period the focus was placed on improving the appraisal of creditworthiness and credit risk assessment, and to that end the Risk section in the part which refers to the Cash Flow was revised and improved.

MARKET RISK

Market Risk Management Department manages liquidity risk, interest rate and currency risk.

The Bank manages liquidity risk in a way to carry out activities which ensure compliance of the structure of assets and liabilities of the balance and off-balance sheet of the Bank, i.e. its cash flows (inflows and outflows) and to continuously monitor and plan future cash flows taking into account changes in operating, economic and other conditions of business environment of the Bank. In order to manage liquidity risk, the Bank also conducts stress tests that are designed to identify potential liquidity gaps that may occur in certain periods and under certain conditions, namely: on the basis of the outflow of deposits, inability to transform parts of assets in liquid assets, increased cash outflows, etc. Accordingly, the Department identifies potential additional sources of funding that will allow coverage of gaps that have occurred.

The Bank manages the interest rate risk in a way to continuously conduct analyses in which sensitive assets and liabilities are allocated, and to calculate the amount of exposure to the risk of change of the interest rate by taking into account various "what if" hypotheses. The Market Risk Management Department also monitors the movement of average interest rates of the portfolio of loans from own resources and term deposits, as well as their ratio.

The Bank manages currency risk in a way to optimize the foreign currency structure of assets and liabilities, so that fluctuations in exchange rates do not have a more significant impact on the income statement. The objective is to manage the risk in such a way that the Bank can promptly react to major changes of the exchange rate without jeopardizing the continuity of the business.

The Market Risk Management Department monitors the internal limits prescribed by the Supervisory Board and other bodies of the Bank on a daily and monthly basis, as well as regulatory limits prescribed by the Banking Agency, whereby internally defined limits are stricter than regulatory limits.

RISK PROFIL I RISK POLITIKA BANKE

Na dnevnom nivou se prate: limiti pokazatelja likvidnosti (krediti/aktiva, krediti iz vlastitih sredstava/depoziti, novčana sredstva/depoziti), kretanje računa rezerve kod Centralne banke, kretanje računa javnih prihoda u odnosu na stanje iznad obavezne rezerve kod Centralne banke, kretanje i struktura likvidnih sredstava, kretanje kredita (plasmani i naplata), kretanje ukupnih i najvećih depozita, neto dnevni novčani tok, limiti sredstava kod drugih banaka, dnevna devizna pozicija Banke, dnevno trgovanje valutama i kretanje kurseva (izvještaj FX daily).

Mjesečno se sastavlja skraćeni ALCO izvještaj, stres testovi i kretanje prosječnih kamatnih stopa kredita i depozita, dok se kvartalno sastavlja ALCO izvještaj i stres testovi koje usvaja Uprava i Nadzorni odbor Banke.

ALCO izvještaj obuhvata: kretanje makroekonomskog okruženja i bankarskog sektora, bilanse i pokazatelje, rizik likvidnosti, tržišni rizik (kamatna marža i devizna pozicija), kreditni rizik (kvalitet portfelja, NPL, koncentracija itd.), operativni rizik (indikatori rizika, unakrsni izvještaj).

Stres testovi obuhvataju: rizik likvidnosti (koeficijent pokrića likvidnosti LCR, koeficijent stabilnog neto finansiranja NSFR, minimalno potrebna novčana sredstva), kamatni rizik (kamatni GAP i analiza osjetljivosti na promjenu tržišnih kamatnih stopa), devizni rizik (devizna pozicija pojedinih valuta i uticaj promjene kursa).

OPERATIVNI RIZIK

Uloga procesa upravljanja operativnim rizicima je da identifikuje, procijeni, kontroliše i smanji mogućnost nastanka i uticaj operativnih rizika i gubitaka. Banka ne može da eliminiše sve operativne rizike, ali kroz proces evidentiranja i analiziranja operativnih gubitaka može da identifikuje propuste u svojim procesima, proizvodima i procedurama, te njihovim unapređivanjem smanji učestalost i negativan uticaj operativnih gubitaka na poslovanje i profitabilnost Banke. Važan aspekt procesa upravljanja operativnim rizicima je ažurno izvještavanje Uprave Banke o značajnim operativnim rizicima, kao i permanentna obuka svih zaposlenih uključenih u proces prikupljanja podataka o operativnim rizicima i sveobuhvatno razvijanje svijesti o značaju identifikovanja, mjerenja, kontrole i ublažavanja operativnih rizika.

U cilju povećanja bezbjednosti u objektima Banke, te smanjenja rizika od razbojništva, provalnih krađa i drugih oblika nanošenja materijalne i druge štete, kao i prevencije štetnih događaja usmjerenih protiv života i tijela zaposlenih, usvojeno je Uputstvo za kontrolu sistema tehničke zaštite kojim se definišu postupci, subjekti i predmeti kontrole ispravnosti sistema tehničke zaštite, način prijavljivanja neispravnosti i način otklanjanja nedostataka.

Odjeljenje za operativni rizik kontroliše sprovođenja politika informacione sigurnosti, a naročito u dijelu koji se odnosi na upravljanje pravima pristupa informacionom sistemu, u koordinaciji i saradnji sa Odjeljenjem za upravljanje ljudskim resursima i Sektorom za IT. U protekloj godini, u saradnji sa IT sektorom nastavljen je razvoj sistema za monitoring logova zasnovanog na McAfee SIEM softveru za nadzor logova koji se odnose na značajne događaje u informacionom sistemu. Odjeljenje analizira izvještaje iz sistema na dnevnom nivou i periodično izvještava Odbor za bezbjednost.

Odjeljenje za operativne rizike razvilo je Plan kontinuiteta poslovanja (BCP) i Plan oporavka poslovanja (DRP). Elementi ovih planova se redovno testiraju prema dinamici koju je odobrila Uprava Banke. U navedeni okvir su uključeni informacioni servisi koji predstavljaju ključne informacione komponente za funkcionisanje Banke. U toku 2016. godine izvršeno je kompletno testiranje BCP plana i u potpunosti potvrđena operativnost rezervne lokacije.

Generalno, podaci o operativnim rizicima prikupljaju se u svim organizacionim dijelovima Banke, zatim se vrši njihova klasifikacija i analiza primjenom odgovarajućeg softvera, te preporučuju načini umanjenja rizika i ublažavanja njihovih posljedica. U procesu upravljanja operativnim rizikom Banka koristi softverska rješenja 'Serenity' i 'Hestia'.

U skladu sa svojim principima poslovanja, o nastojanju primjene međunarodnih standarda i najbolje prakse, Banka je implementirala i sertifikovala sistem za upravljanje sigurnošću informacija po standardu ISO/IEC 27001:2013.

RISK PROFILE AND RISK POLICY OF THE BANK

On a daily basis, the Department monitors: limits of the liquidity indicators (loans/assets, loans from own resources/deposits, cash/deposits), movements in the reserves account with the Central Bank, movements in the public revenues account in relation to the balance above the required reserves with the Central Bank, movements and structure of liquid assets, movement of loans (placements and payments), movement of total and biggest deposits, net daily cash flow, limits of funds in other banks, daily foreign exchange position of the Bank, daily currency trading and the movement of exchange rates (FX daily report).

A condensed ALCO report, stress tests and the movement of average interest rates of loans and deposits are prepared on a monthly basis, while ALCO report and stress tests adopted by the Management Board and Supervisory Board of the Bank are prepared quarterly.

ALCO report covers: movement of the macroeconomic environment and banking sector, balance sheets and indicators, liquidity risk, market risk (interest margin and foreign exchange position), credit risk (quality of the portfolio, NPL, concentration, etc.), operational risk (risk indicators, cross-report).

Stress tests include: liquidity risk (liquidity coverage ratio - LCR, net stable funding ratio NSFR, minimum necessary funds), interest rate risk (interest rate gap and analysis of sensitivity to the change in market interest rates), currency risk (foreign exchange position of certain currencies and the impact of changes in exchange rate).

OPERATIONAL RISK

The role of the operational risk management process is to identify, assess, control and reduce the possibility of occurrence and impact of operational risks and losses. The Bank cannot eliminate all operational risks, but through the process of recording and analyzing the operational losses it can identify the failures in its processes, products and procedures, and by their improvement it can reduce the frequency and negative impact of operational losses on the business operations and profitability of the Bank. An important aspect of operational risk management process is the prompt reporting to the Management Board of the Bank on significant operational risks, as well as the permanent training of all employees involved in the process of collecting data on operational risks and comprehensive development of the awareness about the importance of identifying, measuring, controlling and mitigating of operational risks.

In order to increase safety in the facilities of the Bank and to reduce the risk of robbery, burglary and other forms of causing material and other damage, as well as to prevent adverse events directed against life and body of employees, the Bank has adopted the Instruction for the control of technical protection systems which defines procedures, subjects and objects of control of correctness of technical protection systems, way of reporting malfunctions and way of eliminating defects.

Operational Risk Department controls the implementation of policies of information security, especially in the part relating to the management of access rights to the information system, in coordination and cooperation with the Independent Department for Human Resources and Communications Management and IT Division. In the previous year, Operational Risk Department in cooperation with the IT Division continued the development of a system for monitoring of logs based on McAfee SIEM software for monitoring of logs relating to significant events in the information system. The Department analyzes reports from the system on a daily basis and reports periodically to the Security Committee.

Operational Risk Department developed Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). Elements of these plans are regularly tested according to the dynamics approved by the Management Board of the Bank. The mentioned framework includes information services, which are key information components for the functioning of the Bank. During 2016, a complete testing of BCP plan was performed and operability of backup location was fully confirmed.

Generally, data on operational risks are gathered in all organizational units of the Bank, they are classified and analyzed using the appropriate software, and ways to reduce risks and mitigate their consequences are recommended. In the process of operational risk management, the Bank uses software solutions “Serenity” and “Hestia”.

In accordance with its business principles on the effort to apply international standards and best practices, the Bank has implemented and certified the Information Security Management System according to the standard ISO/IEC 27001:2013.

UPRAVLJANJE INFORMACIONIM SISTEMOM BANKE

Realizovan je projekat inHouse koji je Banci omogućio samostalno procesuiranje ON-US transakcija (transakcije izazvane korišćenjem kartica Nove banke u mreži ATM i POS uređaja Nove banke) bez kartičnog procesora.

Upravljanje informacionim sistemom Banke odvija se u četiri pravca.

Prvi pravac odnosi se na razvoj novih proizvoda i usluga koje Banka nudi svojim klijentima.

Najznačajnija dostignuća u proteklom periodu ostvarena su u domenu kartičnog segmenta informacionog sistema Banke. Realizovan je projekat inHouse koji je Banci omogućio samostalno procesuiranje ON-US transakcija (transakcije izazvane korišćenjem kartica Nove banke u mreži ATM i POS uređaja Nove banke) bez kartičnog procesora. Paralelno s realizacijom ovog projekta, Banka je promijenila kartičnog procesora čija je uloga u novoj postavci povezivanje sa kartičnim vendorima (MasterCard i Visa) u slučajevima korišćenja kartica Nove banke na tuđim uređajima i u slučajevima korišćenja tuđih kartica u mreži ATM-ova i POS-ova Nove banke. Sve navedeno dovelo je do značajnih ušteda, posebno iz dijela obaveza prema kartičnom procesoru, ali i širom otvorilo vrata uvođenju novih automatizovanih servisa koje će Banka ponuditi klijentima.

Realizacijom inHouse rješenja stvoreni su uslovi za implementaciju Kluba lojalnosti „Super Nova“, jednog od najznačajnijih projekata po Banku u 2016. godini u okviru koga je razvijen mehanizam za sakupljanje i trošenje bodova. U Klub lojalnosti „Super Nova“ uključilo se 130 partnera projekta kod kojih je moguće sakupljanje i trošenje bodova, kao i ostale pogodnosti koje partneri nude samo za korisnike Super Nova platnih kartica.

Implementacija novog inHouse rješenja elektronske banke „eNova“ doprinijela je značajnim rezultatima u smislu povećanja broja novih korisnika ove usluge. Ova usluga klijentima nudi potpuni komfor u smislu upravljanja i uvida u sve svoje račune/partije koji su otvoreni u Banci. U korist navedenog govori i činjenica da je tokom 2016. godine u okviru ove usluge postignuto povećanje prometa od 210%, povećanje broja realizovanih transakcija od 49% i povećanje broja klijenata (korisnika WEB bankarstva) od 44% u odnosu na podatke iz 2015. godine.

Banka je svojim korisnicima ponudila i potpuno jedinstvenu uslugu na tržištu BiH koja pruža mogućnost plaćanja mjesečnih računa za telekomunikacione usluge putem aplikacije instalirane na mobilnom telefonu ili tablet uređaju. Mobilni operater „m:tel“, korisniku usluge dostavlja račun o mjesečnom zaduženju koji korisnik autorizuje na mobilnom uređaju ili tabletu i vrši plaćanje. Plaćanje računa ili kupovina dopuna se realizuje direktnim zaduženjem tekućeg računa korisnika usluge kod Banke.

Intenzivno se radilo na razvoju interne ERP aplikacije. Implementiran je modul upravljanja ljudskim resursima, a intenzivno se radi i na implementaciji osnovnih sredstava, računovodstva i finansija, obračuna zarada, ali i ostalih modula koji mogu da olakšaju svakodnevni rad zaposlenih.

Implementiran je i projekat Document Management System-a. Implementacija se vodila u dva paralelna procesa: realizacija sistema za upravljanje i pretrage skeniranih dokumenata i integracija sa core bankarskim sistemom.

MANAGEMENT OF THE BANK'S IT SYSTEM

The project inHouse was implemented and it enabled the Bank to process the ON US transactions independently (transactions caused by the use of payment cards of Nova banka in the network of ATMs and POS devices of Nova banka) without the payment card processor.

Management of the Bank's IT system takes place in four directions.

The first direction refers to the development of new products and services that the Bank offers to its clients.

The most important achievements in the previous period were achieved in the field of payment cards segment of the IT system of the Bank. The project inHouse was implemented and it enabled the Bank to process the ON US transactions independently (transactions caused by the use of payment cards of Nova banka in the network of ATMs and POS devices of Nova banka) without the payment card processor. In parallel with the implementation of this project, the Bank changes the payment card processor whose role in the new setting will be connecting with the card vendors (Master Card and Visa) in cases of using payment cards of Nova banka in other banks' devices and in cases of using payment cards of other banks in the network of ATMs and POS devices of Nova banka. All this has led to significant savings especially in the part of liabilities towards payment card processor, but it has also widely opened the door to introduction of new automated services that the Bank will offer to its clients.

By realizing the inHouse solution, the Bank created conditions for the implementation of loyalty club "Super Nova", one of the most significant projects of the Bank in 2016 within which the mechanism for collecting and spending points was developed. The loyalty club "Super Nova" was joined by 130 partners of the project with whom it was possible to collect and spend points, as well as to use other benefits that partners offer only to the users of Super Nova payment cards.

Implementation of the new inHouse solution of the electronic bank "eNova" contributed to significant results in terms of increasing the number of new users of this service. This service offers clients a complete comfort in terms of management and insight into all their accounts/lots opened at the Bank. The above mentioned is best illustrated by the fact that during 2016 this service achieved an increase in turnover of 210%, increase in the number of realized transactions of 49% and increase in the number of clients (WEB banking users) of 44%, in comparison with data from 2015.

The Bank also offered to its clients a completely unique service in the market of BiH providing the possibility to pay monthly bills for telecommunications services through the application installed on their mobile phones or tablet devices. Mobile operator "m:tel" delivers to the service user a monthly bill which the user authorizes on a mobile phone or tablet device and pays. Paying bills or buying prepaid credits is realized by debiting the current account of the service user at the Bank.

We worked intensively on the development of internal ERP application. We implemented the human resources management module, and we also work intensively on the implementation of modules for fixed assets, accounting and finance, payroll, as well as other modules which can ease the daily work of employees.

The Document Management System project was also implemented. Implementation was conducted in two parallel processes: the realization of a system for management and search of scanned documents and integration with the core banking system.

UPRAVLJANJE INFORMACIONIM SISTEMOM BANKE

Drugi pravac razvoja informacionog sistema odnosi se na efikasnost.

Ideja je da se korišćenjem naprednih tehnologija napravi efikasan sistem koji će omogućiti brže reagovanje na sve izazove koji se mogu očekivati.

Posebno je značajan dio razvoja sistema poslovne inteligencije, odnosno sistema podrške odlučivanju. Implementiran je veliki broj „pametnih" izvještaja koji daju osnovu za donošenje pravilnih poslovnih odluka.

Poseban dio izvještavanja predstavljaju izvještaji koji omogućavaju mjerenje profitabilnosti po bilo kojoj dimenziji po kojoj se profitabilnost želi pratiti.

Radi se i na realizaciji izvještaja koji treba da omoguće mjerenje učinka i efikasnosti radnika.

Treći pravac odnosi se na usklađivanja informacionog sistema sa zakonskim odredbama.

Intenzivno je rađeno na usklađivanju informacionog sistema i informacija koje iz njega proizilaze sa odlukama regulatora, odnosno zakonima i zakonskim odredbama koje se tiču bankarskog sistema.

U toku je veliki projekat implementacije Basel II. Projekat se odnosi na uvođenje novog načina mjerenja rizika i obračuna adekvatnosti kapitala u skladu sa bazelskim standardima i zahtjevima regulatora.

Četvrti pravac razvoja informacionog sistema odnosi se na infrastrukturu i sigurnost.

Budući da je Banka, a samim tim i Sektor za informacione tehnologije prepoznao da prijetnje po sigurnost informacionog sistema predstavljaju i prijetnje po reputaciju Banke, IT ulaže značajne napore u postizanju što sigurnijeg informacionog sistema. Ti napori se ogledaju prije svega u implementaciji najsavremenijih sistema zaštite, ali i obučenosti radnika IT-a koji se bave ovom izuzetno zahtjevnom tematikom. Najznačajnije dostignuće iz domena sigurnosti je implementacija sandboxing rješenja koje se koristi kao dodatni mehanizam zaštite od širenja zlonamjernog koda (malware) u obliku izvršnih datoteka, PDF dokumenata, Java skripti, Office dokumenata i slično.

Banka ima dva data centra međusobno udaljena 220 km. Sektor za informacione tehnologije svakodnevno radi da dovede sistem u stanje da se u slučaju potrebe svaki servis za rekordno vrijeme može uspostaviti sa rezervne lokacije. U toku 2016. godine urađena su tri velika disaster recovery testa kojima je dokazano da se sistem za rekordno vrijeme može u slučaju potrebe prebaciti na DR lokaciju. Urađen je disaster recovery test core sistema gdje je sedam dana radio sa DR lokacije bez ijednog problema.

MANAGEMENT OF THE BANK'S IT SYSTEM

The second direction of development of the IT system refers to efficiency.

The idea is, by the use of advanced technologies, to develop an efficient system that will enable faster response to all the challenges that can be expected.

What is particularly important is a part of the development of business intelligence system, i.e. decision support system. A great number of "smart" reports that provide the basis for making the right business decisions have been implemented.

Reports that enable measuring of profitability by any parameter by which we want to monitor the profitability represent a special part of reporting.

Implementation of reports that should allow measuring the performance and efficiency of employees is also ongoing.

The third direction refers to the harmonization of IT system with the legal provisions.

The Bank has intensively worked on the harmonization of IT system and information that derive from it with the decisions of the regulator, i.e. laws and regulations relating to the banking system.

The great project of the implementation of Basel II is ongoing. The project refers to the introduction of a new way of measuring risk and calculating capital adequacy in accordance with Basel standards and requirements of the regulator.

The fourth direction of development of IT system refers to the infrastructure and security.

Since the Bank, and therefore the IT Division, has recognized that threats to the security of IT system represent threats to the reputation of the Bank, IT invests significant efforts in achieving more secure IT system. These efforts are reflected primarily in the implementation of the most advanced protection systems, as well as in the training of IT employees who are dealing with this extremely demanding issue. The most important achievement in the field of security is the implementation of sandboxing solution which is used as an additional mechanism of protection against the spread of malicious code (malware) in the form of executable files, PDF documents, Java scripts, Office documents and the like.

The Bank has two data centers which are located 220 km apart from one another. IT Division works daily to set the system in a way that, in case of need, each service can be operational from a backup location in a record breaking time. During 2016, three large disaster recovery (DR) tests have been performed which proved that the system could, in case of need, switch to the DR site in a record breaking time. The Disaster Recovery test of the core system was conducted and the core system worked for seven days from the DR site without any problems.

Podrška projektu kompanije „German invest" d.o.o. Trebinje za izgradnju modernog Hotela „Central park" u Trebinju.

Support to the project of the company "German invest" doo Trebinje for the construction of the modern Hotel Central Park in Trebinje.

KORPORATIVNO UPRAVLJANJE I DRUŠTVENO ODGOVORNO POSLOVANJE

Fokus na korporativno upravljanje ne znači samo postojanje određenih pravila i mehanizama i izvještavanje o istim, već i istinska posvećenost njihovom sprovođenju u praksi.

Iskrena posvećenost korporativnom upravljanju je utkana u svaku aktivnost, svaki projekat i sve oblike poslovanja Banke i predstavlja onu suštinsku razliku po kojoj se Nova banka prepoznaje i razlikuje u odnosu na druge komercijalne banke. Dobre prakse korporativnog upravljanja su tako utkane u politike upravljanja rizicima Banke, politike nagrađivanja, brigu o ljudskim resursima i njihovim kompetencijama. Neizostavni su dio organizacione i upravljačke strukture Banke, te internih i eksternih mehanizama u svrhu zaštite interesa akcionara, te povećanja transparentnosti za potrebe svih investitora na tržištu kapitala. Isto tako, sastavni dio su mehanizama za zaštitu interesa deponenata. U tom smislu, zahtjevi za etičnošću, moralom, odgovornošću i profitabilnošću se javljaju kao glavni imperativ dobre prakse korporativnog upravljanja, ali i zahtjevi za očuvanje likvidnosti, stabilnosti i solventnosti.

I dok drugi subjekti na finansijskom tržištu fokus na korporativno upravljanje stavljaju tek onda kada tržište krene da se suočava sa kompleksnim problemima, Nova banka je znatno ranije prepoznala njegov značaj i vrijednost i svoje standarde korporativnog upravljanja krenula graditi prije više od deset godina. Zato se danas Nova banka može pohvaliti sopstvenim standardima, koji idu iznad minimalnih regulatornih ograničenja i koji omogućavaju uspostavljanje i razvoj odnosa između svih zainteresovanih strana na ravnopravnim osnovama i pozicijama, a sve radi ostvarivanja zajedničkog cilja. Osim standardima, Nova banka se može pohvaliti i mehanizmom izvještavanja svih zainteresovanih strana (uključujući i javnost) o dostignutom nivou istih. Naime, Banka jednom godišnje priprema i objavljuje Izjavu o usklađenosti poslovanja sa Standardima korporativnog upravljanja u kojoj nastoji objektivno i nepristrasno opisati svoju poziciju i ostvarene rezultate.

Fokus na korporativno upravljanje ne znači samo postojanje određenih pravila i mehanizama i izvještavanje o istim, već i istinska posvećenost njihovom sprovođenju u praksi. U tom smislu, ključne vrijednosti koje Banka propagira u svom radu, kojima je istinski posvećena, te čije poštovanje očekuje i od svih lica sa kojima posluje (klijenata, radnika, dobavljača, regulatora, te zajednice u cjelini) su:

- Etično i profesionalno ponašanje. Osnovni principi Nove banke u odnosu s trećim licima su utvrđeni Politikom o prihvatljivom i neprihvatljivom postupanju u Banci i Etičkim kodeksom Banke. Oni obuhvataju transparentnost, zadovoljstvo korisnika usluga, brigu o klijentima, konstantno unapređenje usluga i društveno odgovorno poslovanje. Kontinuiranim usavršavanjem zaposlenih ulaže se u stručni kadar i usvajaju se nove tehnologije.
- Primjena i poštovanje zakona i propisa. Banka u svakom momentu svog poslovanja poštuje zakon i pridržava se svih važećih zakona i propisa. Banka odbija da posluje sa pojedincima, kompanijama ili institucijama, ukoliko je njihovo poslovanje povezano na bilo koji način sa aktivnostima koje su ilegalne ili mogu biti smatrane neetičkim.
- Tajnost poslovnih informacija. Svi podaci o klijentima dobijeni direktnim ili indirektnim putem, strogo su povjerljivi i služe isključivo za internu upotrebu. Bez prethodnog i izričitog odobrenja klijenata, Banka ne daje trećim licima ili institucijama povjerljive podatke, uz izuzetak opravdanog zahtjeva nadležnih državnih organa ili razmjene opštih informacija među bankama. Zaposleni su dužni primjenjivati načela Banke u svome radu u postupanju prema saradnicima, klijentima, dobavljačima, konkurentima, ustanovama, akcionarima i široj javnosti.

CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

Focus on corporate governance does not only mean the existence of certain rules and mechanisms and reporting about the same, but also a true commitment to their implementation in practice.

A sincere commitment to corporate governance is interwoven into every activity, every project, and all forms of the Bank's business operations and represents one key difference by which Nova banka is recognized and different in comparison with other commercial banks. Good practices of corporate governance are thus interwoven into the Bank's risk management policies, compensation policies, care of human resources and their competencies. They are an indispensable part of the organizational and management structure of the Bank, as well as internal and external mechanisms to protect the interests of shareholders, and to increase transparency for the needs of all investors in the capital market. Also, they are an integral part of mechanisms to protect the interests of depositors. In this regard, requirements for ethics, morality, responsibility and profitability occur as major imperative of good corporate governance practices, as well as requirements for the preservation of liquidity, stability and solvency.

While other entities in the financial market place their focus on corporate governance only when the market starts to deal with complex issues, Nova banka has recognized its importance and value much earlier, and started to build its standards of corporate governance more than ten years ago. Because of that Nova banka can today boast with its own standards, which go beyond the minimum regulatory constraints and enable the establishment and development of relations between all interested parties on equal basis and positions, with the aim of achieving a common goal. In addition to standards, Nova banka can also boast with a mechanism of reporting of all interested parties (including the public) on the achieved level of the same. Namely, the Bank annually prepares and publishes Statement on the compliance with the standards of corporate governance, in which it seeks to objectively and impartially describe its position and the results achieved.

Focus on corporate governance does not only mean the existence of certain rules and mechanisms and reporting about the same, but also a true commitment to their implementation in practice. In this regard, the key values that the Bank promotes in its work, to which it is truly dedicated, and whose respect is expected from all entities with whom the Bank does business (clients, employees, suppliers, regulators, and the community as a whole) are:

- Ethical and professional behavior. Basic principles of Nova banka in comparison with the third parties are determined by the Policy on Acceptable and Unacceptable Conduct in the Bank and the Bank's Code of Ethics. These include transparency, client satisfaction, client care, constant improvement of services and corporate social responsibility. By continuous training of its employees the Bank invests in skilled personnel and adopts new technologies.
- Application and respect of laws and regulations. The Bank, at any moment of its business operations, follows the law and adheres to all applicable laws and regulations. The Bank refuses to do business with individuals, companies or institutions, if their business operations are connected in any way with the activities that are illegal or may be considered unethical.
- Confidentiality of business information. All information about clients, obtained directly or indirectly, are strictly confidential and used solely for internal use. Without the prior and explicit consent of its clients, the Bank does not provide confidential information to third parties or institutions, with the exception of a reasoned request of the competent state authority or the exchange of general information among banks. Employees are required to apply the principles of the Bank in its work in dealing with colleagues, clients, suppliers, competitors, institutions, shareholders and the general public.

KORPORATIVNO UPRAVLJANJE I DRUŠTVENO ODGOVORNO POSLOVANJE

- Orijentacija prema klijentima. Potrebe klijenata su u fokusu poslovanja Banke i predstavljaju differencia specifica Nove banke u odnosu na konkurenciju. U tom smislu, Banka razvija servise koji će zadovoljiti osnovne i specifične zahtjeve klijenata, te mehanizme na osnovu kojih će klijenti biti svjesni da Banka svaki njihov zahtjev razmatra sa dužnom pažnjom i najvišim profesionalnim standardima. U tom smislu, klijenti kao korisnici bankarskih usluga imaju pravo na tačne, jasne i razumljive informacije prije podizanja kredita, uplate štednje i ugovaranja drugih bankarskih poslova.
- Odgovornost u poslovanju. Kao važan finansijski subjekat na tržištu Republike Srpske i Bosne i Hercegovine, Banka je svjesna svog uticaja na okruženje, kao i činjenice da djelovanje i poslovanje u društvu podrazumijeva i konstantnu brigu i poštovanje prema njemu. Banka pravovremeno izvršava sve svoje obaveze prema klijentima, regulatorima, akcionarima, dobavljačima i trećim licima i time daje primjer svim ovim licima. U izvršavanju svojih obaveza Banka polazi od principa savjesnosti i poštenja, kao temeljnih principa obligacionog prava.
- Zaštita interesa akcionara. Razvijanjem standarda korporativnog upravljanja, Banka je izgradila sistem koji omogućava upravljanje Bankom na transparentan način, uz poštovanje najviših standarda bankarskog poslovanja, poslovne etike, izbjegavanje svih okolnosti koje predstavljaju ili bi mogle predstavljati sukob interesa, primjenu konzervativnog sistema upravljanja rizicima i izgrađenih mehanizama interne kontrole, te javno objavljivanje svih informacija koje su od značaja za poslovanje Banke. Ovako izgrađen sistem upravljanja štiti akcionarski kapital od svih aktivnosti koje bi ga mogle umanjiti.

Kao važan finansijski subjekat na domaćem tržištu, Nova banka je svjesna svog uticaja na okruženje, kao i činjenice da djelovanje i poslovanje u društvu podrazumijeva i konstantnu brigu i poštovanje prema njemu. Briga za privredni napredak i ljude utkani su u korporativne vrijednosti Banke, a svojim aktivnostima unutar Banke i u društvu, Nova banka potvrđuje svoj angažman kao socijalno osviještenog pripadnika zajednice.

Izražavajući društvenu odgovornost i dobru volju koja prelazi propisane okvire, Banka nastoji povećati standarde društvenog razvoja, poslati poruku svim zainteresovanim stranama, te svojim aktivnostima doprinijeti opštoj dobrobiti društva.

Ime Nove banke protkano je kroz brojne društveno odgovorne aktivnosti, jer društvena odgovornost predstavlja integrisani dio naše poslovne strategije. 2016. godinu posvetili smo podršci naših najmlađih.

Podržali smo Youth Speak Forum na Ekonomskom fakultetu Univerziteta u Banjoj Luci.
We supported the Youth Speak Forum at the Faculty of Economics, University of Banja Luka.

CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

- Orientation towards clients. Clients' needs are in the focus of the Bank's business operations and represent differencia specifica of Nova banka compared to the competition. In this regard, the Bank develops services that will meet the basic and specific clients' requirements, and the mechanisms by which clients will be aware that the Bank considers their every request with due care and to the highest professional standards. In this regard clients as users of banking services have a right to accurate, clear and understandable information before taking a loan, deposit savings and contracting other banking operations.
- Responsibility in business operations. As an important financial entity in the market of the Republic of Srpska and Bosnia and Herzegovina, the Bank is aware of its impact on the environment, as well as of the fact that the actions and operations in the society include the constant care and respect for it. The Bank promptly fulfills all its obligations to clients, regulators, shareholders, suppliers and third parties and thus serves as an example to all these persons. In carrying out its obligations, the Bank starts from the principle of diligence and honesty, as fundamental principles of the contract law.
- Protecting the interests of shareholders. By developing standards of corporate governance, the Bank has built a system that allows the management of the Bank in a transparent manner, with the respect for the highest standards of banking operations, business ethics, avoiding all the circumstances that constitute or may constitute a conflict of interest, the application of conservative risk management system and built mechanisms of internal control and public disclosure of all information that are relevant to the Bank's operations. Thus built management system protects the share capital from all activities that might diminish it.

As an important financial entity in the domestic market, Nova banka is aware of its impact on the environment, as well as the fact that the actions and operations in the society include the constant care and respect for it. Concern for economic progress and people are interwoven in the corporate values of the Bank, and by its activities within the Bank and in the society Nova banka confirms its commitment as a socially conscious member of the community.

Expressing the social responsibility and goodwill that exceeds the prescribed framework, the Bank seeks to raise the standards of social development, to send a message to all interested parties and to contribute to the general welfare of society by its activities.

The name of Nova banka is interwoven through numerous socially responsible activities, because social responsibility is an integrated part of our business strategy. We dedicated the year 2016 to the support of our youngest ones.

Podržali smo projekat "Stop nasilju u školama", tzv. Dani ružičastih majica.
We supported the project "Stop Violence in Schools", the so called Pink Shirt Day.

KORPORATIVNO UPRAVLJANJE I DRUŠTVENO ODGOVORNO POSLOVANJE

Podržali smo i nagradili najbolje na 18. Međunarodnoj izložbi ideja, inovacija i stvaralaštva "INOST mladih 2016".

We supported and rewarded the best ones at the 18th International exhibition of ideas, innovation and creativity "INOST MLADIH 2016".

Na Dan zaljubljenih sponzorisali smo koncert jedne od omiljenih grupa za mlade - Lexington bend.

On Valentine's Day we sponsored a concert of one of young people's most favorite bands – Lexington band.

Ugostili smo učenike Katoličkog školskog centra "Sveti Franjo" iz Tuzle.

We welcomed the students of the Catholic School Center "St. Francis" from Tuzla.

CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

Ugostili smo učenike OŠ Branko Radičević iz Banje Luke.

We welcomed the students of the primary school "Branko Radičević" from Banja Luka.

Organizovali smo dječije radionice za najmlađe povodom Svjetskog dana štednje.

We organized children's workshops for the youngest ones on the occasion of the World Savings Day.

Održali smo čas na temu štednje djeci iz vrtića "Marija Mažar" iz Banja Luke.

We held a class on the subject of savings for children from the kindergarten "Marija Mazar" from Banja Luka.

Podrška projektu Predškolske ustanove „Zvjezdica" Banja Luka u opremanju i otvaranju vrtića za djecu.

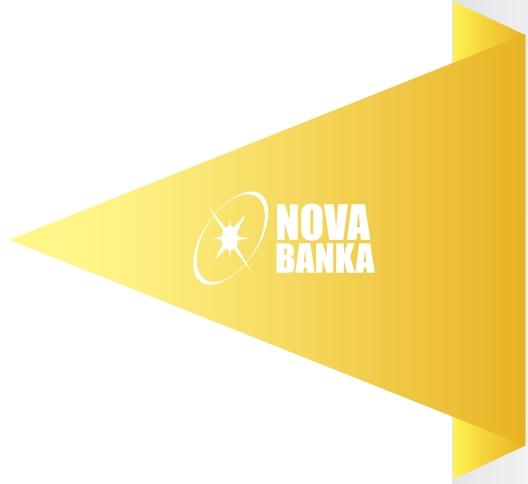
Support to the project of the Preschool institution "Zvjezdica" Banjaluka in equipping and opening of the kindergarten for children.

NOVA BANKA

GODIŠNJI IZVJEŠTAJ **2016**

FINANSIJSKI IZVJEŠTAJI ZA GODINU KOJA SE ZAVRŠILA 31. DECEMBRA 2016. GODINE

ANNUAL REPORT **2016**



FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016

FINANSIJSKI IZVJEŠTAJ

EY
Building a better working world

Ernst & Young d.o.o. Sarajevo
Fra Anđela Zvizdovića 1
71000 Sarajevo
Bosna i Hercegovina

Tel: +387 33 296 308
Fax: +387 33 296 309
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ID: 4201625380006
PDV: 201625380006

IZVEŠTAJ NEZAVISNOG REVIZORA

AKCIONARIMA NOVE BANKE A.D. BANJA LUKA

Izvršili smo reviziju priloženih finansijskih izveštaja Nove Banke a.d., Banja Luka (u daljem tekstu: "Banka") koji obuhvataju bilans stanja na dan 31. decembra 2016. godine, bilans uspjeha, izvještaj o promenama na kapitalu i izvještaj o novčanim tokovima za godinu koja se završila na taj dan, kao i pregled značajnih računovodstvenih politika i ostalih napomena uz finansijske izvještaje.

Odgovornost rukovodstva Banke za finansijske izveštaje

Rukovodstvo Banke je odgovorno za pripremu i objektivno prikazivanje ovih finansijskih izvještaja u skladu sa Zakonom o računovodstvu i reviziji Republike Srpske i pravilnicima Ministarstva Republike Srpske koji regulišu prezentaciju finansijskih izvještaja za banke i druge finansijske organizacije, kao i za interne kontrole koje rukovodstvo smatra neophodnim da omoguće pripremu finansijskih izvještaja koji ne sadrže materijalno značajne pogrešne iskaze, nastale usljed prevare ili greške.

Odgovornost revizora

Naša je odgovornost da izrazimo mišljenje o finansijskim izvještajima, na osnovu revizije koju smo izvršili. Reviziju smo izvršili u skladu sa Standardima Revizije primjenljivim u Republici Srpskoj. Ovi standardi nalažu da se pridržavamo etičkih normi i da reviziju planiramo i izvršimo na način koji omogućava da se, u razumnoj meri, uverimo da finansijski izvještaji ne sadrže materijalno značajne pogrešne iskaze.

Revizija obuhvata sprovođenje procedura u cilju prikupljanja revizorskih dokaza o iznosima i objelodanjivanjima u finansijskim izvještajima. Izbor revizorskih procedura zavisi od procene revizora pri čemu se uzima u obzir i ocjena rizika da li finansijski izvještaji sadrže materijalno značajne pogrešne iskaze nastale usljed prevare ili greške. Vršeći procjenu takvog rizika, revizor razmatra i interne kontrole bitne za pripremu i objektivno prikazivanje finansijskih izvještaja, u cilju kreiranja odgovarajućih revizorskih procedura u skladu sa okolnostima, ali ne i u cilju izražavanja mišljenja o efikasnosti internih kontrola Banke. Revizija takođe uključuje ocjenu opravdanosti primene odgovarajućih računovodstvenih politika i računovodstvenih procjena izvršenih od strane rukovodstva, kao i ocjenu opšte prezentacije finansijskih izvještaja.

Smatramo da su revizorski dokazi koje smo prikupili dovoljni i odgovarajući da obezbede osnovu za izražavanje našeg mišljenja.

Mišljenje

Po našem mišljenju, finansijski izvještaji prikazuju objektivno i istinito finansijsko stanje Banke na dan 31. decembra 2016. godine i rezultate njenog poslovanja i novčane tokove za godinu koja se završila na taj dan, u skladu za Zakonom o računovodstvu i reviziji Republike Srpske i pravilnicima Ministarstva Republike Srpske koji regulišu prezentaciju finansijskih izvještaja za banke i druge finansijske organizacije.

U Sarajevu, 24. februar 2017. godine

Stephen Fish
Ernst & Young d.o.o. Sarajevo

Nadina Hodžić
Ovlašćeni revizor

FINANCIAL STATEMENT

EY
Building a better working world

Ernst & Young d.o.o. Sarajevo
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This is English translation of the Report originally issued in Serbian language (For management purposes only)

INDEPENDENT AUDITOR'S REPORT

TO SHAREHOLDERS OF NOVA BANKA A.D. BANJA LUKA

We have audited the accompanying financial statements of Nova banka a.d., Banja Luka (hereinafter referred as to "the Bank"), which comprise the balance sheet as at 31 December 2016, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Law on Accounting and Auditing of the Republic of Srpska, and regulations of the Ministry of Finance of the Republic of Srpska, governing financial reporting of banks, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing as applicable in the Republic of Srpska. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as of 31 December 2016, and of its financial performance and cash flows for the year then ended, in accordance with the Law on Accounting and Auditing of the Republic of Srpska and regulations of the Ministry of Finance of the Republic of Srpska governing financial reporting of banks.

Sarajevo, 24 February 2017

Stephen Fish
Ernst & Young d.o.o. Sarajevo

Nadina Hodžić
Authorized auditor

FINANSIJSKI IZVJEŠTAJ

BILANS USPJEHA – IZVJEŠTAJ O UKUPNOM REZULTATU U PERIODU OD 1. JANUARA DO 31. DECEMBRA 2016. GODINE

	Napomena	2016. KM hiljada	2015. KM hiljada
Prihodi od kamata	3	83.418	85.650
Rashodi od kamata	3	(35.085)	(40.420)
Neto prihodi od kamata		**48.333**	**45.230**
Prihodi od naknada i provizija	4	31.488	31.546
Rashodi od naknada i provizija	4	(7.638)	(7.349)
Neto prihodi po osnovu naknada i provizija		**23.850**	**24.197**
Dobitci po osnovu prodaje HOV	4a	**147**	**-**
Dobitak iz poslova finansiranja		**72.330**	**69.427**
Prihodi iz operativnog poslovanja	5	19.609	25.814
Rashodi iz operativnog poslovanja	5	(80.135)	(83.754)
Gubitak iz operativnog poslovanja		**(60.526)**	**(57.940)**
Ostali prihodi	6	4.295	4.169
Ostali rashodi	6	(4.830)	(5.905)
Gubitak po osnovu ostalih prihoda i rashoda		**(535)**	**(1.736)**
Poslovni dobitak		**11.269**	**9.751**
Prihodi od promjene vrijednosti imovine i obaveza	7	8.385	11.711
Rashodi od promjene vrijednosti imovine i obaveza	7	(4.909)	(7.683)
Dobitak po osnovu promjene vrijednosti imovine i obaveza		**3.476**	**4.028**
Dobitak prije oporezivanja		**14.745**	**13.779**
Porez na dobit	8	(1.673)	(1.709)
Neto dobitak		**13.072**	**12.070**
Dobitak utvrđen direktno u kapitalu po osnovu promjene fer vrijednosti hartija od vrijednosti raspoloživih za prodaju		**370**	**-**
Ukupna neto dobit u obračunskom periodu		**13.442**	**12.070**
Zarada po akciji	9	0,114	0,116

Banja Luka,
24. februar 2017. godine

U ime
Nove banke AD Banja Luka

Doc. dr Milan Radović
Direktor

FINANCIAL STATEMENT

INCOME STATEMENT FOR YEAR ENDED 31 DECEMBER 2016

	Napomena	2016. KM thousand	2015. KM thousand
Interest income	3	83,418	85,650
Interest expense	3	(35,085)	(40,420)
Net interest income		**48,333**	**45,230**
Fee and commission income	4	31,488	31,546
Fee and commission expense	4	(7,638)	(7,349)
Net fee and commission income		**23,850**	**24,197**
Income from sales of securities	4a	**147**	**-**
Profit from financial transactions		**72,330**	**69,427**
Operating income	5	19,609	25,814
Operating expenses	5	(80,135)	(83,754)
Loss from operating activities		**(60,526)**	**(57,940)**
Other income	6	4,295	4,169
Other expense	6	(4,830)	(5,905)
Net income from other income and other expense		**(535)**	**(1,736)**
Operating income		**11,269**	**9,751**
Gains from changes in value of assets and liability	7	8,385	11,711
Losses from changes in value of assets and liability	7	(4,909)	(7,683)
Gain on change in value of assets and liability		**3,476**	**4,028**
Profit before tax		**14,745**	**13,779**
Income tax	8	(1,673)	(1,709)
Net profit		**13,072**	**12,070**
Gain in change of fair value of securities held for sale		**370**	**-**
Total net profit for the period		**13,442**	**12,070**
Profit per share	9	0,114	0,116

Banja Luka,
24 February 2017

On behalf of
Nova Banka AD Banja Luka

Milan Radović, Ph.D.
General Manager

FINANSIJSKI IZVJEŠTAJ

BILANS STANJA – IZVJEŠTAJ O FINANSIJSKOM POLOŽAJU NA DAN 31. DECEMBRA 2016. GODINE

	Napomena	31.12.2016. KM hiljada	31.12.2015. KM hiljada
AKTIVA			
Gotovina, gotovinski ekvivalenti, zlato i potraživanja iz operativnog poslovanja	10	161.694	53.366
Depoziti i krediti u domaćoj i stranoj valuti	11	207.507	117.851
Potraživanja za kamatu i naknadu, potraživanja po osnovu prodaje i druga potraživanja	12	5.610	6.075
Dati krediti i depoziti	13	1.075.812	1.189.769
Hartije od vrijednosti	14	124.171	90.578
Ostali plasmani i AVR	15	56.761	98.845
Zalihe	16	16.235	19.645
Osnovna sredstva i ulaganja u nekretnine	17	55.853	48.333
Nematerijalna sredstva	18	3.835	3.893
Odložena poreska sredstva		60	93
Poslovna aktiva		**1.707.538**	**1.628.448**
Vanbilansna aktiva	23	**313.179**	**322.463**
UKUPNA AKTIVA		**2.020.717**	**1.950.911**
PASIVA			
Obaveze			
Obaveze po osnovu depozita i kredita	19	1.488.836	1.420.527
Obaveze za kamatu i naknadu	20	129	97
Ostale obaveze i PVR	21	70.269	72.388
Ukupno obaveze		**1.559.234**	**1.493.012**
Kapital	22		
Akcijski kapital		115.098	104.205
Emisiona premija		8.070	8.070
Rezerve iz dobiti		7.419	6.816
Posebne rezerve za procijenjene gubitke		4.274	4.274
Revalorizacione rezerve		370	
Dobitak		13.073	12.071
Ukupan kapital		**148.304**	**135.436**
Poslovna pasiva		**1.707.538**	**1.628.448**
Vanbilansna pasiva	23	**313.179**	**322.463**
UKUPNA PASIVA		**2.020.717**	**1.950.911**

Banja Luka,
24. februar 2017. godine

U ime
Nove banke AD Banja Luka

Doc. dr Milan Radović
Direktor

FINANCIAL STATEMENT

BALANCE SHEET AS AT 31 DECEMBER 2016

	Note	31.12.2016. KM thousand	31.12.2015. KM thousand
ASSETS			
Cash and cash equivalents, gold and income from operating business	10	161,694	53,366
Deposits and loans in local and foreign currency	11	207,507	117,851
Interest and fee receivables, receivables from sales and other receivables	12	5,610	6,075
Loans and advances	13	1,075,812	1,189,769
Securities	14	124,171	90,578
Other placement and accrued income	15	56,761	98,845
Inventory	16	16,235	19,645
Fixed assets and investment property	17	55,853	48,333
Intangible assets	18	3,835	3,893
Deferred tax assets		60	93
Operating assets		**1,707,538**	**1,628,448**
Off-balance assets	23	**313,179**	**322,463**
TOTAL ASSETS		**2,020,717**	**1,950,911**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities arising from deposits and loans	19	1,488,836	1,420,527
Liabilities arising from interest and fees	20	129	97
Other liabilities and deferred income	21	70,269	72,388
Total liabilities		**1,559,234**	**1,493,012**
Equity	22		
Share capital – ordinary shares		115,098	104,205
Share premium		8,070	8,070
Reserves from profit		7,419	6,816
Regulatory loan loss reserves		4,274	4,274
Revaluation reserve		370	
Retained earnings		13,073	12,071
Total equity		**148,304**	**135,436**
On-balance liabilities		**1,707,538**	**1,628,448**
Off – balance liabilities	23	**313,179**	**322,463**
TOTAL LIABILITIES AND EQUITY		**2,020,717**	**1,950,911**

Banja Luka,
24 February 2017

On behalf of
Nova Banka AD Banja Luka

Milan Radović, Ph.D.
General Manager

IZVJEŠTAJ O PROMJENAMA NA KAPITALU ZA PERIOD KOJI SE ZAVRŠAVA NA DAN 31. DECEMBRA 2016. GODINE

KM hiljada	Akcijski kapital - obične akcije	Emisiona premija	Rezerve iz dobiti	Neraspoređena dobit	Posebne rezerve za kreditne gubitke	Revalorizacione rezerve	Ukupno
Stanje na dan 01.01.2015. godine	**94.435**	**8.070**	**6.245**	**11.427**	**4.274**	**(80)**	**124.371**
Emisija akcija (XIX) po osnovu raspodjele dobiti	**9.770**			**(9.770)**	-	-	-
Prenos na zakonske rezerve po osnovu raspodjele dobiti	-	-	571	(571)	-		-
Ukidanje revalorizacionih rezervi po osnovu promjene vrijednosti hartija	-	-	-	-	-	80	80
Izdvajanje za poreske obaveze akcionarima	-	-	-	(1.085)	-	-	(1.085)
Dobit perioda	-	-	-	12.070	-	-	12.070
Stanje na dan 31.12.2015. godine	**104.205**	**8.070**	**6.816**	**12.071**	**4.274**	**-**	**135.436**
Stanje na dan 01.01.2016. godine	**104.205**	**8.070**	**6.816**	**12.071**	**4.274**	**-**	**135.436**
Emisija akcija (XX) po osnovu raspodjele dobiti	**10.893**			**(10.893)**	-	-	-
Prenos na zakonske rezerve po osnovu raspodjele dobiti	-	-	603	(603)	-		
RevalorizacionE rezervi po osnovu promjene vrijednosti hartija raspoloživih za prodaju	-	-	-	-	-	370	370
Izdvajanje za poreske obaveze akcionarima	-	-	-	(574)	-	-	(574)
Dobit perioda	-	-	-	13.072	-	-	13.072
Stanje na dan 31.12.2016. godine	**115.098**	**8.070**	**7.419**	**13.073**	**4.274**	**370**	**148.304**

Banja Luka,
24. februar 2017. godine

U ime
Nove banke AD Banja Luka

Doc. dr Milan Radović
Direktor

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

KM thousand	Share capital-ordinary shares	Share premium	Reserves from profit	Retained earnings	Regulatory loan loss reserves	Revalorisation reserves	Total
Balance as at January 1st 2015	**94,435**	**8,070**	**6,245**	**11,427**	**4,274**	**(80)**	**124,371**
Issue of shares (XIX) from retained earnings	9,770	-	-	(9,770)	-	-	-
Transfer to legal reserves from retained earnings	-	-	571	(571)	-	-	-
Reversal of revaluation reserves	-	-	-	-	-	80	80
Provision for tax liabilities to shareholders	-	-	-	(1,085)	-	-	(1,085)
Profit for the year	-	-	-	12,070	-	-	12,070
Balance as at 31 December 2015	**104,205**	**8,070**	**6,816**	**12,071**	**4,274**	**-**	**135,436**
Balance as at 1 January 2016	**104,205**	**8,070**	**6,816**	**12,071**	**4,274**	**-**	**135,436**
Issue of shares (XX) from retained earnings	10,893	-	-	(10,893)	-	-	-
Transfer to reserves from profit by regulatory requirement	-	-	603	(603)	-	-	
Reversal of revaluation reserves	-	-	-	-	-	370	370
Provision for tax liabilities to shareholders	-	-	-	(574)	-	-	(574)
Profit for the year	-	-	-	13,072	-	-	13,072
Balance as at 31 December 2016	**115,098**	**8,070**	**7,419**	**13,073**	**4,274**	**370**	**148,304**

Banja Luka,
24 February 2017

On behalf of
Nova Banka AD Banja Luka

Milan Radović, Ph.D.
General Manager

FINANSIJSKI IZVJEŠTAJ

BILANS TOKOVA GOTOVINE - IZVJEŠTAJ O TOKOVIMA GOTOVINE ZA PERIOD OD 1. JANUARA DO 31. DECEMBRA 2016. GODINE

	2016. KM hiljada	2015. KM hiljada
Novčani tokovi iz poslovnih aktivnosti		
Primici kamata, naknada i provizija po kreditima i poslovima lizinga	110.469	115.622
Isplate kamata	(29.161)	(31.156)
Naplate po kreditima koji su ranije bili otpisani (glavnica i kamata)	2.633	1.969
Novčane isplate zaposlenima i dobavljačima	(55.828)	(61.022)
Novčane pozajmice i krediti dati klijentima i naplate istih	142.819	(55.016)
Depoziti klijenata	75.562	48.353
Plaćeni porez na dobit	(1.833)	(2.304)
Neto novčana sredstva iz poslovnih aktivnosti	**244.661**	**16.446**
Novčani tokovi iz aktivnosti investiranja		
Kratkoročni plasmani finansijskim institucijama	(464)	14
Primici dividendi	43	46
Kupovina nematerijalne aktive	(1.148)	(1.017)
Kupovina materijalne aktive	(5.693)	(10.262)
Kupovina (prodaja) drugih ulaganja	(33.162)	(33.983)
Neto novčana sredstva iz aktivnosti investiranja	**(40.424)**	**(45.202)**
Novčani tokovi iz aktivnosti finansiranja		
Uzete (povrat) pozajmice, neto (kreditne linije i subordinirani dug)	(10.948)	(38.539)
Isplata dividendi	(610)	(664)
Neto novčana sredstva iz aktivnosti finansiranja	**(11.558)**	**(39.203)**
Neto (smanjenje) / porast novčanih sredstava i novčanih ekvivalenata	192.679	(67.959)
Novčana sredstva i novčani ekvivalenti na početku perioda	159.954	222.971
Efekti promjene deviznih kurseva novčanih sredstava i novčanih ekvivalenata	3.579	4.942
Novčana sredstva i novčani ekvivalenti na kraju perioda	**356.212**	**159.954**

Novčana sredstva i novčani ekvivalenti na kraju perioda čine:

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Blagajna u domaćoj valuti (Napomena 10)	15.937	13.748
Blagajna u stranoj valuti (Napomena 10)	30.992	21.012
Žiro račun poslovne jedinice (Napomena 10)	1.530	1.377
Devizni računi kod ino banaka (Napomena 10)	100.244	5.923
Čekovi u stranoj valuti (Napomena 10)	2	43
Sredstva kod Centralne banke BiH (Napomena 11)	207.507	117.851
Ukupno	**356.212**	**159.954**

Banja Luka,
24. februar 2017. godine

U ime
Nove banke AD Banja Luka

Doc. dr Milan Radović
Direktor

FINANCIAL STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	2016. KM thousand	2015. KM thousand
Cash flows from operating activities		
Interest, fees and commissions receipts	110,469	115,622
Interest paid	(29,161)	(31,156)
Collection of loans previously written-off (principal and interest)	2,633	1,969
Cash payments to employees and suppliers	(55,828)	(61,022)
Cash borrowings, loans to clients and related collection	142,819	(55,016)
Deposits from clients	75,562	48,353
Income tax paid	(1,833)	(2,304)
Net cash flows from operating activities	**244,661**	**16,446**
Cash flows from investing activities		
Short-term loans to financial institutions	(464)	14
Dividend receipts	43	46
Purchase of intangible assets	(1,148)	(1,017)
Purchase of tangible assets	(5,693)	(10,262)
Purshase (sale) of other investment	(33,162)	(33,983)
Net cash flows from investing activities	**(40,424)**	**(45,202)**
Cash flows from financing activities		
Borrowings, net (credit facilities and subordinated debt)	(10,948)	(38,539)
Dividend paid	(610)	(664)
Net cash flows from financing activities	**(11,558)**	**(39,203)**
Net increase/(decrease) in cash and cash equivalents	192,679	(67,959)
Cash and cash equivalents at the beginning of year	159,954	222,971
Net foreign exchange difference	3,579	4,942
Cash and cash equivalents at the end of year	**356,212**	**159,954**

Cash and cash equivalents at the end of year consist of:

	31.12.2016. KM thousand	31.12.2015. KM thousand
Treasury in local currency (Note 10)	15,937	13,748
Treasury in foreign currency (Note 10)	30,992	21,012
Business unit bank account (Note 10)	1,530	1,377
Foreign currency accounts with foreign banks (Note 10)	100,244	5,923
Cheques in foreign currency (Note 10)	2	43
Assets with the Central Bank of Bosnia and Herzegovina (Note 11)	207,507	117,851
Total	**356,212**	**159,954**

Banja Luka,
24 February 2017

On behalf of
Nova Banka AD Banja Luka

Milan Radović, Ph.D.
General Manager

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

1. OSNOVNE INFORMACIJE

Nova Banka a.d. Banja Luka (u daljem tekstu: „Banka“) je osnovana u oktobru 1992. godine i upisana u sudski registar rješenjem Osnovnog suda u Bijeljini br. Fi-292/92, pod nazivom Eksim banka a.d. Bijeljina. Rješenjem Osnovnog suda u Bijeljini br. Fi-352/94 iz jula 1994. godine izvršena je promjena naziva Banke u Eksport-import Banka a.d. Bijeljina, dok je Rješenjem Osnovnog suda u Bijeljini br. Fi-598/99 od 17. juna 1999. godine izvršen upis promjene naziva Banke u Nova banka a.d. Bijeljina. Banka je u 2007. godini Rješenjem Osnovnog suda u Banjoj Luci promjenila sjedište i posluje pod nazivom Nova banka a.d. Banja Luka.

U decembru 2002. godine, Skupština Banke je donijela odluku o statusnoj promjeni pripajanja Agroprom Banke a.d. Banja Luka, a od 01. januara 2003. godine Agroprom Banka a.d. Banja Luka posluje u sastavu Banke.

Na dan 31. decembra 2016. godine promjenjeno je učešće i struktura akcionara u kapitalu Banke, obzirom da je Adriatic Fund B.V, u 2016. i 2015. godini prodao svoje učešća u kapitalu Nove banke a.d. Banja Luka.

Banka je registrovana u Republici Srpskoj za obavljanje svih bankarskih poslova: depozitne poslove, kreditne poslove, garancijske poslove, poslove sa efektivom, devizne i mjenjačke poslove, emisione i depo-poslove, poslove platnog prometa, poslove posredovanja u trgovini hartijama od vrijednosti, kupovinu i naplatu potraživanja i druge bankarske i finansijske poslove u skladu sa Zakonom o bankama Republike Srpske.

Sjedište Banke je u ulici Kralja Alfonsa XIII broj 37 A, Banja Luka.

Banka posluje preko Centrale sa sjedištem u Banjoj Luci i dvanaest filijala koje su locirane u Bijeljini, Banjoj Luci, Istočnom Sarajevu, Zvorniku, Brčkom, Trebinju, Doboju, Sarajevu, Tuzli, Mostaru, Foči i Prijedoru i posebnog organizacionog dijela za trgovanje hartijama od vrijednosti – Broker Nova.

Poslovi Banke podjeljeni su po sektorima, samostalnim odjeljenjima i odjeljenjima.

Na dan 31. decembra 2016. godine Banka je imala 676 radnika (31. decembra 2015. godine: 670 radnika).

2. RAČUNOVODSTVENE POLITIKE

2.1. Osnove za sastavljanje i prikazivanje finansijskih izvještaja

Finansijski izvještaji Banke na dan 31. decembar 2016. godine sastavljeni su u skladu sa važećim propisima Republike Srpske (RS) zasnovanim na Zakonu o računovodstvu i reviziji Republike Srpske („Službeni Glasnik Republike Srpske“ br. 36/2009,52/2011 i 94/2015), Zakonu o bankama Republike Srpske, regulativi Agencije za bankarstvo Republike Srpske, propisima Centralne banke Bosne i Hercegovine i ostalim propisima u Republici Srpskoj, koji regulišu poslovanje banaka i finansijsko izvještavanje.

Na osnovu Zakona o računovodstvu i reviziji Republike Srpske u Republici Srpskoj se primjenjuju Međunarodni računovodstveni standardi (MRS) i Međunarodni standardi finansijskog izvještavanja (MSFI) koji su prevedeni na srpski jezik od strane ovlašćenog računovodstvenog tijela.

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Nova Banka a.d. Banja Luka (hereinafter: "the Bank") was founded in October 1992 and registered with the Court Register by the Decision of the Basic Court in Bijeljina No. Fi-292/92 under the name of Eksim Banka a.d. Bijeljina. Pursuant to the Decision of the Basic Court in Bijeljina No. Fi-352/94 of July 1994, the Bank changed its name to Eksport-Import Banka a.d. Bijeljina, and as per the Decision of the Basic Court in Bijeljina No. Fi-598/99 dated 17 June 1999, the Bank officially recorded the change of its name into Nova Banka a.d. Bijeljina. In 2007, pursuant to the Decision of the Basic Court in Banja Luka, the Bank moved its headquarters and started operating under the name of Nova Banka a.d. Banja Luka.

In December 2002, the Bank Shareholders' Meeting adopted the Decision on the status change by acquisition of Agroprom Banka a.d. Banja Luka. As at 1 January 2003, Agroprom Banka a.d. Banja Luka operated as the Bank's branch.

As at 31 December 2016, structure of Bank's shareholders had changed, considering that Adriatic Fund B.V, had sold their shares in Nova Banka a.d. Banja Luka in 2016 and 2015.

The Bank is registered in Republic of Srpska to conduct all banking operations. The Bank is registered to perform deposit operations, credit and guarantee operations, operations with cash, foreign currency and exchange operations, issue and repo-operations, clearing and settlement services, brokerage services, purchase and debt collection and other banking and financial activities in accordance with the Law on Banks of the Republic of Srpska.

The Bank's Head Office is located in Banja Luka, 37a Kralja Alfonsa XIII Street.

The Bank operates through its headquarters in Banja Luka and 12 branches located in Bijeljina, Banja Luka, East Sarajevo, Zvornik, Brčko, Trebinje, Doboj, Sarajevo, Tuzla, Mostar, Foča, Prijedor and through special department for trading with securities-Broker Nova.

The Bank's operations are organized in divisions, departments and sectors.

As at 31 December 2016 the Bank had 676 employees (as at 31 December 2015: 670 employees).

2. ACCOUNTING POLICIES

2.1. Basis of preparation and presentation of the financial statements

The Bank's financial statements for the year ended 31 December 2016 are prepared in accordance with regulations of the Republic of Srpska based on the Law on Accounting and Auditing ("The Official Gazette of Republic of Srpska, No. 36/2009, No. 52/2011 and 94/2015), the Law on Banks of Republic of Srpska, the regulations of the Banking Agency of the Republic of Srpska and the Central Bank of Bosnia and Herzegovina and other regulations in Republic of Srpska which regulate banking operations and financial reporting.

In accordance with Low on Accounting and Audit of the Republic of Srpska, in the Republic of Srpska are applied International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) which are tranlsated to Serbian language by the authorized accounting body.

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

U Republici Srpskoj, MRS i MSFI se primjenjuju od 01. januara 2009. godine. Savez računovođa i revizora Republike Srpske kao ovlašteno računovodstveno tijelo objavilo je da se u Republici Srpskoj primjenjuju MRS i MSFI koji su objavljeni i prevedeni na srpski jezik od starne Saveza računovođa i revizora Srbije.

Finansijski izvještaji Banke za 2016. godinu prikazani su u formatu propisanom Pravilnikom o obrascima i sadržini pozicija u obrascima bilans stanja i bilans uspjeha za banke i druge finansijske organizacije i Pravilnikom o obrascu i sadržini pozicija u obrascu bilans tokova gotovine za banke i druge finansijske organizacije.

Banka je u sastavljanju prezentovanih finansijskih izvještaja primjenjivala računovodstvene politike obrazložene u Napomeni 2.2. zasnovane na računovodstvenim propisima i podzakonskim aktima Republike Srpske, regulativi Agencije za bankarstvo Republike Srpske i poreskim propisima Republike Srpske.

Finansijski izvještaji su pripremljeni u skladu sa konceptom istorijskog troška, izuzev za hartije od vrijednosti kojima se trguje i hartije od vrijednosti raspoložive za prodaju, koje su vrijednovane po tržišnoj vrijednosti. Finansijski izvještaji su prezentovani u Konvertibilnim Markama Bosne i Hercegovine (KM), a sve iskazane numeričke vrijednosti prikazane su u hiljadama, osim ako nije drugačije navedeno.

2.2. Pregled značajnih računovodstvenih politika

2.2.1. Preračun stranih valuta

Stavke bilansa stanja i bilansa uspjeha u finansijskim izvještajima su evidentirane u valuti primarnog ekonomskog okruženja (funkcionalnoj valuti). Kao što je objelodanjeno u Napomeni 2.1. finansijski izvještaji su izraženi u hiljadama KM, koja je izvještajna i funkcionalna valuta Banke.

Transakcije u stranoj valuti preračunavaju se u KM po zvaničnom srednjem kursu Centralne banke Bosne i Hercegovine na dan transakcije i na dan bilansiranja.

Monetarna sredstva i obaveze iskazane u stranoj valuti, na dan bilansa stanja, preračunati su u KM po zvaničnom srednjem kursu Centralne banke Bosne i Hercegovine važećem na dan bilansa stanja. Sve kursne razlike koje nastaju prilikom preračuna finansijskih sredstava i obaveza iskazanih u stranoj valuti se priznaju u okviru bilansa uspjeha.

Plasmani u KM sa ugovorenom valutnom klauzulom u EUR-ima, nisu izloženi deviznom riziku jer je vrijednost te valute fiksna u odnosu na domaću valutu, te shodno tome Banka nema prihode i rashode koji bi nastali prilikom preračunavanja sredstava korišćenjem ugovorene klauzule. Na dan 31. decembra 2016. godine, Banka nema plasmane u KM sa valutnom klauzulom u drugoj valuti.

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

In the Republic of Srpska,IAS and IFRS are applied from 1 January 2009. Association of Accountants and Auditors of the Republic of Srpska as the authorized accounting body has declared that IAS and IFRS applicable in Republic of Srpska are those which are published and translated to Serbian language by Association of Accountants and Auditors of Serbia.

The financial statements of the Bank for the year ended 31 December 2016 are presented in the form prescribed by the Rulebook on format and content of balance sheet and income statement for banks and other financial institutions and the Rulebook on the format and content of the statement of cash flows for the banks and other financial institutions.

The Bank applied, in the composing of the following financial statements, accounting policies described in the Note 2.2. based on the accounting rules and regulations of Republic of Srpska, regulation of the Banking Agency of the Republic of Srpska and Republic of Srpska tax regulations.

The financial statements of the Bank are prepared using the historical cost method, except for securities available for sale, which are valued using fair value method. The Bank keeps and prepares financial statements expressed in Convertible Marks (KM), official reporting and functional currency of Republic of Srpska. The Bank's financial statements are expressed in thousands of KM, except when otherwise indicated.

2.2. Summary of significant accounting policies

2.2.1. Foreign currency conversion

Balance sheet and income statement items in the financial statements are recorded using currency of primary economic environment (functional currency). As disclosed in Note 2.1. financial statements are stated in thousands of Convertible Marks (KM), which represents functional and official reporting currency of the Bank.

Foreign currency transactions are converted into KM upon the official mean exchange rate of the Central bank at the date of each transaction as well as at the reporting date.

Monetary assets and liabilities denominated in foreign currencies are converted into KM at the official middle exchange rates of the Central Bank of Bosnia and Herzegovina prevailing at the balance sheet date. Foreign exchange gains or losses arising upon the conversion of financial assets and liabilities are credited or debited, as appropriate, to the income statement.

Loans and advances in KM, with contracted foreign currency rate clause, are converted into KM at the official middle exchange rates prevailing at the balance sheet date. Income or expenses arising upon the conversion of assets by applying contractual foreign currency clause are credited or debited, as appropriate, to the income statement. As at 31 December 2016, the Bank does not have loans in KM, with contracted foreign rate clausule.

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

2.2.2. Finansijski instrumenti

(i) Datum inicijalnog priznavanja

Finansijska sredstva i obaveze se priznaju u bilansu stanja Banke na dan kada Banka postane druga strana u ugovoru za određeni finansijski instrument.

Redovan način kupovine ili prodaje je kupovina ili prodaja finansijskih sredstava koja zahtjeva prenos sredstava u roku koji je utvrđen propisima ili konvencijama na datom tržištu. Sve kupovine ili prodaje na redovan način se priznaju na datum trgovanja.

(ii) Inicijalno priznavanje finansijskih instrumenata

Svi finansijski instrumenti se prilikom početnog priznavanja vrijednuju po fer vrijednosti (uglavnom jednakom iznosu koji se plati ili primi) korigovanoj za nastale zavisne troškove kupovine ili njihovog emitovanja, izuzev finansijskih sredstava i obaveza koje su vrednovane po fer vrijednosti kroz bilans uspjeha.

Banka klasifikuje finansijska sredstva u sljedeće kategorije: finansijska sredstva koja se vrijednuju po fer vrijednosti kroz bilans uspjeha, kredite i ostale plasmane, hartije od vrijednosti koje se drže do dospjeća i hartije od vrijednosti raspoložive za prodaju. Banka vrši klasifikaciju finansijskih sredstava prilikom početnog priznavanja.

(iii) Finansijska sredstva koja se vrednuju po fer vrijednosti kroz bilans uspjeha

Finansijska sredstva namjenjena trgovanju su stečena prvenstveno u svrhe prodaje da bi se iskoristile fluktuacije na tržištu. Ova sredstva Banka priznaje po fer vrijednosti u okviru bilansa uspjeha. Dobici i gubici od finansijskih sredstava namjenjenih trgovanju se priznaju u bilansu uspjeha.

(iv) Dobici na prvi dan

Kada se cena transakcije na neaktivnom tržištu razlikuje od fer vrijednosti na osnovu ostalih uporedivih tržišnih transakcija u okviru istog instrumenta ili baziranih na tehnikama procenjivanja čiji varijabilni parametri obuhvataju samo podatke raspoložive na uporedivim tržištima, Banka odmah priznaje razliku između cene transakcije i poštene „fer“ vrijednosti (dobitak na prvi dan) u bilansu uspjeha. U slučajevima kada se koriste podaci koji nisu uporedivi sa tržišnim informacijama, razlika između cene transakcije i vrijednosti utvrđene korišćenjem modela se priznaje u bilansu uspjeha kada ulazni parametri postanu uporedivi sa tržišnim informacijama, ili prilikom prestanka priznavanja instrumenta.

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

2.2.2. Financial instruments

(i) Date of initial recognition

Financial assets and financial liabilities are recognized in the Bank's balance sheet on the date upon which the Bank becomes counterparty to the contractual provisions of a specific financial instrument.

Regular ways of purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the market place. All regular way purchases and sales of financial assets are recognized on the trading, i.e. settlement date.

(ii) Initial recognition of financial instruments

All financial instruments are initially recognized at fair value (usually equal to the consideration paid or received) including any directly attributable incremental costs of acquisition or issue, except for financial assets and financial liabilities at fair value through profit and loss.

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity securities and available-for-sale financial assets. Management of the Bank determines the classification of its investments on initial recognition.

(iii) Financial assets at fair value through profit or loss

Financial assets held for trading have been primarily acquired for generating profit from short-term price fluctuations. Trading financial assets are recorded in the balance sheet at fair value. Gains or losses on financial assets held for trading are recognized in the income statement.

(iv) Gains on the first day

When the transaction price on a non-active market differs from the fair value from other comparable market transactions of the same instrument or based on a valuation technique whose variables include only data from comparable markets, the Bank immediately recognizes the difference between the transaction price and "fair" value (gain on the first day) in the income statement. In cases when using data that are not comparable to market information, the difference between the transaction price and the value determined using described model is recognized in the income statement when the inputs become comparable with market information, or on derecognition of the instrument.

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

(v) Hartije od vrijednosti raspoložive za prodaju

Hartije od vrijednosti koje se drže na neodređeni vremenski period, ali mogu biti prodate za potrebe likvidnosti i/ili zbog promjena kamatnih stopa, kursa ili cijene kapitala, klasifikuju se kao hartije od vrijednosti raspoložive za prodaju. Hartije od vrijednosti raspoložive za prodaju čine instrumenti drugih pravnih lica.

(vi) Ulaganja u hartije od vrijednosti koje se drže do dospjeća

Hartije od vrijednosti koje se drže do dospjeća imaju fiksne ili odredive iznose plaćanja i datume dospjeća i Banka ima nameru i mogućnost da ih drži do dospjeća. Nakon početnog vrijednovanja, ulaganja u hartije od vrijednosti koje se drže do dospjeća se iskazuju u neotplaćenim iznosima plasmana, uzimajući u obzir sve popuste ili premije prilikom sticanja, umanjenim za iznose ispravki vrijednosti po osnovu obezvređenja. Prihodi po osnovu obračunatih kamata na ove instrumente se obračunavaju metodom efektivne kamatne stope, uzimajući u obzir diskonte i premije ostvarene prilikom sticanja određenog instrumenta, i iskazujući u okviru prihoda od kamata. Naknade koje su deo efektivnog prinosa na ove instrumente se razgraničavaju i iskazuju kao pasivna vremenska razgraničenja i priznaju u korist bilansa uspjeha tokom perioda trajanja instrumenta.

(vii) Krediti i plasmani bankama i komitentima

Krediti i plasmani bankama i komitentima predstavljaju finansijska sredstva koja imaju fiksne ili odredive iznose plaćanja i datume dospjeća i koja nisu kotirana na aktivnom tržištu. Ova sredstva nisu stečena sa namerom da se odmah ili u kratkom roku ponovo prodaju i nisu klasifikovana kao hartije od vrijednosti ili drugi plasmani kojima se trguje ili hartije od vrijednosti raspoložive za prodaju.

Nakon početnog vrijednovanja, krediti i plasmani bankama i komitentima se iskazuju u neotplaćenim iznosima plasmana, uzimajući u obzir sve popuste ili premije prilikom sticanja, umanjenim za iznose ispravki vrijednosti po osnovu obezvređenja. Prihodi i potraživanja po osnovu obračunatih kamata na ove instrumente se evidentiraju u okviru prihoda od kamata, odnosno potraživanja od kamata i naknada. Naknade koje su deo efektivnog prinosa na ove instrumente se razgraničavaju i iskazuju kao pasivna vremenska razgraničenja i priznaju u korist bilansa uspjeha u okviru prihoda od naknada tokom perioda trajanja instrumenta.

(viii) Depoziti drugih banaka i komitenata

Depoziti banaka i komitenata, kao i ostale kamatonosne finansijske obaveze se incijalno priznaju po fer vrijednosti, umanjenoj za nastale transakcione troškove, izuzev finansijskih obaveza koje se vrijednuju po fer vrijednosti kroz bilans uspjeha. Nakon početnog priznavanja, kamatonosni depoziti i krediti se iskazuju po amortizovanoj vrijednosti.

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

(v) Available-for-sale securities

Securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as "available-for-sale". Available-for-sale securities comprise instruments of other legal entities.

(vi) Financial assets held to maturity

Financial assets held to maturity comprise debt securities that the Bank intends and has the ability to hold until their maturity. After the initial valuation, investments in securities held to maturity are recognized at outstanding placement amount, taking into account any discount or premium on acquisition, less any allowance for impairment losses. Revenues for accrued interest on these instruments are calculated using the effective interest rate, taking into account discounts and premiums earned in the acquisition of a certain instrument and are shown within the interest income. Fees which are part of effective yield on these instruments are being deferred and recorded as accruals and deferred income and recognized in the income statement during its maturity.

(vii) Loans and receivables to banks and customers

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables arise when the Bank provides money to a debtor with no intention of trading instantly or in short-term and are not clasified as securities for trading.

After the initial valuation, loans and receivables are recognized at outstanding placement amount, taking into account any discount or premium on acquisition, less any allowance for impairment losses. Revenues and receivables for accrued interest on these instruments are shown within the interest income, i.e. receivables for interest and fees. Fees which are part of effective yield on these instruments are being deferred and recorded as accruals and deferred income and recognized in the income statement within income from fees during its maturity.

(viii) Deposits from other banks and customers

Deposits from other banks and customers, as well as other interest-bearing financial liabilities, are initially recognized at fair value, net of transaction costs, except for financial liabilities that are measured at fair value through profit or loss. After initial recognition, interest-bearing deposits and borrowings are subsequently measured at amortized cost.

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

(ix) Netiranje finansijskih instrumenata

Finansijska sredstva i finansijske obaveze se mogu netirati i prikazati u neto iznosu u bilansu stanja, ako i samo ako Banka ima zakonsko pravo prebijanja priznatih iznosa sredstava i obaveza i ukoliko namjerava da izvrši izmirenje u neto iznosu ili da istovremeno realizuje sredstvo i izmiri obavezu.

(x) Izdati finansijski instrumenti i finansijske obaveze

Izdati finansijski instrumenti ili njihove komponente se klasifikuju kao obaveze kada suština ugovornog odnosa ukazuje da Banka ima obavezu ili da isporuči gotovinu ili neko drugo finansijsko sredstvo imaocu, ili da ispuni obavezu na drugačiji način. Takvi instrumenti uključuju iznose koji se duguju državi, kreditnim institucijama i klijentima. Nakon početnog priznavanja izdati finansijski instrumenti i ostala pozajmljena sredstva se naknadno vrijednuju po amortizovanoj vrijednosti korišćenjem metode efektivne kamatne stope. Prihodi i rashodi se priznaju u bilansu uspjeha kada finansijska obaveza prestane da se priznaje, kao i kroz proces amortizacije.

(xi) Reklasifikacija finansijskih sredstava

Na dan 31. marta 2016. godine, Banka je hartija od vrijednosti u iznosu od 81.953 hiljade KM, koje su inicijalno klasifikovane kao finansijska sredstva radi trgovanja po fer vrijednosti kroz bilans uspjeha, reklasifikovala na hartije od vrijednosti raspoložive za prodaju za koje Banka ima nameru da ih drži u doglednoj budućnosti ili do dospjeća. Na datum reklasifikacije, hartije od vrijednosti raspoložive za prodaju, koje su namenjene trgovanju, reklasifikovane su po fer vrijednosti, i fer vrijednost na datum reklasifikacije postaje nabavna vrijednost hartija od vrijednosti raspoloživih za prodaju.

2.2.3. Prestanak priznavanja finansijskih sredstava i finansijskih obaveza

(i) Finansijska sredstva

Finansijsko sredstvo (ili dio finansijskog sredstva ili grupe finansijskih sredstava) prestaje da se priznaje ukoliko:

- je došlo do isteka prava na gotovinske prilive po osnovu tog sredstva; ili
- je Banka prenijela pravo na gotovinske prilive po osnovu sredstva ili je preuzela obavezu da izvrši isplatu primljene gotovine po osnovu tog sredstva u punom iznosu bez materijalno značajnog odlaganja plaćanja trećem licu po osnovu ugovora o prenosu; ili
- je Banka izvršila prenos svih rizika i koristi u vezi sa sredstvom, ili nije niti prenijela niti zadržala sve rizike i koristi u vezi sa sredstvom, ali je prenijela kontrolu nad njim.

Kada je Banka prenijela prava na gotovinske prilive po osnovu sredstava ili je sklopila ugovor o prenosu, i pri tom nije niti prenijela niti zadržala sve rizike i koristi u vezi sa sredstvom, niti je prenijela kontrolu nad sredstvom, sredstvo se priznaje u onoj mjeri koliko je Banka angažovana u pogledu sredstva. Dalje angažovanje Banke, koje ima formu garancije na preneseno sredstvo, se vrijednuje u iznosu knjigovodstvene vrijednosti sredstva ili iznosu maksimalne naknade koju bi Banka morala da isplati.

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

(ix) Offsetting financial instruments

Financial assets and liabilities can be offset and reported in the net amount in the balance sheet if and only if the Bank has legal right to offset the recognized amounts of assets and liabilities and if there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(x) Issued financial instruments and financial liabilities

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to fulfill the obligation in a different way. Such instruments include amounts due to the Government, credit institutions and customers. After initial recognition, issued financial instruments and other borrowings are subsequently measured at amortized cost using the effective interest rate method. Income and expenses are recognized in the income statement when the financial liabilities are derecognized as well as through the amortization process.

(xi) Reclassification of financial assets

On 31 March 2016, securities in the amount of KM 81,953 thousand, which were initially classified as financial assets for trading at fair value through income statement, were reclassified by Bank to securities available for sale with the intention to hold them for the foreseeable future or until maturity. At the date of reclassification, securities, which are held for trading were reclassified at fair value and the fair value at the date of reclassification became cost value of securities available for sale.

2.2.3. Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or part of a financial asset or group of financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired; or
- the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either the Bank has transferred all the risks and benefits of the asset, or the Bank has neither transferred nor retained all the risks and benefits of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and benefits of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's involvement in the asset. Continuing involvement that takes the form of a ''guarantee'' over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of fee that the Bank would have to pay.

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(ii) Finansijske obaveze

Finansijska obaveza prestaje da se priznaje ukoliko je ispunjenje te obaveze izvršeno, ukoliko je obaveza ukinuta ili ukoliko je isteklo važenje obaveze. U slučaju gdje je postojeća finansijska obaveza zamjenjena drugom obavezom prema istom povjeriocu, ali pod značajno promjenjenim uslovima ili ukoliko su uslovi kod postojeće obaveze značajno izmjenjeni, takva zamjena ili promjena uslova tretira se kao prestanak priznavanja prvobitne obaveze sa istovremenim priznavanjem nove obaveze, dok se razlika između prvobitne i nove vrijednosti obaveze priznaje u bilansu uspjeha.

2.2.4. Obezvređenjefinansijskih sredstava

(i) Vrednovanje kredita

Svi dati krediti i drugi plasmani se priznaju kada je novac proslijeđen klijentima koji novac pozajmljuju. Krediti se vrijednuju po amortizacionom trošku korišćenjem efektivne kamatne stope, po neto vrijednosti nakon otpisa i ispravki vrijednosti zbog obezvređenja.

Na kredite i druge plasmane, prihodi po osnovu obračunatih kamata se priznaju metodom efektivne kamatne stope i iskazuju u okviru prihoda od kamata. Naknade koje su dio efektivnog prinosa na ove instrumente se razgraničavaju i iskazuju kao pasivna vremenska razgraničenja i priznaju u korist bilansa uspjeha tokom perioda korišćenja kredita.

Banka ugovara valutnu klauzulu ili drugi vid zaštite rizika sa korisnicima kredita u cilju upravljanja kreditnim rizikom. Prihodi i rashodi koji proizilaze iz primjene valutne klauzule se iskazuju u bilansu uspjeha, kao dobici i gubici.

U skladu sa internom metodologijom, Banka na dan bilansiranja procjenjuje da li postoje objektivni dokazi obezvređenja nekog finansijskog sredstva ili grupe finansijskih sredstava. Smatra se da su finansijsko sredstvo ili grupa sredstava obezvređeni ako, i samo ako, postoje objektivni dokazi obezvređenja koji proizilaze iz jednog ili više događaja nastalih nakon inicijalnog priznavanja sredstva i taj događaj (ili događaji) utiče na procjenjene buduće tokove gotovine finansijskog sredstva ili grupe finansijskih sredstava koji se pouzdano mogu procjeniti.

Kriteriji koje Banka koristi da utvrdi da li postoje objektivni dokazi o obezvređenju uključuju: docnje pri servisiranju kamate i/ili glavnice, indikacije da se dužnik suočava sa značajnim finansijskim poteškoćama, uključujući vjerovatnoću da će doći do stečaja ili neke druge finansijske reorganizacije i kada dostupni podaci pokazuju da je došlo do mjerljivog smanjenja budućih tokova gotovine, kao što su promjene u okviru neizmirenih obaveza ili ekonomskih uslova koji su u korelaciji sa odstupanjima od ugovorenih uslova.

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(ii) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, the difference between the original and new amount is recognized in the income statement.

2.2.4. Impairment of financial assets

(i) Loans recognition

All loans and advances are recognized when cash is advanced to borrowers. Loans are measured at amortized cost using the effective interest rate method, net value of any amounts written off and allowance for loan impairment.

Interest income on loans and other advances is recognized using the effective interest method and presented within interest income. The fees that are part of the effective yield on these instruments are deferred and recognized as deferred income and recorded in the income statement over the period of the loan.

The Bank negotiates a foreign currency clause or other form of risk protection with the borrowers in order to manage credit risk. Income and expenses arising from the use of foreign currency clause, or other form of protection, are recorded in the income statement, as exchange gains/losses.

In accordance with the Bank's internal policy, the Bank assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Criteria which the Bank uses to determine whether there is objective evidence of an impairment loss include the following: defaults in contractual payments of principal or interest, borrower is experiencing significant financial difficulty, including the probability of bankruptcy or other financial reorganization and when available data indicate measurable decrease in future cash flows such as changes within defaulted liabilities or economic conditions, which are in correlation with deviations from contracted conditions.

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U skladu sa usvojenom internom metodologijom, Banka prvo vrši individualnu procjenu da utvrdi da li postoje objektivni dokazi o obezvređenju za svako finansijsko sredstvo koje je individualno značajno, kao i individualnu ili grupnu procjenu za finansijska sredstva koja nisu individualno značajna. Individualna procjena ispravki vrijednosti se zasniva na procjeni očekivanog vremena naplate, iznosa koji će se naplatiti, te izvora iz kojeg se očekuje naplata u cijelosti ili djelimično. Sredstva za koja se vrši individualna procjena obezvređenja i za koja se priznaje gubitak po osnovu obezvređenja nisu uključena u grupnu procjenu obezvređenja.

Ukoliko postoje objektivni dokazi da je došlo do gubitka usljed obezvređenja, iznos gubitka se vrijednuje kao razlika između knjigovodstvene vrijednosti sredstva i njegove procjenjene nadoknadive vrijednosti. Procjenjena nadoknadiva vrijednost je sadašnja vrijednosti budućih tokova gotovine diskontovana prvobitnom efektivnom kamatnom stopom sredstva. Obračun sadašnje vrijednosti procjenjenih budućih tokova gotovine finansijskog sredstva obezbijeđenog kolateralom reflektuje tokove gotovine koji mogu nastati iz procesa realizacije kolaterala. Knjigovodstvena vrijednost sredstva se smanjuje korišćenjem računa ispravke vrijednosti i iznos gubitka se priznaje na teret bilansa uspjeha.

U svrhe grupne procjene obezvređenja, finansijska sredstva se grupišu na osnovu internog sistema klasifikacije koji Banka koristi uzimajući u obzir karakteristike kreditnog rizika kao što su vrsta plasmana, vrste kolaterala, postojanje dospjelih potraživanja, dani kašnjenja i ostale relevantne faktore. Budući tokovi gotovine koji se odnose na grupu finansijskih sredstava koji su predmet grupne procjene obezvređenja se procjenjuju na osnovu istorijskih iskustava o gubicima po osnovu sredstava sa sličnim karakteristikama kreditnog rizika. Procjene promjena budućih tokova gotovine odražavaju i u saglasnosti su sa promjenama u relevantnim dostupnim podacima iz godine u godinu.

Procjena obezvređenja za vanbilansne izloženosti se vrši na nivou klijenta primjenom prosječne stope ispravke vrijednosti procjenjene za bilansna potraživanja. Ukoliko klijent ima samo jednu partiju bilansne izloženosti, za vanbilansnu izloženost se primjenjuje ista stopa, a ukoliko klijent ima više partija bilansne izloženostii, za vanbilansnu izloženost se primjenjuje prosječna stopa na bilansnu izloženost. Ukoliko klijent nema bilansnu izloženost, za vanbilansnu izloženost se primjenjuje minimalan procenat po pravilima Agencije za bankarstvo Republike Srpske za uredne plasmane. Na vanbilansne izloženosti, prilikom izračuna ispravke vrijednosti primjenjuju se faktori konverzije na način da se sve vanbilansne izloženost, osim plativih garancija, ponderišu sa faktorom rizika 0,5.

Metodologija i pretpostavke koji se koriste za procjenu budućih tokova gotovine se redovno pregledaju da bi se smanjile razlike između procjenjenih iznosa i stvarnog iskustva po osnovu gubitka.

Gubici usljed obezvređenja kredita i plasmana i ostalih finansijskih sredstava vrednovanih po amortizovanoj vrijednosti se evidentiraju u bilansu uspjeha. Krediti i sa njima povezana ispravka vrijednosti se u potpunosti isknjižavaju kada ne postoje realni izgledi da će sredstva u budućnosti biti nadoknađena, a u skladu sa odlukom Uprave ili Nadzornog odbora Banke.Ukoliko, tokom narednog perioda, dođe do smanjenja ili povećanja iznosa priznatog gubitka usljed obezvređenja, koje nastaje kao poslijedica nekog događaja koji se desio nakon ranije priznatog obezvređenja, prethodno priznat gubitak po osnovu obezvređenja se smanjuje ili povećava korigovanjem računa ispravke vrijednosti. Ako se neki budući otpis kasnije naplati, taj naplaćeni iznos se evidentira u okviru bilansa uspjeha.

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In accordance with the adopted internal policy, the Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Individual assessment of impairment of value is based on the assessment of the expected time of collection, the amount that should be charged and the sources from which the collection is expected to be made in part or in full. Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in the collective assessment of impairment.

If objective evidence of impairment exists, impairment loss is measured as the difference between the carrying amount of loan and its estimated recoverable amount. The estimated recoverable amount is the present value of the expected future cash flows, discounted at the financial asset's original effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral. The carrying amount of the loan is reduced through the use of allowance account and the amount of the impairment loss is recognized in the income statement.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal rating system considering credit risk characteristics such as types of loan, collateral type, presence of due receivables, past-due status and other relevant factors. Future cash flows which refer to the group of financial assets collectively assessed for impairment are assessed based on historical experience about losses for assets with similar credit risk characteristics. Estimates of changes in future cash flows reflect and are in accordance with the changes in available relevant data from each year.

The assessment of impairment for off-balance sheet exposures is being made at the client level by applying the average rate of impairment of value for balance sheet receivables. If the client has only one group of the balance sheet exposures, the same rate is applied for the off-balance sheet exposure, and if the client has several groups of balance sheet exposures, the average rate is applied to the off-balance sheet exposure. If the client does not have balance sheet exposure, the minimum percentage for orderly placements prescribed by the Banking Agency of the Republic of Srpska is applied for the off-balance sheet exposure. The credit conversation factor of 0.5 is applied for all off–balance sheet exposures when calculating allowance for impairment, except for payment guarantees.

The Bank regularly reviews the methodology and assumptions used for estimating future cash flows in order to reduce any differences between loss estimates and actual loss experience.

Impairment losses on loans and advances and other financial assets carried at amortized cost are charged to the income statement. Loans and related impairment losses are completely derecognized when there is no possibility of their future recovery, pursuant to a court decision or decision of the Bank's management or Supervisory Board. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

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NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

(ii) Hartije od vrijednosti raspoložive za prodaju

Nakon početnog vrijednovanja hartije od vrijednosti raspoložive za prodaju se vrijednuju po fer vrijednosti. Fer vrijednost hartija od vrijednosti zasnovana je na tržišnim cijenama ostvarenim na organizovanom tržištu hartija od vrijednosti na dan izvještavanja. Nerealizovani gubici i dobici se priznaju direktno u korist ili na teret kapitala u okviru revalorizacionih rezervi. Kada dođe do otuđenja sredstava, akumulirani gubici ili dobici, prethodno priznati u okviru kapitala, se priznaju u korist ili na teret bilansa uspjeha u okviru prihoda ili rashoda. Instrumenti kapitala za koje se ne može odrediti cijena na tržištu, niti im se nekom drugom metodom može odrediti fer vrijednost, vrijednuju se po nabavnoj vrijednosti umanjenoj za eventualna obezvređenja.

Kada su u pitanju učešća u kapitalu i ostale hartije od vrijednosti raspoložive za prodaju, Banka na dan bilansa stanja vrši procjenu da li postoje objektivni dokazi da je jedno ili više ulaganja obezvređeno, a za učešća u kapitalu za koje se ne može odrediti cijena na tržištu, niti im se nekim drugim metodom može odrediti fer vrijednost, vrijednuju se po nabavnoj vrijednosti.

Kada postoje dokazi o obezvređenju, kumulativni gubitak, vrednovan kao razlika između nabavne cijene i tekuće fer vrijednosti, se iskazuje kao ispravka vrijednosti. Ispravke vrijednosti po osnovu obezvređenja učešća u kapitalu se ne ukidaju preko bilansa uspjeha, već se povećanje fer vrijednosti, priznaje direktno u korist kapitala. Ispravke vrijednosti po osnovu obezvređenja učešća u kapitalu, koja se ne kotiraju na aktivnom tržištu i čija se fer vrijednost ne može pouzdano utvrditi, se procjenjuju kao razlika između njihove knjigovodstvene vrijednosti i sadašnje vrijednosti očekivanih budućih tokova gotovine, priznaju se na teret bilansa uspjeha i ne ukidaju se do prestanka priznavanja sredstava.

(iii) Reprogramirani krediti

Banka radije reprogramira kredite nego što realizuje sredstva obezbjeđenja ukoliko ponovna ocjena boniteta klijenta to dozvoljava. To može da podrazumijeva produženje roka otplate kao i nove uslove kreditiranja, a izmjenom uslova ne smatra se da je kredit dospio. Banka kontinuirano kontroliše reprogramirane kredite kako bi se osiguralo ispunjenje svih kriterijuma, kao i budućih plaćanja. I dalje se vrši individualna ili grupna procjena obezvređenja, primjenom prvobitne efektivne kamatne stope.

(iv) Kolaterali i drugi instrumenti, garancije osiguravajućih kuća i kompanija i zaštite od rizika

Politikom kolaterala Banka definiše prihvatljive kolaterale za pojedinačne vrste plasmana. Osnovni tipovi kolaterala su sijedeći: novčani depoziti, hartije od vrijednosti osiguravajućih kompanija i banaka, zaloga na nepokretnu i pokretnu imovinu.

Tržišna vrijednost kolaterala se kontinuirano prati te ukoliko ima potrebe traže se dodatna sredstva obezbjeđenja u fazi odobravanja, kao i u toku korišćenja kredita. Banka u skladu sa internom metodologijom periodično u toku korišćenja kredita vrši analizu tržišne vrijednosti kolaterala i u skladu sa istom preispituje i usklađuje ispravku vrijednosti.

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(ii) Available-for-sale securities

After initial measurement, securities classified as available-for-sale are subsequently measured at fair value. Fair values of securities on stock market are based on market prices affected on organized market of securities on the reporting date. Unrealized gains and losses are recognized directly in equity within revaluation reserves. When it comes to disposal of assets, the accumulated losses and gains, previously recognized in equity, are recognized in the income statement within revenues or expenses. Equity instruments that do not have quoted market price in an active market nor any other method can be used to determine their fair value, are measured at cost, less any allowance for impairment.

For investments in shares and other securities available-for-sale, at the balance sheet date the Bank assesses whether there is objective evidence of impairment of one or more investments and for equity instruments that do not have quoted market price in an active market or any other method can be used to determine their fair value, are measured at cost.

When there is evidence of impairment, the cumulative loss measured as the difference between purchase price and the current fair value is recognized as an allowance. Allowances for impairment on equity investments are not reversed through the statement of comprehensive income, but the increase in their fair value is recognized directly in equity. Allowance for impairment of equity investments, which are not quoted in an active market and whose fair value cannot be reliably estimated, are measured as the difference between carrying value and present value of expected future cash flows and are recognized in the statement od comprehensive income and not reversed until the derecognition of assets.

(iii) Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to enforce the foreclosure process if the reassessment of client's creditworthiness allows it. This may involve extending the repayment period as well as the new loan terms. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loan continues to be subject to an individual or collective impairment assessment, using the initial effective interest rate method.

(iv) Collateral and other credit enhancements

The Bank's collateral policy defines acceptable collateral for individual types of loans. The main types of collateral obtained are as follows: cash deposits, securities, guarantees of insurance companies and banks, pledge on movable and immovable property and warranties

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors in accordance with internal regulations the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

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2.2.5. Operativni lizing

Lizing je ugovor po kome zakupodavac prenosi na zakupca, uz jednokratno ili sukcesivno plaćanje, pravo da koristi sredstva na ugovoreno vreme.

Zakup sredstava kod kojih su sve koristi i rizici u vezi sa vlasništvom zadržani kod zakupodavca, odnosno nisu prenijeti na zakupca, evidentira se kao operativni lizing. Plaćanja poslovnog zakupa, priznaju se kao rashod perioda u bilansu uspjeha po proporcionalnom metodu (u momentu njihovog nastanka) tokom perioda trajanja zakupa.

2.2.6. Priznavanje prihoda i rashoda

Prihodi se priznaju u obimu u kome je vjerovatno da će ekonomske koristi pripasti Banci i ako se iznos prihoda može pouzdano utvrditi.

(i) Prihodi i rashodi kamata

Prihodi i rashodi po osnovu kamate, uključujući zateznu kamatu i ostale prihode i ostale rashode vezane za kamatonosnu aktivu, odnosno kamatonosnu pasivu obračunati su po načelu uzročnosti prihoda i rashoda i uslovima iz obligacionog odnosa, koji su definisani ugovorom između Banke i komitenata.

Naknada za odobravanje kredita, koja čini deo efektivne kamatne stope, evidentira se u okviru prihoda od kamate. Naknade za odobravanje kredita se obračunavaju i naplaćuju unaprijed i knjiže kao odložen prihod, a u prihode od kamata perioda se priznaju po metodu efektivne kamatne stope.

Banka prestaje sa iskazivanjem prihoda od kamata za potraživanja za koja je pokrenut postupak naplate kod suda i za potraživanja koja su klasifikovana kao sporna ili nenaplativa. Kamata se otpisuje do iznosa za koje se smatra da ne postoji mogućnost naplate iste.

(ii) Prihodi i rashodi naknada

Prihodi i rashodi naknada i provizija nastali pružanjem, odnosno korišćenjem bankarskih usluga, priznaju se po načelu uzročnosti prihoda i rashoda i uslovima iz obligacionog odnosa, koji su definisani ugovorom između Banke i komitenata. Naknade i provizije se uglavnom sastoje od naknada po poslovima unutrašnjeg i ino platnog prometa, za date kredite i garancije i druge usluge koje Banka pruža.

(iii) Prihodi dividendi

Prihodi po osnovi dividendi se priznaju u momentu priliva ekonomske koristi od dividendi. Dividende su prikazane u okviru pozicije ostali operativni prihodi.

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2.2.5. Operating lease

Lease is a contract by which the lessor transfers to the lessee, with the one-time payment or in succession, the right to use the assets on the agreed time.

Leased assets for which all the benefits and risks related to the ownership are retained by the lessor, respectively are not transferred to the lessee, and are classified as operating lease. Payments under operating lease are recognized as expenses in the income statement on a straight-line basis (when incurred) during the period of the lease.

2.2.6. Income and expenses recognition

Income is being recognized to the extent of probability that the Bank will accomplish economic benefits, if the amount can be measured reliably.

(i) Interest income and expenses

Interest income and expenses including penalty and other income and expenses related to interest-bearing assets or interest-bearing liabilities are calculated on an accrual basis of income and expenses and obligatory terms defined by agreement between the Bank and customers.

Loan processing fee, also part of the effective interest rate, is recorded within interest income. Loan processing fees are calculated, charged in advance and recorded as deferred income, and recognized as interest income for the period using effective interest method.

The Banks derecognizes interest income for receivables for which court proceedings collection started or are deemed disputed or uncollectible. Interest accrued is written off to the extent that there is no realistic prospect of recovery.

(ii) Income and expenses from fees

Income and expenses from fees and commissions incurred by providing or using banking services are recognized on accrual basis of income and expenses and obligatory terms defined by agreement between the Bank and customers. Fees and commissions consist mainly of fees for domestic and international payments, guarantees and debt issued as well as other Bank services.

(iii) Income Dividend

Income from dividends is recognized when the inflow of economic benefits from dividends occurs. Dividends are shown within other operating income.

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(iv) Prihodi i rashodi po osnovu hartija od vrijednosti

Neto prihodi od trgovanja obuhvataju dobitke umanjene za gubitke proistekle iz trgovanja sredstvima i obavezama uključujući i sve promjrnr po „fer vriojednosti“ i kursne razlike.

Dobici i gubici po osnovu promjene amortizovane vrijednosti hartija od vrijednosti koje se drže do dospjeća priznaju se u korist prihoda, odnosno na teret rashoda.

Nerealizovani dobici i gubici po osnovu hartija od vrijednosti raspoloživih za prodaju se knjiže na teret kapitala u okviru revalorizacionih rezervi, umanjenih za odgovarajući porez na dobit, dok se investicija ne proda , naplati ili na drugi način realizuje, ili dok ta investicija nije obezvređena. Prilikom realizovanja hartija od vrijednosti raspoloživih za prodaju, akumulirani nerealizovani dobitak ili gubitak se transferiše na „neto dobit ili gubitak perioda“.

2.2.7. Gotovina i gotovinski ekvivalenti

Gotovina i gotovinski ekvivalenti iskazani u bilansu stanja i izvještaju o tokovima gotovine obuhvataju gotovinu u blagajni, novčana sredstva kod Centralne Banke Bosne i Hercegovine, depozite po viđenju kod ostalih banaka i depozite kod banaka oročene na period do 30 dana.

2.2.8. Nekretnine i oprema

(i) Priznavanje i vrednovanje

Prilikom inicijalnog priznavanja, nekretnine i oprema se vrijednuju po nabavnoj vrijednosti ili cijeni koštanja, odnosno u ukupnom iznosu svih izdataka koji su neophodni da se sredstva dovedu u stanje raspoloživo za upotrebu. Nakon početnog priznavanja kao sredstva, nekretnine i oprema se knjiže po nabavnoj vrijednosti umanjenoj za ukupnu akumuliranu amortizaciju i ukupne eventualne gubitke zbog umanjenja vrijednosti.

(ii) Naknadno vrijednovanje

Nekretnine i oprema se vrijednuju po nabavnoj vrijednosti, bez uvećanja za izdatke svakodnevnog održavanja, umanjenoj za akumuliranu amortizaciju i gubitke po osnovu obezvređenja. Nabavna vrijednost nekretnine i opreme se uvećava za iznos naknadnih izdataka nastalih prilikom rekonstrukcije i zamjene dijelova opreme, u trenutku u kome je izdatak nastao pod uslovom da ispunjava uslove da se može pripisati nabavnoj vrijednosti sredstava.

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(iv) Income and expenses from securities

Net trading income includes gains less losses arising from trading in assets and liabilities, including all changes in "fair value" and exchange income and loss.

Gains and losses arising from changes in the amortized value of securities held to maturity are recognized as income, i.e. expenses.

Unrealized gains and losses on securities available for sale are charged to equity as a revaluation reserve, net of the corresponding tax, until the investment is sold, collected or otherwise realized, or until the investment is being impaired. During the realization of securities available for sale, the accumulated unrealized gain or loss is transferred to "net profit or loss for the period."

2.2.7. Cash and cash equivalents

Cash and cash equivalents stated in the balance sheet and statement of cash flows comprise cash on hand, current accounts with the Central Bank of Bosnia and Herzegovina, demand deposit with other banks and term deposits with banks for the period of 30 days.

2.2.8. Property and equipment

(i) Recognition and valuation

On initial recognition, property and equipment are valued at purchase or cost price, i.e. total amount of all expenditures necessary to put assets in use. After recognition as an asset, property and equipment are carried at cost less accumulated depreciation and overall total potential losses due to impairment.

(ii) Subsequent valuation

Property and equipment are valued at cost, without expenditure for daily maintenance, less accumulated depreciation and impairment losses. Cost of property and equipment is increased by the amount of expenses incurred during the subsequent reconstruction and replacement of equipment parts at the time in which the expenditure incurred if it is in accordance with the requirements that can be attributed to the cost of acquisition.

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(iii) Amortizacija

Amortizacija se obračunava primjenom proporcionalne metode na nabavnu vrijednost nekretnina i opreme tokom procjenjenog korisnog veka upotrebe. Zemljište ne podleže amortizaciji.

Stope amortizacije sredstava se kreću u sljedećim rasponima:

Zgrade	1,30%
Računarska oprema i srodna oprema	14,29% - 20,00%
Automobili	12,50% - 15,00%
Ulaganja u tuđa osnovna sredstva	5,88% - 20,00%
Oprema i ostala sredstva	10,00% - 16,50%

Sredstva u pripremi se amortizuju nakon stavljanja u upotrebu. Ulaganja u objekte koje Banka koristi u zakupu amortizuju se na period trajanja zakupa.

Troškovi investicionog i tekućeg održavanja se iskazuju u bilansu uspjeha u trenutku njihovog nastanka.

(iv) Prestanak priznavanja

Banka prestaje sa priznavanjem nekretnina i opreme u slučaju njihovog otuđenja ili njihovog povlačenja iz upotrebe, a iz njihovog otuđenja se ne očekuju buduće ekonomske koristi. Dobici i gubici koji se javljaju prilikom rashodovanja ili prodaje nekretnina i opreme, priznaju se u korist ili na teret bilansa uspjeha, kao dio ostalih operativnih prihoda i rashoda.

2.2.9. Nematerijalna ulaganja

Prilikom inicijalnog priznavanja, nematerijalna sredstva se početno odmeravaju po nabavnoj vrijednosti, odnodno vrijednuju se u ukupnom iznosu svih izdataka koji su neophodni da se sredstvo dovede u stanje neophodno za upotrebu.

Nakon inicijalnog priznavanja, nematerijalna sredstva se vrijednuju po nabavnoj vrijednosti umanjenoj za akumuliranu amortizaciju i eventualne gubitke po osnovu obezvređenja. Naknadni izdaci se se mogu pripisati vrijednosti prethodno priznatog nematerijalnog sredstva, samo ako produžavaju očekivane buduće ekonomske koristi po osnovu takvog sredstva. Troškovi svakodnevnog održavanja se priznaju u bilansu uspjeha kao trošak perioda u kome nastanu.

Amortizacija nematerijalnog sredstva se priznaje u bilansu uspjeha u jednakim godišnjim iznosima tokom procijenjenog vijeka trajanja, budući da se na taj način najbolje odražava očekivana potrošnja upotrebe ekonomske vrijednosti sadržane u nematerijalnom sredstvu. Amortizacione stope nematerijalnih ulaganja kreću se u rasponu od 20% do 25%.

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(iii) Amortization

Amortization is calculated using the straight-line method to the cost of property and equipment over their estimated useful lives. Land is not subjected to depreciation.

The applied annual depreciation rates are as follows:

Buildings	1,30%
Computers and related equipment	14,29% - 20,00%
Vehicles	12,50% - 15,00%
Investments in others fixed assets	5,88% - 20,00%
Other equipment and furniture	10,00% - 16,50%

Assets under construction are depreciated after being brought into use. Investments in leased facilities used by the Bank are depreciated over the period of lease.

Investment and current maintenance costs are recognized in the income statement as incurred.

(iv) Derecognition

Property and equipment are being derecognized in case of their disposal or withdrawal from service, and when there are no expected future economic benefits. Gains or losses arising from write-offs or disposals of property and equipment are recognized in the income statement as a part of other operating income or operating expenses.

2.2.9. Intangible assets

On initial recognition, intangible assets are valued at cost, i.e. at a total amount of all expenditures that are necessary to put an asset in use.

After initial recognition, intangible assets are valued at cost less accumulated amortization and any impairment losses. Subsequent costs are attributable to the value of previously recognized intangible asset, if only prolong the expected future economic benefits arising from such asset. Daily maintenance costs are recognized in the income statement as an expense in period it incurred.

Amortization of intangible assets is recognized in the income statement in equal annual amounts over the estimated useful life, since it best reflects the expected consumption of use of an economic value of the intangible asset. Depreciation rates of intangible assets ranged from 20% to 25%.

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2.2.10. Investicione nekretnine

Investicione nekretnine obuhvataju imovinu koju Banka koristi u cilju ostvarivanja prihoda od zakupnine. Investicione nekretnine se prilikom inicijalnog priznanja vrijednuju po nabavnoj vrijednosti uvećane za zavisne troškove. Knjigovodstvena vrijednost se uvećava za izdatke nastale prilikom zamjene dijela postojeće investicione nekretnine od dana kada su izdaci nastali ukoliko su ispunjeni uslovi za njihovo priznavanje, dok se troškovi svakodnevnog održavanja investicione nekretnine ne pripisuje knjigovodstvenoj vrijednosti sredstava.

Banka prestaje sa priznavanjem investicione nekretnine u slučaju njihovog otuđenja ili u slučaju njihovog povlačenja iz upotrebe, a iz njihovog otuđenja se ne očekuju buduće ekonomske koristi. Gubici i dobici nastali uslijed otuđenja ili povlačenja investicione nekretnine iz upotrebe se priznaju u bilansu uspjeha perioda u kome su nastali.

2.2.11. Zalihe

Banka na zalihama iskazuje materijalna sredstva primljena po osnovu naplate potraživanja. Banka dolazi u vlasništvo materijalnih sredstava realizacijom zaloga nad kreditima i plasmanima. Pokretna i nepokretna sredstva stečena naplatom potraživanja priznaju se u poslovnim knjigama kao zalihe sredstava stečena naplatom potraživanja s namerom prodaje iste. Materijalna sredstva primljena po osnovu naplate potraživanja se vrednuju po vrijednosti nižoj od knjigovodstvene i fer vrijednosti umanjenoj za trošak prodaje.

2.2.12. Obezvređenje nefinansijskih sredstava potraživanja

Banka procjenjuje na dan bilansa stanja knjigovodstvene vrijednosti nefinansijskih sredstava (nekretnina i opreme i nematerijalnih ulaganja). Ukoliko postoji indikacija da je sredstvo obezvređeno, procjenjuje se nadoknadiva vrijednost kako bi se odredio gubitak po osnovu obezvređenja. Ukoliko se utvrdi da je nadoknadiva vrijednost sredstva manja od knjigovodstvene vrijednosti, knjigovodstvena vrijednost se umanjuje do procjenjenog iznosa nadoknadive vrijednosti.

2.2.13. Finansijske garancije

U uobičajenom toku poslovanja Banka odobrava finansijske garancije koje se sastoje od plativih i činidbenih garancija, akreditiva i drugih poslova jemstva. Finansijske garancije se incijalno priznaju u vanbilansnoj aktivi po fer vrijednosti, a nakon incijalnog priznavanja, obaveze Banke koje proističu iz finansijskih garancija vrijednuju se u iznosu amortizovane naknade ili iznosu najbolje procjene troškova neophodnim da bi se izmirila finansijska obaveza koja nastaje kao rezultat garancije, u zavisnosti koji je iznos veći.

Po osnovu finansijske garancije povećanje obaveza se iskazuje u okviru bilansa stanja, a primljene naknade se priznaju u korist bilansa uspjeha u okviru prihoda od naknada i provizija tokom perioda korištenja garancije.

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2.2.10. Investment property

Investment properties include property used by Bank for the purpose of earning income from rents. Investment property is valued at initial recognition at purchase plus related costs. The carrying amount is increased for expenditure incurred in replacing part of an existing investment property from the day such expenditure occurd if the conditions for their recognition are met, while the costs of daily maintenance of investment property do not attribute the book value of assets.

Bank derecognized investment property in the event of their disposal or in the event of their withdrawal from service, and when there are no expected future economic benefits. Gains and losses arising from disposal or withdrawal from the use of investment property are recognized in the income statement in the period they occur.

2.2.11. Inventories

The Bank acquires material assets through the enforcement of collateral over loans and advances. Tangible and intangible assets acquired through collection of receivables are recognized in the books as tangible assets received on foreclosed loans with the intention of selling them. Material assets obtained through collection of receivables are measured at the lower of its carrying amount and fair value less cost to sell.

2.2.12. Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of non-financial assets (property and equipment and intangible assets). If there is any indication that such asset may be impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of the asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount.

2.2.13. Financial guarantees

In ordinary course of business, the Bank gives financial guarantees, comprising payment guarantees, performance guarantees, letters of credit and other warranties. Financial guarantees are initially recognized in off-balance sheet assets at fair value. Subsequent to initial recognition the Bank's liability under each guarantee is measured at the higher of the amortized premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee, depending which amount is higher.

Any increase in the liability relating to financial guarantees is recorded to the balance sheet. The premium received is recognized in the income statement on a straight-line basis over the life of the guarantee.

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2.2.14. Naknade zaposlenima

(i) Doprinosi i naknade za socijalnu sigurnost zaposlenih

U skladu sa propisima koji se primjenjuju u Republici Srpskoj, Federaciji Bosne i Hercegovine i Brčko distriktu, Banka je u obavezi da plaća doprinose državnim fondovima kojima se obezbjeđuje socijalna sigurnost zaposlenih. Ove obaveze uključuju doprinose za zaposlene na teret poslodavca u iznosima obračunatim po stopama propisanim relevantnim zakonskim propisima. Banka je, takođe, obavezna da od bruto zarada zaposlenih obustavi doprinose i da ih, u ime zaposlenih, uplati tim fondovima. Troškovi doprinosa se knjiže na teret rashoda perioda na koji se odnose.

(ii) Dugoročne beneficije zaposlenima

U skladu sa Zakonom o radu, Kolektivnim ugovorom, Granskim kolektivnim ugovorom i Pravilnikom o radu Banke, Banka je u obavezi da isplati naknadu zaposlenima prilikom odlaska u penziju. Dugoročne obaveze po osnovu otpremnina za odlazak u penziju nakon ispunjenih uslova predstavljaju sadašnju vrijednost očekivanih budućih isplata zaposlenima utvrđenu aktuarskim odmjeravanjem.

2.2.15. Rezervisanja

Rezervisanja se priznaju kada Banka ima sadašnju obavezu (zakonsku ili izvedenu) kao rezultat prethodnog događaja, za koje je vjerovatno da će biti potreban odliv ekonomskih koristi da bi obaveza bila izmirena i za koju je moguće izvršiti pouzdanu procjenu iznosa obaveze. U slučajevima kada je efekat vremenske vrijednosti novca materijalan, iznos rezervisanja predstavlja sadašnju vrijednost izdataka za koje se pretpostavlja da će biti dovoljni da se obaveze izmire.

2.2.16. Rezervisanja za potencijalne kreditne i druge gubitke

U skladu sa Odlukom i Odlukom o izmjeni i dopuni Odluke o minimalnim standardima za upravljanje kreditnim rizikom i klasifikaciju aktive banaka, donesenim od strane Agencije za bankarstvo Republike Srpske (Službeni glasnik Republike Srpske br. 49/13 i 1/14) u daljem tekstu - „Odluka“, propisani su standardi i kriterijumi koje je banka dužna da osigura i sprovodi u ocjeni, preuzimanju, praćenju, kontroli, upravljanju kreditnim rizikom i klasifikaciji svoje aktive. Stavke aktive banke koje se klasifikuju u smislu ove Odluke čine: krediti, depoziti kod banaka, kamata i naknada, hartije od vrijednosti koje se drže do dospjeća, hartije od vrijednosti koje su raspoložive za prodaju, učešće banke u kapitalu drugih pravnih lica i druga bilansna aktiva, osim, stavki bilansne aktive banke koje se ne klasifikuju i u vanbilansu banke: izdate garancije, avali, akcepti mjenica i drugi oblici jemstva, nepokriveni akreditivi, neopozivi odobreni a neiskorišteni krediti i sve druge stavke koje predstavljaju potencijalne obaveze Banke.

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2.2.14. Employee benefits

(i) Employee benefits and contributions for social security

In accordance with the regulations prevailing in Republic of Srpska, Federation of Bosnia and Herzegovina i Brčko District, the Bank has an obligation to pay contributions to various state social security funds. These obligations involve payment of contributions on behalf of employee by employer in an amount calculated by applying the specific rates prescribed by the relevant legislation. The Bank is also legally obligated to withhold contributions from gross salaries to employees, and on their behalf to transfer the withheld portions directly to appropriate government funds. These contributions payable on behalf of employee and employer are charged to expenses in the period in which they arise.

(ii) Long term employee benefits

In accordance with the Labor Law, Industry employment agreement and Manual on employment, the Bank has an obligation to disburse an employment retirement benefit to a retiree upon the retirement. Long-term liabilities relating to severance payments and jubilee awards represent present value of the defined benefit obligation determined through actuarial valuation.

2.2.15. Provisions

A provision is recognized when the Bank has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. Where the effect of the time value of money is material, the amount of provision is the present value of expenditures expected to be required to settle the obligation.

2.2.16. Provisions for loan and other losses

In accordance with the Decision of the Banking Agency of Republic of Srpska, Official Gazette of the Republic of Srpska no. 49/13 and 1/14 (hereinafter referred to as "the Decision") on Amending of the Decision on minimum standards for credit risk management and classification of assets in banks, standards and criteria that a bank has to establish and implement in the assessment, monitoring, control, credit risk management and classification of its assets are prescribed. Bank's risk-bearing assets in terms of this decision are: loans, deposits with banks, interest rates and fees, securities held to maturity, securities available for sale, shares in other legal entities and other balance sheet items in which the Bank is at risk of collection, and risk-bearing off-balance sheet items: issued guarantees, bills, acceptances and other forms of guarantees, uncovered letters of credit, irrevocable approved and unused credits and all other items that are potential liabilities.

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Na osnovu Odluke, krediti, kao i druga bilansna aktiva i sve navedene vanbilansne obaveze klasifikuju se u slijedeće kategorije: A („dobra aktiva“), B („aktiva sa posebnom napomenom“), C („substandardna aktiva“), D („sumnjiva aktiva“) i E („gubitak“). U skladu sa Odlukom, za plasmane klasifikovane u kategoriju A, Banka formira rezervisanja za kreditne rizike po stopi od 2%, a za kategorije B, C, D i E rezervisanja su sljedeća:

Kategorija B: aktiva sa posebnom napomenom	5% - 15%
Kategorija C: substandardna aktiva	16% - 40%
Kategorija D: sumnjiva aktiva	41% - 60%
Kategorija E: gubitak	100%

U skladu sa Odlukom rezerve za kreditne gubitke predstavljaju rezerve, koje je Banka prilikom procjene kvaliteta aktive, odnosno klasifikacije stavke aktive, dužna da formira najmanje u skladu sa kriterijumima iz pomenute Odluke uzimajući u obzir već formirane ispravke vrijednosti bilansne aktive i rezervisanja za gubitke po vanbilansnim stavkama u skladu sa internom metodologijom Banke o primjeni Međunarodnih računovodstvenih standarda 39 i 37. Ako je iznos rezervi za kreditne gubitke veći od zbira iznosa ispravke vrijednosti bilansne aktive i rezervisanja za gubitke po vanbilansnim stavkama i već formiranih rezervi za kreditne gubitke, Banka je u obavezi da utvrđenu razliku tretira kao nedostajuće rezerve za kreditne gubitke i po regulatornom zahtjevu predstavlja odbitnu stavku od kapitala u skladu sa Odlukom o minimalnim standardima za upravljanje kapitalom i kapitalnoj zaštiti, a ukoliko je iznos ispravki vrijednosti i rezervisanja za gubitke po vanbilansnim stavkama veći od obračunatog iznosa rezervi za kreditne gubitke, Banka ne iskazuje nedostajuće rezerve po regulatornom zahtjevu. Počev od 31. decembra 2013. godine izmjenom i dopunom Odluke o minimalnim standardima za upravljanje kreditnim rizikom i klasifikaciju aktive banaka, Banka nije u obavezi da vrši pokriće nedostajućih rezervi po regulatornom zahtjevu iz tekuće dobiti.

2.2.17. Porez na dobit

(i) Tekući porezi

Oporezivanje dobiti se vrši u skladu sa poreskim propisima Republike Srpske, propisima Fedracije Bosne i Hercegovine i propisima Brčko Distrikta. Banka ostvaruje dobit iz poslovanja u Republici Srpskoj, Federaciji Bosne i Hercegovine i Brčko Distriktu. Banka tokom godine plaća porez na dobit u vidu mjesečnih akontacija, čiju visinu utvrđuje na osnovu poreske prijave za prethodnu godinu. Porez na dobit obračunava se u visini od 10% od iznosa oporezive dobiti utvrđene u Poreskom bilansu. Oporeziva dobit se utvrđuje usklađivanjem prihoda i rashoda iskazanim u bilansu uspjeha, na način predviđen poreskim propisima i može biti umanjena za određene poreske olakšice.

(ii) Odloženi porezi

Odloženi porezi na dobit se obračunavaju po metodi obaveza prema bilansu stanja na sve privremene razlike na dan bilansa stanja između sadašnje vrijednosti sredstava i obaveza u finansijskim izvještajima i njihove vrijednosti za svrhe oporezivanja. Trenutno važeća poreska stopa na dan bilansa stanja je korišćena za obračun iznosa odloženih poreza.

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In accordance with the Decision, loans and other balance sheet assets and risk bearing off-balance sheet items are classified into the following categories: A ("good assets"), B ("assets with special note"), C ("substandard assets"), D ("doubtful assets") and E ("loss"). Pursuant to the Decision, the Bank makes 2% provisions for general risk-bearing provisions for category A, while the provisions for categories B, C, D and E are the following:

Category B: assets with special note	5% - 15%
Category C: substandard assets	16% - 40%
Category D: doubtful assets	41% - 60%
Category E: loss	100%

In accordance with the Decision, provisions for loan losses represents a reserve, which the Bank in assessing quality of its assets and classification of assets, forms taking into account the already booked impairment of balance sheet assets and provisions for losses of off-balance sheet items in accordance with the Bank's internal methodology on application of IAS 39 and IAS 37. If the amount of provisions for loan losses is higher than sum of impairment of balance sheet assets and provisions for losses of off-balance sheet items, the Bank is obliged to book the difference as the missing reserves for loan losses by regulatory requirements with represents deductible item from capital in accordance with the Decision on minimum standards for managing capital of the banks, and if the amount of booked impairment of balance sheet assets and provisions for losses of off-balance sheet items is higher than provisions for loan losses, the Bank is not obliged to have missing reserves for loan losses. As of 31 December 2013, according to the amendments on the Decision on minimum standards for bank credit risk management and assets classification, the Bank is not obliged to have covered missing reserves for loan losses by regulatory requirements.

2.2.17. Income tax

(i) Current taxes

Income tax is calculated in accordance with tax regulations of Republic of Srpska, Federation of Bosnia and Herzegovina and Brčko District. The Bank realizes income from its business operations in Republic of Srpska, Federation of Bosnia and Herzegovina and Brčko District. During the year, the Bank pays income tax in monthly installments, estimated on the basis of the prior year Tax return. Income tax is payable at 10% of the taxable income reported in Tax return. The taxable income represents profit reported in the income statement adjusted for certain income and expenses, as prescribed by the tax regulations, and it could be reduced for certain tax reliefs.

(ii) Deferred taxes

Deferred tax is provided for using the balance sheet liability method on temporary differences at the balance sheet date between the current value of assets and liabilities in the financial statements and their carrying amounts for taxation purposes. The current tax rate at the balance sheet date is used for calculating the amount of deferred taxes.

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Odložene poreske obaveze priznaju se na sve oporezive privremene razlike, izuzev ukoliko odložene poreske obaveze proističu iz inicijalnog priznavanja "goodwill-a" ili sredstava i obaveza u transakciji koja nije poslovna kombinacija i u trenutku nastanka nema uticaja na računovodstvenu dobit niti na oporezivu dobit ili gubitak, kao i ukoliko se odnose na oporezive privremene razlike u vezi sa učešćem u zavisnim preduzećima, pridruženim preduzećima i zajedničkim ulaganjima gdje se trenutak ukidanja privremene razlike može kontrolisati i izvjesno je da privremena razlika neće biti ukinuta u doglednom vremenskom periodu.

Odložena poreska sredstva priznaju se na sve oporezive privremene razlike i neiskorišćene iznose prenosivih poreskih kredita i poreskih gubitaka, do mjere do koje je izvjesno da je nivo očekivanih budućih oporezivih dobitaka dovoljan da se sve oporezive privremene razlike, prenešeni neiskorišćeni poreski krediti i neiskorišćeni poreski gubici mogu iskoristiti, izuzev ukoliko se odložena poreska sredstva odnose na privremene razlike nastale iz inicijalnog priznavanja sredstava ili obaveza u transakciji koja nije poslovna kombinacija i u trenutku nastanka nema uticaja na računovodstvenu dobit niti na oporezivu dobit ili gubitak ili na odbitne privremene razlike u vezi sa učešćem u zavisnim preduzećima, pridruženim preduzećima i zajedničkim ulaganjima, kada se odložena poreska sredstva priznaju samo do mjere do koje je izvjesno da će privremene razlike biti ukinute u doglednoj budućnosti i da je nivo očekivanih budućih oporezivih dobitaka dovoljan da se sve privremene razlike mogu iskoristiti.

Knjigovodstvena vrijednost odloženih poreskih sredstava preispituje se na svaki izvještajni datum i umanjuje do mjere do koje više nije izvjesno da je nivo očekivanih budućih oporezivih dobitaka dovoljan da se ukupna vrijednost ili dio vrijednosti odloženih poreskih sredstava može iskoristiti. Odložena poreska sredstva koja nisu priznata procjenjuju se na svaki izvještajni datum i priznaju do mjere do koje je postalo izvjesno da je nivo očekivanih budućih oporezivih dobitaka dovoljan da se odložena poreska sredstva mogu iskoristiti.

Odložena poreska sredstva i obaveze izračunavaju se primjenom zvaničnih poreskih stopa u godini ostvarenja poreskih olakšica, odnosno izmirenja odloženih poreskih obaveza.

Tekući i odloženi porezi priznaju se kao prihodi i rashodi i uključeni su u neto dobitak/ gubitak perioda.

Odloženi porez na dobit koji se odnosi na stavke koje se direktno evidentiraju u korist ili na teret kapitala se takođe evidentiraju na teret, odnosno u korist kapitala.

2.2.18. Kapital

Kapital se sastoji od akcionarskog kapitala, emisionog ažia, rezervi kapitala (opštih zakonskih rezervi i ostalih rezervi), neraspoređene dobiti iz ranijih godina, neto dobiti tekućeg perioda, rezervi za kreditne gubitke po regulatornom zahtjevu i revalorizacionih rezervi.

2.2.19. Zarada po akciji

Zarada po akciji izračunava se dijeljenjem neto dobiti koja pripada akcionarima, vlasnicima običnih akcija Banke, ponderisanim prosječnim brojem izdatih običnih akcija u toku izvještajnog perioda.

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Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or for an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries and associates when deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the year when the asset is realized or the liability is settled.

Current and deferred taxes are recognized as income or expense and are included in net profit/(loss) for the period.

Deferred income tax relating to items recognized directly credited or charged to equity is also charged to, or for the benefit of capital.

2.2.18. Equity

Shareholders' equity consists of share capital; share premium, capital reserves (general regulatory reserves and other reserves), undistributed profits, regulatory loan loss reserves and net profit of current period.

2.2.19. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

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2.3.20. Uporedni podaci

Uporedne podatke čine finansijski izvještaji Banke na dan 31. decembar 2015. godine, i finansijski izvjestaji za period od 01. januara do 31. decembra 2015. godine.

2.3. Značajna računovodstvena rasuđivanja i procjene

U procesu primjene računovodstvenih politika Banke, Uprava Banke se koristila prosuđivanjem i procjenama u određivanju iznosa iskazanih u finansijskim izvještajima. Najznačajnija procjenjivanja i upotrebe su:

2.3.1. Stalnost poslovanja

Uprava Banke je procjenila sposobnost Banke da nastavi poslovanje u skladu sa "going concern" principom i zadovoljni su što Banka raspolaže sa resursima da nastavi poslovanja u doglednoj budućnosti. Osim toga, rukovodstvo nije svjesno bilo kakve materijalne neizvjesnosti koje bi mogle da dovedu do značajne sumnje na sposobnost Banke da nastavi poslovanje. Zbog toga, finansijski izvještaji su izrađeni u skladu sa "going concern" principom.

2.3.2. Utvrđivanje fer vrijednosti finansijskih instrumenata

Fer vrijednost finansijskih instrumenata kojima se trguje na aktivnom tržištu na dan bilansa stanja se bazira na kotiranim, tržišnim cijenama ponude ili tražnje, bez umanjenja po osnovu transakcionih troškova. Fer vrijednost finansijskih instrumenta koji nisu kotirani na aktivnom tržištu se određuje korišćenjem odgovarajućih tehnika vrijednovanja, koje obuhvataju tehnike neto sadašnje vrijednosti, poređenje sa sličnim instrumentima za koje postoje tržišne cijene i ostali relevantni modeli.

Kada tržišni inputi nisu dostupni, oni se određuju procjenjivanjima koja uključuju određeni stepen rasuđivanja u procjeni „fer" vrijednosti. Modeli procjene oslikavaju trenutno stanje na tržištu na datum mjerenja i ne moraju predstavljati uslove na tržištu prije ili nakon datuma mjerenja. Stoga se tehnike vrijednovanja revidiraju periodično, kako bi na odgovarajući način odrazile tekuće tržišne uslove.

2.3.3. Troškovi obezvređenja datih kredita i avansa

Banka sagledava evidenciju svojih problematičnih kredita i drugih plasmana na svaki izvještajni datum kako bi procjenila da li ispravke vrijednosti za obezvređenja treba da budu iskazane u bilansu uspjeha. Konkretno, Banka vrši procjenu iznosa i vremenskog rasporeda budućih novčanih tokova kada određuje iznos potrebnih ispravki vrijednosti.

Pored pojedinačnih ispravki vrijednosti za značajne kredite i plasmane, Banka takođe formira kolektivne (grupne) ispravke vrijednosti za izloženosti rizicima koje, nisu identifikovane kao one koje zahtjevaju posebno iskazivanje, nose veći rizik povećanja u odnosu na prvobitnu procjenu.

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2.3.20. Comparative data

The comparative data represent the annual financial statements of the Company for the year ended 2015, and financial statement for the period 1 January 2015 – 31 December 2015.

2.3. Significant accounting judgments and estimates

In the process of applying the Bank's accounting policies, management has exercised its judgments and made estimates in determining the amounts recognized in the financial statements. The most significant use of judgments and estimates are as follows:

2.3.1. Going concern

The Bank's management has evaluated its ability to continue operations in accordance with the "going concern" principle and are pleased that the Bank has the resources to continue operating for the foreseeable future. In addition, management is not aware of any material uncertainties that could lead to significant doubts on the ability of the Bank to continue its operations. Therefore, the financial statements are prepared in accordance with the "going concern" principle.

2.3.2. Assessment of the fair value of financial instruments

Fair value of financial instruments which are used for trading in active markets at the balance sheet date is based on the quoted market prices of bid and demand, without deduction for transaction costs. Fair value of financial instruments which are not quoted on an active market is determined using appropriate techniques of valuation, which include net present value techniques, compared to similar instruments for which the market prices exist and other relevant models.

When the market inputs are not available, they are determined by estimations which involve certain level of judgment in the assessment of the "fair" value. Estimating models reflect the current state of the market on the measurement date and they do not necessarily represent market conditions before and after the measurement date. Therefore, the valuation techniques are periodically revised so they appropriately reflect the current market conditions.

2.3.4. Impairment losses on loans and advances

The Bank reviews its problematic loans and other placements at each reporting date to assess whether allowance for impairment should be recorded in the income statement. In particular, the management assesses the amount and timing of future cash flows when determining the amount required for allowance.

In addition to specific allowances against individually significant loans and placements, the Bank also forms a collective (group) impairment allowance against exposures which, although not identified as requiring a specific allowance, have a greater risk of default than when originally granted.

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2.3.4. Dugoročne beneficije za zaposlene

Troškovi dugoročnih beneficija za zaposlene se određuju korišćenjem aktuarske valuacije. Ona uključuje predviđanje diskontnih stopa, budućih povećanja plata i budućih stopa fluktuacije zaposlenih. S obzirom da je riječ o dugoročnim predviđanjima, ovakve procjene nose viši nivo neizvjesnosti.

2.4. Izvještavanje po segmentima

Uprava Banke posmatra poslovne segmente Banke kao jedinstveni segment u svrhu donošenja odluka o alokaciji resursa i ocijeni rezultata poslovanja.

3. PRIHODI I RASHODI OD KAMATA

	2016.	2015.
	KM hiljada	*KM hiljada*
Prihodi od kamata:		
Prihodi od kamata po osnovu kredita, depozita i HoV u domaćoj valuti	8.398	7.413
Prihodi od kamata po osnovu kredita, depozita i HoV sa ugovorenom zaštitom od rizika	74.967	78.108
Prihodi od kamata po osnovu kredita, depozita i HoV u stranoj valuti	53	129
Ukupno prihodi od kamata	**83.418**	**85.650**
Rashodi od kamata:		
Rashodi kamata po osnovu kredita, depozita i HoV u domaćoj valuti	3.488	5.185
Rashodi kamata po osnovu kredita, depozita i HoV sa ugovorenom zaštitom od rizika	14.723	17.132
Rashodi kamata po osnovu kredita, depozita i HoV u stranoj valuti	16.874	18.103
Ukupno rashodi kamata	**35.085**	**40.420**
Neto prihodi od kamata	**48.333**	**45.230**

Prihodi i rashodi od kamata po izvorima nastanka dati su u sljedećoj tabeli:

	2016.		2015.	
	Prihodi	Rashodi	Prihodi	Rashodi
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*
Banke	-	71	-	14
Privreda	38.148	2.770	41.696	4.316
Javni sektor	14.577	1.578	14.052	1.889
Stanovništvo	30.354	21.023	29.571	23.006
Ostali komitenti	339	9.643	331	11.195
Ukupno	**83.418**	**35.085**	**85.650**	**40.420**
Neto prihodi od kamata	**48.333**		**45.230**	

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2.3.25. Long-term employee benefits

The cost of the long-term employee benefits is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, and future turnover rates. Due to the long term nature of these plans, such estimates have a higher level of uncertainty.

2.4. Segment information

The management monitors business units of the Bank as a single segment for the purpose of making decisions about resource allocation and performance assessment.

3. INTEREST INCOME AND EXPENSES

	2016.	2015.
	KM thousand	*KM thousand*
Interest income:		
Interest income from loans, deposits and securities in local currency	8,398	7,413
Interest income from loans, deposits and securities with risk clause	74,967	78,108
Interest income from loans, deposits and securities in foreign currency	53	129
Total interest income	**83,418**	**85,650**
Interest expenses:		
Interest expenses from loans, deposits and securities in local currency	3,488	5,185
Interest expenses from loans, deposits and securities with risk clause	14,723	17,132
Interest expenses from loans, deposits and securities in foreign exchange	16,874	18,103
Total interest expenses	**35,085**	**40,420**
Net interest income	**48,333**	**45,230**

Interest income and expense, analyzed by types of placements and related sources are as follows:

	2016.		2015.	
	Income	Expenses	Income	Expenses
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*
Banks	-	71	-	14
Corporate customers	38,148	2,770	41,696	4,316
Public sector	14,577	1,578	14,052	1,889
Retail customers	30,354	21,023	29,571	23,006
Other customers	339	9,643	331	11,195
Total	**83,418**	**35,085**	**85,650**	**40,420**
Interest income, net	**48,333**		**45,230**	

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4. PRIHODI I RASHODI PO OSNOVU NAKNADA I PROVIZIJA

	2016. KM hiljada	2015. KM hiljada
Prihodi od usluga platnog prometa	9.207	9.297
Prihodi od provizija	11.371	12.909
Prihodi od ostalih naknada	10.910	9.340
Prihodi od naknada i provizija	**31.488**	**31.546**
Rashodi naknada i provizija u domaćoj valuti	802	735
Rashodi naknada i provizija u stranoj valuti	199	145
Rashodi ostalih naknada i provizija	6.637	6.469
Rashodi od naknada i provizija	**7.638**	**7.349**
Neto prihodi od naknada i provizija	**23.850**	**24.197**
Dobici po osnovu prodaje HOV	**147**	**-**

Prihodi od provizija

	2016. KM hiljada	2015. KM hiljada
Naknade po kreditima i ostaloj aktivi	5.609	7.194
Naknade po vanbilansnim poslovima	5.762	5.715
Ukupno	**11.371**	**12.909**

Prihodi od naknada

	2016. KM hiljada	2015. KM hiljada
Naknade i članarine po poslovima sa karticama	4.079	3.378
Naknade za mjenjačke usluge	2.592	2.068
Naknade za vođenje računa	953	1.001
Naknade za bankarske pakete	2.975	2.509
Naknade za brokerske provizije	202	252
Naknade za ostale vanbilansne poslove	25	25
Ostali prihodi od naknada	84	107
Ukupno	**10.910**	**9.340**

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4. FEES AND COMMISSIONS INCOME AND EXPENSE

	2016. KM thousand	2015. KM thousand
Income from payment transaction services	9,207	9,297
Fee income	11,371	12,909
Income from other commissions	10,910	9,340
Income from fees and commissions	**31.488**	**31,546**
Expenses from fees and commissions in local currency	802	735
Expenses from fees and commissions in foreign currency	199	145
Expenses from other fees and commissions	6,637	6,469
Expenses from fees and commissions	**7.638**	**7,349**
Net income from fees and commissions	**23,850**	**24,197**
Income from sale of securities	**147**	**-**

Income from fees

	2016. KM thousand	2015. KM thousand
Fees from loans and other assets	5,609	7,194
Fees from off-balance sheet transactions	5,762	5,715
Total	**11.371**	**12,909**

Income from fees

	2016. KM thousand	2015. KM thousand
Fees from membership fees on cards	4,079	3,378
Fees for exchange services	2,592	2,068
Fees for account maintenance	953	1,001
Fees for banking packages	2,975	2,509
Fees for brokerage commissions	202	252
Fees for other off-balance sheet transactions	25	25
Other fees income	84	107
Total	**10,910**	**9,340**

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Rashodi ostalih naknada i provizija

	2016. KM hiljada	2015. KM hiljada
Rashodi naknada i provizija za konverziju	1.635	1.055
Rashodi naknada po poslovima sa karticama	3.383	3.824
Rashodi naknada i provizija prema Agenciji za bankarstvo RS	1.253	1.236
Rashodi naknada i provizija prema Centralnom registru i Berzi	159	210
Ostale naknade i provizije	207	144
Ukupno	**6.637**	**6.469**

5. PRIHODI I RASHODI IZ OPERATIVNOG POSLOVANJA

	2016. KM hiljada	2015. KM hiljada
Prihodi iz operativnog poslovanja		
Prihodi od ukidanja indirektnih otpisa plasmana	16.213	21.472
Prihodi od ukidanja rezervisanja za vanbilansne pozicije	2.031	2.184
Prihodi od ukidanja rezervisanja za sudske sporove (Napomena 21)	26	103
Prihodi od ukidanja rezervisanja za ostale potencijalne obaveze	-	7
Prihodi od ukidanja neiskorištenih ostalih rezervisanja	7	-
Ostali prihodi iz operativnog poslovanja	1.332	2.048
Ukupno	**19.609**	**25.814**

	2016. KM hiljada	2015. KM hiljada
Rashodi iz operativnog poslovanja		
Rashodi indirektnih otpisa plasmana	24.671	31.838
Rashodi rezervisanja za vanbilansne stavke	1.884	2.223
Rashodi po osnovu rezervisanja za sudske sporove	256	53
Rashodi po osnovu rezervisanja za otpremnine	-	23
Rashodi rezervisanja za ostale potencijalne obaveze	-	81
Troškovi neto zarada i druge naknade	12.092	11.930
Troškovi poreza i doprinosa na zarade i druge naknade	7.888	7.672
Troškovi naknada za privremene i povremene poslove	361	653
Ostali lični rashodi	982	732
Troškovi materijala, režije, goriva sl.troškovi	1.785	1.755
Troškovi proizvodnih usluga	13.390	11.481
Troškovi amortizacije (Napomene 17 i 18)	4.906	4.373
Nematerijalni troškovi (Napomene 5.d.)	10.741	9.952
Troškovi po osnovu poreza i doprinosa	691	637
Porez na imovinu	63	46
Ostali troškovi	425	305
Ukupno	**80.135**	**83.754**
Gubitak iz operativnog poslovanja	**60.526**	**57.940**

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Expenses from other fees and commissions

	2016. KM thousand	2015. KM thousand
Expenses from fees and commissions for conversion	1,635	1,055
Expenses from fees for card operations	3,383	3,824
Expenses from fees and commissions to Banking Agency of the Republic of Srpska	1,253	1,236
Expenses from fees and commissions to Central Registry and Stock Exchange	159	210
Other fees and commissions	207	144
Total	**6.637**	**6,469**

5. OPERATING INCOME AND EXPENSES

	2016. KM thousand	2015. KM thousand
Income from operating business		
Income from reversal of indirect write-offs of receivables	16,213	21,472
Income from reversal of provisions for off-balance sheet items	2,031	2,184
Income from reversal of provisions for litigations (Note 21)	26	103
Income from reversal of provisions for severance payments	-	7
Income from reversal of other provisions	7	-
Other income from operating business	1,332	2,048
Total	**19,609**	**25,814**

	2016. KM thousand	2015. KM thousand
Expenses from operating business		
Indirect write-offs of receivables	24,671	31,838
Provisions for off-balance sheet items	1,884	2,223
Provisions for litigation	256	53
Provisions for retirement	-	23
Provisions for other commitments	-	81
Costs of net salaries and other fees	12,092	11,930
Taxes and contributions on salaries	7,888	7,672
Costs for temporary and part-time jobs	361	653
Other personal expenses	982	732
Expenses for material, overheads, fuel and similar expenses	1,785	1,755
Production services expenses	13,390	11,481
Depreciation and amortization costs (Note 17 and 18)	4,906	4,373
Intangible costs (Notes 5.d.)	10,741	9,952
Expenses based on taxes and contribution on salaries	691	637
Property tax	63	46
Other expenses	425	305
Total	**80,135**	**83,754**
Loss from operating business	**60,526**	**57,940**

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a) Prihodi i rashodi indirektnih otpisa plasmana i rezervisanja

Prihodi od ukidanja indirektnih otpisa plasmana i rezervisanja

	2016. KM hiljada	2015. KM hiljada
Prihodi od ukidanja indirektnih otpisa po kreditima (Napomena 13)	7.871	14.220
Prihodi od ukidanja indirektnih otpisa po kamatama i drugim potraživanjima (Napomena 12)	581	621
Prihodi od ukidanja indirektnih otpisa po ostalim plasmanima (Napomena 15)	7.169	5.558
Prihodi od ukidanja indirektnih otpisa po ostalim potraživanjima (Napomena 10)	11	28
Prihodi od ukidanja indirektnog otpisa materijalne imovine (Napomena 16)	581	1.045
Prihodi od ukidanja rezervisanja za vanbilansne stavke (Napomena 21)	2.031	2.184
Prihodi od ukidanja rezervisanja za sudske sporove (Napomena 21)	26	103
Prihodi od ukidanja rezervisanja za otpremninu	7	
Prihodi od ukidanja rezervisanja za ostale potencijalne obaveze (Napomena 21)	-	7
Ukupno	**18.277**	**23.766**

Rashodi po osnovu indirektnih otpisa plasmana i rezervisanja

	2016. KM hiljada	2015. KM hiljada
Rashodi indirektnih otpisa za kreditne rizike (Napomena 13)	12.563	12.964
Rashodi indirektnih otpisa za rizike po kamatama i drugim potraživanjima (Napomena 12)	917	1.478
Rashodi indirektnih otpisa za rizike po ostalim plasmanima (Napomena 15)	10.147	15.283
Rashodi indirektnih otpisa za rizike na ostala potraživanja (Napomena 10)	485	487
Rashodi indirektnog otpisa materijalne imovine (Napomena 16)	559	1.626
Rashodi rezervisanja za rizike po vanbilansnoj rizičnoj aktivi (Napomena 21)	1.884	2.223
Rashodi po osnovu rezervisanja za sudske sporove (Napomena 21)	256	53
Rashodi po osnovu rezervisanja za otpremnine (Napomena 21)	-	23
Rashodi rezervisanja za ostale potencijalne obaveze (Napomena 21)	-	81
Ukupno	**26.811**	**34.218**
Neto troškovi ispravke vrijednosti za stavke rizičnog bilansa i rezerve za stavke rizičnog vanbilansa	**(8.534)**	**(10.452)**

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

a) Income and expenses from indirect placement write-offs and provisions for off-balance sheet items

Income from impairment and provisions

	2016. KM thousand	2015. KM thousand
Reversal of allowance of impairment on loans (Note 13)	7,871	14,220
Reversal of allowance of impairment on interests and other receivables (Note 12)	581	621
Reversal of indirect allowance of impairment on other placements (Note 15)	7,169	5,558
Reversal allowance of impairment on other receivables (Note 10)	11	28
Income from reversal of indirect write-off of tangible assets (Note 16)	581	1,045
Reversal for provision on off-balance sheet items (Note 21)	2,031	2,184
Reversal of provisions for litigation (Note 21)	26	103
Reversal of provisions for employees long-term liabilities (Note 21)	7	-
Reversal of provisions for other potential liabilities (Note 21)	-	7
Total	**18,277**	**23,766**

Losses from impairment and provisions

	2016. KM thousand	2015. KM thousand
Impairment losses for credit risks (Note 13)	12,563	12,964
Impairment loss on risks , interest and other receivables (Note 12)	917	1,478
Impairment losses for risks other placements (Note 15)	10,147	15,283
Impairment loss on risks in other receivables (Note 10)	485	487
Impairment losses of tangible assets (Note 16)	559	1,626
Provisions for risks of off-balance sheet risk (Note 21)	1,884	2,223
Expenses from provisions for litigations (Note 21)	256	53
Expenses from provisions for retirement benefits (Note 21)	-	23
Provisions for other contingent liabilities (Note 21)	-	81
Total	**26,811**	**34,218**
Net costs of value adjustments for items of risky balance and reserves for risky off-balance sheet items	**(8,534)**	**(10,452)**

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

b) Ostali prihodi iz operativnog poslovanja odnose se na:

	2016. KM hiljada	2015. KM hiljada
Prihode po osnovu otkupljenih potraživanja	741	1.453
Prihode po osnovu zakupa	489	490
Ostale operativne prihode	102	105
Ukupno	**1.332**	**2.048**

c) Troškovi proizvodnih usluga odnose se na:

	2016. KM hiljada	2015. KM hiljada
Troškovi zakupa od pravnih i fizičkih lica	4.786	4.698
Troškovi usluga PTT saobraćaja i elektronske komunikacije	1.338	1.433
Troškovi usluga PTT saobraćaja za ino platni promet	318	333
Troškovi transporta novca	1.119	1.106
Troškovi marketinga	1.675	1.463
Troškovi tekućeg i investicionog održavanja osnovnih sredstava	1.526	1.165
Troškovi održavanja tuđih osnovnih sredstava	50	177
Troškovi elektronskog bankarstva	547	470
Ostali troškovi proizvodnih usluga	2.031	636
Ukupno	**13.390**	**11.481**

d) Nematerijalni troškovi odnose se na:

	2016. KM hiljada	2015. KM hiljada
Troškovi obezbjeđenja objekata	3.495	3.741
Troškovi osiguranja depozita	2.745	2.517
Troškovi osiguranja radnika i osnovnih sredstava	712	673
Troškovi eksternih usluga	1.400	759
Troškovi održavanja prostorija	339	454
Ostali troškovi nematerijalnih usluga	2.050	1.808
Ukupno	**10.741**	**9.952**

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

b) Other income from operating business:

	2016. KM thousand	2015. KM thousand
Income on factoring	741	1,453
Income on lease	489	490
Other operating income	102	105
Total	**1,332**	**2,048**

c) Production services expenses:

	2016. KM thousand	2015. KM thousand
Rental costs from legal entities and individuals	4,786	4,698
Postal expenses and electronic communications	1,338	1,433
Postal expenses for foreign payment transactions	318	333
Money transportation costs	1,119	1,106
Marketing expenses	1,675	1,463
Costs of current and investment maintenance of fixed assets	1,526	1,165
Maintenance costs of fixed assets from third parties	50	177
E-banking costs	547	470
Other production services and expenses	2,031	636
Total	**13,390**	**11,481**

d) Intangible costs:

	2016. KM thousand	2015. KM thousand
Facilities security costs etc.	3,495	3,741
Costs of deposit insurance	2,745	2,517
Costs of employees insurance and fixed assets	712	673
Costs of external services	1,400	759
Maintenance costs	339	454
Expenses for charity for natural disasters	2,050	1,808
Total	**10,741**	**9,952**

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

6. OSTALI PRIHODI I RASHODI

	2016. KM hiljada	2015. KM hiljada
Ostali prihodi		
Prihodi od naplaćenih otpisanih potraživanja	2.634	1.969
Dobici od prodaje osnovnih sredstava i nematerijalnih ulaganja	5	17
Prihodi od smanjenja obaveza	397	776
Prihodi po osnovu prijevremenog razročenja depozita	785	1.011
Prihodi od prodaje materijalnih vrednosti	292	211
Prihodi od dividendi	43	46
Viškovi	10	3
Ostali prihodi	129	136
	4.295	**4.169**

	2016. KM hiljada	2015. KM hiljada
Ostali rashodi		
Rashodi po osnovu direktnog otpisa potraživanja	281	431
Gubici od prodaje osnovnih sredstava i nematerijalnih ulaganja	31	23
Gubici od prodaje investicionih ulaganja	120	252
Gubici po osnovu prodatih materijalnih vrijednosti	2.415	2.066
Gubici po osnovu rashodovanja i otpisa osnovnih sredstava	6	104
Rashodi po osnovu obezvrjeđenja materijalne aktive	1.388	360
Rashodi po osnovu sudskih rješenja i vansudskog poravnanja	156	2.121
Manjkovi	2	3
Ostali rashodi	431	545
	4.830	**5.905**
Gubitak po osnovu ostalih prihoda i rashoda	**(535)**	**(1.736)**

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

6. OTHER INCOME AND EXPENSES

	2016. KM thousand	2015. KM thousand
Other income		
Income from collected written off placements	2,634	1,969
Income from sale of fixed assets and intangible assets	5	17
Income from decreased liabilities	397	776
Revenues arising from early termination of the deposit	785	1,011
Income from sale of assets	292	211
Income from dividend	43	46
Surplus	10	3
Other income	129	136
Total	**4,295**	**4,169**

	2016. KM thousand	2015. KM thousand
Other expenses		
Losses from write off of receivables	281	431
Losses from sales of fixed assets and intangible assets	31	23
Losses from sales of equity investments	120	252
Losses from sales of material assets	2,415	2,066
Losses on disposal and write-off of fixed assets	6	104
Expenses from impairment of financial assets	1,388	360
Expenses from litigations and out of court settlement	156	2,121
Shortages	2	3
Other expenses	431	545
	4,830	**5,905**
Loss on other income and expenses	**(535)**	**(1,736)**

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

7. PRIHODI I RASHODI OD PROMJENE VRIJEDNOSTI IMOVINE I OBAVEZA

	2016. KM hiljada	2015. KM hiljada
Prihodi od promjene vrijednosti imovine i obaveza		
Prihodi po osnovu promjene vrijednosti HOV	190	1.277
Prihodi po osnovu pozitivnih kursnih razlika	8.195	10.434
	8.385	**11.711**
Rashodi od promjene vrijednosti imovine i obaveza		
Rashodi po osnovu promjene vrijednosti HOV	265	570
Rashodi po osnovu promjena vrijednosti osnovnih sredstava	28	
Rashodi po osnovu negativnih kursnih razlika	4.616	7.113
	4.909	**7.683**
Dobitak po osnovu promjene vrijednosti imovine i obaveza	**3.476**	**4.028**

8. POREZ NA DOBIT

Tekući porez na dobit za 2016. godinu obračunat je primjenom poreske stope od 10% na oporezivu dobit prikazanu u poreskom bilansu za poreske obveznike u Republici Srpskoj i Federacije Bosne i Hercegovine za Filijalu koja posluju na području Federacije Bosne i Hercegovine.

Komponente poreza na dobit za 2016. godinu su:

	2016. KM hiljada	2015. KM hiljada
Tekući porez na dobit	1.664	1.726
Odložena poreska sredstva (Napomena 15)	(48)	(93)
Odložene poreske obaveze (Napomena 19)	57	76
Ukupno	**1.673**	**1.709**

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

7. INCOME AND EXPENSES FROM CHANGE OF VALUE OF ASSETS AND LIABILITIES

	2016. KM thousand	2015. KM thousand
Income from change in value of assets and liabilities		
Income from change in fair value of securities	190	1.277
Income from foreign exchange gains	8.195	10.434
	8.385	**11.711**
Expenses from change in value of assets and liabilities		
Expenses from change in fair value of securities	265	570
Expenses from change in value of fixed assets	28	-
Expenses from foreign exchange losses	4.616	7.113
	4.909	**7.683**
Profit from change in value of assets and liabilities		
Income from change in value of assets and liabilities	**3.476**	**4.028**

8. INCOME TAX

Current tax for the year ended on 31 December 2016 was calculated by applying the rate of 10% on taxable income reported in the Tax return for Tax authorities of the Republic of Srpska and Federation of Bosnia and Herzegovina for business unit operating in Federation of Bosnia and Herzegovina.

The components of the income tax expense for the year ended 31 December 2016 are:

	2016. KM thousand	2015. KM thousand
Current income tax	1,664	1,726
Deferred tax assets (Note 15)	(48)	(93)
Deferred tax liabilities (Note 19)	57	76
Total	**1,673**	**1,709**

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

Usaglašavanjem pozicija iz poreskog bilansa (prihoda, troškova i osnovice za oporezivanje) sa poreskom stopom važećom u Republici Srpskoj za 2016. i 2015. godinu porez na dobit može se dalje analizirati na sljedeći način:

	2016. KM hiljada	2015. KM hiljada
Dobit prije oporezivanja	**14.745**	**13.779**
Računovodstveni rezultat pomnožen propisanom poreskom stopom od 10%	1.475	1.378
Poreski efekti troškova i prihoda koji se ne priznaju za svrhe poreza na dobit	189	348
Odložen porez na dobit	9	(17)
Porez na dobit iskazan u bilansu uspjeha	**1.673**	**1.709**

Odloženi porez na dobit za 2016 .godinu iznosi 9 hiljada KM (2015.: (17) hiljada KM) a isti obuhvata odložene poreske obaveze u iznosu od 57 hiljada KM i odložena poreska sredstva u iznosu od 48 hiljade KM.

Na dan 31. decembra 2016. godine odložena poreska obaveza preko kapitala iznosi 41 hiljadu KM i odnosi se na revalorizacione rezerve po osnovu svođenja hartija od vrenosti raspoloživih za prodaju na fer vrednost.

9. ZARADA PO AKCIJI

Osnovna zarada po akciji izračunava se dijeljenjem neto dobiti koja pripada akcionarima, vlasnicima običnih akcija Banke, ponderisanim prosječnim brojem izdatih običnih akcija u toku izvještajnog perioda.

	2016.	2015.
Neto dobit koja se odnosi na vlasnike običnih akcija Banke	13.072.309	12.069.724
Ponderisani prosječni broj običnih akcija	115.097.582	104.204.656
Zarada po akciji	0,114	0,116

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation between tax balance sheet positions (income, expenses and tax basis) with tax rate applicable in Republic of Srpska for the year 2016 and 2015 can be analyzed as follows:

	2016. KM thousand	2015. KM thousand
Profit before tax	**14,745**	**13,779**
Accounting profit multiplied by the applicable tax rate of 10%	1,475	1,378
Tax effect on expenses not deductible for income tax purposes	189	348
Deferred income tax	9	(17)
Income tax expense reported in the income statement	**1,673**	**1,709**

Deferred tax expense for 2016 is KM 9 thousand (2015: KM (17) thousand), and it includes a deferred tax liability in the amount of KM 57 thousand and deferred tax assets in the amount of KM 48 thousand.

On 31 December 2016 the deferred tax liability through equity amounts to KM 41 thousand and relates to the revaluation reserve arising from revaluation of securities available for sale to fair value.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit which belongs to shareholders, owners of ordinary shares of the Bank, weighted average number of ordinary shares during the reporting period.

	2016.	2015.
Net profit from owners of ordinary shares	13,072,309	12,069,724
Weighted average number of ordinary shares	115,097,582	104,204,656
Earnings per share	0,114	0,116

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

10. GOTOVINA, GOTOVINSKI EKVIVALENTI, ZLATO I POTRAŽIVANJA IZ OPERATIVNOG POSLOVANJA

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Gotovina, gotovinski ekvivalenti i zlato		
Blagajna u domaćoj valuti	15.937	13.748
Blagajna u stranoj valuti	30.992	21.012
Žiro račun poslovne jedinice	1.530	1.377
Devizni računi kod ino banaka - izdvojeni depozit	1.467	1.076
Devizni računi kod ino banaka	100.244	5.923
	150.170	**43.136**
Ostala potraživanja	12.592	11.274
Ispravka vrijednosti za ostala potraživanja	(1.068)	(1.044)
	11.524	**10.230**
Ukupno	**161.694**	**53.366**

Devizna novčana sredstva u iznosu od 1.467 hiljada KM su izdvojena sredstva na računu kod DeutscheBank na ime obezbjeđenja kontra-garancija.

Ostala potraživanja se odnose na sljedeće:

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Dati avansi po drugim osnovama	2.544	3.156
Potraživanja od zaposlenih (za naknadu štete i sl.)	131	135
Potraživanja za plaćanja po garanciji	1.235	979
Namjenski depozit za obavljanje platnih transakcija sa karticama	2.470	1.880
Potraživanja za izvršena plaćanja po karticama Fonda solidarnosti		1
Potraživanja iz operativnog poslovanja po osnovu gotovinskih isplata na ATM bankomatima za isplate dana 31.12.2016. godine nakon popisa	2.025	1.734
Potraživanja za izvršena plaćanja po karticama Nove banke	1.620	423
Potraživanja za date depozite na ime licitacije za sudske sporove	141	290
Čekovi u stranoj valuti	2	43
Potraživanja po osnovu naknada koje se refundiraju	307	496
Ostala potraživanja iz operativnog poslovanja	450	342
Ostala potraživanja iz operativnog poslovanja po osnovu minusnog salda	251	260
Ostala potraživanja od klijenata banke	882	957
Potraživanja za više plaćen porez iz dobiti	155	265
Ostala potraživanja iz poslovnih odnosa	379	313
Ukupno	**12.592**	**11.274**
Ispravka vrijednosti	(1.068)	(1.044)
Neto vrijednost ostalih potraživanja	**11.524**	**10.230**

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

10. CASH, CASH EQUVIVALENTS, GOLD AND INCOME FROM OPERATING BUSINESS

	31.12.2016. KM thousand	31.12.2015. KM thousand
Cash, cash equivalents and gold		
Cash in hand – local currency	15,937	13,748
Cash in hand – foreign currency	30,992	21,012
Gyro account	1,530	1,377
Foreign currency account with foreign banks – deposit	1,467	1,076
Foreign currency account with foreign banks	100,244	5,923
	150,170	**43,136**
Other receivables	12,592	11,274
Impairment for other receivables	(1,068)	(1,044)
	11,524	**10,230**
Total	**161,694**	**53,366**

Foreign currency account with foreign banks of 1,467 KM thousand are funds on account at Deutsche Bank for counter-guarantees.

Other receivables are:

	31.12.2016. KM thousand	31.12.2015. KM thousand
Advances on other grounds	2,544	3,156
Staff receivables (for damages, etc.)	131	135
Receivables for payment under guarantees	1,235	979
Deposit in dedicated fund for financial transactions with cards	2,470	1,880
Receivables from realized payments with Solidarity Fund cards		1
Receivables from operating activities on the basis of cash payments on ATMs, for payments on 31 December 2016 after inventory	2,025	1,734
Receivables for payments made by credit cards of Nova banka	1,620	423
Receivables on given deposits for auction for litigation	141	290
Cheques in foreign currency	2	43
Receivables which are refunded	307	496
Other receivables from operating activities	450	342
Other receivables from operating activities for negative balance on accounts	251	260
Other receivables from bank's clients	882	957
Receivables for overpaid income from profit	155	265
Receivables for payments of other banks' payment cards	379	313
Other operating receivables	**12,592**	**11,274**
Total	(1,068)	(1,044)
Allowance for impairment	**11,524**	**10,230**

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

Promjene na ispravkama vrijednosti su sljedeće:

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Stanje na početku godine	1.044	1.092
Ispravke vrijednosti u tekućoj godini (Napomena 5a)	485	487
Ukidanja ispravke vrijednosti (Napomena 5a)	(11)	(28)
Isknjižavanje ispravke vrednosti	(450)	(507)
Stanje na dan 31. Decembra	**1.068**	**1.044**

11. DEPOZITI I KREDITI U DOMAĆOJ I STRANOJ VALUTI

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Depoziti i krediti u domaćoj valuti – sredstva kod Centralne banke BiH	207.507	117.851
Ukupno	**207.507**	**117.851**

U okviru sredstava rezervi kod Centralne banke Bosne i Hercegovine sadržana je obračunata obavezna rezerva za period održavanja od 21. do 31. decembra 2016. godine. Prosječno stanje računa rezervi za navedeni period iznosi 194.233 hiljade KM i uključuje prosječnu obaveznu rezervu u iznosu od 147.912 hiljade KM i iznos veći od obavezne rezerve u iznosu od 46.321 hiljadu KM.

Obavezna rezerva je izdvojena u skladu sa Odlukama Centralne banke Bosne i Hercegovine o utvrđivanju i održavanju obaveznih rezervi i utvrđivanju naknade na iznos rezervi, koja propisuje osnovicu za obračun obavezne rezerve, obračunski period, stopu obavezne rezerve, kao i obračun naknade banci za iznos sredstava na računu rezervi kod Centralne banke Bosne i Hercegovine.

Osnovicu za obračun obavezne rezerve čine depoziti i pozajmljena sredstva, bez obzira u kojoj su valuti sredstva izražena. Obavezna rezerva se obračunava prema stanju tih sredstava na kraju svakog radnog dana u toku obračunskog perioda, koji prethodi periodu obračuna. Obračunski period (period obračuna obaveznih rezervi) počinje svakog mjeseca prvog, jedanaestog i dvadesetprvog dana, a završava se desetog, dvadesetog i posljednjeg dana u mjesecu. Banka je obavezna da nakon svakog obračunskog perioda, a najkasnije u roku od tri dana po isteku perioda obračuna i dostavi Centralnoj banci Bosne i Hercegovine izvještaj o stanju svojih depozita i pozajmljenih sredstava izraženih u konvertibilnim markama.

Odlukom i Odlukom o izmjenama Odluke o utvrđivanju i održavanju obaveznih rezervi i utvrđivanju naknade na iznos rezervi (Službeni glasnik RS 74/14 i 29/15), definisano je da stopa obavezne rezerve koju primjenjuje Centralna banka BiH iznosi 10% na depozite i pozajmljena sredstva sa ugovorenim rokom dospjeća do jedne godine (kratkoročni depoziti i pozajmljena sredstva) i 7% na depozite i pozajmljena sredstva sa ugovorenim dospjećem preko jedne godine (dugoročni depoziti i pozajmljena sredstva).

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

Changes in impairment:

	31.12.2016. KM thousand	31.12.2015. KM thousand
Balance at the beginning of the year	1,044	1,092
Additional allowance of impairment during the year (Note 5a)	485	487
Reversal of impairment (Note 5a)	(11)	(28)
Write-offs	(450)	(507)
Balance on December 31	**1,068**	**1,044**

11. DEPOSITS AND LOANS IN LOCAL AND FOREIGN CURRENCY

	31.12.2016. KM thousand	31.12.2015. KM thousand
Deposits and loans in local currency – funds with the Central Bank	207,507	117,851
Total	**207,507**	**117,851**

Within reserves with Central Bank of Bosnia and Herzegovina mandatory reserve for the maintenance period of 21 to 31 December 2016 is included. The average mandatory reserve requirement for the specified period amounting to KM 194,233 thousand includes the average mandatory reserve to one year of KM 147,912 thousand and the amount greater than mandatory reserve of KM 46,321 thousand.

The mandatory reserve is maintained in the manner defined by the Decision of the Central Bank of Bosnia and Herzegovina on determination and maintenance of mandatory reserves and determination of fee on the reserves, whereby the following are prescribed: the basis for mandatory reserve calculation, calculation period, mandatory reserve rate, as well as calculation of fee for the mandatory reserve account with the Central Bank of Bosnia and Herzegovina.

Deposits and funds borrowed represent the basis for calculating the mandatory reserve, regardless of their currency. The mandatory reserve is calculated according to the balance at the end of each working day during the calculation period, proceeding the maintenance period. The period for calculating the mandatory reserve begins on 1st, 11th and 21st day of each month and concludes on 10th, 20th and the last day in a month. The Bank is obligated to submit a report to the Central bank on the balance of its deposits and borrowings denominated in KM, within three days after the end of the period.

In accordance with the Decision on determining and maintaining obligatory reserves and determination of fee on the reserves (Official Gazette RS 74/14 and 29/15), the mandatory reserve rate applied by the Central bank is 10% on deposits and borrowed funds with agreed maturity up to one year (short-term deposits and borrowed funds) and 7% on deposits and borrowed funds with agreed maturity over one year (long-term deposits and borrowed funds).

FINANSIJSKI IZVJEŠTAJ

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U skladu sa navedenim Odlukama, Centralna banka obračunava naknadu na iznos sredstava na računu rezerve u obračunskom periodu na iznos obavezne rezerve po stopi koja je jednaka prosjeku EONIA-e koji je u istom periodu zabilježen na tržištu umanjen za 10 baznih poena ili minimum nula, dok je naknada na iznos sredstava iznad obavezne rezerve nulta stopa naknade. Nulta stopa naknade na obaveznu rezervu primjenjuje se i u slučaju da je prosječna EONIA umanjenaza 10 baznih poena imala negativnu vrijednost.

Od 01.jula 2016.godine u primjeni je novi način obračuna obavezne rezerve i naknade na iznos rezervi.

Odlukom o utvrđivanju i održavanju obaveznih rezervi i utvrđivanju naknade na iznos rezervi (Službeni glasnik RS 33/16) te Odlukom o dopuni Odluke o utvrđivanju i održavanju obaveznih rezervi i utvrđivanju naknade na iznos rezervi (Službeni glasnik RS 55/16), definisano je da stopa obavezne rezerve koju primjenjuje Centralna banka BiH iznosi 10% na depozite i pozajmljena sredstva.

U skladu sa navedenim Odlukama, Centralna banka obračunava naknadu na iznos sredstava iznad obavezne rezerve po stopi koja je jednaka 50% stope koju primjenjuje Evropska centralna banka na depozite komercijalnih banaka (Deposit Facility Rate). Ukoliko u toku perioda održavanja dođe do promjene vrijednosti Deposit Facility Rate primjenjuje se stopa koja je važila na prvi dan perioda održavanja tokom kojeg je došlo do promjene Deposit Facility Rate.

12. POTRAŽIVANJA ZA KAMATU I NAKNADU, POTRAŽIVANJA PO OSNOVU PRODAJE I DRUGA POTRAŽIVANJA

	31.12.2016.	31.12.2015.
	KM hiljada	*KM hiljada*
Potraživanja za kamatu i naknadu	8.701	9.210
Druga potraživanja	1.757	1.378
	10.458	**10.588**
Ispravka vrijednosti	(4.849)	(4.513)
Ukupno	**5.609**	**6.075**

Promjene na ispravkama vrijednosti su sljedeće:

	31.12.2016.	31.12.2015.
	KM hiljada	*KM hiljada*
Stanje na početku godine	4.513	3.656
Ispravke vrijednosti u tekućoj godini (Napomena 5a)	917	1.478
Ukidanja ispravke vrijednosti (Napomena 5a)	(581)	(621)
Stanje na kraju godine	**4.849**	**4.513**

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In line with these Decisions, the compensation amount that Central bank calculates for the funds in the reserve account at a rate that is equal to the average EONIA that was recorded on the market for the same period decreased by 10 basis points or a minimum of zero, while the fee to the amount of excess reserves zero rate of compensation. Zero rate of compensation on required reserves is also applied in the case that the average EONIA decreased by 10 basis points had a negative value.

Starting from 1st of July 2016, the Bank applies new method for calculating reserve requirements and fees on reserves.

In accordance with the Decision on determining and maintaining obligatory reserves and determination of fee on the reserves (Official Gazette RS 33/16) and Amended Decision (Official Gazette RS 5/16), the mandatory reserve rate applied by the Central bank is 10% on deposits and borrowed funds.

In accordance with these decisions, the Central Bank charges a fee in the amount of excess reserves at the rate equal to the 50% rate applied by the European Central Bank on the deposits of commercial banks (Deposit Facility Rate). If, during the period of a maintanance the value of Deposit Facility Rate changes, the applied rate will be the one valid on the first day of the maintenance period in which the change of the Deposit Facility Rate occurred.

12. RECEIVABLES FOR INTEREST AND FEES AND OTHER RECEIVABLES

	31.12.2016. *KM thousand*	31.12.2015. *KM thousand*
Receivables for interest and fees	8,701	9,210
Other receivables	1,757	1,378
	10,458	**10,588**
Impairment	(4,849)	(4,513)
Total	**5,609**	**6,075**

Impairment changes are:

	31.12.2016. *KM thousand*	31.12.2015. *KM thousand*
Balance at the beginning of the year	4,513	3,656
Additional allowance of impairment during the year(Note 5a)	917	1,478
Reversal of impairment (Note 5a)	(581)	(621)
Balance at the end of the year	**4,849**	**4,513**

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13. DATI KREDITI I DEPOZITI

a) Pregled po korisnicima kredita

	Kratkoročni	Dugoročni	Ukupno 31.12.2016.	Kratkoročni	Dugoročni	Ukupno 31.12.2015.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Dati krediti:						
- Preduzeća	101.049	346.204	447.253	119.796	382.579	502.375
- Javna i državna preduzeća	3.282	75.103	78.385	4.398	86.946	91.344
- Vlada	889	149.595	150.484	4.950	172.843	177.793
- Stanovništvo	23.919	394.392	418.311	26.889	406.676	433.565
- Ostali komitenti	1.728	3.800	5.528	2.499	1.650	4.149
Krediti i plasmani komitentima (bruto)	**130.867**	**969.094**	**1.099.961**	**158.532**	**1.050.694**	**1.209.226**
Ispravka vrijednosti	(3.061)	(21.088)	(24.149)	(2.543)	(16.914)	(19.457)
Krediti i plasmani komitentima (neto)	**127.806**	**948.006**	**1.075.812**	**155.989**	**1.033.780**	**1.189.769**

b) Ročnost dospijeća kredita

Ročnost dospijeća kredita klijentima, prema roku dospijeća, sa stanjem na dan 31. decembar je sljedeća:

	31.12.2016.	31.12.2015.
	KM hiljada	*KM hiljada*
Do 30 dana	25.808	30.394
Od 1 do 3 mjeseca	52.714	73.297
Od 3 do 12 mjeseci	247.150	238.832
Od 1 do 5 godina	530.071	579.059
Preko 5 godina	244.218	287.644
Krediti korisnicima na dan 31. decembra (bruto)	**1.099.961**	**1.209.226**
Ispravka vrijednosti	(24.149)	(19.457)
Krediti korisnicima na dan 31. decembra(neto)	**1.075.812**	**1.189.769**

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13. LOANS AND DEPOSITS

a) Summary by type of loans:

	Short-term	Long-term	Total 2016	Short-term	Long-term	Total 2015
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Loans to:						
- Corporate customers	101,049	346,204	447,253	119,796	382,579	502,375
- State and local authorities	3,282	75,103	78,385	4,398	86,946	91,344
- Government	889	149,595	150,484	4,950	172,843	177,793
- Retail customers	23,919	394,392	418,311	26,889	406,676	433,565
- Other customers	1,728	3,800	5,528	2,499	1,650	4,149
Loans and advances to customers, gross	**130,867**	**969,094**	**1,099,961**	**158,532**	**1,050,694**	**1,209,226**
Allowance for impairment losses	(3,061)	(21,088)	(24,149)	(2,543)	(16,914)	(19,457)
Loans and advances to customers, net	**127,806**	**948,006**	**1,075,812**	**155,989**	**1,033,780**	**1,189,769**

b) Maturities of loans to customers

Maturity structure of loans to customers in terms of the remaining maturity as at 31 December 2016 is as follows:

	31.12.2016.	31.12.2015.
	KM thousand	*KM thousand*
Up to 30 days	25,808	30,394
From 1 to 3 months	52,714	73,297
From 3 to 12 months	247,150	238,832
From 1 to 5 years	530,071	579,059
Over 5 years	244,218	287,644
Loans and advances to customers, gross	**1,099,961**	**1,209,226**
Impairment	(24,149)	(19,457)
Loans and advances to customers, net	**1,075,812**	**1,189,769**

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c) Koncentracija kredita korisnicima

Koncentracija ukupno plasiranih sredstava komitentima od strane Banke, na dan 31. decembar po granama djelatnosti je sljedeća:

	31.12.2016. *KM hiljada*	31.12.2015. *KM hiljada*
Poljoprivreda, lov i ribolov	31.835	30.540
Rudarstvo i industrija	150.442	206.896
Građevinarstvo	57.272	53.633
Trgovina	184.404	196.737
Usluge, turizam i ugostiteljstvo	24.464	23.152
Transport, skladištenje, telekomunikacije	13.919	17.360
Finansije	20.915	20.863
Trgovina nekretninama	19.219	13.840
Administracija, druge javne usluge	155.225	184.280
Ostalo	442.266	461.925
	1.099.961	**1.209.226**
Ispravka vrijednosti	(24.149)	(19.457)
Neto krediti	**1.075.812**	**1.189.769**

d) Promjene na ispravkama vrijednosti kredita su sljedeće:

	31.12.2016. *KM hiljada*	31.12.2015. *KM hiljada*
Stanje na početku godine	19.457	20.713
Ispravke vrijednosti u tekućoj godini (Napomena 5a)	12.563	12.964
Ukidanja ispravke vrijednosti (Napomena 5a)	(7.871)	(14.220)
Stanje na dan 31. Decembra	**24.149**	**19.457**

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b) Maturities of loans to customers

As at 31 December 2016 the concentration of the Bank's total placements to customers by industries is following:

	31.12.2016. *KM thousand*	31.12.2015. *KM thousand*
Agriculture, hunting and fishing	31,835	30,540
Mining and industry	150,442	206,896
Civil construction	57,272	53,633
Trade	184,404	196,737
Services, tourism and catering	24,464	23,152
Transportation, warehousing, telecommunication	13,919	17,360
Finance	20,915	20,863
Real estate trading	19,219	13,840
Administration and other public services	155,225	184,280
Other	442,266	461,925
Loans and advances to customers, gross	**1,099,961**	**1,209,226**
Impairment	(24,149)	(19,457)
Loans and advances to customers, net	**1,075,812**	**1,189,769**

d) Changes in impairments were as follows:

	31.12.2016. *KM thousand*	31.12.2015. *KM thousand*
Balance at beginning of the year	19,457	20,713
Additional allowance of impairment during the year (Note 5a)	12,563	12,964
Reversal of impairment (Note 5a)	(7,871)	(14,220)
Balance as at 31 December	**24,149**	**19,457**

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14. HARTIJE OD VRIJEDNOSTI

U sljedećoj tabeli dat je pregled hartija od vrijednosti po namjeni:

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Hartije od vrijednosti za trgovanje trgovanju		
Obveznice Republike Srpske	-	76.704
Obveznice stare devizne štednje Republike Srpske	-	3.308
Obveznice ratne štete Republike Srpske	-	4.802
Ostale hartije od vrijednosti drugih pravnih lica	4.115	4.350
Neto vrijednost na dan 31. Decembra	**4.115**	**89.164**
Hartije od vrijednosti raspoložive za prodaju namenjene trgovanju		
Obveznice Republike Srpske	111.529	-
Obveznice stare devizne štednje Republike Srpske	2.423	-
Obveznice ratne štete Republike Srpske	4.725	-
Neto vrijednost na dan 31. Decembra	**118.677**	**-**
Hartije od vrijednosti koje se drže do dospijeća		
Obveznice Republike Srpske	91	104
Ostale obveznice	74	96
Neto vrijednost na dan 31. Decembra	**165**	**200**
Učešća u kapitalu i ostale hartije od vrijednosti raspoložive za prodaju		
Učešća u kapitalu	2.028	2.028
Ispravka vrijednosti	(814)	(814)
Neto vrijednost na dan 31. Decembra	**1.214**	**1.214**
Stanje na dan 31. Decembra	**124.171**	**90.578**

Kao što je u Napomeni 2.2.2. (finansijski instrumenti) uz finansijske izvještaje navedeno, Banka je na dan 31. marta 2016. godine, hartije od vrijednosti u iznosu od 81.953 hiljade KM, koje su inicijalno klasifikovane kao finansijska sredstva radi trgovanja po fer vrijednosti kroz bilans uspjeha, reklasifikovala na hartije od vrijednosti raspoložive za prodaju za koje Banka ima nameru da ih drži u doglednoj budućnosti ili do dospjeća. Na datum reklasifikacije, hartije od vrijednosti za trgovanje reklasifikovane su po fer vrijednosti, i fer vrijednost na datum reklasifikacije postaje nabavna vrijednost hartija od vrijednosti raspoloživih za prodaju. Reklasifikacija hartija od vrijednosti namenjenih za prodaju kroz bilans uspjeha na hartije od vrijednosti raspoloživih za prodaju, odnosi se na sedam emisija obveznica Republike Srpske u ukupnom iznosu od 74.285 hiljada KM, na devet emisija obveznica Republike Srpske po osnovu ratne štete u ukupnom iznosu od 4.742 hiljade KM i na tri emisije obveznica Republike Srpske po osnovu stare devizne štednje u iznosu od 2.926 hiljade KM.

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14. SECURITIES

Classification of securities by type of use is given in following table:

	31.12.2016. KM thousand	31.12.2015. KM thousand
Securities held for trading		
Bonds of the Republic of Srpska	-	76,704
Old saving bonds of the Republic of Srpska	-	3,308
War damage bonds of the Republic of Srpska	-	4,802
Bonds of other legal entities	4,115	4,350
Net value on December 31	**4,115**	**89,164**
Securities available for sale		
Bonds of the Republic of Srpska	111,529	-
Old saving bonds of the Republic of Srpska	2,423	-
War damage bonds of the Republic of Srpska	4,725	-
Net value on December 31	**118,677**	**-**
Securities held until maturity		
Bonds of the Republic of Srpska	91	104
Other bonds	74	96
Net value on December 31	**165**	**200**
Investments in capital and other securities available for trading		
Investment in capital	2,028	2,028
Impairment	(814)	(814)
Net value on December 31	**1,214**	**1,214**
Balance on December 31	**124,171**	**90,578**

As explained in the Note 2.2.2. (financial instruments), on 31 March 2016, securities in the amount of KM 81,953 thousand, which were initially classified as financial assets for trading at fair value through income statement, were reclassified by Bank to securities available for sale with the intention to hold them for the foreseeable future or until maturity. At the date of reclassification, securities which are held for trading were reclassified at fair value and the fair value at the date of reclassification became its cost value of securities available for sale. This reclassification refers to seven issues of bonds of the Republic of Srpska in total amount of KM 74,285 thousand, nine issues of war damage bonds of the Republic of Srpska amounted KM 4,742 thousand and three issues of old saving bonds of the Republic of Srpska amounted KM 2,926 thousand.

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Pregled Obveznica Republike Srpske sa stanjem na dan 31. decembra 2016. godine je prikazan u sljedećoj tabeli:

NazivHoV	Datum kupovine	Datum dospjeća	Kamatna stopa	Nominalna vrijednost (KM hiljada)	Ostupanje od fer vrijednosti (KM hiljada)	Stanje na dan 31.12.2016. (KM hiljada)
Obveznice RS	15.11.2011.	18.11.2018.	5,00%	27.150	2.292	29.442
Obveznice RS	24.09.2014.	24.09.2018.	6,00%	1.500	43	1.543
Obveznice RS	03.12.2014.	03.12.2019.	5,50%	4.369	119	4.488
Obveznice RS	08.12.2014.	18.06.2019.	6,00%	1.800	67	1.867
Obveznice RS	11.03.2015.	11.03.2019.	4,50%	7.500	56	7.556
Obveznice RS	08.07.2015.	08.07.2019.	4,00%	4.838	-5	4.833
Obveznice RS	21.10.2015.	21.10.2020.	4,25%	16.000	242	16.242
Obveznice RS	07.09.2016.	07.09.2023.	4,50%	24.965	-	24.965
Obveznice RS	07.12.2016.	07.12.2023.	4,50%	20.000	593	20.593
Ukupno				**108.122**	**3.407**	**111.529**

Pregled Obveznica Republike Srpske stare devizne štednje (RSDS) sa stanjem na dan 31. decembra 2016. godine je prikazan u sljedećoj tabeli:

NazivHoV	Datum kupovine	Datum dospjeća	Kamatna stopa	Nominalna vrijednost (KM hiljada)	Ostupanje od fer vrijednosti (KM hiljada)	Stanje na dan 31.12.2016. (KM hiljada)
Obveznice RSDS	16.10.2014	05.09.2017	2,50%	19	8	27
Obveznice RSDS	14.10.2014	30.07.2018	2,50%	613	228	841
Obveznice RSDS	04.04.2016	15.09.2019	2,50%	1.383	172	1.555
Ukupno				**2.015**	**408**	**2.423**

Pregled Obveznica Republike Srpske ratne štete (RSRS) sa stanjem na dan 31. decembra 2016. godine je prikazan u sljedećoj tabeli:

Naziv HoV	Datum kupovine	Datum dospjeća	Kamatna stopa	Nominalna vrijednost (KM hiljada)	Odstupanje od fer vrijednosti (KM hiljada)	Stanje na dan 31.12.2016. (KM hiljada)
Obveznice RSRS	31.03.2016	27.06.2023	1,50%	486	103	589
Obveznice RSRS	30.06.2016	15.12.2023	1,50%	340	43	383
Obveznice RSRS	30.06.2016	25.10.2023	1,50%	526	86	612
Obveznice RSRS	31.03.2016	15.06.2024	1,50%	506	72	578
Obveznice RSRS	30.06.2016	09.06.2025	1,50%	297	53	350
Obveznice RSRS	30.06.2016	31.05.2025	1,50%	533	86	619
Obveznice RSRS	31.03.2016	24.12.2025	1,50%	515	59	574
Obveznice RSRS	31.03.2016	25.09.2026	1,50%	498	59	557
Obveznice RSRS	30.06.2016	26.09.2027	1,50%	419	44	463
Ukupno				**4.120**	**605**	**4.725**

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List of bonds of the Republic of Srpska as at 31 December 2016 is presented in following table:

Securities	Date of purchase	Maturity date	Interest rate	Nominal value (KM thousand)	Fair value adjustment (KM thousand)	Balance on 31 December 2016 (KM thousand)
Bonds of RS	15.11.2011.	18.11.2018.	5,00%	27,150	2,292	29,442
Bonds of RS	24.09.2014.	24.09.2018.	6,00%	1,500	43	1,543
Bonds of RS	03.12.2014.	03.12.2019.	5,50%	4,369	119	4,488
Bonds of RS	08.12.2014.	18.06.2019.	6,00%	1,800	67	1,867
Bonds of RS	11.03.2015.	11.03.2019.	4,50%	7,500	56	7,556
Bonds of RS	08.07.2015.	08.07.2019.	4,00%	4,838	-5	4,833
Bonds of RS	21.10.2015.	21.10.2020.	4,25%	16,000	242	16,242
Bonds of RS	07.09.2016.	07.09.2023.	4,50%	24,965	-	24,965
Bonds of RS	07.12.2016.	07.12.2023.	4,50%	20,000	593	20,593
Total				**108,122**	**3,407**	**111,529**

List of old saving bonds from war damage of Republic of Srpska as at 31 December 2016 is presented in following table:

Securities	Date of purchase	Maturity date	Interest rate	Nominal value (KM thousand)	Fair value adjustment (KM thousand)	Balance on 31 December 2016 (KM thousand)
Bonds RSDS	16.10.2014	05.09.2017	2,50%	19	8	27
Bonds RSDS	14.10.2014	30.07.2018	2,50%	613	228	841
Bonds RSDS	04.04.2016	15.09.2019	2,50%	1,383	172	1,555
Total				**2,015**	**408**	**2,423**

List of bonds from war damage of Republic of Srpska as at 31 December 2016 is presented in following table:

Securities	Date of purchase	Maturity date	Interest rate	Nominal value (KM thousand)	Fair value adjustment (KM thousand)	Balance on 31 December 2016 (KM thousand)
Bonds RSRS	31.03.2016	27.06.2023	1,50%	486	103	589
Bonds RSRS	30.06.2016	15.12.2023	1,50%	340	43	383
Bonds RSRS	30.06.2016	25.10.2023	1,50%	526	86	612
Bonds RSRS	31.03.2016	15.06.2024	1,50%	506	72	578
Bonds RSRS	30.06.2016	09.06.2025	1,50%	297	53	350
Bonds RSRS	30.06.2016	31.05.2025	1,50%	533	86	619
Bonds RSRS	31.03.2016	24.12.2025	1,50%	515	59	574
Bonds RSRS	31.03.2016	25.09.2026	1,50%	498	59	557
Bonds RSRS	30.06.2016	26.09.2027	1,50%	419	44	463
Total				**4,120**	**605**	**4,725**

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15. OSTALI PLASMANI I AVR

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Otkupljena potraživanja	6.834	36.567
Dospjeli plasmani dugoročnih plasmana u domaćoj valuti	76.979	85.890
Dospeli plasmani za otkupljena potraživanja	3.122	452
Dospjeli plasmani dugoročnih plasmana u stranoj valuti	2.286	2.471
Razgraničena potraživanja za obračunatu kamatu po kreditima	3.035	3.455
Razgraničena potraživanja za obračunatu kamatu po HoV	1.193	974
Razgraničena potraživanja za obračunatu kamat za rentnu štednju	6.955	7.376
Razgraničena potraživanja za unaprijed plaćene troškove	1.279	1.920
Razgraničena potraživanja za obračunate prihode	543	2.311
Ostali plasmani u stranoj valuti	106	63
Ostali plasmani	59	186
Ukupno	**102.391**	**141.665**
Diskont na otkupljena potraživanja	(216)	(384)
Ispravka vrijednosti	(45.414)	(42.436)
Stanje na dan 31. Decembra	**56.761**	**98.845**

Promjene na ispravkama vrijednosti ostalih plasmana bile su sljedeće:

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Stanje na početku godine	42.436	32.711
Ispravke vrijednosti u tekućoj godini (Napomena 5a)	10.147	15.283
Ukidanja ispravke vrijednosti (Napomena 5a)	(7.169)	(5.558)
Stanje na dan 31. Decembra	**45.414**	**42.436**

16. ZALIHE

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Sredstva stečena naplatom potraživanja:		
- zemljište	5.023	1.667
- nekretnine	10.006	12.353
- oprema	2.237	6.671
Ostale zalihe	1.505	1.665
Ukupno	**18.771**	**22.356**
Ispravka vrijednosti sredstva stečenih naplatom potraživanja	(1.493)	(1.665)
Ispravka vrijednosti materijalne imovine (Napomena 5a)	(559)	(581)
Ispravka vrijednosti ostalo	(484)	(465)
Stanje na dan 31. Decembra	**16.235**	**19.645**

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

15. OTHER PLACEMENTS AND ACCRUED INCOME

	31.12.2016. KM thousand	31.12.2015. KM thousand
Factoring	6,834	36,567
Due placements and current maturity of long – term loans in local currency	76,979	85,890
Due factoring receivables	3,122	452
Due placements and current maturity long – term placements in foreign currency	2,286	2,471
Accrued interest on loans	3,035	3,455
Accrued interest securities	1,193	974
Accrued interest for annuity savings	6,955	7,376
Accrued prepaid expenses	1,279	1,920
Accrued income	543	2,311
Other placements in foreign currency	106	63
Other placements	59	186
Total	**102,391**	**141,665**
Discount on purchased receivables	(216)	(384)
Impairment	(45,414)	(42,436)
Balance on December 31	**56,761**	**98,845**

Impairment changes of other placements are:

	31.12.2016. KM thousand	31.12.2015. KM thousand
Balance at the beginning of the year	42,436	32,711
Impairment in current year (Note 5a)	10,147	15,283
Reversal of impairment (Note 5a)	(7,169)	(5,558)
Balance on December 31	**45,414**	**42,436**

16. INVENTORIES

	31.12.2016. KM thousand	31.12.2015. KM thousand
Repossessed assets:		
- land	5,023	1,667
- property	10,006	12,353
- equipment	2,237	6,671
Other inventories	1,505	1,665
Total	**18,771**	**22,356**
Impairment of repossessed asset	(1,493)	(1,665)
Impairment of tangible assets (Note 5a)	(559)	(581)
Impairment of other inventories	(484)	(465)
Balance on December 31	**16,235**	**19,645**

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NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

17. OSNOVNA SREDSTVA I ULAGANJA U NEKRETNINE

Osnovna sredstva i promjene na osnovnim sredstvima u toku 2016. i 2015. godine prikazana su kako slijedi:

	Zemljište	Poslovne zgrade	Oprema i ostala sredstva	Osnovna sredstva u pripremi i avansi	Investicione nekretnine	Ukupno
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
NABAVNA VRIJEDNOST						
Stanje na dan 1.1.2015.	**4.827**	**13.441**	**37.777**	**7.197**	**1.648**	**64.890**
Nova ulaganja	-	-	-	10.002	-	10.002
Prenos	847	3.887	5.905	(10.639)	-	-
Nabavka polovne opreme	-	-	709	-	-	709
Prenos na na inv. nekretnine samaterijalne/steceneaktive	-	(907)	-	-	907	-
Prenos na inv. nekretnine sa materijalne/steceneaktive	-	-	-	-	274	274
Prodaja	-	(99)	(341)	-	(642)	(1.082)
Otpis	-	-	(1.132)	-		(1.132)
Stanje na dan 31.12.2015.	**5.674**	**16.322**	**42.918**	**6.560**	**2.187**	**73.661**
Stanje na dan 1.1.2016.	**5.674**	**16.322**	**42.918**	**6.560**	**2.187**	**73.661**
Nova ulaganja	-	-	-	6.532	-	6.532
Transfer		5.641	4.058	(9.699)	-	-
Nabavka polovne opreme	-	-	121	-	-	121
Prenos na inv. nekretnine sa materijalne/steceneaktive	-	-	-	-	6.507	6.507
Isknjižavanje avansa po odluci				(178)		(178)
Prodaj		(347)	(732)		(584)	(1.663)
Otpis/rashodovanje	-	-	(39)	-		(39)
Stanje na dan 31.12.2016.	**5.674**	**21.616**	**46.326**	**3.215**	**8.110**	**84.941**
ISPRAVKA VRIJEDNOSTI						
Stanje na dan 1.1.2015.	**-**	**807**	**21.837**	**-**	**-**	**22.644**
Amortizacija	-	177	3.369	-	-	3.546
Ispravka vrijednosti za nabavku polovnu opremu	-	-	129	-	-	129
Prodaja	-	(7)	(266)	-	-	(273)
Otpis	-	(33)	(685)	-	-	(718)
Stanje na dan 31.12.2015.	**-**	**944**	**24.384**	**-**	**-**	**25.328**
Stanje na dan 01.01.2016.	**-**	**944**	**24.384**	**-**	**-**	**25.328**
Amortizacija	-	260	3.815	-	-	4.075
Ispravka vrijednosti za nabavku polovnu opremu	-	-	68	-	-	68
Prodaja	-	(12)	(355)	-	-	(367)
Otpis	-		(16)	-	-	(16)
Stanje na dan 31.12.2016.	**-**	**1.192**	**27.896**	**-**	**-**	**29.088**
Neto vrijednost						
Stanje na dan 31.12.2016.	**5.674**	**20.424**	**18.430**	**3.215**	**8.110**	**55.853**
Stanje na dan 31.12.2015.	**5.674**	**15.378**	**18.534**	**6.560**	**2.187**	**48.333**

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NOTES TO THE FINANCIAL STATEMENTS

17. FIXED ASSETS AND INVESTMENT PROPERTLY

Fixed assets and changes in fixed assets in 2016 and 2015 are as follows:

	Land	Building	Equipment and other assets	Fixed assets under construction and advances	Investment property	Total
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Cost						
Balance of 1 January 2015	4,827	13,441	37,777	7,197	1,648	64,890
Additions	-	-	-	10,002	-	10,002
Transfer	847	3,887	5,905	(10,639)	-	-
Additions of used equipment	-	-	709	-	-	709
Transfer to investment property from fixed assets	-	(907)	-	-	907	-
Transfer to investment property from aquired assets	-	-	-	-	274	274
Sales	-	(99)	(341)	-	(642)	(1,082)
Disposal/write offs	-	-	(1,132)	-		(1,132)
Balance of 31 December 2015	5,674	16,322	42,918	6,560	2,187	73,661
Balance of 1 January 2016	5,674	16,322	42,918	6,560	2,187	73,661
Additions	-	-	-	6,532	-	6,532
Transfer		5,641	4,058	(9,699)	-	-
Additions of used equipment	-	-	121	-	-	121
Intangible asset value adjustments (licence)	-	-	-	-	6,507	6,507
Transfer to investment property from aquired assets	-	-	-	(178)	-	(178)
Sale of equipment	-	(347)	(732)	-	(584)	(1,663)
Advances derecognition upon Decision	-	-	(39)	-	-	(39)
Disposal/write offs	5,674	21,616	46,326	3,215	8,110	84,941
Impairment						
Balance on 1 January 2015	-	807	21,837	-	-	22,644
Amortization (Note 6c)	-	177	3,369	-	-	3,546
Impairment of aquired used equipment	-	-	129	-	-	129
Sale of equipment	-	(7)	(266)	-	-	(273)
Disposal/write offs	-	(33)	(685)	-	-	(718)
Balance of 31 December 2015	-	944	24,384	-	-	25,328
Balance on 1 January 2016	-	944	24,384	-	-	25,328
Amortization (Note 6c)	-	260	3,815	-	-	4,075
Impairment of aquired used equipment	-	-	68	-	-	68
Sale of equipment	-	(12)	(355)	-	-	(367)
Disposal/write offs	-	-	(16)	-	-	(16)
Balance of 31 December 2016	-	1,192	27,896	-	-	29,088
Net value						
Balance on 31 December 2016	5,674	20,424	18,430	3,215	8,110	55,853
Balance on 31 December 2015	5,674	15,378	18,534	6,560	2,187	48,333

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NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

Na dan 31. decembra 2016. godine Banka nema građevinske objekte založene kao kolaterale za obezbjeđenje kredita ili ostalih finansijskih obaveza. Banka posjeduje listove nepokretnosti za građevinske objekte.

Uprava Banke smatra da na dan 31. decembra 2016. godine nekretnine i oprema i nematerijalna ulaganja Banke nisu obezvrjeđena.

18. NEMATERIJALNA SREDSTVA

Nematerijalna ulaganja i promjene na nematerijalnim ulaganjima u toku 2016. i 2015. godine prikazana su kako slijedi:

	Nematerijalna sredstva	Licence, softveri	Avansi i nematerijalna ulaganja u pripremi	Ukupno
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*
NABAVNA VRIJEDNOST				
Stanje na dan 1.1.2015. godine	**1.749**	**7.788**	**1.483**	**11.020**
Nova ulaganja	-	-	1.017	1.017
Transfer	14	376	(390)	-
Rashodovanje	-	-	-	-
Stanje na dan 31.12.2015.godine	**1.763**	**8.164**	**2.110**	**12.037**
Stanje na dan 1.1.2016.godine	**1.763**	**8.164**	**2.110**	**12.037**
Nova ulaganja	-	-	702	702
Transfer	-	196	(196)	-
Usklađivanje upotrebne vrednosti nematerijalnog sredstva (licenca)	-	93	-	**93**
Prodaja	-	-	-	-
Rashodovanje	-	-	-	-
Stanje na dan 31.12.2016.godine	**1.763**	**8.453**	**2.616**	**12.832**
ISPRAVKA VRIJEDNOSTI				
Stanje na dan 1.1.2015.godine	**1.589**	**5.728**	**-**	**7.317**
Usdaglašavanje	-	-	-	-
Amortizacija	53	774	-	827
Rashodovanje	-	-	-	-
Stanje na dan 31.12.2015.godine	**1.642**	**6.502**	**-**	**8.144**
Stanje na dan 1.1.2016.godine	**1.642**	**6.502**	**-**	**8.144**
Amortizacija	51	780	-	831
Usklađivanje upotrebne vrednosti nematerijalnog sredstva (licenca)		22	-	23
Rashodovanje	-	-	-	-
Stanje na dan 31.12.2016.godine	**1.693**	**7.304**	**-**	**8.997**
Neto vrijednost				
Stanje na dan 31.12.2016.godine	**70**	**1.149**	**2.616**	**3.835**
Stanje na dan 31.12.2015.godine	**121**	**1.662**	**2.110**	**3.893**

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

As of 31 December 2016 the Bank has no buildings pledged as collateral for borrowings or other financial liabilities. The Bank has cadastral registration list for buildings.

The Management of the Bank considers that the Bank's property, equipment and intangible assets in use as at 31 December 2016 are not impaired.

18. INTANGIBLE ASSETS

Intangible assets and changes in intangible assets in 2016 and 2015 are as follows:

	Intangible assets	License and software	Advances and Intangible assets in preparation	Total
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*
COST				
Balance on 1 January 2015	1,749	7,788	1,483	11,020
Additions	-	-	1,017	1,017
Transfer	14	376	(390)	-
Write off	-	-	-	-
Balance on 31 December 2015	1,763	8,164	2,110	12,037
Balance on 1 January 2016	1,763	8,164	2,110	12,037
Additions	-	-	702	702
Transfer	-	196	(196)	-
Adjustments (licence)	-	93	-	93
Disposals	-	-	-	-
Write off	-	-	-	-
Balance on 31 December 2016	1,763	8,453	2,616	12,832
IMPAIRMENT				
Balance on 1 January 2015	1,589	5,728	-	7,317
Reconciliation	-	-	-	-
Amortization	53	774	-	827
Write off	-	-	-	-
Balance on 31 December 2015	1,642	6,502	-	8,144
Balance on 1 January 2016	1,642	6,502	-	8,144
Amortization	51	780	-	831
Adjustments (licence)		22	-	23
Write off	-	-	-	-
Balance on 31 December 2016	1,693	7,304	-	8,997
Net value				
Balance on 31 December 2016	70	1,149	2,616	3,835
Balance on 31 December 2015	121	1,662	2,110	3,893

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

19. OBAVEZE PO OSNOVU DEPOZITA I KREDITA

Obaveze po depozitima i kreditima na dan 31. decembra 2016. i 2015. godine čine:

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Obaveze po osnovu depozita	1.330.796	1.255.234
Obaveze po osnovu dugoročnih kredita	158.033	165.281
Ostalo	7	12
Ukupno	**1.488.836**	**1.420.527**

a) Obaveze za depozite

Depoziti po korisnicima

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Kamatonosni depoziti		
Banke i bankarske institucije	13	168
Javna i državna preduzeća	80.857	90.553
Privreda	99.547	115.111
Vanprivreda	94.928	66.913
Vlada i vladine institucije	137.151	138.449
Strana lica	50.565	52.309
Domaća fizička lica	690.033	638.251
Ukupno kamatonosni depoziti	**1.153.094**	**1.101.754**
Nekamatonosni depoziti		
Banke i bankarske institucije	433	976
Javna i državna preduzeća	6.318	716
Privreda	28.702	21.690
Vanprivreda	2.771	1.148
Vlada i vladine institucije	18.920	18.003
Strana lica	7.827	10.986
Domaća fizička lica	112.731	99.830
Ostalo	-	131
Ukupno nekamatonosni depoziti	**177.702**	**153.480**
Ukupno obaveze po osnovu depozitana dan31.decembar	**1.330.796**	**1.255.234**

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NOTES TO THE FINANCIAL STATEMENTS

19. LIABILITIES FOR LOAN AND DEPOSITS

Liabilities for loan and deposits on 31 December 2016 and 2015 are given in following table:

	31.12.2016. KM thousand	31.12.2015. KM thousand
Liabilities for deposits	1,330,796	1,255,234
Liabilities for long-term loans	158,033	165,281
Other	7	12
Total	**1,488,836**	**1,420,527**

a) Liabilities for deposits

Deposits by customers:

	31.12.2016. KM thousand	31.12.2015. KM thousand
Interest bearing deposits		
Banks and banking institutions	13	168
Public and state-owned companies	80,857	90,553
Corporate customers	99,547	115,111
Non-industrial customers	94,928	66,913
Government and other government institutions	137,151	138,449
Foreign entities	50,565	52,309
Retail customers	690,033	638,251
Total interest bearing deposits	**1,153,094**	**1,101,754**
Non-interest bearing deposits		
Banks and banking institutions	433	976
Public and state-owned companies	6,318	716
Corporate customers	28,702	21,690
Non-industrial customers	2,771	1,148
Government and other government institutions	18,920	18,003
Foreign entities	7,827	10,986
Retail customers	112,731	99,830
Other	-	131
Total non-interest bearing deposits	**177,702**	**153,480**
Balance as at 31 December	**1,330,796**	**1,255,234**

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

Depoziti po ročnosti

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Tekući računi i depoziti po viđenju		
Vlada i vladine institucije	114.080	113.131
Privreda i javna i državna preduzeća	141.181	130.862
Banke i bankarske institucije	143	851
Stanovništvo	174.548	155.901
Ostali tekući računi i depoziti po viđenju	31.147	25.233
Ukupno depoziti po viđenju	**461.099**	**425.978**
Kratkoročni depoziti		
Vlada i vladine institucije	23.240	35.576
Privreda i javna i državna preduzeća	33.553	11.152
Banke i bankarske institucije	-	-
Stanovništvo	27.762	30.688
Ostali	33.771	4.956
Ukupno kratkoročni depoziti	**118.326**	**82.372**
Dugoročni depoziti		
Vlada i vladine institucije	18.751	7.745
Privreda i javna i državna preduzeća	70.023	132.601
Banke i bankarske institucije	303	293
Stanovništvo	629.147	567.759
Ostali	33.147	38.486
Ukupno dugoročni depoziti	**751.371**	**746.884**
Stanje na dan 31. Decembra	**1.330.796**	**1.255.234**

b) Obaveze za kredite

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Obaveze po dugoročnim kreditima		
Investiciono razvojna banka Republike Srpske-Fond za razvoj i zapošljavanje	106	350
Investiciono razvojna banka Republike Srpske-Fond stanovanja Republike Srpske	55.333	55.127
Investiciono razvojna banka Republike Srpske-Fond za razvoj i zapošljavanje Republike Srpske	50.053	57.798
Investiciono razvojna banka Republike Srpske-Fond za razvoj istočnog dijela Republike Srpske	41.691	37.521
Ministarstvo finansija Republike Srpske (Ministarstvo poljoprivrede, šumarstva i vodoprivrede RS, Jedinica za koordinaciju poljoprivrednih projekata po Projektu razvoja stočarstva i ruralnog finansiranja IFAD)	-	669
Ministarstvo finansija Republike Srpske po Projektu razvoja male komercijalne poljoprivrede	117	206
Federalno ministarstvo finansija po Projektu razvoja male komercijalne poljoprivrede	296	681
Ministarstvo privrede Kantona Sarajevo	-	-
Federalno Ministarstvo Finansija i Fondacija za održivi razvoj (ODRAZ)		
Svjetska banka IBRD	41	232
Investiciono razvojna banka Republike Srpske –Fond za razvoj i zapošljavanje Republike Srpske -Svjetska banka – IBRD	10.396	12.697
Evropski fond za Jugoistočnu Evropu (EFSE)		-
Ukupno obaveze po uzetim dugoročnim kreditima	**158.033**	**165.281**

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

Deposits by maturity

	31.12.2016. KM thousand	31.12.2015. KM thousand
Current accounts and demand deposits		
Government and other government institutions	114,080	113,131
Corporate customers	141,181	130,862
Banks and banking institutions	143	851
Retail customers	174,548	155,901
Other	31,147	25,233
Total current accounts and demand deposits	**461,099**	**425,978**
Short-term deposits		
Government and other government institutions	23,240	35,576
Corporate customers	33,553	11,152
Banks and banking institutions	-	-
Retail customers	27,762	30,688
Other short-term deposits	33,771	4,956
Total short-term deposits	**118,326**	**82,372**
Long-term deposits		
Government and other government institutions	18,751	7,745
Corporate customers	70,023	132,601
Banks and banking institutions	303	293
Retail customers	629,147	567,759
Other	33,147	38,486
Total long-term deposits	**751,371**	**746,884**
Balance as at 31 December	**1,330,796**	**1,255,234**

b) Liabilities for loans

	31.12.2016. KM thousand	31.12.2015. KM thousand
Liabilities upon long-term loans		
IRB RS - Development and Employment Fund of RS	106	350
IRB RS - Housing fund of RS	55,333	55,127
IRB RS - Development and Employment Fund	50,053	57,798
IRB RS - Fund for development of the eastern part of RS	41,691	37,521
IFAD - Ministry of Finance of RS	-	669
Ministry of Finance of RS	117	206
Federal Ministry of Finance	296	681
Ministry of Industry of Canton Sarajevo	-	-
FMF - ODRAZ-World Bank-IBRD	41	232
IRB RS - Development and Employment Fund - World Bank - IBRD	10,396	12,697
EFSE	-	-
Total liabilities for long-term loans	**158,033**	**165,281**

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Na dan 31. decembra 2016. godine tekuća dospjeća za obaveze po dugoročnim kreditima iznose 24.490 hiljada KM (31. decembra 2015. godine iznosila su 25.501 hiljada KM).

Obaveze po dugoročnim kreditima povučenim od fondova kojim upravlja Investiciono razvojna banka Republike Srpske (IRB RS), odnose se na pojedinačne ugovore sa rokovima dospjeća od 3 do 20 godina i godišnjom kamatnom stopom od 0,50% do 4,00%. Sredstva su primljena u cilju kreditiranja: poljoprivrede, preduzetnika i preduzeća, za jedinice lokalne samouprave, kao i za stambene kredite stanovništva.

Obaveze prema Svjetskoj banci (IBRD) u iznosu od 10.396 hiljada KM, iskazane su u skladu sa Ugovorom o subsidijarnom finansiranju (Svjetska banka IBRD) zaključenim 20. decembra 2010. godine između Investiciono razvojne Banke Republike Srpske kao Jedinice za implementaciju Projekta, koja upravlja Fondom za razvoj i zapošljavanje Republike Srpske i Nove banke a.d. Banja Luka.

Ugovorom je definisano da će Investiciono razvojna banka Republike Srpske proslijediti kreditna sredstva IBRD (Subsidijarno finansiranje) isključivo za finansiranje podzajmova ka korisnicima, i da će subsidijarno finansiranje prema Banci biti identično po iznosu, rokovima dospjeća i grejs periodu kao i podzajmovi Banke odobreni korisnicima. U skladu sa ugovorom Banka utvrđuje kamatnu stopu za krajnje korisnike u zavisnosti od procjene rizika krajnjeg korisnika i kvaliteta instrumenata obezbjeđenja, pri čemu kamatna stopa za krajnje korisnike mora biti vezana za šestomjesečni EuroLibor uvećan za maržu koju utvrđuje Banka. Povučeni i neotplaćeni iznos Subsidijarnog finansiranja imaće kamatnu stopu jednaku prosječnoj vrijednosti EuroLibor za prethodni šestomjesečni period, kako ga obračunava Svjetska banka svakog 15. juna i 15. decembra plus marža od 2%. Investiciono razvojna banka Republike Srpske će obračunavati i naplaćivati naknadu od Banke u iznosu od 0,25% jednokratno po svakom podzajmu koji će Banka odobriti krajnjem korisniku.

Banka će otplaćivati iznos dospjele glavnice subsidijarnog finansiranja u skladu sa otplatnim planom utvrđenim u relevantnim Aneksima ugovora o subsidijarnom finansiranju,i to kvartalno: 1. marta, 1. juna, 1. septembra i 1. decembra svake godine na račun koji odredi Investiciono razvojna banka Republike Srpske.

20. OBAVEZE ZA KAMATU I NAKNADU

	31.12.2016.	31.12.2015.
	KM hiljada	*KM hiljada*
Obaveze za kamatu i naknadu u domaćoj valuti	129	97
Ukupno obaveze za kamatu i naknadu	**129**	**97**

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NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2016 part of long-term loans with maturity up to one year amounted to KM 24,490 thousand (31 December 2015: KM 25,501 thousand).

Long term loans from funds managed by IRB RS are related to single agreements with maturity from 3 to 20 years and annual interest rate from 0.50% to 4.00%. Funds were borrowed in order to fund agriculture, enterprises and entrepreneurs, for retail housing loans and loans for local self-management units.

Loan from World Bank (IBRD) of KM 10.396 thousand is reported in accordance with the Agreement of subsidiary funding (World Bank IBRD) as at 20 December 2010 between IRB RS, which manages Development and Employment Fund of RS and Nova Banka a.d. Banja Luka.

In accordance with the agreement it is defined that the Investment and Development Bank of RS will forward the funds of IBRD (Subsidiary financing) exclusively for financing sub-loans, and that subsidiary financing to Bank will be identical when it comes to amount, maturity, grace period as well as sub-loans which Bank approved to final borrowers. In line with the agreement, the Bank determines interest rate for final borrowers in accordance with the estimated risk of the final user of the loan and quality of the collaterals. The interest rate for the final borrower must be related to 6M EuroLibor increased for the Bank's margin. Withdrawn and outstanding amount of subsidiary financing will have interest rate calculated as an average 6M EuroLibor for the period of previous six months, according to calculations of the World Bank reports on 15 June and 15 December increased for 2% margin. IRB RS will calculate and charge the Bank one-off fee of 0.25% for each subsidiary loan that the Bank issues.

The Bank will quarterly repay principal amount of subsidiary loan which is due in accordance with the plan which is determined by the agreement annexes: 1 March, 1 June, 1 September, and 1 December each year on the account which IRB RS determines according to repayment plan.

20. LIABILITIES FOR INTEREST AND FEES

	31.12.2016. *KM thousand*	31.12.2015. *KM thousand*
Liabilities for interest and fees (domestic currency)	129	97
Balance as at 31 December	**129**	**97**

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NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

21. OSTALE OBAVEZE I PVR

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Rezervisanja za vanbilansne stavke i ostala rezervisanja	3.583	3.506
Subordinirane obaveze	37.825	37.954
Ostale obaveze	28.861	30.928
Ukupno	**70.269**	**72.388**

a) Rezervisanja

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Rezervisanja za vanbilansne stavke	2.687	2.834
Rezervisanja za otpremnine	314	320
Rezervisanja za sudske sporove	305	75
Rezervisanja za ostale potencijalne obaveze (Napomena 5)	277	277
Ukupno rezervisanja	**3.583**	**3.506**

Promjene na rezervisanjima za vanbilansne stavke i za ostala rezervisanja

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Rezervisanja za vanbilansne stavke		
Stanje na početku godine	2.834	2.795
Rezervisanja u tekućoj godini (Napomena 5)	1.884	2.223
Ukidanje rezervisanja (Napomena 5)	(2.031)	(2.184)
Stanje na dan 31. decembra	**2.687**	**2.834**

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Rezervisanja za otpremnine		
Stanje na početku godine	321	297
Rezervisanja u tekućoj godini (Napomena 5a)	(7)	24
Stanje na dan 31. decembra	**314**	**321**

FINANCIAL STATEMENT

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21. OTHER LIABILITIES AND DEFERRED REVENUES

	31.12.2016. KM thousand	31.12.2015. KM thousand
Provision for off-balance sheet items and other provisions	3,583	3,506
Subordinated liabilities	37,825	37,954
Other liabilities	28,861	30,928
Balance as at 31 December	**70,269**	**72,388**

a) Provisions

	31.12.2016. KM thousand	31.12.2015. KM thousand
Provision for off-balance sheet items	2,687	2,834
Provision for retirement benefits	314	320
Provision for litigations	305	75
Provision for other liabilities (Note 5)	277	277
Total provision	**3,583**	**3,506**

Movements in provision for off-balance sheet items and other provisions:

	31.12.2016. KM thousand	31.12.2015. KM thousand
Movements in provision for off-balance sheet items:		
Balance at the beginning of the year	2,834	2,795
Additional provisions during the year (Note 5a)	1,884	2,223
Reversal of provisions (Note 5a)	(2,031)	(2,184)
Balance as at 31 December	**2,687**	**2,834**

	31.12.2016. KM thousand	31.12.2015. KM thousand
Movements in provision for retirement benefits		
Balance at the beginning of the year	321	297
Additional provisions during the year (Note 5)	(7)	24
Balance as at 31 December	**314**	**321**

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Rezervisanja za sudske sporove		
Stanje na početku godine	75	125
Rezervisanja u tekućoj godini (Napomena 5a)	256	53
Ukidanje rezervisanja (Napomena 5a)	(26)	(103)
Stanje na dan 31. Decembra	**305**	**75**

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Rezervisanja za ostale potencijalne obaveze		
Stanje na početku godine	277	203
Rezervisanja u tekućoj godini (Napomena 5a)	-	81
Ukidanje rezervisanja /isplata (Napomena 5a)	-	(7)
Stanje na dan 31. Decembra	**277**	**277**

b) Subordinirane obaveze

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Obaveze po osnovu subordiniranog duga	37.825	37.954
Ukupno subordinirane obaveze na dan 31. decembra	**37.825**	**37.954**

Obaveze po osnovu subordiniranog duga u ukupnom iznosu od 37.600 hiljada KM, datiraju iz 2014. godine (šesta emisija obveznica).

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	31.12.2016. KM thousand	31.12.2015. KM thousand
Movements in provision for litigation		
Balance at the beginning of the year	75	125
Additional provisions during the year (Note 5)	256	53
Reversal of provisions (Note 5)	(26)	(103)
Balance as at 31 December	**305**	**75**

	31.12.2016. KM thousand	31.12.2015. KM thousand
Provisions for other potential liabilities		
Balance at the beginning of the year	277	203
Additional provisions during the year (Note 5)	-	81
Reversal of provisions /pay off (Note 5)	-	(7)
Balance as at 31 December	**277**	**277**

b) Subordinated liabilities

	31.12.2016. KM thousand	31.12.2015. KM thousand
Subordinated loan	37,825	37,954
Balance as at 31 December	**37,825**	**37,954**

Subordinated liabilities in the total amount of KM 37,600 thousand, originates from the year 2014 (Sixth issue of bonds).

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NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

Pregled emisija obveznica subordiniranog duga sa stanjem na dan 31. decembra 2016. godine je prikazan u sledećoj tabeli:

Emisije Obveznica subordiniranog duga	Datum Resenja Komisije Hov RS	Nominalna vrednost emisije KM	Broj emitovanih obveznica	Kamatna stopa	Grejs period	Rok dospeca
Prva emisija	04.08.2011.	10.000.000	100.000	8,00%	3 godine	7 godina
Druga emisija	31.12.2012.	8.000.000	80.000	8,00%	5 godine	7 godina
Treca emisija	30.04.2013.	10.000.000	100.000	8,00%	5 godina	7 godina
Cetvrta emisija	29.04.2014.	6.000.000	60.000	8.00%	5 godina	7 godina
Peta emisija	16.10.2014.	3.600.000	36.000	8,00%	5 godina	7 godina
Povrat po osnovu pet emisija	28.11.2014.	37.600.000	376.000			

Stanje obveznica po osnovu subordiniranog duga nakon povrata	Datum ResenjaKomisije zaHov RS	Nominalna vrednost emisije KM	Broj emitovanih obveznica	Kamatna stopa	*Grace period*	Rok dospeća
Šesta emisija	28.11.2014.	37.600.000	376.000	8,00%	5 godina	10 godina

Nadzorni odbor Banke je dana 06. novembra 2014. godine, doneo Odluku o emitovanju šeste emisije obveznica, koja predstavlja objedinjavanje I, II, III, IV i V emisije obveznica, a upisom šeste emisije obveznica u Centralni registar HOV izvršeno je brisanje obveznica emitovanih kroz prvih pet emisija.

Šestom emisijom obveznica emitovano je 376.000 obveznica nominalne vrijednosti 100 KM po obveznici, ukupne nominalne vrijednosti 37.600.000 KM uz kamatnu stopu 8%, sa rokom dospjeća od 10 godina i grace periodom od 5 godina.

Banka na dan 31. decembra 2016. godine, takođe ima subordinirani dug u iznosu od 225 hiljada KM (2015: 354 hiljada KM) i odnosi se na obaveze za kredit povučen od USAID-a. Banka je u toku 2003. godine kupila kreditni portfolio od USAID-a za iznos od 4.825 hiljada KM . Iznos od 2.895 hiljada KM plaćen je u avgustu 2003. godine, dok je za preostali iznos od 1.930 hiljada KM zaključen Ugovor o subordiniranom kreditu. Saglasno Ugovoru o subordiniranom kreditu, Banka je u obavezi da subordinirane obaveze plati u jednakim kvartalnim ratama počev od 1. decembra 2003. godine do 1. septembra 2018. godine, uz fiksnu kamatnu stopu EuroLibor na godišnjem nivou.

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

List of issuance of subordinated liabilities bonds on 31 December 2016 is given in following table:

Issuance of subordinated liabilities bonds	Date of Securities Commission Decision	Nominal value of issuance KM	Number of bonds issued	Interest rate	Grace period	Maturity
First issue	04.08.2011.	10,000,000	100,000	8.00%	3 years	7 years
Second issue	31.12.2012.	8,000,000	80,000	8.00%	5 years	7 years
Third issue	30.04.2013.	10,000,000	100,000	8.00%	5 years	7 years
Fourth issue	29.04.2014.	6,000,000	60,000	8.00%	5 years	7 years
Fifth issue	16.10.2014.	3,600,000	36,000	8.00%	5 years	7 years
Return based on first five issue	28.11.2014.	37,600,000	376,000			

Balance of subordinated liabilities bonds after refund	Date of Securities Commission Decision	Nominal value of issuance KM	Number of bonds issued	Interest rate	Grace period	Maturity
Sixth issue	28.11.2014.	37,600,000	376,000	8.00%	5 years	10 years

On 6 November 2014, Bank Supervisory board made a Decision about Sixth issuance of bonds, which represents integration of first, second, third, forth and fifth issuance of bonds, and with registration of sixth issuance of bonds at Securities Central registry, securities with local labels from first five issuances were deleted.

With Sixth emission, there were issued 376,000 bonds with KM 100 nominal value per bond, total nominal value of 37,600,000 KM with interest rate of 8%, maturity of 10 years and grace period of 5 years.

The Bank had, as at 31 December 2016, subordinated loan in foreign currency in the amount of KM 225 thousand (2015: KM 354 thousand) which relates to liabilities for the loan withdrawn from USAID. In 2003 the Bank acquired loan portfolio from USAID for the amount of KM 4,825 thousands. The amount of KM 2,895 thousand was repaid in August 2003 while for the remaining amount of KM 1,930 thousand a subordinated loan agreement was signed. In accordance with the Agreement on subordinated loan, the Bank is obligated to pay the subordinated debt in equal quarterly installments starting from 1 December 2003 to 1 September 2018, with a fixed annual EuroLibor interest rate.

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

c) Ostale obaveze

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Obaveze prema dobavljačima	83	125
Obaveze po osnovu uplate osnivačkog uloga drugih preduzeća	701	2.622
Obaveze za primljene avanse	378	2.128
Ostale obaveze - unaprijed naplaćeni anuiteti po kreditima	3.248	3.703
Razgraničeni prihodi - unaprijed naplaćena naknada	6.417	7.194
Razgraničene obaveze po osnovu kamata u domaćoj valuti	4.227	4.784
Razgraničene obaveze po osnovu kamata u stranoj valuti	6.124	5.408
Razgraničene obaveze za ostale obračunate troškove	710	375
Ostala pasivna vremenska razgraničenja	544	2.171
Obaveze po osnovu platnih kartica realizovanih u drugim bankama	1.350	144
Obaveze za druge poreze,doprinose i naknade	89	105
Obaveze za porez na dodatu vrednost	33	58
Odložene poreske obaveze (Napomena 8)	196	177
Obaveze po osnovu poštanskih uputnica	61	158
Obaveze po komisionim poslovima	47	34
Obaveze po primljenim sredstvima -neraspoređeni priliv	3.639	690
Obaveze za dividende	142	253
Ostale obaveze	872	799
Ukupno	**28.861**	**30.928**

22. KAPITAL

Struktura kapitala Banke

Struktura ukupnog kapitala Banke prikazana je kako slijedi:

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Akcijski kapital-obične akcije	115.098	104.205
Emisiona premija	8.070	8.070
Neraspoređena dobit iz ranijeg perioda	1	1
Neraspoređena dobit tekuće godine	13.072	12.070
Rezerve iz dobiti	7.419	6.816
Posebne rezerve za procijenjene kreditne gubitke	4.274	4.274
Revalorizacione rezerve	370	-
Ukupno	**148.304**	**135.436**

FINANCIAL STATEMENT

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c) Other liabilities

	31.12.2016. KM thousand	31.12.2015. KM thousand
Liabilities to suppliers	83	125
Liabilities for the payment of the share capital of other companies	701	2,622
Other liabilities - advance installments charged for loans	378	2,128
Other liabilities – advance payment of loan annuity	3,248	3,703
Accrued income - fees collected in advance	6,417	7,194
Accrued interest in local currency	4,227	4,784
Accrued interest in foreign currency	6,124	5,408
Accrued liabilities for other expenses	710	375
Deferred liabilities for other accrued income	544	2,171
Liabilities for payment cards realized in other banks	1,350	144
Taxes and contributions payable	89	105
Liabilities for value added tax	33	58
Income tax liabilities	196	177
Deferred tax liabilities (Note 8)	61	158
Liabilities with respect to postal orders	47	34
Liabilities on commission activities	3,639	690
Transfer accounts for the payments – unallocated payments	142	253
Liabilities for dividend payment	872	799
Total	**28,861**	**30,928**

22. EQUITY

Equity structure

Shareholders' equity comprises the following:

	31.12.2016. KM thousand	31.12.2015. KM thousand
Share capital – ordinary shares	115,098	104,205
Share premium	8,070	8,070
Retained earnings from previous years	1	1
Retained earnings from current year	13,072	12,070
Capital reserves	7,419	6,816
Regulatory loan loss reserves	4,274	4,274
Revaluation reserves	370	-
Total	**148,304**	**135,436**

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

Akcijski kapital

Ukupan akcionarski kapital Banke na dan 31. decembra 2016. godine sastoji se od 115.097.582 obične akcije pojedinačne nominalne vrijednosti 1 KM (31. decembar 2015. godine: 104.204.6565 obične akcije pojedinačne nominalne vrijednosti 1 KM).

Skupština Banke je 31. marta 2016. godine donijela Odluku o XXVI emisiji hartija od vrijednosti (XX emisija akcija) iz neraspoređene dobiti za 2015. godinu. Iznos emisije je 10.892.926 KM, podjeljen u 10.892.926 običnih akcija klase A, čija je nominalna vrijednost 1 KM. Ukupan iznos registrovanog kapitala nakon okončanja XXVI emisije hartija od vrijednosti iznosi 115.097.582 KM. Agencija za bankarstvo Republike Srpske je dana 22. marta 2016. godine, donijela Rješenje kojim se daje saglasnost Novoj banci a.d Banja Luka da izvrši XXVI emisiju hartija od vrijednosti (XX emisiju akcija) po osnovu pretvaranja neraspoređene dobiti za 2015. godinu u kapital u ukupnom iznosu od 10.892.926 KM. Na osnovu Rješenja Okružnog Privrednog suda Banja Luka Republika Srpska od 08. Jula 2016. godine, ukupan iznos osnovnog kapitala Banke nakon emisije akcija iznosi 115.097.582 KM, podjeljen je na 115.097.582 akcije klase A, a nominalna vrijednost jedne akcije je 1 KM.

Najveći akcionari Banke na dan 31. decembra 2016. godine su:

Naziv / Prezime i Ime	Obične Akcije	% učešća običnih akcija
Radović Milan	9.176	7,97%
Interpromet DOO Novi Grad	7.201	6,26%
Radanović Slobodan	6.009	5,22%
Invest Nova AD Bijeljina	5.281	4,59%
Financ D.O.O. Banja Luka	3.777	3,28%
Integral Inženjering AD	3.671	3,19%
Avlijaš Goran	3.168	2,75%
Euro Line DOO Banja Luka	2.929	2,54%
Gajić Zoran	2.786	2,42%
Balta Tarik	2.759	2,40%
New Concept DOO Banja Luka	2.487	2,16%
Avlijaš Boris	2.302	2,00%
Avlijaš Sonja	2.302	2,00%
Elek Nedeljko	2.240	1,95%
ZU Crvena apoteka Mrkonjić Grad	2.169	1,88%
Ostali	56.841	49,39%
Ukupno	**115.098**	**100,00%**

Na dan 31. decembra 2016. godine promjenjeno je učešće i struktura akcionara u kapitalu Banke, obzirom da je Adriatic Fund B.V, u 2016. i 2015. godini prodao svoje učešća u kapitalu Nove banke a.d. Banja Luka.

Sve gore navedene promjene akcionara Banke evidentirane su u jedinstvenoj evidenciji akcionara kod Centralnog registra hartija od vrijednosti Republike Srpske.

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

Share capital

The total share capital as at 31 December 2016 consists of 115,097,582 ordinary (common) shares in the nominal value of KM 1 each (31 Decembar 2015: 104,204,656 ordinary (common) shares in the nominal value of KM 1 each).

The General assembly of the Bank decided on 31 March 2016 to issue XXVI issue of securities (XX issue of shares) from retained earnings for 2015. The total amount issued was KM 10,892,926, dividend into 10,892,926 ordinary classes A shares, with a nominal value of KM 1 each. The total amount of registered capital after the end of the XXVI issue of shares amounts to KM 115,097,582. Banking Agency of the Republic of Srpska, on 22 March 2016 adopted a Decision approving Nova Banka ad Banja Luka to make XXVI issue of securities (XX issue of shares) based on the conversion of retained earnings in 2015 in equity in the amount of KM 10,892,926. Based on the Decision of the District Commercial Court in Banja Luka on 8th of July 2016 total amount of share capital, after the share issue amounts to KM 115,097,582 and consists of 115,097,582 ordinary shares of class A with nominal value of one share of KM 1.

The major shareholders as at 31 December 2016 are as follows:

Company / Name and Surname	Ordinary shares	% of ordinary shares
Radović Milan	9,176	7,97%
Interpromet DOO Novi Grad	7,201	6,26%
Radanović Slobodan	6,009	5,22%
Invest Nova AD Bijeljina	5,281	4,59%
Financ D.O.O. Banja Luka	3,777	3,28%
Integral Inženjering AD	3,671	3,19%
Avlijaš Goran	3,168	2,75%
Euro Line DOO Banja Luka	2,929	2,54%
Gajić Zoran	2,786	2,42%
Balta Tarik	2,759	2,40%
New Concept DOO Banja Luka	2,487	2,16%
Avlijaš Boris	2,302	2,00%
Avlijaš Sonja	2,302	2,00%
Elek Nedeljko	2,240	1,95%
ZU Crvena apoteka Mrkonjić Grad	2,169	1,88%
Other	56,841	49,39%
Total	**115,098**	**100,00%**

As at 31 December 2016, structure of Bank shareholders had changed, considering that Adriatic Fund B.V, had sold their shares in Nova Banka a.d. Banja Luka in 2016 and 2015.

All of the above changes to the Bank's shareholders are registered the Central Securities Depository of the Republic of Srpska.

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

Banka na dan 31. decembra 2016. godine ima novčani iznos kapitala u iznosu od 115.097.926 hiljada KM. Članom 22. Zakona o bankama Republike Srpske propisan je minimalan iznos novčanog kapitala od 15.000 hiljada KM, a članom 90. stav 3. Zakona o bankama Republike Srpske i članom 11. i 17. Odluke o minimalnim standardima za upravljanje kapitalom banaka i kapitalnoj zaštiti, propisan je minimalni koeficijent adekvatnosti kapitala od 12% i način obračuna istog. Na dan 31. Decembra 2016. godine, koeficijent adekvatnosti kapitala Banke iznosio je 13,9% (31. decembra 2015. godine: 12,3%) bez uključene neto dobiti tekuće godine. Koeficijent adekvatnosti kapitala sa uključenomneto dobiti tekuće godine iznosi 14,8%.

Emisiona premija

Emisiona premija u iznosu od 8.070 hiljada KM na dan 31. decembra 2016 i 2015. godine se odnosi na pozitivnu razliku između uplaćene vrijednosti akcija i njihove nominalne vrijednosti po osnovu emisija akcija.

Rezerve kapitala

Rezerve iz dobiti formirane su u skladu sa zakonom i propisima Republike Srpske i Statutom Banke i na dan 31. decembra 2016. godine 7.419 hiljada KM.

Posebne rezerve za procijenjene gubitke iz dobiti

Posebne rezerve za procijenjene gubitke iz dobiti formirane su u skladu sa Odlukom i Odlukom o izmjeni i dopuni Odluke o minimalnim standardima za upravljanje kreditnim rizikom i klasifikaciju aktive banaka donesenim od strane Agencije za bankarstvo Republike Srpske. Rezerve za kreditne gubitke predstavljaju rezerve, koje je Banka prilikom procjene kvaliteta aktive, odnosno klasifikacije stavke aktive, dužna da formira najmanje u skladu sa kriterijumima iz pomenute Odluke uzimajući u obzir već formirane ispravke vrijednosti bilansne aktive i rezervisanja za gubitke po vanbilansnim stavkama. Izmjenom Odluke o minimalnim standardima za upravljanje kreditnim rizikom i klasifikaciju aktive banaka, banke nisu u obavezi da počev od 31. decembra 2013. godine vrše pokriće nedostajućih rezervi po regulatornom zahtjevu. U skladu sa Odlukom o minimalnim standardima za upravljanje kapitalombanaka i kapitalnoj zaštiti,nedostajuće rezerve za kreditne gubitke po regulatornom zahtjevu predstavljaju odbitnu stavku od kapitala banke

Na dan 31. decembra 2016. godine rezerve za kreditne gubitke iznose 4.274 hiljade KM (31. decembra 2014. : 4.274 hiljade KM) a iste se odnose na posebne rezerve za kreditne gubitke koje su formirane 1. januara 2010. godine u skladu sa izmjenjenim računovodstvenim propisima Republike Srpske i propisima Agencije za bankarstvo Republike Srpske.

Neraspoređena dobit

Neraspoređena dobit na dan 31. decembra 2016. godine iznosi 13.073 hiljade KM, a obuhvata neraspoređenu dobit iz prethodnog perioda u iznosu od 1 hiljadu KM i ostvarenu neto dobit tekućeg perioda u iznosu od 13.072 hiljade KM.

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As of 31 December 2016 the Bank has a capital in the money amount of KM 115,097,926 thousand. Artical 22 of the Law on Banks of the Republic of Srpska prescribes minimal amount of money capital of KM 15,000 thousand, and with article 90 Paragraph 3 of the Law on Banks of the Republic of Srpska and article 11. and 17. Decision on minimum standards for managing share capital of banks prescribe the minimum capital adequacy ratio of 12% and the method of its calculation. As at 31 December 2015, capital adequacy ratio was 13.9% (31 December 2015: 12,3%) without net profit for the year. The capital adequacy ratio with the included net profit for the year was 14.8%.

Share premium

Share premium amounting to KM 8,070 thousand as at 31 December 2015 and 31 December 2014 refers to the positive difference between the values paid for shares and their nominal value from the share issue.

Reserves

The Bank's reserves are formed in accordance with law and regulations of Republic of Srpska and statute of the Bank and as of 31 December 2016 amount KM 7,419 thousand.

Regulatory loan loss reserves

Regulatory reserves for loan losses are formed in accordance with the Decision and decisions on amendment the Decision on minimum standards for credit risk management and classification of assets in banks issued by the Banking Agency of Republic of Srpska. Regulatory loan loss provisions are reserves that the Bank is obliged, when assessing the quality of assets and classification of items of assets, to form minimum in accordance with the above mentioned decision, considering previously formed impairment of balance sheet assets and provisions for losses on off-balance sheet items. With amendments to the Decision on Minimum Standards for Credit Risk Management and Asset Classification, starting from 31 December 2013, banks are not required covering additional reserves per regulatory requirements. In accordance with the Decision on Minimum Standards for the management of capitaland capital protection, the missing provisions for loan losses by regulatory requirements are deducted from capital.

As at 31 December 2016 loan loss reserves amount to KM 4,274 thousand (31 December 2015: KM 4,274 thousand) and are related to regulatory loan loss reserves that were established on 1 January 2010 according to the changed accounting rules and regulations of the Banking Agency of the Republic of Srpska.

Retained earnings

As at 31 December 2016 the Bank has retained earnings of KM 13,073 thousand, consisted of retained earnings from previous year in the amount of KM 1 thousand and current net profit in the amount of KM 13,072 thousand.

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Revalorizacione rezerve

Revalorizacione rezerve na dan 31. decembra 2016. godine iznose 370 hiljada KM i formirane su kao rezultat svođenja na tržišnu vrijednost ulaganja u hartije od vrjednosti raspoloživih za prodaju.

23. VANBILANSNE EVIDENCIJE

U cilju zadovoljenja finansijskih potreba komitenata, Banka odobrava različite vidove garancija i ostalih preuzetih i potencijalnih obaveza. Iako se pomenute obaveze ne priznaju u bilansu stanja, one sadrže kreditni rizik i stoga čine sastavni dio sveukupnog rizika Banke.

Ukupno stanje potencijalnih obaveza je prikazano u slijedećoj tabeli:

	31.12.2016. KM hiljada	31.12.2015. KM hiljada
Aktivne vanbilansne pozicije		
Plative garancije	60.129	69.585
Činidbene garancije	165.502	156.240
Nepokriveni nostro akreditivi	410	753
Neopozive kreditne obaveze	87.138	95.885
	313.179	**322.463**

Garancije i ostale preuzete i potencijalne obaveze

Akreditivi i garancije obavezuju Banku da izvrši plaćanje u korist korisnika ukoliko se za to ispune potrebni uslovi.

Garancije i „stand–by“ akreditivi nose isti tip rizika za Banku kao i krediti.

Preuzete neopozive obaveze

Preuzete neopozive obaveze se odnose na neiskorištene odobrene kredite i revolving kredite (kreditne kartice i pozajmice). Preuzete neopozive obaveze obično imaju fiksne datume kada ističu ili druge odredbe u vezi sa istekom. Pošto preuzete neopozive obaveze mogu isteći prije povlačenja kredita od strane komitenata, ukupno ugovoren iznos ne predstavlja neophodne buduće gotovinske odlive.

Ipak, potencijalni kreditni gubitak je manji od ukupnih neiskorištenih obaveza iz razloga što je većina obaveza potencijalna i ista zavisi od ispunjenja određenih uslova od strane klijenta. Banka prati ročnost preuzetih neopozivih obaveza po osnovu neiskorištenih odobrenih kredita jer dugoročne preuzete obaveze nose viši stepen kreditnog rizika od kratkoročno preuzetih obaveza.

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Revaloriation reserves

Revaloriation reserves amount KM 370 thousand and are formed as a result of adjusting investment securities available for sale on their market value.

23. OFF – BALANCE SHEET ITEMS

In order to meet the financial needs of clients, the Bank provides various forms of guarantees and other commitments and contingent liabilities. Although these liabilities are not recognized in the balance sheet, they include credit risk and therefore make an integral part of the whole risk of the Bank.

Total balance of contingent liabilities is as follows:

	31.12.2016. *KM thousand*	31.12.2015. *KM thousand*
Active off-balance positions		
Payment guarantees	60,129	69,585
Performance guarantees	165,502	156,240
Uncovered letters of credit	410	753
Irrevocable loan commitments	87,138	95,885
	313,179	**322,463**

Guarantees and other commitments and contingencies

Letters of credit and guarantees commit the Bank to make payment in favor of the user if the required conditions are fulfilled.

Guarantees and „stand–by" letters of credit carry the same type of risk for the Bank as loans.

Irrevocable commitments

Irrevocable commitments relate to unused approved loans and revolving loans (credit cards and loans). Irrevocable commitments usually have fixed expiration dates or other provisions concerning expiration. Since the irrevocable commitments can expire before loan withdrawal by the customer, the total contracted amount does not necessarily represent future cash outflows.

However, potential credit loss is lower than total unused commitments because most of commitments are potential and depend on fulfillment of certain conditions by the client. The Bank monitors maturity of the irrevocable commitments in respect of unused approved loans, because long-term commitments have higher level of credit risk than short-term commitments.

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24. SUDSKI SPOROVI

Sudski sporovi su zbog prirode bankarskog poslovanja česta pojava. Banka je ustanovila protokol za upravljanje sudskim sporovima. Na osnovu analize tužbenog zahtjeva i pravnog savjeta Banka vrši procjenu iznosa potencijalnog gubitka po osnovu sudskih sporova. Banka rezerviše sredstva za sve negativne efekte koji mogu nastati po sudskim sporovima odnosno mogu imati uticaj na finansijsku poziciju Banke. Na dan 31. decembra 2016. godine za sporove koji se vode protiv Banke, Uprava Banke procjenjuje da neće nastati materijalno značajni gubici po osnovu ishoda sudskih sporova koji su u toku.

Banka vodi sudske sporove protiv trećih lica radi naplate svojih potraživanja. Za sva utužena potraživanja protiv pravnih i fizičkih lica Banka je procjenila odgovarajuću ispravku vrijednosti na teret rezultata poslovanja u tekućoj i prethodnim godinama.

25. ODNOSI SA POVEZANIM STRANAMA

Stanja na kraju godine i efekti transakcija sa članovima Uprave, Nadzornog odbora i ostalim ključnim osobljem i njima povezanim stranama su prikazani u slijedećoj tabeli.

	31.12.2016.	31.12.2015.
	KM hiljada	*KM hiljada*
Kratkoročni krediti	188	80
Dugoročni krediti	1.763	2.786
Potraživanja po kreditnim karticama i pozajmicama po tekućim računima	80	63
Ostala aktiva	8	13
Depoziti	312	348
Obaveze za kamate i naknade	1	1
Ispravke vrijednosti	5	10
Ostale obaveze	30	14
Prihodi od kamata	173	155
Rashodi od kamata	6	9
Prihodi od naknada	13	17

Iznos kredita odobrenih fizičkim licima koja su povezana sa Bankom (članovi Uprave, rukovodstvo Banke, lica sa značajnim vlasničkim interesom u Banci, uključujući i zaposlene) ne prelazi 1% osnovnog kapitala Banke za pojedinačna fizička lica. Na dan 31. decembra 2016. godine, Banka ima odobrene kredite pravnim licima kod kojih ima učešće u kapitalu (Nova Leasing) u ukupnom iznosu od 67 hiljada KM, kao i kredite odobren akcionarima koji posjeduje preko 5% osnovnog kapitala Banke u iznosu od 21.006 hiljada KM.

Plasiranje sredstava povezanim licima vrši se po standardnim tržišnim uslovima i u skladu sa poslovnom politikom Banke.

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24. LITIGATIONS

Litigations are a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. As at 31 December 2016 for legal claims brought against the Bank, the Bank's management estimates that materially significant losses on litigations in progress will not arise.

The Bank maintains litigation against a third party to collect its receivables. All disputed claims from corporate and retail customers have been evaluated and adjusted at the expense of the result of the current and previous years.

25. RELATED PARTY TRANSACTIONS

Balances at year end and the effects of transactions with members of the Management Board, Supervisory Board and other key personnel and their related parties are presented in the table below:

	31.12.2016. *KM thousand*	31.12.2015. *KM thousand*
Short-term loans	188	80
Long-term loans	1,763	2,786
Credit card receivables, overdrafts and other loans	80	63
Other assets	8	13
Deposits	312	348
Interest and fee receivables	1	1
Impairment losses	5	10
Other liabilities	30	14
Interest income	173	155
Interest expenses	6	9
Fee income	13	17

Total loans granted to individuals related to the Bank (the Bank's management, members of the management, employees, and significant shareholders) do not exceed 1% of the Bank's share capital for individuals. As at 31 December 2016, the Bank have a loans granted to legal entities where the Bank has equity investments (Nova Leasing) in total amount of KM 67 thousand, and loan granted to shareholder which owns more than 5% of the Bank's share capital in the amount of KM 21,006 thousand.

Loans to related parties are granted under standard market conditions and in accordance with the Bank's business policies.

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26. UPRAVLJANJE RIZIKOM

26.1. Uvod

Osnovni preduslov za uspješno bankarsko poslovanje je upravljanje rizikom., a koje obuhvata: proces neprekidnog identifikovanja, mjerenja i praćenja, definisanja i uspostavljanja ograničenja rizika i primjenu drugih vrsta kontrola i nadzora . Procesi upravljanja rizikom su presudni za kontinuirano profitabilno poslovanje Banke i svaki pojedinac u Banci je, u svom domenu, odgovoran za izloženost riziku i upravljanje istim. Banka je u osnovi izložena kreditnom riziku, riziku likvidnosti i tržišnom riziku. Osim toga, Banka posebno prati operativne rizike, rizik izloženosti Banke prema jednom licu ili grupi povezanih lica, rizik ulaganja Banke u druga pravna lica i osnovna sredstva, kao i uticaj rizika koji se odnose na zemlju porijekla lica kome je Banka izložena. Ovakav sistem upravljanja rizicima omogućava blagovremeno i potpuno obavještavanje organa upravljanja Banke o svim rizicima koji se pojavljuju ili se mogu pojaviti, te omogućava adekvatno i pravovremeno reagovanje u slučaju istih.

Nezavisni proces upravljanja rizikom ne uključuje poslovne rizike koji obuhvataju promjene u okruženju, tehnologiji i industriji. Banka prati ove rizike kroz proces strateškog planiranja.

U Banci osnovne uloge u upravljanju rizicima imaju sljedeći organi/tijela:

Nadzorni odbor i Uprava Banke

Nadzorni odbor i Uprava Banke su odgovorni za sveobuhvatni pristup upravljanja rizicima kao i za definisanje strategije i principa upravljanja rizicima. Svoje odluke donose na osnovu prijedloga Odbora za upravljanje aktivom i pasivom i drugih relevantnih organa Banke. Odlukom Nadzornog odbora Banke o prihvatljivom nivou rizika za Banku ili „Apetit za rizike“ definisani su osnovni parametri (limiti) za različite vrste rizika.

Odbor za upravljanje aktivom i pasivom (ALCO odbor)

Odbor za upravljanje aktivom i pasivom(ALCO odbor) ima sveobuhvatnu odgovornost za razvoj strategije upravljanja rizicima i implementacije principa, okvira, politika i limita. Odbor je odgovoran za fundamentalne nalaze po pitanju rizika kao i za upravljanje i praćenje relevantnih odluka vezanih za sve vrste rizika. Prateći trendove pojedinih vrsta rizika Odbor za upravljanje aktivom i pasivom daje prijedloge i mjere za poboljšanje istih.

Odbor za reviziju

Odbor za reviziju ima odgovornost za praćenje sveobuhvatnog procesaupravljanja rizicima u Banci.

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26. RISK MANAGEMENT

26.1. Introduction

Basic preresquite for successful Bank operation is risk management, which is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk. The Bank pays special attention to the operational risks, the risk of exposure to one person or group of related persons, the risk of investing in other legal entities and assets, as well as the impact of the risks related to the country of origin where the Bank is exposed. This risk management system enables the timely and full information of the management for all risks that arise or may arise, and provides adequate and timely response in case of the same.

The independent process of risk management does not include business risks such as changes in the environment, technology and industry. The Bank monitors these risks through a process of strategic planning.

The primary role for managing risks in the Bank has the following parts:

Supervisory Board and the Board of Directors

Supervisory Board and the Board of Directors are ultimately responsible for comprehensive approach to risk management and for approving strategy and risk management principles. Their decisions are based on the recommendation of the Asset and Liability Management Committee and other relevant bodies of the Bank. The document "appetite for risk" defines the basic parameters (limits) for different types of risk.

Asset and Liabilities Management Committee (ALCO)

Asset and Liabilities Management Committee (ALCO) has overall responsibility for strategy development and implementation of risk management principles, frameworks, policies and limits. The Board is responsible for the fundamental findings in terms of risk, as well as management and monitoring of relevant decisions related to all types of risk. Following the trend of certain types of risks the Asset and Liability Committee makes proposals and measures to improve them.

The Audit Committee

The Audit Committee has responsibility for monitoring the overall process of risk in the Bank.

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Samostalno odjeljenje za internu reviziju

Proces upravljanja rizikom u Banci se kontroliše od strane Samostalnog odjeljenja za internu reviziju, koja ispituje adekvatnost procedura i usaglašenost Banke sa usvojenim politikama i procedurama, način upravljanja rizicima i efikasnost uspostavljenog sistema interne revizije. Samostalno odjeljenje za internu reviziju diskutuje rezultate svog rada sa Upravom Banke i izvještava Odbor za reviziju i Nadzorni odbor Banke o svojim nalazima i preporukama, kao i u skladu sa svojim programom rada, vrši provjeru funkcionisanja uspostavljenih internih revizija u okviru samih organizacionih dijelova Banke.

Upravljanje rizicima

U Banci je organizovan Sektor za upravljanje rizicima, u okviru koga su formirana sljedeća Odjeljenja:

- za upravljanje kreditnim rizikom,
- za upravljanje operativnim rizicima i
- za upravljanje tržišnim rizikom.
- za kontrolu rizika

Procedurama koje se odnose na funkcionisanje svih odjeljenja u okviru Sektora za upravljanje rizicima, definisana su pravila i odgovornosti za praćenje usaglašenosti sa principima, politikama i limitima definisanim u Banci. U iste je uključeno praćenje rizika prema postavljenim limitima, kao i kompletno obuhvatanje rizika u sistemu mjerenja i izvještavanja.

U implementaciji kreditne politike, Banka se pridržava određenih principa ustanovljenih Poslovnom i kreditnom politikom Banke, i na taj način se štiti od prekomjerne izloženosti kreditnom riziku. Odjeljenje za upravljanje kreditnim rizikom se bavi upravljanjem kreditnim rizikom kako na nivou pojedinačne transakcije kroz proces odobravanja, dok se odjeljenje za kontrolu rizika, pored ostalih aktivnosti, bavi upravljanjem kreditnim rizicima na nivou portfelja.

U okviru Sektora za upravljanje rizicima, organizovano je Odeljenje za upravljanje tržišnim rizikom koje ima za cilj upravljanje rizikom likvidnosti,deviznim rizikom, kao i kamatnim rizikom.Likvidnost Banke, kao njena sposobnost da u roku izvršava obaveze, zavisi prije svega od bilansne strukture Banke, odnosno usklađenosti priliva i odliva sredstava. Minimalni standardi za kreiranje i sprovođenje politike likvidnosti su uspostavljeni u okviru limita, definisanih Odlukom Nadzornog odbora o prihvatljivom nivou rizika i Planom poslovanja Banke, tako da obezbjeđuju sposobnost Banke da potpuno i bez odlaganja izvršava sve obaveze na dan dospjeća.

U cilju upravljanja rizikom likvidnosti, Banka sprovodi aktivnosti koje obezbjeđuju usklađenost strukture aktive i pasive bilansa i vanbilansa Banke, odnosno njenih novčanih tokova (priliva i odliva) i kontinuirano prati i planira buduće novčane tokove uzimajući u obzir promjene u operativnim, ekonomskim i ostalim uslovima poslovnog okruženja Banke. Za upravljanje rizikom likvidnosti Banka sprovodi i stres testove koji imaju za cilj da se identifikuju potencijalni likvidnosni gapovi koji mogu nastati u određenim vremenskim periodima i pod određenim uslovima i to: po osnovu odliva depozita, nemogućnosti transformacije dijelova aktive u likvidna sredstva, povećanog odliva gotovine i slično, te u skladu s tim i identifikuje potencijalne dodatne izvore finansiranja koji će omogućiti pokriće nastalog gapa.

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Internal audit department

The process of risk management at the Bank is controlled by internal audit, which examines the adequacy of the procedures, as well as the Bank's compliance with the adopted procedures, manner of risk management and efficiency of the established system. Internal Audit discusses the results of their work with the Bank's management and reports to the Audit Committee and Supervisory Board about findings and recommendations. Also, internal audit in accordance with its program, controls functioning of established internal controls within oranizational units of Bank.

Risk management

The Bank has Risk Management Division organized with the following departments:

- for credit risk management
- operational risk management and
- market risk management, and
- for risk control

The Bank has procedures relating to the functioning of all departments within the Risk Management Division, which determine rules and responsibilities for monitoring compliance with the principles, policies and limits defined in the Bank, including monitoring of risks to the defined limits, as well as complete coverage of risks in the system of risk measurement and reporting.

In the implementation of credit policy, the Bank adheres to certain principles established by the Business and Bank credit policy, and thus is protected from excessive exposure to credit risk. Credit Risk Management Department deals with the management of credit risk at the level of individual transactions, while department for risk control, beside oter activities, deals with credit risk of the total loan portfolio.

Within the Risk Management Division, there is a Market Risk Management Department organized, which also aims to manage liquidity risk, foreign exchange risk and interest rate risk. Liquidity of the Bank, as its ability to execute duties on time, depends primarily from the Bank's balance sheet structure and compliance of inflow and outflow of funds. Minimum standards for creating and implementing liquidity policy are defined with Supervisory Board's Decision on the acceptable level of risk and the Bank's Business Plan and it should be established to ensure the Bank's ability to fully and promptly execute all obligations on the maturity date.

In order to manage liquidity risk, the Bank conducts activities to ensure compliance of the structure of assets and liabilities and off-balance sheet items of the Bank, or its cash flows (inflows and outflows) and the continuous monitoring and planning of future cash flows, taking into account changes in the operational, economic and other conditions of business environment of the Bank. To manage liquidity risk, the Bank also conducts stress tests that are intended to identify potential liquidity gaps that may occur in certain periods, based on the outflow of deposits, impossibility of transformation of parts of assets in liquid assets, increased outflow of cash and other and accordingly identify potential additional sources of funding that will allow to cover the formed gap.

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Upravljanje rizicima i sistemi izvještavanja

Rizici Banke se mjere korišćenjem metoda koji odražava i očekivane gubitke koji mogu nastati u normalnim okolnostima i neočekivane gubitke, koji predstavljaju procjenu krajnjih gubitaka zasnovanu na statističkim modelima. Modeli koriste vjerovatnoću izvedenu na osnovu istorijskih podataka, prilagođenu tako da odražava trenutno ekonomsko okruženje. Banka takođe koristi metod najgorih scenarija koji se mogu desiti kao posljedica dešavanja ekstremnih događaja za koje postoji mala vjerovatnoća da se dese.

Praćenje i kontrola rizika je prvenstveno zasnovana na politici, procedurama, definisanim i uspostavljenim limitima. Ovi limiti odražavaju poslovnu strategiju i tržišno okruženje Banke, kao i nivo rizika koji je Banka spremna da prihvati. Sakupljene informacije iz svih poslovnih aktivnosti se ispituju i obrađuju da bi se identifikovali, analizirali i kontrolisali rizici. Ove informacije se prezentuju Upravi i Nadzornom odboru Banke. Izvještaji sadrže ukupnu kreditnu izloženost, prognozu plasmana, odstupanja od postavljenih limita, mjerenje tržišnog rizika, pokazatelje likvidnosti i drugo.

Koncentracije kreditnog rizika mogu da nastanu kada je određeni broj strana uključen u slične poslovne aktivnosti, ili posluju u istom regionu, ili kada imaju slične ekonomske karakteristike tako da se očekuje, da njihova mogućnost, da ispune svoje obaveze, bude pod uticajem sličnih promjena ekonomske ili druge prirode. Koncentracija ukazuje na relativnu osjetljivost poslovanja Banke na promjene koje pogađaju određenu industriju ili geografsko područje.

Kako bi izbjegla prekomjernu koncentraciju rizika, politike i procedure Banke sadrže specifične smjernice za razvoj i očuvanje diversifikovanog portfolia. Shodno tome, Banka kontroliše i upravlja identifikovanim koncentracijama kreditnog rizika.

26.2. Kreditni rizik

Kreditni rizik predstavlja rizik da jedna ugovorna strana ne ispuni svoju obavezu i tako izazove finansijski gubitak drugoj strani. Izloženost kreditnom riziku, koji se ispoljava kao nemogućnost naplate kredita i drugih potraživanja sa pripadajućom kamatom u ugovorenim rokovima, Banka kontinuirano prati kroz analizu finansijskog stanja i poslovanja korisnika kredita, kao i stepen naplativosti kredita (dnevno, mjesečno i kvartalno praćenje), kontrolu namjenske upotrebe sredstava i procjenu stepena rizičnosti kreditnog portfolia.

U sprovođenju kreditne politike, Banka se pridržava određenih principa ustanovljenih poslovnom i kreditnom politikom Banke, i na taj način se štiti od prekomjerne izloženosti kreditnom riziku. U Sektoru za upravljanje rizicima, Banka ima Odjeljenje za upravljanje kreditnim rizikom koje se bavi upravljanjem rizikom na nivou pojedinačne transakcije kroz odobravanje, dok odjeljenje za kontrolu rizika upravlja kreditnim rizikom na nivou cjelokupnog portfelja banke.

Pomenuta odjeljenja se kontinuirano razvijaju i osnovne aktivnosti istih su uspostavljanje, praćenje i kontrola primjene utvrđene politike, pravila, smjernica u svim segmentima kreditnog poslovanja, identifikacija rizika u procesu odobravanja plasmana kroz kontrolu odstupanja od utvrđenih standarda u procesu odobravanja plasmana, realnu ocjenu kvaliteta klijenta, adekvatnu procjenu vrijednosti kolaterala, odnosno instrumenata zaštite od neplaćanja, ograničenje rizika u smislu uspostavljanja limita i prihvatljivog nivoa rizika po segmentima, preduzimanje adekvatnih mjera radi zaštite kreditnog portfolia od negativnih kretanja i usklađivanje uslova kreditiranja sa nivoom preuzetog rizika. Proces praćenja kvaliteta kredita omogućava Banci da procjeni potencijalne gubitke kao rezultat rizika kojima je izložena i da preduzme korektivne mjere.

Cilj Banke je da kroz kreditnu politiku i program upravlja kreditnim rizikom, koristeći modele za ocjenu rizika, u najvećoj mogućoj mjeri odobrava plasmane koji nose nizak rizik.

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Risk management and reporting systems

Bank risks are measured using a method that reflects the expected losses that may occur under the normal circumstances, and unexpected losses which represent the final estimate of losses based on statistical models. Models are using the probability derived from historical data, adjusted to reflect the current economic environment. The Bank also uses the worst scenarios method that could occur as a result of extreme events that are unlikely to happen.

Monitoring and controlling of risks is primarily based on the procedures and the establishment of limits. These limits reflect the business strategy and market environment of the Bank, and the level of risks that the Bank is willing to accept. Information gathered from all business activities are reviewed and processed to identify, analyze and control risks. This information is presented and explained to the Bank's management and Supervisory Board. Reports contain total credit exposure, forecast investments, deviations from defined limits, measurement of market risk, liquidity ratios and others.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

26.2. Credit risk

Credit risk is the risk that one party does not fulfill its obligations and so cause financial loss of the other. Exposure to credit risk, which is expressed as the inability to collect loans and other receivables with the related interest in a timely manner, is continuously monitored by the Bank through the analysis of financial condition and operations of the borrower, and the degree of collectability of loans (daily, monthly, quarterly monitoring), control of purposeful use of resources and assessment of degree of risk of the loan portfolio.

When implementing credit policy, the Bank adheres to certain principles established by the Business and Bank credit policy, and thus is protected from excessive exposure to credit risk. In the Risk Management Division, the Bank has the Credit Risk Management Department which deals with the management of credit risk at the level of individual transactions, as well as at the level of the total loan portfolio.

Credit Risk Management Department is continuously developing and its main activities are the establishment, monitoring and control of policies, rules, guidelines in all aspects of loan operations, identification of risks in the approval process through the control of the standard deviations in the process of loan approval, a realistic assessment of the quality of the customer, adequate valuation of collateral or instruments of protection against default, limitation of risks in terms of setting limits and acceptable level of risks by segments, taking adequate measures to protect the loan portfolio from adverse movements and compliance of credit conditions with the level of risk taken. The process of monitoring the quality of the loan to enables Bank to assess the potential loss as a result of the risks to which it is exposed and to take corrective measures.

The objective of the Bank is to use credit policy and program to manage credit risks by using available risk assessment models, for the purpose of approving loans that carry low risk.

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NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

Rizici srodni kreditnom riziku

Banka izdaje garancije i akreditive svojim komitentima, i po osnovu kojih ima potencijalnu obavezu da izvrši plaćanje u korist trećih lica. Na ovaj način Banka se izlaže rizicima srodnim kreditnom riziku, koji se mogu prevazići istim kontrolnim procesima i procedurama koji se koriste za kreditni rizik.

Rizik koncentracije plasmana

Rizik koncentracije je rizik gubitka koji proizilazi iz velike izloženosti Banke prema određenoj grupi dužnika. Koncentracija kreditnog rizika nastaje kada značajan broj komitenata pripada sličnoj industriji, ili istom geografskom području, ili imaju slične ekonomske karakteristike što može biti od uticaja na izmirivanje njihovih ugovornih obaveza u slučaju promjena u ekonomskim, političkim ili nekim drugim okolnostima koje ih jednako pogađaju. Da bi se ostvario i održao sigurniji kreditni portfolio i da bi se minimizirao rizik koncentracije, utvrđuju se mjere bezbjednosti definisanjem maksimalnih nivoa izloženosti i kreditnih limita kao i redovnim praćenjem poštovanja utvrđenih limita.

a) Maksimalna izloženost kreditnom riziku ne uzimajući u obzir kolateral ili druge instrumente zaštite od rizika

Sljedeća tabela pokazuje maksimalnu izloženost kreditnom riziku pozicija bilansa stanja. Maksimalna izloženost je prikazana u neto iznosu ne uzimajući u obzir efekte smanjenja rizika putem kolaterala ili drugih instrumenata zaštite od rizika.

	31.12.2016. *KM hiljada*	31.12.2015. *KM hiljada*
Gotovina, gotovinski ekvivalenti, zlato i potraživanja iz operativnog poslovanja	114.610	18.606
Depoziti i krediti u domaćoj i stranoj valuti kod Centralne banke	207.507	117.851
Potraživanja za kamatu i naknadu, potraživanja po osnovu prodaje i druga potraživanja	5.610	6.075
Dati krediti i depoziti klijentima	1.075.812	1.189.769
Hartije od vrijednosti	124.171	90.578
Ostali plasmani i AVR - dospjeli plasmani	34.544	46.322
Ostali plasmani i AVR – ostalo	14.076	42.377
Ukupno	**1.576.330**	**1.511.578**
Potencijalne obaveze	226.041	226.578
Neopozive obaveze	87.138	95.885
Ukupno	**313.179**	**322.463**
Ukupna izloženost riziku	**1.889.509**	**1.834.041**

U slučaju finansijskih instrumenata vrijednovanih po fer vrijednosti prikazani iznosi predstavljaju trenutnu izloženost kreditnom riziku ali ne i maksimalnu izloženost riziku koja može nastati u budućnosti kao rezultat promjena fer vrijednosti.

Detalji o maksimalnoj izloženosti kreditnom riziku svake od klasa finansijskih instrumenata biće objelodanjeno u samim napomenama vezanim za specifične finansijske instrumente.

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Risks related to credit risk

The Bank issues guarantees and letters of credit to its customers, based on which it has the potential obligation to make payments in favor of third parties. Accordingly, the Bank is exposed to risks related to credit risk, which can be mitigated by the same control processes and procedures used for credit risk.

Loan concentration risk

Concentration risk is the risk of loss that arises from a large exposure to a particular group of clients. Credit risk concentration arises when a significant number of customers belonging to a similar industry or the same geographic region, or have similar economic characteristics that may influence the settlement of their contractual obligations in the event of changes in economic, political or other conditions that affect them equally. To achieve and maintain a safer loan portfolio and to minimize concentration risk, the Bank establishes the safety measures by defining the maximum level of exposure and credit limits as well as regular monitoring of the compliance with the established limits.

a) Maximum exposure to credit risk without considering any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk for the components of the balance sheet. The maximum exposure is shown net amount, not taking effects of risk decrease through collateral and other instruments for risk protection into account:

	31.12.2016. *KM thousand*	31.12.2015. *KM thousand*
Cash, cash deposits, gold and other receivables from operating business	114,610	18,606
Deposits and loans in local and foreign currency	207,507	117,851
Receivables for interest and fees, trade receivables and other receivables	5,610	6,075
Loans and deposits	1,075,812	1,189,769
Securities	124,171	90,578
Other placements and accrued income	34,544	46,322
Other placements and accrued income – other	14,076	42,377
Total	**1,576,330**	**1,511,578**
Potential liabilities	226,041	226,578
Irrevocable liabilities	87,138	95,885
Total	**313,179**	**322,463**
Total risk exposure	**1,889,509**	**1,834,041**

Where financial instruments are recorded at fair value the amounts presented above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Details of the maximum credit risk exposure to each class of financial instruments will be disclosed in the notes relating to the specific financial instrument.

b) Koncentracija rizika pri maksimalnoj izloženosti kreditnom riziku

Koncentracijom rizika se upravlja postavljanjem limita kreditne izloženosti u odnosu na pojedinačne komitente, geografska područja i industrije. Maksimalna kreditna izloženost prema pojedinačnom klijentu na dan 31. decembar 2016. godine iznosi 32.148 hiljada KM (31. decembar 2015. godine: 34.849 hiljada KM).

Finansijska sredstva Banke prije uzimanja u obzir sredstava obezbjeđenja i ostalih sredstava zaštite od kreditnog rizika mogu se analizirati kroz sljedeća geografska područja:

	Gotovina, gotovinski ekvivalenti, zlato i potraživanja iz operativnog poslovanja	Depoziti i krediti u domaćoj i stranoj valuti	Potraživanja za kamatu i naknadu, po osnovu prodaje i druga potraživanja	Dati krediti i depoziti	Hartije od vrijednosti	Dospjeli plasmani za kredite	Ostali plasmani i AVR	Potencijalne i neopozive obaveze	Ukupno 2016.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Bosna i Hercegovina	12.899	207.507	5.610	1.075.812	124.171	34.544	14.076	313179	1.787.798
Evropska Unija	101.674	-	-	-	-	-	-	-	101.674
Ostalo	37	-	-	-	-	-	-	-	37
Ukupno	**114.610**	**207.507**	**5.610**	**1.075.812**	**124.171**	**34.544**	**14.076**	**313.179**	**1.889.509**

	Gotovina, gotovinski ekvivalenti, zlato i potraživanja iz operativnog poslovanja	Depoziti i krediti u domaćoj i stranoj valuti	Potraživanja za kamatu i naknadu, po osnovu prodaje i druga potraživanja	Dati krediti i depoziti	Hartije od vrijednosti	Dospjeli plasmani za kredite	Ostali plasmani i AVR	Potencijalne i neopozive obaveze	Ukupno 2015.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Bosna i Hercegovina	11.607	117.851	6.075	1.189.769	90.578	46.322	42.377	322.463	1.827.042
Evropska Unija	6.999	-	-	-	-	-	-	-	6.999
Ukupno	**18.606**	**117.851**	**6.075**	**1.189.769**	**90.578**	**46.322**	**42.377**	**322.463**	**1.834.041**

b) Risk concentration at maximum exposure to credit risk

Concentration of risk is managed by setting limits to credit exposure by counterparty, by geographical region and by industry sector. The maximum credit risk exposure to any counterparty or group of related counterparties as at 31 December 2016 was KM 32,148 thousand (31 December 2015: KM 34,849 thousand).

The Bank's financial assets, before taking into account any collateral held or other credit enhancements, can be analyzed by the following geographical regions:

	Cash, cash equivalents, gold and operating business receivables	Deposits and loans in local currency	Receivables for interest and fees, based on trade and other receivables	Approved loans and deposits	Securities	Due placements	Other placements and accrued income	Potential and irrevocable liabilities	Total 2016
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Bosnia and Herzegovina	12,899	207,507	5,610	1,075,812	124,171	34,544	14,076	313179	1,787,798
European Union	101,674	-	-	-	-	-	-	-	101,674
Other	37	-	-	-	-	-	-	-	37
Total	**114,610**	**207,507**	**5,610**	**1,075,812**	**124,171**	**34,544**	**14,076**	**313,179**	**1,889,509**

	Cash, cash equivalents, gold and operating business receivables	Deposits and loans in local currency	Receivables for interest and fees, based on trade and other receivables	Approved loans and deposits	Securities	Due placements	Other placements and accrued income	Potential and irrevocable liabilities	Total 2016
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Bosnia and Herzegovina	11,607	117,851	6,075	1,189,769	90,578	46,322	42,377	322,463	1,827,042
European Union	6,999	-	-	-	-	-	-	-	6,999
Total	**18,606**	**117,851**	**6,075**	**1,189,769**	**90,578**	**46,322**	**42,377**	**322,463**	**1,834,041**

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Analiza izloženosti Banke kreditnom riziku, po industrijskim sektorima, prije uzimanja u obzir sredstva obezbjeđenja i ostalih sredstava zaštite od kreditnog rizika, na dan 31. decembra 2016. i 2015. godine prikazana je u sljedećoj tabeli:

	Bruto maksimalna izloženost 2016.	Bruto maksimalna izloženost 2015.
	KM hiljada	*KM hiljada*
Stanovništvo	445.161	486.746
Prerađivačka industrija	197.380	255.150
Trgovina	264.581	282.236
Finansijske usluge	26.098	35.147
Poljoprivreda, šumarstvo, vodoprivreda	35.374	35.904
Građevinarstvo	109.274	106.409
Transport	45.700	54.269
Usluge, ugostiteljstvo i turizam	20.754	21.793
Trgovina nekretninama	23.163	15.770
Vlada i državni organi	280.765	291.645
Banke i finansijske institucije	312.775	128.150
Ostalo	128.484	120.822
Ukupno	**1.889.509**	**1.834.041**

Kolaterali i drugi instrumenti zaštite od rizika

Politikom kolaterala Banka definiše prihvatljive kolaterale za pojednačne vrste plasmana.

Osnovni tipovi kolaterala su sljedeći:

- Novčani depozit, hartije od vrijednosti, garancije osiguravajućih kuća i banaka, zalog na nepokretnu i pokretnu imovinu i jemstva.

Tržišna vrijednost kolaterala se kontinuirano prati te ukoliko ima potrebe traže se dodatna sredstva obezbjeđenja u fazi odobravanja kao i u toku korišćenja kredita. Banka u skladu sa internom metodologijom periodično u toku korišćenja kredita vrši analizu tržišne vrijednosti kolaterala i u skladu sa istom preispituje i usklađuje ispravku vrijednosti.

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An industry sector analysis of the Bank's credit risk exposure, before the effect of any collateral and other credit enhancements, as at 31 December 2016 and 2015 is as follows:

	Gross maximum exposure 2016	Gross maximum exposure 2015
	KM thousand	*KM thousand*
Retail	445,161	486,746
Processing industry	197,380	255,150
Trade	264,581	282,236
Financial services	26,098	35,147
Agriculture, forestry and water management	35,374	35,904
Construction	109,274	106,409
Transportation	45,700	54,269
Services, tourism and hospitality	20,754	21,793
Real-estate	23,163	15,770
Government and government institutions	280,765	291,645
Banks and banking institutions	312,775	128,150
Other	128,484	120,822
Total	**1,889,509**	**1,834,041**

Collateral and other credit enhancements

The Bank's collateral policy defines acceptable collateral for individual types of loans.

The main types of collateral obtained are as follows:

- Cash deposits, securities, guarantees of insurance companies and banks, pledge on movable and immovable property and warranties

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors in accordance with internal regulations the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

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NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

c) Kvalitet finansijskih instrumenata po klasama finansijske aktive

Kvalitetom finansijskih sredstava Banka upravlja koristeći internu klasifikaciju plasmana zasnovanu na regulativi Agencije za bankarstvo Republike Srpske. Sljedeća tabela prikazuje kvalitet plasmana po tipovima sredstava koji se nalaze u bilansu stanja, zasnovanim na sistemu kreditnog rejtinga Banke:

	Nedospjeli i neobezvrjeđeni					
	Visok Stepen	Standardni Stepen	Substandardni stepen	Dospjeli ali ne pojedinačno Obezvrjeđeni	Pojedinačno obezvrjeđeni	Ukupno 31.12.2016.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Krediti i dospjeli plasmani	937.969	119.484	8.232	5.658	39.013	1.110.356

	Nedospjeli i neobezvrjeđeni					
	Visok Stepen	Standardni Stepen	Substandardni stepen	Dospjeli ali ne pojedinačno Obezvrjeđeni	Pojedinačno obezvrjeđeni	Ukupno 31.12.2015.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Krediti i dospjeli plasmani	1.092.551	73.859	7.750	5.878	56.053	1.236.091

Dospjeli ali nepojedinačno obezvrjeđeni plasmani na dan 31. decembra 2016 i 31. decembra 2015. godine:

Pozicije bilansa stanja	Do 30 dana	31 do 60 dana	61 do 90 dana	Više od 90 dana	Ukupno 31.12.2016.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Plasmani stanovništvu	416	92	98	2.411	3.017
Korporativni plasmani	577	584	85	1.395	2.641
Ukupna finanijska sredstva	**993**	**676**	**183**	**3.806**	**5.658**

Stavke bilansa stanja	Do 30 dana	31 do 60 dana	61 do 90 dana	Više od 90 dana	Ukupno 31.12.2015.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Plasmani stanovništvu	519	117	100	2.459	3.195
Korporativni plasmani	765	600	129	1.189	2.683
Ukupna finanijska sredstva	**1.284**	**717**	**229**	**3.648**	**5.878**

FINANCIAL STATEMENT

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c) Credit quality of financial instruments by class of financial assets

The Bank manages credit quality of financial assets using internal credit ratings, based on regulations prescribed by the Banking Agency of Republic of Srpska. The table below shows the credit quality by class of asset for loan-related balance sheet items, based on the Bank's credit rating system:

	Neither past due nor impaired					
	High grade	Standard grade	Substandard grade	Past due but not individually impaired	Individually impaired	Total 31 December 2016
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Loans and matured placements	937,969	119,484	8,232	5,658	39,013	1,110,356

	Neither past due nor impaired					
	High grade	Standard grade	Substandard grade	Past due but not individually impaired	Individually impaired	Total 31 December 2015
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Loans and matured placements	1,092,551	73,859	7,750	5,878	56,053	1,236,091

Past due but not impaired loans as at 31 December 2016 and 2015:

Balance sheet positions	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total 31 December 2016
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Retail customers	416	92	98	2,411	3,017
Corporate customers	577	584	85	1,395	2,641
Total financial assets	**993**	**676**	**183**	**3,806**	**5,658**

Balance sheet positions	Up to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total 31 December 2015
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Retail customers	519	117	100	2,459	3,195
Corporate customers	765	600	129	1,189	2,683
Total financial assets	**1,284**	**717**	**229**	**3,648**	**5,878**

FINANSIJSKI IZVJEŠTAJ

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Procjena obezvrjeđenja

Kriterijumi koje Banka koristi da utvrdi da li postoje objektivni dokazi o obezvređenju uključuju: kašnjenje pri servisiranju kamate i/ili glavnice, indikacije da se dužnik suočava sa značajnim finansijskim poteškoćama, uključujući vjerovatnoću da će doći do stečaja ili neke druge finansijske reorganizacije i kada dostupni podaci pokazuju da je došlo do mjerljivog smanjenja budućih tokova gotovine, kao što su promjene u okviru neizmirenih obaveza ili ekonomskih uslova koji su u korelaciji sa odstupanjima od ugovorenih uslova. Banka vrši procjenu obezvređenja na dva nivoa, individualnom i grupnom.

Pojedinačno procjenjivanje ispravke vrijednosti

U skladu sa prihvaćenom internom metodologijom Banka prvo sprovodi pojedinačna procjenjivanja da uvidi da li postoje objektivni dokazi o obezvređenju finansijskih sredstava koji su pojedinačno značajni kao i pojedinačna ili grupna procjenjivanja finansijskih sredstava koja nisu pojedinačno značajna. Pojedinačno procjenjivanje ispravke vrijednosti se zasniva na procjeni vremena plaćanja iznosa koji će biti naplaćeni iznosi iz kojih se očekuje plaćanje u cjelini ili djelimično. Plasmani za koja se pojedinačno utvrđuje ispravka vrijednosti i za koje je gubitak priznat nisu uključena u grupno procjenivanje ispravke vrijednosti. Procjena obezvređenja se vrši na svaki datum bilansa stanja osim u slučajevima kada nepredvidive okolnosti zahtjevaju mnogo veću pažnju i češću procjenu.

Individualna procjena se vrši za portfolio spornih plasmana i to za plasmane iznad određenog iznosa izloženosti koji je Banka definisala kao značajan iznos, a za portfolio spornih plasmana čija je pojedinačna izloženost ispod značajne, procjena se vrši uzimajući prosječne stope ispravke vrijednosti izračunate na bazi uzorka kroz individualne procjene za iznose izloženosti koji nisu značajni.

Grupno procjenjivanje ispravke vrijednosti

U svrhu grupne procjene ispravke vrijednosti, plasmani su grupisani na osnovu sistema klasifikacije koji Banka koristi, uzimajući u obzir karakteristike kreditnog rizika kao što su: tipovi kredita, vrste zaloga, postojanje potraživanja, dani kašnjenja i ostali bitni faktori. U svrhu grupne procjene ispravke vrijednosti za pravna lica,formira se matrica migracija koja analizira ukupan broj kredita koji su bili aktivni u prethodnom periodu, a koji su u tekućem periodu migrirali iz kategorija A i B u kategorije C,D i E ili su pak otplaćeni.

Procjena obezvređenja kredita stanovništvu vrši se na osnovu matrica migracija koje se formiraju po grupama proizvoda uzimajući u obzir dane kašnjenja kao osnovni kriterijum. Matrica se za svaku grupu formira na način da se identifikuju partije koje su u tekućem periodu u odnosu na početni uporedni period, migrirale iz jednog intervala dana kašnjenja u drugi ili su pak otplaćene. Na osnovu tih migacija i broja otplaćenih partija, računaju se PD i LGD kao osnov za izračun stopa ispravki vrijednosti u okviru svakog intervala dana kašnjenja koje se primjenjuju na bilansnu izloženost klijenta.

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Impairment assessment

Criteria the Bank uses to determine whether there is objective evidence of impairment includes the following: default in payment of interest and/or principal, indications that the borrower is experiencing significant financial difficulties, including the likelihood that there will be bankruptcy or other financial reorganization and when available data indicate that there is a measurable decrease in future cash flows, such as changes in arrears or economic conditions that correlate with the agreed conditions. The Bank assesses impairment at two levels, individual and group.

Individually assessed allowances

In accordance with the adopted internal regulations, the Bank firstly performs individual assessment to determine whether there is objective evidence of impairment for financial assets that are individually significant and individual or group assessment for financial assets that are not individually significant. Individual assessment of the impairment is based on an assessment of the expected time of payment, the amount that will be charged, and the sources from which payment is expected in full or in part. Loans that are individually assessed for impairment and for which a loss on impairment is recognized, are not included in a collective assessment of impairment. Allowance assessment is performed at each balance sheet date, unless unforeseen circumstances require much more attention and more frequent assessment.

Individual assessments is performed for portfolio of bad loans, meaning for loans over a certain amount of exposure that the Bank has defined as significant, and for bad loans that are individually below significant amount, assessment is done by taking the average allowance rates calculated on a sample basis through individual assessments of exposures that are not individually significant.

Collectively assessed allowances

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of the classification system used by the Bank, taking into account the credit risk characteristics such as types of loans, collateral type, and the existence of accounts receivable, days of delays and other relevant factors. For the purpose of a collective evaluation of impairment, migration matrix is created which analyses total number of loans being active in previous period that have migrated from category A and B to other categories C, D or E, or are repaid in current period.

The assessment of impairment of retail loans is made on a basis of matrix of migration that are made by groups of products, considering the intervals of days of delay as main criteria. Matrix for each group is formed to identify loans that are, in the current period compared to the beginning of the previous period, migrated from one day of delay interval to another or are repaid. Based on these migrations and the number of loans repaid, PD and Recovery rate are calculated which are the basis for the calculation of impairment within each interval of day of delay, applied to the client's balance sheet exposures.

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Procjena obezvrjeđenja za vanbilansne izloženosti se vrši na nivou klijenta primjenom prosječne stope ispravke vrijednosti procjenjene za bilansna potraživanja. Ukoliko klijent ima samo jednu partiju bilansne izloženosti, za vanbilansnu izloženost se primjenjuje ista stopa, a ukoliko klijent ima više partija bilansne izloženostii, za vanbilansnu izloženost se primjenjuje prosječna stopa na bilansnu izloženost. Ukoliko klijent nema bilansnu izloženost, za vanbilansnu izloženost se primjenjuje minimalan procenat po pravilima Agencije za bankarstvo Republike Srpske za uredne plasmane. Na vanbilansne izloženosti, prilikom izračuna ispravke vrijednosti primjenjuju se faktori konverzije na način da se sve vanbilansne izloženost, osim plativih garancija, ponderišu sa faktorom rizika 0,5.

Rezerve za kreditne gubitke

Za plasmane privredi i stanovništvu, Banka takođe obračunava rezerve za procjenjene kreditne gubitke u skladu sa propisima Agencije za bankarstvo Republike Srpske, odnosno, u skladu sa Odlukom i Odlukom o izmjeni i dopuni Odluke o minimalnim standardima za upravljanje kreditnim rizikom i klasifikaciju aktive banaka.

U skladu sa Odlukom rezerve za kreditne gubitke predstavljaju rezerve, koje je Banka prilikom procjene kvaliteta aktive, odnosno klasifikacije stavke aktive, dužna da formira najmanje u skladu sa kriterijumima iz pomenute Odluke uzimajući u obzir već formirane ispravke vrijednosti bilansne aktive i rezervisanja za gubitke po vanbilansnim stavkama. Izmjenom i dopunom Odluke o minimalnim standardima za upravljanje kreditnim rizikom i klasifikaciju aktive banaka, Banka nije u obavezi da počev od 31. decembra 2013. godine vrši pokriće nedostajućih rezervi po regulatornom zahtjevu. U skladu sa Odlukom o minimalnim standardima za upravljanje kapitalom banaka i kapitalnoj zaštiti, nedostajuće rezerve za kreditne gubitke po regulatornom zahtjevu predstavljaju odbitnu stavku od kapitala banke.

Restrukturirani krediti

Pod restrukturiranim kreditima Banka smatra kredite i druge plasmane kod kojih je izvršeno restrukturiranje i promjena inicijalno ugovorenih uslova usljed nemogućnosti klijenta da izmiruje svoje obaveze u skladu sa ugovorom definisanim uslovima i rokovima zbog problema u poslovanju i pogoršanja finansijskih pokazatelja. Na dan 31. decembra 2016. godine, bruto restrukturirani krediti i plasmani iznose ukupno 70.558 hiljada KM i isti su klasifikovani u skladu sa Odlukom o minimalnim standardima za upravljanje kreditnim rizikom i klasifikaciju aktive banaka, te Odlukamo o privremenim mjerama za reprogram kreditnih obaveza fizičkih i pravnih lica u bankama i Odlukom o privremenim mjerama za kreditne obaveze klijenata koji su ugroženi elementarnim nepogodama.(Na dan 31. decembra 2015. godine restruktuirani krediti iznose 61.094 hiljade KM).

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Assessment of impairment for off-balance sheet items is made at the client level by applying the average rate of allowance estimated for balance sheet items. If the client has only one account with balance sheet exposure, the same rate is applicable for the off-balance sheet exposure, and if the client has more accounts with balance sheet exposure the average rate of allowance estimated for balance sheet items is applicable for the off-balance sheet exposure. If the client does not have balance sheet exposure, minimum rate for orderly loans prescribed by the Banking Agency of the Republic of Srpska is applied to off-balance sheet exposure. The credit conversation factor of 0.5 is applied for all off–balance sheet exposures when calculating allowance for impairment, except for payment guarantees.

Loan loss reserves

For loans to corporate and retail customers, the Bank calculates loan loss reserves in accordance with regulations of the Banking Agency of Republic of Srpska, that is, with Decision and decisions on amendment the Decision on minimum standards for credit risk management and classification of assets of bank.

In accordance with the Decision, regulatory loan loss reserves are allowance reserves that the Bank is obliged, when assessing the quality of assets and classification of items of assets, to form minimum in accordance with the above mentioned decision, considering previously formed impairment of balance sheet assets and provisions for losses on off-balance sheet items. Due to amendments to the Decision on minimum standards for credit risk management and classification of assets, the Bank is not obliged, starting from 31 December 2013, to cover the missing reserves by regulatory requirement. In accordance with the Decision of minimum standards for the management of capital, the missing provisions for loan losses by regulatory requirements are deducted from capital.

Renegotiated loans

Renegotiated loans are loans and other placements that are restructured and where initially contracted terms are changed due to the inability of the client to meet its payment obligations in line with the terms defined in the contract because of operating business problems and deterioration of financial indicators. As at 31 December 2016 gross restructured loans and placements amount to KM 70,558 thousand and are classified in accordance with the Decision on minimum standards for credit risk management and classification of assets of bank, and the Decision on temporary measures for reprogram loan obligations of individuals and legal entities in banks and Decision on temporary measures for credit liabilities of clients who are threatened by natural disasters. At 31 December 2015 restructured loans amounted to KM 61,094 thousand.

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26.3. Rizik likvidnosti

Rizik likvidnosti predstavlja rizik da Banka neće biti u mogućnosti da izmiri svoje dospjele obaveze. Da bi se smanjio ili ograničio ovaj rizik, Banka putem sistema upravljanja aktivom i pasivom razmatrajući njenu likvidnost, prateći buduće novčane tokove i likvidnost na dnevnoj osnovi vrši diversifikaciju svojih izvora finansiranja.

Banka održava portfolio koji se sastoji od visoko likvidnih hartija od vrijednosti i diversifikovanih sredstava koja mogu lako da se konvertuju u gotovinu u slučaju nepredviđenih i negativnih oscilacija. Banka takođe održava zahtjevani nivo obavezne rezerve novčanih sredstava u skladu sa zahtjevima Centralne banke Bosne i Hercegovine, kao i potrebna devizna sredstva kod ino-banaka za zadovoljavanje potreba klijenata. Osim toga Banka u skladu sa Politikom upravljanja rizikom likvidnosti obezbjeđuje i dodatne izvore finansiranja koje može da koristi za potrebe održavanja likvidnosti.

U skladu sa zakonskim okvirima i internim limitima, politikama i procedurama Banka upravlja ročnom usklađenošću tako što izrađuje projekciju cashflow-a, prateći nivo i koncentraciju depozita koji dospijevaju u ročnim razredima do 3 mjeseca i godinu dana, uzevši u obzir vjerovatnoću odliva (stress testovi), priliva novih depozita, te projekcije plasmana u posmatranom periodu, kao i povrate po osnovu prethodno odobrenih kredita Banka ne očekuje da će sve potencijalne i preuzete neopozive obaveze biti povučene prije isteka roka dospjeća istih.

Tabela ispod prikazuje knjigovodstvenu vrijednost imovine i obaveza na osnovu očekivanog odliva po finansijskim obavezama, projektovan od strane Banke, na dan 31. decembra 2016. godine:

Aktiva	Po viđenju	Do 3 mjeseca	Od 3 do 12 mjeseci	Od 1 do 5 godina	Preko 5 godina	Ukupno 2016.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Gotovina, gotovinski ekvivalenti, zlato i potraživanja iz operativnog poslovanja	160.686	-	1.008	-	-	161.694
Depoziti i krediti u domaćoj i stranoj valuti	207.507	-	-	-	-	207.507
Potraživanja za kamatu i naknadu, po osnovu prodaje i druga potraživanja	5.610	-	-	-	-	5.610
Dati krediti i depoziti	24.988	51.634	242.302	518.481	238.407	1.075.812
Hartije od vrijednosti	122.792	-	-	165	1.214	124.171
Ostali plasmani i AVR	38.705	935	17.121	-	-	56.761
Zalihe	1.362	1.255	862	12.716	40	16.235
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	55.853	55.853
Nematerijalna ulaganja	-	-	-	-	3.835	3.835
Odložena poreska sredstva	-	-	-	60	-	60
Ukupno aktiva	**561.650**	**53.824**	**261.293**	**531.422**	**299.349**	**1.707.538**
Obaveze						
Obaveze po osnovu depozita i kredita	341.193	117.700	579.242	390.970	59.731	1.488.836
Obaveze za kamatu i naknadu	129	-	-	-	-	129
Ostale obaveze i PVR	8.654	599	17.690	20.072	23.254	70.269
Ukupno obaveze	**349.976**	**118.299**	**596.932**	**411.042**	**82.985**	**1.559.234**
Neto izloženost riziku likvidnosti na dan 31. decembra 2016. godine	**211.674**	**(64.475)**	**(335.639)**	**120.380**	**216.364**	**148.304**

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26.3. Liquidity risk

Liquidity risk represents the risk that the Bank will be unable to meet its payment obligations when they fall due. In order to reduce or limit this risk, the Bank has arranged diversifying its funding sources, by system management of assets and liabilities considering liquidity, and monitoring future cash flows and liquidity on a daily basis.

The Bank maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Bank also maintains required level of mandatory reserves according to the regulations of Central Bank of Bosnia and Herzegovina, as well as the required foreign currency balances with foreign banks to meet the clients' needs. The Bank also identifies additional sources of funds that can use to meet liquidity needs in accordance with its Managing liquidity risk policy.

In accordance with the legal framework and internal limits, policies and procedures, the Bank manages liquidity risk with cash-flow projection, following level and concentration of deposits maturing up to 3 months and one year, taking into account the probability of outflow (stress tests), the inflow of new deposits, projections of placements in this period, as well as returns on the basis of previously approved loans. The Bank does not expect any potential liabilities and commitments will be drawn before its maturity.

The table below shows the carrying value of assets and liabilities based on remaining period to the contractual maturity date as at 31 December 2016:

Assets	On demand	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total 2016
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Cash, cash equivalents, gold and receivables from operational business	160,686	-	1,008	-	-	161,694
Deposits and loans in local and foreign currency	207,507	-	-	-	-	207,507
Receivables for interest and fees based on trade and other receivables	5,610	-	-	-	-	5,610
Approved loans and deposits	24,988	51,634	242,302	518,481	238,407	1.075,812
Securities	122,792	-	-	165	1,214	124,171
Other placements and accrued interest	38,705	935	17,121	-	-	56,761
Supplies	1,362	1,255	862	12,716	40	16,235
Fixed assets and investment property	-	-	-	-	55,853	55,853
Intangible assets	-	-	-	-	3,835	3,835
Deferred tax assets	-	-	-	60	-	60
Total asset	**561,650**	**53,824**	**261,293**	**531,422**	**299,349**	**1,707,538**
Liabilities						
Liabilities based on deposits and loans	341,193	117,700	579,242	390,970	59,731	1,488,836
Liabilities for interest and fees	129	-	-	-	-	129
Other liabilities and accruals	8,654	599	17,690	20,072	23,254	70,269
Total liabilities	**349,976**	**118,299**	**596,932**	**411,042**	**82,985**	**1,559,234**
Net exposure to liquidity risk on 31 December 2016	**211,674**	**(64,475)**	**(335,639)**	**120,380**	**216,364**	**148,304**

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Tabela ispod prikazuje knjigovodstvenu vrijednost imovine i obaveza na osnovu očekivanog odliva po finansijskim obavezama, projektovan od strane Banke, na dan 31. decembra 2015. godine:

Aktiva	Po viđenju	Do 3 mjeseca	Od 3 do 12 mjeseci	Od 1 do 5 godina	Preko 5 godina	Ukupno 2015.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Gotovina, gotovinski ekvivalenti, zlato i potraživanja iz operativnog poslovanja	49.103	-	4.263	-	-	53.366
Depoziti i krediti u domaćoj i stranoj valuti	117.851	-	-	-	-	117.851
Potraživanja za kamatu i naknadu, po osnovu prodaje i druga potraživanja	5.026	-	1.049	-	-	6.075
Dati krediti i depoziti	29.833	71.933	235.331	569.686	282.986	1.189.769
Hartije od vrijednosti	89.164			200	1.214	90.578
Ostali plasmani i AVR	78.339	3.590	16.916	-	-	98.845
Zalihe	4.318	71	13.795	1.461	-	19.645
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	48.333	48.333
Nematerijalna ulaganja	-	-	-	-	3.893	3.893
Odložena poreska sredstva	-	-	-	93	-	93
Ukupno aktiva	**373.634**	**75.594**	**271.354**	**571.440**	**336.426**	**1.628.448**
Obaveze						
Obaveze po osnovu depozita i kredita	321.001	133.745	585.541	315.550	64.690	1.420.527
Obaveze za kamatu i naknadu	97	-	-	-	-	97
Ostale obaveze i PVR	8.084	442	19.504	13.428	30.930	72.388
Ukupno obaveze	**329.182**	**134.187**	**605.045**	**328.978**	**95.620**	**1.493.012**
Neto izloženost riziku likvidnosti na dan 31. decembra 2015. Godine	**44.452**	**(58.593)**	**(333.691)**	**242.462**	**240.806**	**135.436**

Sljedeća tabela pokazuje potencijalne i preuzete neopozive obaveze Banke prema ugovorenim rokovima dospjeća na dan 31. decembra 2016. i 2015. godine:

	Do 3 mjeseca	Od 3 do 12 mjeseci	Od 1 do 5 godina	Preko 5 godina	Ukupno 2016.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Potencijalne obaveze	31.485	98.599	94.081	1.876	226.041
Preuzete obaveze	9.002	44.012	33.874	249	87.138
Ukupno	**40.487**	**142.612**	**127.955**	**2.125**	**313.179**

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The table below shows the carrying value of assets and liabilities based on remaining period to the contractual maturity date as at 31 December 2015:

Assets	On demand	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total 2015
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Cash, cash equivalents, gold and receivables from operational business	49,103	-	4,263	-	-	53,366
Deposits and loans in local and foreign currency	117,851	-	-	-	-	117,851
Receivables for interest and fees based on trade and other receivables	5,026	-	1,049	-	-	6,075
Approved loans and deposits	29,833	71,933	235,331	569,686	282,986	1,189,769
Securities	89,164			200	1,214	90,578
Other placements and accrued interest	78,339	3,590	16,916	-	-	98,845
Supplies	4,318	71	13,795	1,461	-	19,645
Fixed assets and investment property	-	-	-	-	48,333	48,333
Intangible assets	-	-	-	-	3,893	3,893
Deferred tax assets	-	-	-	93	-	93
Total asset	**373,634**	**75,594**	**271,354**	**571,440**	**336,426**	**1,628,448**
Liabilities						
Liabilities based on deposits and loans	321,001	133,745	585,541	315,550	64,690	1,420,527
Liabilities for interest and fees	97	-	-	-	-	97
Other liabilities and accruals	8,084	442	19,504	13,428	30,930	72,388
Total liabilities	**329,182**	**134,187**	**605,045**	**328,978**	**95,620**	**1,493,012**
Net exposure to liquidity risk on 31 December 2015	**44,452**	**(58,593)**	**(333,691)**	**242,462**	**240,806**	**135,436**

The table below shows the Bank's potential liabilities and irrevocable commitments by contracted maturity as at 31 December 2016 and 2015:

	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total 2016
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Potential liabilities	31,485	98,599	94,081	1,876	226,041
Commitments	9,002	44,012	33,874	249	87,138
Total	**40,487**	**142,612**	**127,955**	**2,125**	**313,179**

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	Do 3 mjeseca	Od 3 do 12 mjeseci	Od 1 do 5 godina	Preko 5 godina	Ukupno 2015.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Potencijalne obaveze	31.960	110.815	82.489	1.314	226.578
Preuzete obaveze	17.447	37.105	41.156	177	95.885
Ukupno	**49.407**	**147.920**	**123.645**	**1.491**	**322.463**

Banka ne očekuje da će sve potencijalne i preuzete neopozive obaveze biti povučene prije isteka roka dospjeća istih.

26.4. Tržišni rizik

Tržišni rizik je rizik da će fer vrijednost ili očekivani budući gotovinski tokovi finansijskih instrumenata fluktuirati usljed promjena tržišnih varijabli kao što su kamatne stope i devizni kursevi.

Upravljanje tržišnim rizicima u Banci je definisano politikama koje odobrava Nadzorni odbor i koje su u saglasnosti sa strategijom upravljanja rizicima. U okviru Sektora za upravljanje rizicima, organizovano je Odjeljenje upravljanja tržišnim rizicima koje ima za cilj upravljanje tržišnim rizicima. Rad Odjeljenja za upravljanje tržišnim rizicima prije svega podrazumjeva praćenje tržišnih rizika prema utvrđenim limitima, kao i praćenje rizika koji proističu iz uvođenja novih proizvoda i složenih transakcija.

Rizik promjene kamatnih stopa

Rizik promjene kamatnih stopa javlja se usljed mogućnosti da promjene u kamatnim stopama mogu uticati na buduće novčane tokove ili na fer vrijednost finansijskih instrumenata.

Poslovna politika Banke određuje principe po kojima se ugovara, obračunava i naplaćuje kamata na kredite i druge plasmane (aktivna kamata), kao i principe po kojima se vrši kalkulacija i plaćanje kamate na depozite, uloge i druga primljena sredstva (pasivna kamata).

Kamatna stopa je određena na bazi roka dospjeća, iznosa, namjene, izvora, valute i drugih parametara. Sve kamatne stope utvrđene su na godišnjem nivou, osim u slučaju kad je pored stopa upisan drugi vremenski period. Banka u skladu sa vrstom proizvoda, izvora finansiranja, roka i iznosa, ugovara fiksne ili promjenjljive pasivne i aktivne kamatne stope.

U cilju upravljanja kamatnim rizikom, Banka kroz stres testove vrši analizu senzibilne aktive i pasive, utvrđuje moguće kamatne gapove i definiše mjere za održavanje kamatnog rizika na nivou prihvatljivog za Banku.

Sljedeće tabele prikazuju izloženost Banke riziku promjene kamatne stope na dan 31. decembra 2016. i 31. decembra 2015. godine. Sredstva i obaveze Banke su kategorizovane ranijim od datuma određivanja cijene (re-pricing date) ili datumu dospjeća:

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total 2015
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Potential liabilities	31,960	110,815	82,489	1,314	226,578
Commitments	17,447	37,105	41,156	177	95,885
Total	**49,407**	**147,920**	**123,645**	**1,491**	**322,463**

The Bank does not expect any of the potential liabilities or irrevocable commitments to be withdrawn before their maturity.

26.4. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates.

Market risk management is defined by the procedures approved by Supervisory Board and is in line with the strategy of risk management. Within the Risk Management Sector, Market Risk Management Division is organized which is aimed to manage market risks. Its activities primarily involve monitoring market risks according to defined limits, and monitoring risks arising from the introduction of new products and complex transactions.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Bank's business policy determines the principles by which contracting, billing and charging interest on loans and other placements (active interest) is made, as well as the principles by which calculation and payment of interest on deposits is made, roles and other funds received (passive interest).

Interest rate is determined on the basis of maturity, amount, purpose, source, currency and other parameters. All interest rates are determined annually, except in case when another period of time is defined. Passive and active interest rates are fixed or variable and agreed in accordance with the type of product, source of funding, maturity and amount.

In order to manage the interest rate risk, the Bank uses stress tests to analyze sensitive assets and liabilities, to determine possible interest gaps and to define measures for maintaining interest risk at the level acceptable for the Bank.

The following tables present the Bank's exposure to interest rate risk as at 31 December 2016 and 31 December 2015. The Bank's assets and liabilities are categorized by the earlier of contractual reprising date or maturity date:

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

Aktiva	Do 1 mjesec	Do 3 mjeseca	Od 3 do 12 mjeseci	Preko 1 godina	Nekama-tonosno	Ukupno 2016.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Gotovina, gotovinski ekvivalenti, zlato i potraživanja iz operativnog poslovanja	101.711	-	-	-	59.983	161.694
Depoziti i krediti u domaćoj i stranoj valuti	59.595	-	-	-	147.912	207.507
Potraživanja za kamatu i naknadu, po osnovu prodaje i druga potraživanja	3.988	-	-	-	1.622	5.610
Dati krediti i depoziti	24.990	51.634	242.302	756.886	-	1.075.812
Hartije od vrednosti	118.677	-	-	-	5.494	124.171
Ostali plasmani i AVR	37.562	933	9.489	-	8.777	56.761
Zalihe	-	-	-	-	16.235	16.235
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	55.853	55.853
Nematerijalna ulaganja	-	-	-	-	3.835	3.835
Odložena poreska sredstva	-	-	-	-	60	60
Ukupno aktiva	**346.523**	**52.567**	**251.791**	**756.886**	**299.771**	**1.707.538**
Obaveze						
Obaveze po osnovu depozita i kredita	330.731	98.297	462.908	419.198	177.702	1.488.836
Obaveze za kamatu i naknadu	129	-	-	-	-	129
Ostale obaveze i PVR	1.337	32	10.453	37.697	20.750	70.269
Ukupno obaveze	**332.197**	**98.329**	**473.361**	**456.895**	**198.452**	**1.559.234**
Neto izloženost kamatnom riziku na dan 31. decembra 2016. Godine	**14.326**	**(45.762)**	**(221.570)**	**299.991**	**101.319**	**148.304**

Aktiva	Do 1 mjesec	Do 3 mjeseca	Od 3 do 12 mjeseci	Preko 1 godina	Nekama-tonosno	Ukupno 2015.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Gotovina, gotovinski ekvivalenti, zlato i potraživanja iz operativnog poslovanja	12.663	-	-	-	40.703	53.366
Depoziti i krediti u domaćoj i stranoj valuti	117.851	-	-	-	-	117.851
Potraživanja za kamatu i naknadu, po osnovu prodaje i druga potraživanja	5.026	-	1.049	-	-	6.075
Dati krediti i depoziti	29.740	71.933	235.331	852.765	-	1.189.769
Hartije od vrednosti	84.814	-	-	-	5.764	90.578
Ostali plasmani i AVR	74.076	3.590	5.143	-	16.036	98.845
Zalihe	-	-	-	-	19.645	19.645
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	48.333	48.333
Nematerijalna ulaganja	-	-	-	-	3.893	3.893
Odložena poreska sredstva	-	-	-	-	93	93
Ukupno aktiva	**324.170**	**75.523**	**241.523**	**852.765**	**134.467**	**1.628.448**
Obaveze						
Obaveze po osnovu depozita i kredita	330.968	112.862	473.825	349.392	153.480	1.420.527
Obaveze za kamatu i naknadu	97	-	-	-	-	97
Ostale obaveze i PVR	3.610	32	10.663	37.813	20.270	72.388
Ukupno obaveze	**334.675**	**112.894**	**484.488**	**387.205**	**173.750**	**1.493.012**
Neto izloženost kamatnom riziku na dan 31. decembra 2015. Godine	**(10.505)**	**(37.371)**	**(242.965)**	**465.560**	**(39.283)**	**135.436**

FINANCIAL STATEMENT

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Assets	Up to 1 month	Up to 3 months	From 3 to 12 months	Over 1 year	Non-interest bearing	Total 2016
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Cash, cash equivalents, gold and receivables from operational business	101,711	-	-	-	56,983	161,694
Deposits and loans in local and foreign currency	59,595	-	-	-	147,912	207,507
Receivables for interest and fees based on trade and other receivables	3,988	-	-	-	1,622	5,610
Approved loans and deposits	24,990	51,634	242,302	756,886	-	1,075,812
Securities	118,677	-	-	-	5,494	124,171
Other placements and accrued interest	37,562	933	9,489	-	8,777	56,761
Supplies	-	-	-	-	16,235	16,235
Fixed assets and investment property	-	-	-	-	55,853	55,235
Intangible assets	-	-	-	-	3,835	3,835
Deferred tax assets	-	-	-	-	60	60
Total asset	**346,523**	**52,567**	**251,791**	**756,886**	**289,771**	**1,707,538**
Liabilities						
Liabilities based on deposits and loans	330,731	98,297	462,908	419,198	177,702	1,488,836
Liabilities for interest and fees	129	-	-	-	-	129
Other liabilities and accruals	1,337	32	10,453	37,697	20,750	70,269
Total liabilities	**332,197**	**98,329**	**473,361**	**456,895**	**198,452**	**1,559,234**
Net exposure to liquidity risk on 31 December 2016	**14,326**	**(45,762)**	**(221,570)**	**299,991**	**101,319**	**148,304**

Assets	Up to 1 month	Up to 3 months	From 3 to 12 months	Over 1 year	Non-interest bearing	Total 2015
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Cash, cash equivalents, gold and receivables from operational business	12,663	-	-	-	40,703	53,366
Deposits and loans in local and foreign currency	117,851	-	-	-	-	117,851
Receivables for interest and fees based on trade and other receivables	5,026	-	1,049	-	-	6,075
Approved loans and deposits	29,740	71,933	235,331	852,765	-	1,189,769
Securities	84,814	-	-	-	5,764	90,578
Other placements and accrued interest	74,076	3,590	5,143	-	16,036	98,845
Supplies	-	-	-	-	19,645	19,645
Fixed assets and investment property	-	-	-	-	48,333	48,333
Intangible assets	-	-	-	-	3,893	3,893
Deferred tax assets	-	-	-	-	93	93
Total asset	**324,170**	**75,523**	**241,523**	**852,765**	**134,467**	**1,628,448**
Liabilities						
Liabilities based on deposits and loans	330,968	112,862	473,825	349,392	153,480	1,420,527
Liabilities for interest and fees	97	-	-	-	-	97
Other liabilities and accruals	3,610	32	10,663	37,813	20,270	72,388
Total liabilities	**334,675**	**112,894**	**484,488**	**387,205**	**173,750**	**1,493,012**
Net exposure to liquidity risk on 31 December 2015	**(10,505)**	**(37,371)**	**(242,965)**	**465,560**	**(39,283)**	**135,436**

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

S obzirom da kamatonosna finansijska sredstva i finansijske obaveze nisu prevashodno bazirani na varijabilnim kamatnim stopama, Banka smatra da osjetljivost prihoda i rashoda na promjene u tržišnim kamatnim stopama nije značajna.

Sljedeća tabela prikazuje osjetljivost bilansa uspjeha Banke na promjene kamatnih stopa uz održavanje ostalih varijabli konstantnim. Osjetljivost bilansa uspjeha predstavlja efekat pretpostavljenih promjena u kamatnim stopama na dobitak ili gubitak perioda koji su bazirani na varijabilnim stopama na dan 31. decembra 2016. godine i 31. decembra 2015. godine.

	Povećanje je (smanjenje) u procentnim poenima 2016.	Osjetljivost prihoda i rashoda 2016. *KM hiljada*	Povećanje (smanjenje) u procentnim poenima 2015.	Osjetljivost prihoda i rashoda 2015. *KM hiljada*
EUR	0,5%(0,5%)	(9)/9	1%/(1%)	776/(776)
USD	0,5%(0,5%)	4/(4)	1%/(1%)	(59)/59
KM	0,5%(0,5%)	2.187/(2.187)	1%/(1%)	1.054/(1.054)

Valutni rizik

Valutni rizik je rizik da će doći do promjene vrijednosti finansijskih instrumenata prilikom promjena deviznog kursa. U cilju upravljanja deviznim rizikom, Banka koristi savremeni informacioni server Thomson Reuters za dobijanje pravovremenih informacija o kretanjima na tržištu, informacija o kreditinim bonitetima zemalja sa kojima ima poslovnu saradnju, a na osnovu kojih donosi pravovremene odluke o upravljanju deviznim sredstvima u cilju minimiziranja, odnosno, disperzije rizika. Deviznom pozicijom se upravlja i na dnevnom nivou uz podršku nekoliko aplikativinih sistema, koji obezbjeđuju tzv. real time informacije o svim deviznim transakcijama obavljenim unutar Banke, a koje bi eventualno mogle uticati na rizik otvorenih pozicija i u skladu s tim preduzima mjere zaštite i održavanje istog do nivoa prihvatljivog za Banku.

Sljedeća tabela ukazuje na valute u kojima Banka ima izloženosti u USD i CHF na dan 31. decembra 2016. godine i 31. decembra 2015. godine. Analiza pokazuje eventualni efekat realno moguće promjene deviznog kursa između KM i navedenih stranih valuta, uz konstantnost ostalih varijabli bilansa uspjeha. Pozitivni iznosi u tabeli predstavljaju potencijalno povećanje bilansa uspjeha ili kapitala.

Banka na dan 31. decembra 2016. godine ima umjerenu izloženost u EUR-ima, međutim Banka nije izložena deviznom riziku jer je vrijednost te valute fiksna u odnosu na domaću valutu, imajući u vidu da Centralna banka Bosne i Hercegovine počev od 1997. godine održava monetarnu stabilnost u skladu sa „currencyboard aranžmanom“ (1 EUR =1,95583 KM).

	Promjene u deviznom kursu (%) 2016.	Efekat na bilans uspjeha 2016. *KM hiljada*	Promjene u deviznom kursu (%) 2015.	Efekat na bilans uspjeha 2015. *KM hiljada*
CHF	0,89%	2,94	4%	(26)
USD	3,28%	0,984	4%	(185)

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Since the Bank's interest bearing financial assets and financial liabilities are not dominantly based on variable interest rates, the Bank considers that sensitivity of its income and expenses to changes in market interest rates is not significant.

The following table shows the sensitivity of the income statement of the Bank to interest rate changes while keeping all other variables constant. The sensitivity of the income statement is the effect of the assumed changes in interest rates on the profit or loss for the period, which is based on variable rates on 31 December 2016 and 31 December 2015.

	Increase (decrease) in percentage points 2016	The sensitivity of income and expenses 2016	Increase (decrease) in percentage points 2015	The sensitivity of income and expenses 2015
		KM thousand		*KM thousand*
EUR	0,5%(0,5%)	(9)/9	1%/(1%)	776/(776)
USD	0,5%(0,5%)	4/(4)	1%/(1%)	(59)/59
KM	0,5%(0,5%)	2.187/(2.187)	1%/(1%)	1.054/(1.054)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. In order to manage foreign exchange risk, the Bank uses modern information server Thomson Reuters to obtain timely information on market trends, creditworthiness of countries with which it has business relations, and on this basis it makes timely decisions about managing funds in foreign currency in order to minimize or disperse risk. Foreign exchange positions are managed on a daily basis with the support of several application systems, which provide so-called real time information on all foreign exchange transactions conducted within the Bank, which could eventually affect the risk of open positions and accordingly the Bank takes measures to protect and maintain its acceptable level.

The table below indicates the currencies to which the Bank had significant exposure in CHF and USD as at 31 December 2016 and 31 December 2015. The analysis calculates the effect of a reasonably possible movement of the currency rate against KM, with all other variables held constant on the income statement. Positive amounts in the table reflect potential net increases in income statement or equity.

As at 31 December 2016 the Bank had significant exposure in EUR, however the Bank is not exposed to currency risk as the value of that currency compared to domestic currency is fixed, considering the fact that the Central Bank of Bosnia and Herzegovina since 1997 maintains monetary stability in line with the "currency board arrangement" (1 EUR = 1.95583 KM).

	Changes in the exchange rate (%) 2016	Effect on the income statement 2016	Changes in the exchange rate (%) 2015	Effect on the income statement 2015
		KM thousand		*KM thousand*
CHF	0,89%	2,94	4%	(26)
USD	3.28%	0.984	4%	(185)

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

Sljedeća tabela prikazuje izloženost Banke deviznom riziku na dan 31. decembra 2016. godine. U tabeli su uključena sredstva i obaveze po njihovim knjigovodstvenim vrijednostima:

Aktiva	EUR	USD	CHF	Ostale valute	Ukupno u stranoj valuti	Ukupno u domaćoj valuti	Ukupno 2016.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Gotovina, gotovinski ekvivalenti, zlato i potraživanja iz operativnog poslovanja	104.214	15.518	8.934	4.040	132.706	28.988	161.694
Depoziti i krediti u domaćoj i stranoj valuti	-	-	-	-	-	207.507	207.507
Potraživanja za kamatu i naknadu, po osnovu prodaje i druga potraživanja	186	-	-	-	186	5.424	5.610
Dati krediti i depoziti	980.098	-	-	-	980.098	95.714	1.075.812
Hartije od vrijednosti	31	3.883	-	-	3.914	120.257	124.171
Ostali plasmani i AVR	12.188	2.514	-	1	14.703	42.058	56.761
Zalihe	-	-	-	-	-	16.235	16.235
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	-	55.853	55.853
Nematerijalna ulaganja	-	-	-	-	-	3.835	3.835
Odložena poreska sredstva	-	-	-	-	-	60	60
Ukupno aktiva	**1.096.717**	**21.915**	**8.934**	**4.041**	**1.131.607**	**575.931**	**1.707.538**
Obaveze							
Obaveze po osnovu depozita i kredita	1.076.981	21.753	8.553	1.998	1.109.285	379.551	1.488.836
Obaveze za kamatu i naknadu	-	-	-	-	-	129	129
Ostale obaveze i PVR	43.286	132	50	6	43.474	26.795	70.269
Ukupno obaveze	**1.120.267**	**21.885**	**8.603**	**2.004**	**1.152.759**	**406.475**	**1.559.234**
Neto izloženost valutnom riziku na dan 31. decembra 2016. godine	**(23.550)**	**30**	**331**	**2.037**	**(21.152)**	**169.456**	**148.304**

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

The table below summarizes the Bank's exposure to foreign currency exchange rate risk as at 31 December 2016. Assets and liabilities at their carrying values are presented:

Assets	EUR	USD	CHF	Other foreign currencies	Total foreign currency	Total local currency	Total 2016
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Cash, cash equivalents, gold and receivables from operational business	104,214	15,518	8,934	4,040	132,706	28,988	161,694
Deposits and loans in local and foreign currency	-	-	-	-	-	207,507	207,507
Deposits and loans in local and foreign currency	186	-	-	-	186	5,424	5,610
Approved loans and deposits	980,098	-	-	-	980,098	95,714	1,075,812
Securities	31	3,883	-	-	3,914	120,257	124,171
Other placements and accrued interest	12,188	2,514	-	1	14,703	42,058	56,761
Supplies	-	-	-	-	-	16,235	16,235
Fixed assets and investment property	-	-	-	-	-	55,853	55,853
Intangible assets	-	-	-	-	-	3,835	3,835
Deferred tax assets	-	-	-	-	-	60	60
Total asset	**1,096,717**	**21,915**	**8,934**	**4,041**	**1,131,607**	**575,931**	**1,707,538**
Liabilities							
Liabilities based on deposits and loans	1,076,981	21,753	8,553	1,998	1,109,285	379,551	1,488,836
Liabilities for interest and fees	-	-	-	-	-	129	129
Other liabilities and accruals	43,288	132	50	6	43,474	26,795	70,269
Total liabilities	**1,120,267**	**21,885**	**8,603**	**2,004**	**1,152,272**	**406,962**	**1,559,234**
Net exposure to liquidity risk on 31 December 2016	**(23,063)**	**30**	**331**	**2,037**	**(21,152)**	**169,456**	**148,304**

FINANSIJSKI IZVJEŠTAJ

NAPOMENE UZ FINANSIJSKE IZVJEŠTAJE

Sljedeća tabela prikazuje izloženost Banke deviznom riziku na dan 31. decembra 2015. godine. U tabeli su uključena sredstva i obaveze po njihovim knjigovodstvenim vrijednostima:

Aktiva	EUR	USD	CHF	Ostale valute	Ukupno u stranoj valuti	Ukupno u domaćoj valuti	Ukupno 2015.
	KM hiljada	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*	*KM hiljada*
Gotovina, gotovinski ekvivalenti, zlato i potraživanja iz operativnog poslovanja	15.425	1.634	7.455	3.603	28.117	25.249	53.366
Depoziti i krediti u domaćoj i stranoj valuti	-	-	-	-	-	117.851	117.851
Potraživanja za kamatu i naknadu, po osnovu prodaje i druga potraživanja	85	-	-	-	85	5.990	6.075
Dati krediti i depoziti	1.076.560	-	-	-	1.076.560	113.209	1.189.769
Hartije od vrijednosti	32	3.553	-	-	3.585	86.993	90.578
Ostali plasmani i AVR	6.861	1.953	-	1	8.815	90.030	98.845
Zalihe	-	-	-	-	-	19.645	19.645
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	-	48.333	48.333
Nematerijalna ulaganja	-	-	-	-	-	3.893	3.893
Odložena poreska sredstva	-	-	-	-	-	93	93
Ukupno aktiva	**1.098.963**	**7.140**	**7.455**	**3.604**	**1.117.162**	**511.286**	**1.628.448**
Obaveze							
Obaveze po osnovu depozita i kredita	1.022.104	11.664	8.058	2.177	1.044.003	376.524	1.420.527
Obaveze za kamatu i naknadu	-	-	-	-	-	97	97
Ostale obaveze i PVR	43.323	96	44	7	43.470	28.918	72.388
Ukupno obaveze	**1.065.427**	**11.760**	**8.102**	**2.184**	**1.087.473**	**405.539**	**1.493.012**
Neto izloženost valutnom riziku na dan 31. decembra 2015. Godine	**33.536**	**(4.620)**	**(647)**	**1.420**	**29.689**	**105.747**	**135.436**

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

The table below summarizes the Bank's exposure to foreign currency exchange rate risk as at 31 December 2015. Assets and liabilities at their carrying values are presented:

Assets	EUR	USD	CHF	Other foreign currencies	Total foreign currency	Total local currency	Total 2015
	KM thousand	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*	*KM thousand*
Cash, cash equivalents, gold and receivables from operational business	15,425	1,634	7,455	3,603	28,117	25,249	53,366
Deposits and loans in local and foreign currency	-	-	-	-	-	117,851	117,851
Deposits and loans in local and foreign currency	85	-	-	-	85	5,990	6,075
Approved loans and deposits	1,076,560	-	-	-	1,076,560	113,209	1,189,769
Securities	32	3,553	-	-	3,585	86,993	90,578
Other placements and accrued interest	6,861	1,953	-	1	8,815	90,030	98,845
Supplies	-	-	-	-	-	19,645	19,645
Fixed assets and investment property	-	-	-	-	-	48,333	48,333
Intangible assets	-	-	-	-	-	3,893	3,893
Deferred tax assets	-	-	-	-	-	93	93
Total asset	**1,098,963**	**7,140**	**7,455**	**3,604**	**1,117,162**	**511,286**	**1,628,448**
Liabilities							
Liabilities based on deposits and loans	1,022,104	11,664	8,058	2,177	1,044,003	376,524	1,420,527
Liabilities for interest and fees	-	-	-	-	-	97	97
Other liabilities and accruals	43,323	96	44	7	43,470	28,918	72,388
Total liabilities	**1,065,427**	**11,760**	**8,102**	**2,184**	**1,087,473**	**405,539**	**1,493,012**
Net exposure to liquidity risk on 31 December 2015	**33,536**	**(4,620)**	**(647)**	**1,420**	**29,689**	**105,747**	**135,436**

FINANSIJSKI IZVJEŠTAJ

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26.5. Operativni rizik

Operativni rizik je rizik da će doći do gubitka koji bi proistekao iz pada računarskog sistema, ljudskih grešaka, pronevjera ili spoljnih događaja. Kad kontrole prestanu da funkcionišu, operativni rizik može da naruši ugled Banke, može imati zakonske posljedice ili usloviti nastanak finansijskih gubitaka. Banka ne može očekivati da eliminiše sve operativne rizike, ali uvođenjem rigoroznog kontrolnog okvira i nadgledanjem i odgovaranjem na potencijalne rizike, Banka je u mogućnosti da upravlja ovim rizicima. Kontrola uključuje efektivnu podjelu dužnosti, pristupa, ovlašćenja i usaglašavanje procedura, obuku osoblja i proces nadgledanja, uključujući i internu reviziju.

Banka operativnim rizicima upravlja na osnovu prikupljenih podataka o štetnim događajima, praćenjem ključnih indikatora o operativnim rizicima, procjene operativnih rizika pri donošenju odluka o poslovnim promjenama, te o istome, kao i o rezultatima upravljanja operativnim rizicima izvještava Upravu Banke.

Banka prati operativne rizike na dnevnoj osnovi putem seta ključnih risk indikatora (KRI), procjene rizika fizičke sigurnosti, informacione sigurnosti po standardu ISO 27000, kao i rizika povezanih sa zdravljem ljudi u skladu sa odredbama Zakona o zaštiti na radu. Za procjenu rizika u poslovnim linijama koriste se upitnici za samoocjenjivanje (CRSA).

U cilju efikasnog upravljanja operativnim rizikom, Banka koristi softver za evidentiranje operativnih gubitaka i incidenata kojim je omogućeno efikasnije kreiranje baze i praćenje trendova što ima za cilj donošenje pravovremenih odluka i kreiranje dugoročne osnove za napredni model upravljanja operativnim rizikom.

Korištenjem sopstvenog znanja i bez angažovanja spoljnih konsultanata, Banka je u toku 2014. godine certifikovala sopstveni sistem upravljanja informacionom sigurnosti po medjunarodnom standardu ISO 27000, a u 2016.g. izvršena je redovna godišnja provjera od strane TUV Austrija.Na taj način Banka je dokazala da dijelom operativnog rizika koji je povezan sa primjenom informacionih tehnologija, upravlja u skladu sa medjunarodno priznatim okvirom - ISO 27000.

26.6. Rizik zemlje

Pod rizikom koji se odnosi na zemlju porijekla lica prema kome je Banka izložena podrazumevaju se negativni efekti koji bi mogli uticati na njen finansijski rezultat i kapital zbog nemogućnosti Banke da naplati potraživanja od ovog lica iz razloga koji su posljedica političkih, ekonomskih ili socijalnih prilika u zemlji porijekla tog lica.

Banka najvećim dijelom plasira sredstva komitentima iz Republike Srpske, dok je riziku zemlje izložena u dijelu sredstava koja se u određenim momentima mogu plasirati do utvrđenih limita ino-bankama.

Sektor za upravljanje rizicima je kreirao metodologiju za određivanje limita plasmana u druge banke. Na osnovu analiza Sektor za sredstva sačinjava prijedlog na osnovu koga Sektora za upravljanje rizicima, a po osnovu procjene rizika određuje limite koje usvaja Odbor za upravljanje aktivom i pasivom Banke.

Rizik zemlje Banka se minimizira i politikom plasiranja sredstava u inostranstvo, prvenstveno kratkoročnim oročavanjem sredstava kod prvoklasnih inostranih banaka.

26.5. Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage the risks. Controls include effective segregation of duties, access, authorization and reconciliation of procedures, staff education and assessment processes, including the use of internal audit.

The Bank manages operational risks based on obtained data about adverse events, by monitoring key indicators about operational risks, operational risks assessment in making decisions about the business changes, and the Bank's management is informed on the results of operational risk management.

The Bank monitors operational risks on a daily basis through the set of key risk indicators (KRI), risk assessment of physical security, information security according to standard ISO 27000, and the risks associated with the health of people in accordance with the provisions of the Law on Protection at Work. To estimate the risks of business lines, self-assessment questionnaires (CRSA) are used.

In order to effectively manage operational risk, the Bank uses software for recording operational losses, which enables more effective creation of data base and monitoring of trends which provides opportunity to make timely decisions and create long-term basis for an advanced model of operational risk management.

Using it's own know-how, without hiring external consultants, during 2014 the Bank has certified its own information security management system in accordance with international standards ISO 27000, and in 2016 there has been regular annual inspection by TUV Austria. Thereby, the Bank has proven that it manages with the operational risk associated with the implementation of information technology, and that it is in accordance with internationally recognized standard codified in ISO 27000.

25.6. Country risk

Risk relating to the country of origin of entities to which the Bank is exposed to relates to adverse effects that might affect its financial results and equity, due to the Bank's inability to collect receivables from these entities for reasons that are consequence of political, economic and social conditions in the country of origin.

The Bank mainly places loans to customers from Republic of Srpska, while it is exposed to the country risk where funds in certain moments can be placed to defined limits to foreign banks.

Risk Management Sector issued the methodology for defining limits to placements in other banks. Based on the analyses Resources Department makes proposals on which Risk Management Sector defines limits in line with risk assessment and sends for approval to Asset and Liability Management Committee.

The Bank also minimizes the country risk by policy of placements abroad, mainly through short-term deposits in first class foreign banks.

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26.7. Upravljanje kapitalom

Ciljevi Banke koji se odnose na upravljanje kapitalom obuhvataju ne samo usklađenost sa propisima Agencije za bankarstvo Republike Srpske u pogledu strukture kapitala i održavanja nivoa adekvatnosti kapitala nego i:

- da obezbjedi mogućnost dugoročnog nastavka poslovanja uz obezbjeđenje prinosa akcionarima i koristi drugim zainteresovanim stranama,
- da obezbjedi jaku kapitalnu osnovu kao podršku daljem razvoju poslovanja Banke.

Banka stalno vrši monitoring strukture kapitala, stope adekvatnosti kapitala, kao i nadzor na održavanju zakonom propisanih limita koji se odnose na pozicije kapitala. Zakon o bankama i propisi Agencije za bankarstvo Republike Srpske propisuju minimalni iznos kapitala od 15 miliona KM i stopu adekvatnosti kapitala od najmanje 12%.

U skladu sa Odlukom Agencije za bankarstvo Republike Srpske o minimalnim standardima za upravljanje kapitalom banaka i kapitalnoj zaštiti, iznos opštih rezervisanja u okviru dopunskog kapitala iznosi 1,25% u odnosu na ukupno ponderisani rizik koji iznosi 1.251.476 hiljada KM sa stanjem na dan 31. decembra 2016. godine.

U sljedećoj tabeli je prikazana struktura ukupnog kapitala Banke na dan 31. decembra 2016. i 2015. godine, kao i stopa adekvatnosti kapitala u skladu sa propisima Agencije za bankarstvo Republike Srpske:

	2016. *KM hiljada*	2015. *KM hiljada*
Regulatorni kapital		
- Osnovni kapital	126.693	115.106
- Dopunski kapital	53.838	57.552
Odbitne stavke	(6.616)	(5.750)
Ukupno kapital	**173.915**	**166.908**
Rizik ponderisane aktive i kreditnih ekvivalenata	1.154.870	1.267.100
Ponderisan operativni rizik	96.606	89.709
Ukupno ponderisani rizici	**1.251.476**	**1.356.809**
Adekvatnost kapitala na 31. decembar	13,9%	12,3%

Koeficijent adekvatnosti kapitala od 13,9% je bez uključene neto dobiti tekuće godine. Koeficijent adekvatnosti kapitala sa uključenom neto dobiti tekuće godine iznosi 14,8%.

U skladu sa propisima Republike Srpske kapital Banke sastoji se od:

- osnovnog kapitala, koji obuhvata obične akcije i akcijsku premiju, zakonske rezerve i ostale rezerve, kao i neraspoređenu dobit iz prethodnog perioda umanjeno za nematerijalna ulaganja,
- dopunskog kapitala, koji uključuje iznos opštih rezervi za pokriće kreditnih gubitaka za aktivu banke procijenjenu kao dobra aktiva, i iznos subordinisanog duga najviše do 50% iznosa osnovnog kapitala.

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26.7. Capital management

The Bank's objectives relating to the management of capital include not only compliance with the regulations of the Banking Agency of the Republic of Srpska in terms of maintaining the capital requirements but also:

- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

Management regularly monitors capital structure, capital adequacy ratio and supervises the maintenance of statutory limits related to capital positions. The Law on Banks and the Banking Agency of the Republic of Srpska require the minimum amount of capital equivalent of KM 15 million and capital adequacy ratio of at least 12%.

In accordance with the Decision of the Banking Agency of the Republic of Srpska of minimum standards for bank capital and capital protection, the amount of general provisions within Tier II capital amounts to 1.25% compared to total weighted risk, which amounts to KM 1,251,476 thousand as at 31 December 2016.

The table below shows capital structure as at 31 December 2016 and 2015, as well as capital adequacy ratio in accordance with regulations of the Banking Agency of Republic of Srpska:

	2016. *KM thousand*	2015. *KM thousand*
Regulatory capital:		
- Tier I capital	126,693	115,106
- Tier II capital	53,838	57,552
Deductible items	(6,616)	(5,750)
Total capital	**173,915**	**166,908**
Risk weighted assets and loan equivalents:	1,154,870	1,267,100
Weighted operational risk	96,606	89,709
Total weighted risks	**1,251,476**	**1,356,809**
Capital adequacy ratio as at 31 December	**13.9%**	**12.3%**

Capital adequacy ratio amounts to 13.9%, without the included net profit for the year. Capital adequacy ratio with the included net profit for the year amounts to 14.8%.

In accordance with the regulations of the Republic of Srpska capital of the Bank consists of:

- Tier I capital, which comprises ordinary shares and corresponding share premium, reserves and retained earnings from previous period less intangible assets
- Tier II capital, which consists of general reserves for loan losses for assets estimated as good assets, amount of accumulated profit in the current year which has been revised and subordinated debt up to 50% of Tier I capital.

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26.8. Fer vrijednost finansijske aktive i obaveza

Poslovna politika Banke je da objelodani informacije o pravičnoj vrijednosti aktive i pasive za koju postoje zvanične tržišne informacije i kada se pravična vrijednost značajno razlikuje od knjigovodstvene vrijednosti.

Po mišljenju Uprave Banke, iznosi finansijskih sredstava i obaveza iskazani u priloženim finansijskim izvještajima odražavaju vrijednost koja je u datim okolnostima najvjerodostojnija i najkorisnija za potrebe izvještavanja.

Finansijski instrumenti čija je fer vrijednost aproksimativno jednaka knjigovodstvenoj vrijednosti

Za finansijska sredstva i finansijske obaveze koje su likvidne ili imaju kratak rok dospjeća (do 3 meseca) pretpostavlja se da su knjigovodstvene vrijednosti aproksimativno jednake njihovoj fer vrijednosti. Ova pretpostavka se takođe odnosi na depozite po viđenju, štedne depozite bez roka dospjeća i finansijske instrumente sa varijabilnim kamatnim stopama.

Finansijski instrumenti sa fiksnom kamatnom stopom

Fer vrijednost finansijskih sredstava i obaveza sa fiksnom kamatnom stopom, koje se evidentiraju po amortizovanoj nabavnoj vrijednosti, se procjenjuje poređenjem tržišnih kamatnih stopa pri početnom priznavanju sa tekućim tržišnim stopama koje trenutno važe za slične finansijske instrumente na osnovu kotiranih cijena na tržištu. Za finansijske instrumente za koje nisu dostupne tržišne cijene, koristi se model diskontovanog novčanog toka koji je baziran na krivoj prinosa tekuće kamatne stope koja odgovara preostalom periodu do roka dospjeća.

Finansijski instrumenti vrednovani po fer vrijednosti

Finansijski instrumenti, kao što su hartije od vrijednosti raspoložive za prodaju, se vrijednuju po fer vrijednosti baziranoj na dostupnim tržišnim informacijama, odnosno korišćenjem kotirane tržišne cijene na dan izvještavanja.

				KM hiljada
	Nivo 1	Nivo 2	Nivo 3	Ukupno
Finansijski instrumeni kojima se trguje				
Akcije javnih preduzeća	201	-	-	**201**
Akcije drugih preduzeća u stranoj valuti	3.884	-	-	**3.884**
Akcije nebankarskih finansijskih organizacija	30	-	-	**30**
Ukupno finansijski instrumenti kojima se trguje	4.115			**4.115**
Finansijski instrumenti namenjeni prodaji /hartije od vrednosti raspoložive za prodaju				
Obveznice Republike Srpske	7.148	111.529	-	**118.677**
Ukupno Finansijski instrumeni kojima se trguje	**11.263**	**111.529**	**-**	**122.792**

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26.8. Fair value of financial assets and liabilities

The Bank has a policy on disclosure of fair value information of those components of assets and liabilities for which published or quoted market prices are readily available, and of those for which the fair value may be materially different than their carrying amounts.

The Bank's management believes that amounts of financial assets and liabilities presented in accompanying financial statements reflect the most valid and useful reporting values under the present market conditions.

Financial instruments with fair value approximate their carrying value

It is assumed that the carrying values of liquid financial assets and short-term liabilities with maturities up to 3 months approximate their fair value. This assumption also relates to sight deposits, savings deposits without maturity and variable rate financial instruments.

Fixed-rate financial instruments

Fair value of fixed interest rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were initially recognized with current market rates for similar financial instruments based on quoted market prices. For those instruments issued where quoted market prices are not available, a discounted cash flow model based on current interest rate yield curve appropriate for the remaining term to maturity is used.

Financial instruments measured at fair value

Financial instruments, such as securities available-for-sale, are measured at fair value based on available market information, i.e. quoted market prices at the reporting date.

				KM thousand
	Level 1	Level 2	Level 3	Total
Financial instruments available-for-sale				
Shares of public companies	201	-	-	**201**
Shares of other companies in foreign currency	3,884	-	-	**3,884**
Shares of non-banking financial institutions	30	-	-	**30**
Total financial instruments available-for-sale	**4,115**	**-**	**-**	**4,115**
Financial instruments/securities available-for-sale				
Bonds of Republic of Srpska	7,148	111,529	-	**118,677**
Total financial instruments available-for-sale	**11,263**	**111,529**	**-**	**122,792**

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27. KURSEVI

Zvanični kursevi koji su korišćeni za kursiranje bilansnih pozicija denominiranih u stranoj valuti na 31. decembar 2016. i 2015. godine u konvertibilnu marku (KM) su bili slijedeći:

31. decembar	2016.	2015.
EUR	1,95583	1,95583
USD	1,855450	1,79007
CHF	1,821240	1,808609

28. DOGAĐAJI POSLIJE DANA BILANSIRANJA

Nije bilo značajnih događaja poslije datuma izvještavanja koji bi zahtjevali prilagođavanje ili objelodanjivanje u napomenama uz finansijske izvještaje Banke za 2016. godinu.

Banja Luka,
24. februar 2017. godine

U ime
Nove banke AD Banja Luka

Doc. dr Milan Radović
Direktor

FINANCIAL STATEMENT

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27. FOREIGN EXCHANGE RATE

The official exchange rates used in the conversion of balance sheet items denominated in foreign currencies to convertible mark (KM) as at 31 December 2016 and 2015 were:

31 December	2016.	2015.
EUR	1,95583	1,95583
USD	1,855450	1,79007
CHF	1,821240	1,808609

28. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after balance sheet date that would require adjustment or disclosure in the notes to the financial statements of the Bank for 2016.

Banja Luka,
24 February 2017

On behalf of
Nova Banka AD Banja Luka

Milan Radović, Ph.D.
General Manager

2016

www.novabanka.com