

GODIŠNJI IZVJEŠTAJ

2017

ANNUAL REPORT







GODIŠNJI IZVJEŠTAJ 2017

OSLONAC KROZ VRIJEME



ANNUAL REPORT 2017

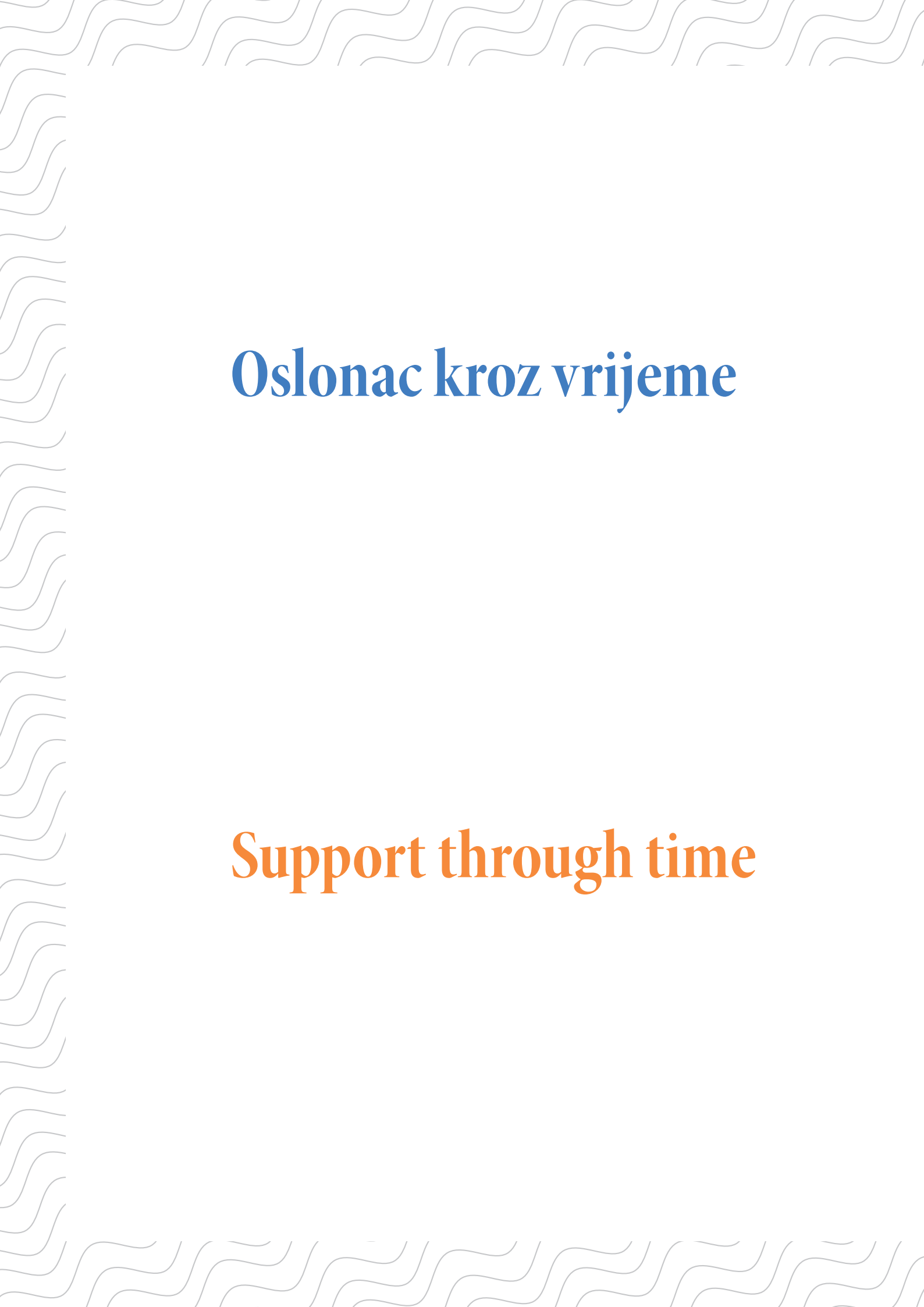
SUPPORT THROUGH TIME

SADRŽAJ

Riječ predsjednika Uprave	8
Uprava Banke	10
Makroekonomsko okruženje	18
Bankarski sektor i očekivanja za 2018. godinu	22
Profil Nove banke	26
Vizija	26
Misija	26
Vrijednosti	26
Društvena odgovornost	28
Kvalitet usluge i poslovanja	30
Nagrade i priznanja	30
Organizaciona struktura	32
Organi upravljanja	34
Upravljanje ljudskim resursima	36
Kvantitativno ostvarenje strategije poslovanja	38
Trend kretanja broja klijenata	38
Trend kretanja plasmata	42
Trend kretanja depozita	48
Trend kretanja kartičnog poslovanja	52
Paketi proizvoda	54
Elektronsko bankarstvo i pružanje informacija klijentima putem sms usluge	54
M:pay	54
Bankoosiguranje	56
Kvalitet usluge	56
Kvalitativno ostvarenje strategije poslovanja	58
Trend kretanja kapitala	58
Trend kretanja NPL-a	58
Trend kretanja strukture depozita	60
Upravljanje sredstvima	64
Upravljanje depozitima Banke – značajne aktivnosti u 2017. godini	66
Devizna pozicija Nove banke i kursne razlike	68
Risk profil i risk politika Banke	70
Upravljanje informacionim sistemom Banke	78
Pojedinačni finansijski izvještaji	82
Izvještaj nezavisnog revizora	84
Pojedinačni Bilans uspjeha	86
Pojedinačni Bilans stanja	88
Pojedinačni Izvještaj o promjenama na kapitalu	90
Pojedinačni Bilans tokova gotovine	92
Napomene uz pojedinačne finansijske izvještaje	94

CONTENTS

A Word from the Chairman of the Management Board.....	9
Management Board.....	10
Macroeconomic environment	19
Banking sector and expectations for 2018	23
Profile of Nova banka	27
Vision.....	27
Mission	27
Values.....	27
Corporate social responsibility.....	29
Quality of service and business	31
Awards and recognitions.....	31
Organizational structure	33
Management bodies of the Bank	35
Human Resources Management	37
Quantitative achievement of business strategy	39
Trend in the number of clients.....	39
Trend of placements.....	43
Trend of deposits	49
Trend in card business.....	53
Product packages	55
Electronic banking and providing information to clients via SMS services.....	55
M:pay.....	55
Bank Insurance.....	57
Quality of service	57
Qualitative realization of the business strategy.....	59
Trend in capital flows.....	59
Trend of NPL.....	59
Trend in the structure of deposits	61
Treasury management	65
Management of deposits of the Bank – significant activities in 2017.....	67
Foreign exchange position of Nova banka and Exchange rate differences	69
Risk profile and risk policy of the Bank	71
Management of the Bank's IT system	79
Unconsolidated financial statements	83
Independent Auditor's Report	85
Unconsolidated Income Statement	87
Unconsolidated Statement of Financial Position.....	89
Unconsolidated Statement of Changes in Equity.....	91
Unconsolidated Statement of Cash Flows.....	93
Notes to the Unconsolidated Financial Statements	95



Oslonac kroz vrijeme

Support through time



RIJEČ PREDSEDNIKA UPRAVE

Poštovani klijenti, akcionari i dragi prijatelji,

U cilju kvalitetnijeg upravljanja aktivom, a u skladu sa EU direktivama i međunarodnim standardima, krajem 2016. godine usvojen je novi Zakon o bankama Republike Srpske, a tokom 2017. godine donošen je i niz drugih podzakonskih akata. Osim toga, od 1.1.2018. godine banke u Bosni i Hercegovini imaju obavezu primjene Međunarodnog standarda finansijskog izvještavanja 9 (MSFI 9) čiji efekti će biti iskazani u početnom bilansu za 2018. godinu.

Primjenom ovog standarda Banka će još kvalitetnije da procjenjuje nivo izloženosti riziku cjelokupne aktive kako bi vrednovanjem kvaliteta aktive na što adekvatniji način bile iskazane rezerve za potencijalne kreditne gubitke.

U skladu sa tim, Nova banka je preduzela niz aktivnosti usmjerenih na unapređenje poslovanja i kapitalno jačanje, efikasnu naplatu i unapređenje sistema ranog prepoznavanja pogoršanja kvaliteta kreditnog portfolija, unapređenje sistema upravljanja rizicima, posebno kreditnim i rizikom likvidnosti i uspostavljanju i unapređenju stress testova na moguće scenarije kriznih situacija i njihov uticaj na poslovanje banke, a posebno kapital, kreditni rizik i rizik likvidnosti.

I u 2017. godini zadržali smo rast i stabilnost poslovanja, te dodatno učvrstili i unaprijedili našu poziciju na bankarskom tržištu Republike Srpske i Bosne i Hercegovine.

Ostvarenjem aktive na nivou od 1,88 milijardi KM postigli smo rast od 10 % u odnosu na 2016. godinu i zadržali leadersku poziciju u Republici Srpskoj, kao i ulogu jedne od vodećih banaka u Bosni i Hercegovini. Štednja i depoziti, kao i broj klijenata nastavili su trend rasta po svim kategorijama, što govori i o stalnom rastu i jačanju povjerenja naših klijenata.

U 2017. godini Nova banka je ostvarila rezultat od 10 miliona KM, što se može smatrati dobrim rezultatom, s obzirom na smanjenje kamatne marže po kreditima u uslovima jake konkurencije, kao i pojačanih rezervisanja po kreditima zbog zahtjeva za implementacijom međunarodnih standarda u 2017. godini, čime su određene pozicije aktive vrednovane na nešto drugačiji način. Banka je jačala i kapitalnu poziciju te je ostvarila rast osnovnog i dopunskog kapitala koji je na kraju 2017. godine iznosio 194.814 hiljada KM.

Kao odgovor tehnološkim inovacijama, savremenim trendovima u bankarstvu i demografskim promjenama, tokom 2017. godine značajne resurse smo uložili u domenu kartičnog poslovanja, razvoja i nadgradnje Super Nova Kluba lojalnosti, zatim realizaciju projekta novog načina mjerenja rizika i obračuna adekvatnosti kapitala u skladu sa bazeskim standardima i zahtjevima regulatora. Informacioni sistem Banke razvijali smo i unapređivali u više pravaca, od daljeg razvoja ERP sistema za interne procese, zatim razvoja u domenu poslovne inteligencije, povećanja efikasnosti rada u informacionom sistemu kao i konstantnog rada na zaštiti od prijetnji po sigurnost informacija. Pokrenuli smo i projekat Internet Payment Gateway-a koji će klijentima omogućiti integraciju web plaćanja, kao i na tržištu Bosne i Hercegovine jedinstvenu uslugu mobilnog bankarstva M:pay za unapređenje plaćanja telekomunikacionih usluga.

Ulagali smo u razvoj zaposlenih, unapređenjem njihovih znanja i vještina, podsticanjem pozitivne radne atmosfere, definisanjem konkurentnih naknada i mnogim drugim aktivnostima, a sve u cilju brige o zaposlenima kreiranjem zdravog i sigurnog okruženja u kojem su zaposleni motivisani za postizanje individualnih i timskih rezultata.

S druge strane, nastavili smo našu strategiju podrške zajednici u kojoj živimo i radimo. Podržali smo brojne sportske, kulturne i društvene događaje, bili smo dio humanitarnih akcija, a neke od njih smo i sami pokretali. Širili smo pozitivnu energiju i kreirali optimističnu atmosferu koja pomjera granice i daje odgovor na sve izazove.

Pozicija Nove banke na tržištu Bosne i Hercegovine je stabilna. Želimo da budemo i ostanemo pokretač pozitivnih društvenih promjena i razvoja bankarskog tržišta, poslujući odgovorno, pouzdano i sigurno, brineći o svojim klijentima, akcionarima i društvu u cjelini. Povjerenjem, odgovornošću i vjerodostojnošću sigurnim koracima idemo prema našem cilju uspjeha i zadovoljstva kako nas, naših klijenata tako i društva u cjelini.

Zahvaljujem se klijentima i akcionarima na ukazanom povjerenju, te zaposlenima za zalaganje i trud, čija podrška i pomoć su dali izuzetan doprinos u nastavku našeg uspješnog poslovanja.


Doc. dr Milan Radović
Predsjednik Uprave

A WORD FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear clients, shareholders and dear friends,

In order to improve asset management, and in accordance with EU directives and international standards, in late 2016 a new Law on Banks of the Republic of Srpska was adopted, and during 2017 a number of other by-laws was adopted. In addition, since 01 January 2018 the banks in Bosnia and Herzegovina have the obligation to apply the International Financial Reporting Standards 9 (IFRS 9) whose effects will be reported in the opening balance for 2018.

By applying this standard, the Bank will assess the level of risk exposure of all assets in a more quality manner in order for reserves for potential credit losses to be reported by assessing the quality of assets in the most adequate way.

Accordingly, Nova banka has undertaken a number of activities aimed at improving the business operations and capital strengthening, more efficient collection and improvement of the early recognition system for the deterioration of the quality of the loan portfolio, the improvement of the risk management system, in particular credit and liquidity risk and the establishment and improvement of stress tests on possible scenarios of crisis situations and their impact on the Bank's operations, in particular capital, credit risk and liquidity risk.

In 2017 as well, we maintained the growth and stability of our business operations, and further consolidated and improved our position in the banking market of the Republic of Srpska and Bosnia and Herzegovina.

By achieving the level of assets of 1.88 billion BAM we achieved growth of 10% compared to 2016 and retained the leading position in the Republic of Srpska, as well as the role of one of the leading banks in Bosnia and Herzegovina. Savings and deposits, as well as the number of clients, have continued the trend of growth across all categories, which also shows the constant growth and strengthening of our clients' trust.

In 2017 Nova banka achieved the result of 10 million BAM, which could be considered a good result, given the reduction in the interest rate on loans in conditions of strong competition, as well as increased loan provisions due to the requirements for the implementation of international standards in 2017, whereby certain positions of assets were valued in a slightly different way. The Bank also strengthened its capital position and achieved the growth of basic and supplementary capital, which at the end of 2017 amounted to 194,814 thousand BAM.

In response to technological innovations, modern trends in banking and demographic changes, in 2017 we invested considerable resources in the field of card business, development and upgrading of the Super Nova Loyalty Club, then the implementation of the project of a new way of measuring risk and calculating capital adequacy in accordance with the Basel standards and requirements of the regulator. The Bank's information system has been developed and improved in several directions, from further development of the ERP system for internal processes, then development in the domain of business intelligence, increasing the work efficiency in the information system, as well as constant work on the protection against threats to information security. We have also launched an Internet Payment Gateway project that will enable clients to integrate web payments, as well as the unique mobile banking service on the market of Bosnia and Herzegovina - M:pay, for improving the payment of telecommunication services.

We have invested in the development of employees, by improving their knowledge and skills, by encouraging a positive working atmosphere, by defining competitive fees and many other activities, all in order to care for employees by creating a healthy and safe environment in which employees are motivated to achieve individual and team results.

On the other hand, we have continued our strategy of supporting the community in which we live and work. We supported numerous sports, cultural and social events, we were part of humanitarian actions, and some of them we initiated ourselves. We have spread positive energy and created an optimistic atmosphere that moves boundaries and answers all the challenges.

The position of Nova banka in the market of Bosnia and Herzegovina is stable. We want to be and remain the driver of positive social changes and development of the banking market, by operating responsibly, reliably and safely, by taking care of our clients, shareholders and society as a whole. By trust, responsibility and credibility we steadily go towards our goal of success and satisfaction of us, our clients and society as a whole.

I would like to thank clients and shareholders for the given trust, as well as the employees for their commitment and dedication, whose support and assistance have made a great contribution to the continuation of our successful business.


Assistant Professor Milan Radović, PhD
Chairman of the Management Board

UPRAVA BANKE



Doc. dr Milan Radović,
predsjednik Uprave

Doc. dr Milan Radović rođen je u Sarajevu 21.08.1974. godine, gdje je završio osnovnu školu. Matematičku gimnaziju je pohađao u Sarajevu i Beogradu. Studije Ekonomskog fakulteta je završio u Banjoj Luci, a zvanje magistra ekonomskih nauka stekao je na Ekonomskom fakultetu Univerziteta u Novom Sadu, odbranivši tezu „Strategijsko upravljanje rizikom bankarskih kredita“.

Doktorsku disertaciju na temu „Strategije ALM koncepta u procesu upravljanja kreditnim rizikom banke“ odbranio je 26.12.2013. godine na Ekonomskom fakultetu Univerziteta u Novom Sadu.

Bogato radno iskustvo sticao je radom u više banaka u Bosni i Hercegovini, a dužnost predsjednika Uprave Nove banke AD Banja Luka obavlja od 2010. godine.

Nosilac je brojnih prestižnih nagrada za najboljeg menadžera u bankarstvu: „Najmenadžer Jugoistočne i Srednje Evrope“ za 2009., 2011., 2012., 2014., 2015., 2016. i 2017. godinu, te nagrade „Najmenadžer-desetljeća“ 2013. godine, u organizaciji Direkcije Agencije za izbor najmenadžera BiH, Jugoistočne i Srednje Evrope.

Za doprinos razvoju preduzetničkog i društvenog stvaralaštva na području regije Banja Luka, Republike Srpske i Bosne i Hercegovine 2016. godine, dr Milanu Radoviću, uručena je nagrada „Kapetan Miša Anastasijević“ kao priznanje za najboljeg bankara u regionu.

Dnevni list »Fokus« pod pokroviteljstvom Vlade Republike Srpske, a po izboru čitalaca i žirija, dr Milanu Radoviću je dodijelio priznanje za najboljeg menadžera Republike Srpske 2010. i 2011. godine u svim kategorijama, uzimajući kao kriterijum ukupan doprinos razvoju privrede Republike Srpske, ali i priznanje za najboljeg menadžera u Republici Srpskoj u 2011. godini u kategoriji bankarstva.

Nezavisne novine iz Banja Luke su 2016. godine dr Milanu Radoviću dodijelile nagradu „Privrednik godine“.

Obavlja funkciju potpredsjednika Udruženja banaka BiH i funkciju predsjednika Upravnog odbora Rukometnog kluba Borac m:tel.

Na Ekonomskom fakultetu u Istočnom Sarajevu drži nastavu na predmetu „Finansijske institucije i tržišta“.

Assistant Professor Milan Radović, PhD, **Chairman of the Management Board**

Assistant professor Milan Radović, PhD was born in Sarajevo on 21 August 1974, where he finished primary school. He attended Mathematical Grammar School in Sarajevo and Belgrade. He graduated from the Faculty of Economics, University of Banja Luka, and he earned his Master's degree at the Faculty of Economics, University of Novi Sad, by defending the thesis "Strategic risk management of bank loans".

He defended his PhD thesis "Strategies of ALM concept in the process of credit risk management of the bank" on 26 December 2013, at the Faculty of Economics, University of Novi Sad.

He has gained rich experience by working in several banks in Bosnia and Herzegovina, and he has been the Chairman of the Management Board of Nova banka AD Banja Luka since 2010.

He has received numerous prestigious awards for the best manager in banking: "The Best Manager of the Southeast and Central Europe" for 2009, 2011, 2012, 2014, 2015, 2016 and 2017, as well as the award "The Manager of the Decade" for 2013 organized by the Directorate of the Agency for the selection of the best manager of Bosnia and Herzegovina, South East and Central Europe. For his contribution to the development of entrepreneurial and social creativity in the region of Banja Luka, Republic of Srpska and Bosnia and Herzegovina in 2016, Professor Milan Radović was awarded the "Captain Miša Anastasijević" award, as a recognition for the best banker in the region.

The daily newspaper "Fokus" under the auspices of the Republic of Srpska Government, and by the choice of readers and jury, awarded Professor Milan Radović a recognition for the best manager of the Republic of Srpska in 2010 and 2011 in all categories, taking as a criterion the total contribution to the development of the economy of the Republic of Srpska, as well as the recognition for the best manager in the Republic of Srpska in 2011 in the category of banking.

The newspaper Nezavisne novine from Banja Luka awarded Professor Milan Radovic the award "Businessman of the Year" for 2016.

He is the Vice-President of the Banks Association of Bosnia and Herzegovina and the Chairman of the Management Board of the Handball Club "Borac m:tel".

At the Faculty of Economics in East Sarajevo he teaches the subject "Financial institutions and markets".

Ostvarenjem aktive na nivou od 1,88 milijardi KM postigli smo rast od 10 % u odnosu na 2016. godinu i zadržali leadersku poziciju u Republici Srpskoj, kao i ulogu jedne od vodećih banaka u Bosni i Hercegovini.



Dostignuti nivo aktive

1,88

miliona KM



Ostvareni rezultat

10,00

miliona KM



Rast osnovnog i
dopunskog kapitala

194.814

hiljada KM



Akcije u vlasništvu domaćih,
fizičkih i pravnih lica

88,8%

By achieving the level of assets of 1.88 billion BAM we achieved growth of 10% compared to 2016 and retained the leading position in the Republic of Srpska, as well as the role of one of the leading banks in Bosnia and Herzegovina.



The achieved level of assets

1.88

million BAM



The achieved result

10.00

million BAM



The growth of basic and
supplementary capital

194,814

thousand BAM



The shares in the owner of
domestic natural and legal persons

88.8%

UPRAVA BANKE



Goran Avlijaš, **zamjenik predsjednika Uprave**

Goran Avlijaš rođen je u Sarajevu 26.03.1955. godine, gdje je završio osnovnu školu i Gimnaziju, a na Ekonomskom fakultetu Univerziteta u Sarajevu 1978. godine stekao je zvanje diplomiranog ekonomiste.

Radno iskustvo počev od 1978. godine, sticao je u preduzećima ENERGOINVEST Uvoz - Izvoz Sarajevo, ŠIPAD Export - Inženjering Sarajevo (direktor finansijskog sektora i zamjenik direktora) i INECO Beograd (direktor).

U Novoj banci radi od 1999. godine kao direktor Filijale Banja Luka, a od marta 2010. godine član je Uprave Banke i zamjenik predsjednika Uprave Banke.

U svom dosadašnjem radu učestvovao je na velikom broju seminara i radionica, te i sam bio predavač na mnogima.

Nosilac je prestižnog priznanja Najmenadžer BiH, Jugoistočne i Srednje Evrope za 2009. godinu u oblasti bankarskog poslovanja, kao i nosilac mnogih drugih priznanja i nagrada.

Goran Avlijaš, **Deputy Chairman of the Management Board**

Goran Avlijaš was born in Sarajevo on 26 March 1955, where he finished primary school and Grammar school, and he graduated from the Faculty of Economics, University of Sarajevo in 1978 where he earned his bachelor degree in economics.

He gained his work experience, starting from 1978, in companies ENERGOINVEST Import - Export Sarajevo, ŠIPAD Export - Engineering Sarajevo (Director of Financial Division and Deputy Managing Director) and INECO Belgrade (Managing Director).

He has been working in Nova banka since 1999 as the Director of Branch Office Banja Luka, and since March 2010 he has been a member of the Management Board and Deputy Chairman of the Management Board of the Bank.

In his previous work, he participated in a large number of seminars and workshops and he has also been a lecturer at many of them himself.

He received the prestigious award "The best manager of Bosnia and Herzegovina, South East and Central Europe" in 2009 in the field of banking, as well as many other recognitions and awards.

MANAGEMENT BOARD



Novislav Milaković,
izvršni direktor za IT i podršku

Novislav Milaković rođen je u Banjoj Luci, 08.02.1970. godine, gdje je završio osnovnu i srednju Tehničku školu, te na Elektrotehničkom fakultetu 1998. godine stekao zvanje diplomiranog inženjera za informatiku i automatiku. Cijeli svoj radni vijek radi u bankarstvu i usko se specijalizovao za različite informacione sisteme koji se koriste u bankarstvu. Radio je u Srpskoj državnoj banci, Razvojnoj banci Banja Luka, Razvojnoj banci Jugoistočne Evrope, te NLB Razvojnoj banci.

U Novoj banci je od 01.06.2010. godine gdje i obavlja dužnost izvršnog direktora za IT i poslove podrške.

Prisustvovao je velikom broju seminara i radionica iz oblasti bankarstva i informacionih sistema, seminara za kartičarstvo, upravljanje kadrovima, programiranje i tjuniranje baza podataka.

Posjeduje Oracle certifikat iz oblasti tjuniranja baza podataka. Završio je napredne kurseve Microsoft alata i Microsoft Access baze podataka.

Novislav Milaković,
Executive Director for IT and Support

Novislav Milaković was born in Banja Luka on 8 February 1970, where he finished primary school and Technical high school, and in 1998 he graduated from the Faculty of Electrical Engineering and earned a degree of graduate electrical engineer for informatics and automation. He spent his entire career working in the banking industry and is closely specialized in the various information systems used in the banking. He worked in Srpska državna banka, Razvojna banka Banja Luka, Razvojna banka Jugoistočne Evrope, and the NLB Razvojna banka.

He has been working in Nova banka since 1 June 2010 as an Executive Director for IT and Support.

He attended a number of seminars and workshops in the field of banking and information systems, seminars for card business, personnel management, programming and database tuning.

He holds an Oracle certificate in the field of database tuning. He completed advanced courses in Microsoft tools and Microsoft Access database.

UPRAVA BANKE



Gorana Zorić,
izvršni direktor za finansije i sredstva

Gorana Zorić rođena je u Prnjavoru, 22.09.1959. godine. Osnovnu i srednju školu završila je u Banjoj Luci. Zvanje diplomiranog ekonomiste stekla je 1982. godine na Ekonomskom fakultetu Univerziteta u Banjoj Luci.

Od 1991. godine radi na odgovornim pozicijama u privredi i bankarstvu. U preduzeću „Rudi Čajavec” Banja Luka obavljala je dužnost pomoćnika direktora za finansije, u akcionarskom društvu Tržnica Banja Luka radila je na poziciji zamjenika direktora, u Agroprom banci na poziciji direktora Sektora za poslovanje sa stanovništvom, a u Banjalučkoj banci - Unicredit bank, takođe, na poziciji direktora Sektora za rad sa stanovništvom, Retail.

U Novoj banci je od juna 2010. godine obavljala dužnost direktora Sektora za finansije i računovodstvo, a od 01.12.2013. godine imenovana za člana Uprave Banke i izvršnog direktora za finansije i sredstva.

Učestvovala je na velikom broju stručnih edukacija, seminara i kongresa, posebno iz oblasti finansija i računovodstva, te međunarodnih računovodstvenih standarda, organizovanih od strane stručnih, usko specijalizovanih organizacija u zemlji i inostranstvu.

Gorana Zorić,
Executive Director for Finance and Treasury

Gorana Zorić was born in Prnjavor on 22 September 1959. She finished primary and secondary school in Banja Luka. She earned her bachelor degree in economics in 1982 at the Faculty of Economics, University of Banja Luka.

Since 1991, she has been working in responsible positions in the industry and banking. She worked in the company “Rudi Čajavec” Banja Luka as Assistant Director for Finance, in the joint stock company “Tržnica” Banja Luka she worked as the Deputy Managing Director, in Agroprom banka she worked as the Director of Retail Banking Division, and in the Banjalučka banka - Unicredit bank she also worked as the Director of Retail Banking Division.

Since June 2010 she has been working in Nova banka as the Director of Finance and Accounting Division, and since 1 December 2013 she has been appointed as a member of the Management Board of the Bank and Executive Director for Finance and Treasury.

She has participated in a large number of professional trainings, seminars and conferences, especially in the field of finance and accounting, and international accounting standards, organized by professional, highly specialized organizations in the country and abroad.

MANAGEMENT BOARD



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

Igor Jovičić rođen je 05.12.1976. godine u Jajcu. Diplomirao je na Ekonomskom fakultetu Univerziteta u Banjoj Luci, a zvanje master ekonomiste je stekao na Ekonomskom fakultetu Univerziteta u Novom Sadu, odbranivši tezu "Depozitni potencijal banke". Licencirani je broker.

Cijeli svoj radni vijek radi u bankarstvu, gdje je stekao značajno iskustvo. U Novoj banci obavljao je dužnost direktora Sektora Retail i upravljanje mrežom, a 01.12.2013. godine imenovan je za člana Uprave Banke i izvršnog direktora za tržišta.

Učestvovao je na brojnim seminarima i konferencijama u zemlji i inostranstvu, usko specijalizovanim u domenu bankarskog poslovanja.

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

Igor Jovičić was born on 5 December 1976 in Jajce. He graduated from the Faculty of Economics, University of Banja Luka, and he earned Master's degree in economics at the Faculty of Economics, University of Novi Sad, by defending the thesis "Deposit potential of a bank". He is a licensed broker.

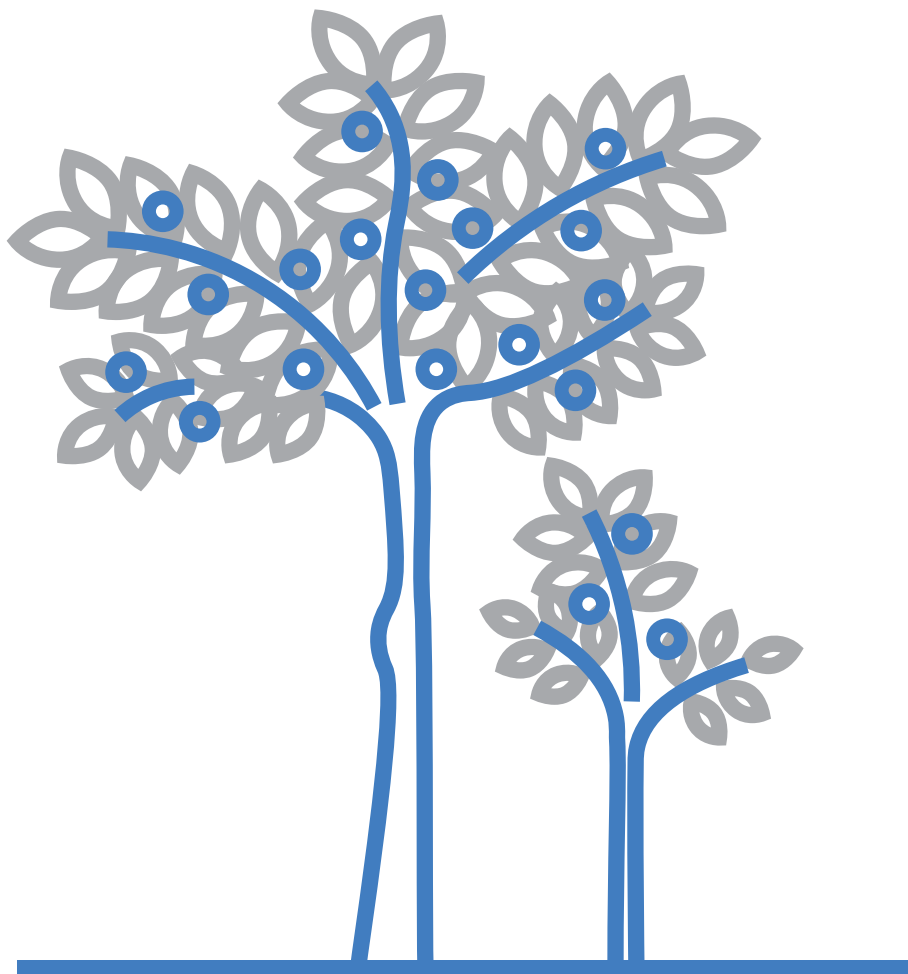
He spent his entire career working in the banking industry, where he gained significant experience. In Nova banka he worked as a Director of Retail and Network Management Division, and on 1 December 2013 he was appointed as a member of the Management Board of the Bank and Executive Director for Markets.

He has participated in a large number of seminars and conferences in the country and abroad, narrowly specialized in the field of banking.



Rastemo zajedno

Growing together



MAKROEKONOMSKO OKRUŽENJE

Tokom 2017. godine primjetno je poboljšanje stanja globalne ekonomije. Procjene su rađene na 3% rasta svjetske privrede i, kao takvo, najsnažnije je povećanje poslije perioda krize i znatno je veće u odnosu na godinu ranije kada je bilo 2,4%. Iako je proteklih godina vladala restriktivna monetarna politika širom najvećih svjetskih privreda, 2017. godine vodeće nacionalne ekonomije polako se stabilizuju. Uopšteno, najviše je rasprostranjen oporavak u SAD-u, Evropi, Narodnoj Republici Kini i Japanu.

Najveći pomak u 2017. godini napravio je FED (Federalne rezerve SAD) kada su kamatne stope povećane čak tri puta. Stabilizacija stopa inflacije i nezaposlenosti omogućile su da se kamatne stope u Americi kreću na nivou od 1,25% do 1,5%. Američki dolar je tokom 2017. godine imao velike oscilacije na tržištu (promjena čak 15% u odnosu na euro). Valutni par EUR/USD tokom maja dostigao je nivo od 1,0339 što je najviša vrijednost USD u odnosu na EUR od 2003. godine.

Na drugoj strani, u Evropi u 2017. godini i dalje je ostala zaoštrena monetarna politika u zemljama Evrozone. Evropska centralna banka (ECB) je i dalje u fazi quantitative easing (QE) programa (quantitative easing - "povećanje mase novca") dok su kamatne stope na rekordno niskom nivou (0% repo kamatna stopa i -0,4% depozitna kamatna stopa). Nivo QE programa smanjen je tokom 2017. godine sa 80 mlrd evra mjesečno na 60 mlrd evra. U oktobru, ECB, iako nastavlja sa svojim nekonvencionalnim mjerama monetarne politike, donijela je odluku da će QE program smanjiti za još dodatnih 30 mlrd evra mjesečno, počev od januara 2018. godine. Finasiranje QE programom trebalo bi da traje do septembra 2018. godine.

Veliki izazov za euro je i izlazak Velike Britanije iz EU. Nakon održanog Brexit referenduma, u 2017. godini počeli su pregovori između Velike Britanije i EU u vezi sa uslovima izlaska. Velika Britanija, uprkos velikom riziku zbog napuštanja EU, to nije značajnije osjetila na svojim makroekonomskim pokazateljima tako da je kamatna stopa i dalje ostala pozitivna (0,5%). Britanska funta tokom 2017. godine dostigla je najnižu vrijednost u odnosu na evro u posljednjih 7 godina. Valutni par EUR/GBP dostigao je vrijednost od čak 0,93. Međutim, krajem 2017. godine kurs funte se stabilizovao što je jedan od efekata stabilizacije pregovora između EU i Velike Britanije.

Takođe, 2017. godinu je obilježio i uvećan promet u domenu berzanskog poslovanja. Berzanski indeksi su obarali rekorde. Vjerovanje da će predsjednik Trump pojednostaviti propise i smanjiti poreze doveli su do euforije za rast vrijednosti akcija i jačanje svjetske privrede.

Veća ulaganja i primjena novih tehnologija takođe su doprinijeli ubrzanom privrednom rastu, a bogatija privreda više ulaže u razvoj inovacija i primjenu sve naprednijih rješenja. Iako razvoj tehnologije povećava kvalitet života, ljudski kapital je najveći katalizator povećanja bogatstva u savremenom svijetu. Dvije trećine svjetskog bogatstva su ljudski resursi, tako da je za brži ekonomski rast potrebno investirati u ljude. Znanje i iskustvo su danas najveća imovina svijeta.

Ostvareni rast BDP i rast industrijske proizvodnje su vrlo značajni za Bosnu i Hercegovinu. Veoma su bitne i procjene urađene na bazi različitih istaživanja koje impliciraju da će u narednom periodu realna stopa rasta BDP kretati se iznad 3%. Tokom 2017. godine Bosna i Hercegovina je zadržala kako makroekonomsku tako i fiskalnu stabilnost. Glavni razlozi za ekonomski rast su primarno jak rast robnog izvoza preko 10% u prvoj polovini godine. Još jedna oblast sa jakim zamahom je trgovina na malo, koja je u posljednjem kvartalu imala blag rast, ali je zabilježila solidan prosječni rast od 5,1% tokom cijele godine. Sa snažnim rastom trgovine sa tržištem EU, došlo je do izrazitog porasta izvoza u Hrvatsku (30,2%) nakon pada u prethodnoj godini.

Obiman izvoz iz 2017. godine vjerovatno će se nastaviti i u narednim kvartalima sa dobrim mogućnostima za glavne trgovačke partnere u zemlji, dok će pad nezaposlenosti i povećanje prihoda jačati povjerenje potrošača i porast potrošnje domaćinstava. Kako dolazi do regionalnog oporavka, ekonomska stabilnost u Bosni i Hercegovini se povećava na godišnjem nivou. Prognoze za realnu stopu ekonomskog rasta su 3,4% do kraja godine.

Industrijska proizvodnja imala je nešto slabiji rast u prvoj polovini godine u odnosu na isti period prethodne godine, tako da je rast nominalnog BDP bio manjeg intenziteta, ali se rast prerađivačke industrije intenzivirao u trećem kvartalu 2017. godine (8,4% na godišnjem nivou), te je ukupan rast industrije iznosio 5,5% na godišnjem nivou.

MACROECONOMIC ENVIRONMENT

During 2017 there was noticeable improvement of the situation of the global economy. The estimates were made at 3% of the world economy growth, and as such, it was the biggest increase after the period of crisis and it was considerably higher compared to the year before when it was at 2.4%. Although in recent years a restrictive monetary policy has been maintained across the world's largest economies, during 2017 the leading national economies have been slowly stabilizing. In general, the recovery is most widespread in the US, Europe, People's Republic of China and Japan.

The greatest improvement in 2017 was made the FED (US Federal Reserve) when interest rates increased three times. The stabilization of the rate of inflation and unemployment has enabled interest rates in America to range from 1.25% to 1.5%. During 2017, the US dollar experienced major market fluctuations (a change of 15% against the euro). During May the currency pair EUR/USD reached a level of 1.0339 which was the highest value of USD against EUR since 2003.

On the other hand, in Europe in 2017, the monetary policy in the countries of the Eurozone remained intensified. The European Central Bank (ECB) is still in the phase of quantitative easing (QE) program (quantitative easing – “increasing the quantity of money”), while interest rates are at a record low level (0% repo interest rate and -0.4% deposit interest rate). The level of the QE program decreased during 2017 from 80 billion euros a month to 60 billion euros. In October, the ECB, while continuing its unconventional monetary policy measures, decided to reduce the QE program by additional 30 billion euros a month, starting from January 2018. Financing by the QE program should last until September 2018.

Great challenge for the euro was also the withdrawal of Great Britain from the EU. After the Brexit referendum, in 2017 negotiations began between Great Britain and the EU regarding the conditions of departure. Great Britain, despite the high risk of leaving the EU, did not feel it significantly in its macroeconomic indicators so that the interest rate remained positive (0.5%). The British pound during 2017 reached its lowest value against the euro in the last 7 years. The currency pair EUR/GBP reached a value of as much as 0.93. However, at the end of 2017, the pound exchange rate stabilized, which was one of the effects of the stabilization of negotiations between the EU and Great Britain.

Also, 2017 was marked by increased traffic in the area of stock market operations. Stock market indices were breaking the records. The belief that President Trump will simplify regulations and reduce taxes has led to euphoria for the growth of the value of shares and the strengthening of the world economy.

Higher investments and the application of new technologies have also contributed to accelerated economic growth, and a wealthier economy is investing more in the development of innovations and the application of increasingly advanced solutions. Although the development of technology increases the quality of life, human capital is the greatest catalyst for increasing wealth in the modern world. Two thirds of the world's wealth are human resources, so it is necessary to invest in people for the faster economic growth. Knowledge and experience are today's greatest assets of the world.

The achieved growth of GDP and the growth of industrial production are very important for Bosnia and Herzegovina. What is also very important are the estimates made on the basis of various research implying that in the coming period the real growth rate of GDP will be above 3%. During 2017, Bosnia and Herzegovina maintained both macroeconomic and fiscal stability. The main reasons for economic growth are primarily the strong growth of commodity exports, over 10% in the first half of the year. Another area with a strong momentum is the retail trade, which had a slight growth in the last quarter, but recorded a solid average growth of 5.1% throughout the year. With a strong growth in trade with the EU market, there was a significant increase in exports to Croatia (30.2%) after the decline in the previous year.

Extensive exports from 2017 are likely to continue in the coming quarters with good opportunities for the main trading partners in the country, while the decline in unemployment and the increase in income will boost consumer confidence and increase of household spending. As the regional recovery progresses, economic stability in Bosnia and Herzegovina increases annually. Projections for the real economic growth rate are 3.4% by the end of the year.

Industrial production had slightly weaker growth in the first half of the year compared to the same period of the previous year, so the nominal GDP growth was of lower intensity, but the growth of the manufacturing industry intensified in the third quarter of 2017 (8.4% annually), and the total industry growth was 5.5% per annum.

MAKROEKONOMSKO OKRUŽENJE

	2018	2019	2020
BDP realna stopa rasta (godišnje u %)	3,0	3,2	3,2
Industrijska proizvodnja (prosječno godišnje u %)	6,8	6,5	5,5
Inflacija potrošačkih cijena (na kraju perioda %)	2,6	3,0	3,0
Pokriće uvoza (mjesečno %)	4,8	4,9	5,0
Ukupan spoljašnji dug (% od BDP)	69,5	73,4	75,9

(Prognose: National Sources, BMI)¹

Prema projekcijama, kraj 2017. godine bi trebao imati realnu stopu izvoza od 9,1% i povećanje domaće tražnje za 2,3%, što bi za posljedicu imalo povećanje uvoza od 4,7% i smanjenje spoljnotrgovinskog deficita za 4,5%.

Administrativni podaci ukazuju na nastavak trenda smanjenja stope nezaposlenosti. Broj registrovanih nezaposlenih lica u Bosni i Hercegovini smanjuje se znatno brže nego prethodne godine (-5,9% godišnje). U trećem kvartalu 2017. godine administrativna stopa nezaposlenosti iznosi 39,9% i manja je za 2,1% u odnosu na isti period prethodne godine. Uz rast industrije i spoljne trgovine, broj zaposlenih lica ima jači intenzitet rasta u odnosu na isti period prethodne godine za 2,5%.

Prosječne potrošačke cijene su bile smanjene u drugom kvartalu, ali su porasle već na početku trećeg kvartala, a samim tim porasli su i inflatorni pritisci. Inflacija je porasla na kraju trećeg kvartala za 1,1% godišnje. Rast cijena najznačajniji je kod prevoza, alkoholnih pića i duvana, hrane i bezalkoholnih pića.

Prosječne neto plate u Bosni i Hercegovini veće su za 1,6% godišnje, mada je to rezultat povećanja prosječne neto plate u Federaciji Bosne i Hercegovine za 2,5%, dok je u Republici Srpskoj trend negativan i iznosi -0,7%. Prosječna neto plata u Federaciji Bosne i Hercegovine iznosila je 857 KM, a u Republici Srpskoj 830 KM krajem trećeg kvartala 2017. godine. Iako je za 1,3% broj penzionera uvećan, promjena u nivou prosječnih penzija nije bilo i ista iznosi 360 KM.

Agencija za ocjenu kreditnog rejtinga Standard & Poor's potvrdila je Bosni i Hercegovini suvereni kreditni rejting „B sa stabilnim izgledima” u 2017. godini. Analitičari Agencije kao razlog tome su naveli stabilnu fiskalnu poziciju zemlje, bez obzira na kašnjenje nastavka Proširenog programa (finansijski aranžman između Bosne i Hercegovine i Međunarodnog monetarnog fonda) i stabilan rast ekonomije zemlje. Analitičari Agencije takođe su mišljenja da je spoljni dug relativno nizak i sa relativno niskim kamatnim izdacima.

Indeksi nastavljaju sa rastom kako u svijetu tako i u regionu, ali sporije nego u prethodnim kvartalima 2017. godine. Ukupan promet na berzama u Bosni i Hercegovini manji je za 20,6% godišnje uz minimalan pad ukupne kapitalizacije. Ukupna tržišna kapitalizacija, koja se koristi kao glavni indikator obima i veličine prometa na tržištu Bosne i Hercegovine je na kraju prva tri kvartala 2017. godine imala minimalan pad na godišnjem nivou od 0,5%. Kapitalizacija na SASE je padala za 4,4% uz učešće od 56%, dok je na BLSE ostvarila rast od 4,8 sa učešćem od 44% u ukupnoj kapitalizaciji.

U očekivanjima za 2018. godinu, FED je najavio dalje povećanje kamatnih stopa. Prema prvim projekcijama, ukoliko se zadrže isti tržišni uslovi, najavljena su tri povećanja. S obzirom da funkciju FED-a u 2018. godini preuzima Jerome Powell, nije isključeno da će biti i dodatnih povećanja uz iste uslove na tržištu. Dok FED povećava kamatne stope, u Evropi je još uvijek aktuelan program QE, za koji ECB najavljuje završetak u septembru 2018. godine ukoliko tržišni uslovi to dozvole. Međutim, istovremeno iz ECB-a nije isključeno ni produženje, a ni povećanje QE finansiranja ukoliko inflacija i rast BDP ne ispune očekivane vrijednosti.

¹ BMI - Business Monitor International Ltd., A Fitch Group Company

MACROECONOMIC ENVIRONMENT

	2018	2019	2020
GDP real growth rate (per year in %)	3.0	3.2	3.2
Industrial production (average per year in %)	6.8	6.5	5.5
Consumer price inflation (end of period %)	2.6	3.0	3.0
Coverage of imports (% per month)	4.8	4.9	5.0
Total external debt (% of GDP)	69.5	73.4	75.9

(Forecasts: National Sources, BMI)¹

According to projections, the end of 2017 should have a real rate of exports of 9.1% and an increase in domestic demand by 2.3%, which would result in an increase in imports of 4.7% and a decrease of foreign trade deficit by 4.5%.

Administrative data indicate a continuing downward trend in the unemployment rate. Number of registered unemployed persons in Bosnia and Herzegovina is reduced considerably faster than the previous year (-5.9% per year). In the third quarter of 2017 the administrative unemployment rate was 39.9% and was by 2.1% lower than in the same period of the previous year. With the growth of industry and foreign trade, the number of employed persons has a higher intensity of growth compared to the same period of the last year by 2.5%.

The average net salaries in Bosnia and Herzegovina are higher by 1.6% per year, although this is the result of an increase in the average net salary in the Federation of Bosnia and Herzegovina by 2.5%, while in the Republic of Srpska the trend is negative, amounting to -0.7%. The average net salary in the Federation of Bosnia and Herzegovina amounted to 857 BAM and in the Republic of Srpska 830 BAM at the end of the third quarter of 2017. Although the number of pensioners increased by 1.3%, there was no change in the level of average pensions, and the same amounted to 360 BAM.

Average net salary in Bosnia and Herzegovina increased by 1.6% per year, although this is a result of an increase in the average net salary in the Federation of Bosnia and Herzegovina 2.5%, while in the Republic of Serbian negative trend and amounted to -0.7%. The average net wage in the Federation of Bosnia and Herzegovina amounted to 857 KM, and the Republic of Serbian 830 KM at the end of the third quarter of 2017. Although the 1.3% number of pensioners increased, changes in the level of average pension was not, and the same is 360 KM.

The rating agency Standard & Poor's confirmed Bosnia and Herzegovina's sovereign credit rating "B with stable outlook" in 2017. As a reason for this, the Agency's analysts cited the country's stable fiscal position, regardless of the delay in the extension of the Extended Program (a financial arrangement between Bosnia and Herzegovina and the International Monetary Fund) and the stable growth of the country's economy. The Agency's analysts also believe that the external debt is relatively low and with relatively low interest expenditures.

Indices continue to grow in the world as well as in the region, but slower than in the previous quarters of 2017. Total turnover on the stock exchanges in Bosnia and Herzegovina is lower by 20.6% per year with a minimal decrease in total capitalization. The total market capitalization, which is used as the main indicator of volume and size of turnover in the market of Bosnia and Herzegovina at the end of the first three quarters of 2017, had a minimal annual decrease of 0.5%. Capitalization at SASE decreased by 4.4% with a share of 56%, while at BLSE it realized a growth of 4.8% with a share of 44% in the total capitalization.

In the expectations for 2018, the FED announced a further increase in interest rates. According to the first projections, if the same market conditions are maintained, three increases are announced. Considering that the function of FED in 2018 is taken over by Jerome Powell, it is not excluded that there will be additional increases with the same market conditions. While the FED increases interest rates, QE program remains current Europe, for which the ECB announces its completion in September 2018 if the market conditions permit it. However, at the same time, neither the extension nor the increase in QE financing is excluded by the ECB if inflation and GDP growth do not meet the expected values.

¹ BMI - Business Monitor International Ltd., a Fitch Group Company

MAKROEKONOMSKO OKRUŽENJE

Za Bosnu i Hercegovinu očekivanja u 2018. godini su da bi provođenjem aranžmana sa MMF-om moglo dovesti do jačanja rasta privatnih investicija, a samim tim i ekonomskog rasta. Uz rast obima investicija, odnosno obima industrijske proizvodnje, to bi pozitivno uticalo na broj zaposlenih lica. Pored toga, povećanje obima trgovine bi takođe pozitivno doprinijelo dešavanjima na tržištu rada odnosno stvaranju uslova za kreiranje novih radnih mjesta. Spoljna trgovina je pri tome primaran faktor obzirom da izvozna tražnja iz okruženja predstavlja važan faktor rasta (u velikoj mjeri) izvozno orijentisane industrije, a sa njom i zaposlenosti. Njen značaj se ogleda i u činjenici da izvoz čini približno trećinu, a uvoz polovinu BDP Bosne i Hercegovine. Pored spoljne trgovine, okruženje je ujedno i važan izvor finansiranja domaće tražnje. Pri tome, doznake i drugi tekući prilivi iz inostranstva čine između trećine i petine raspoloživog dohotka građana, dok direktna strana ulaganja i drugi oblici priliva stranog kapitala čine značajan izvor finansiranja investicija.

Prema prognozama BMI-a, očekivanja su da će ekonomski rast Bosne i Hercegovine u naredne dvije godine ostati stabilan na nivou od cca 3,0%, sa poboljšanjima na tržištu rada i povećanju prihoda koji podržavaju potrošnju, dok regionalni uspon dovodi do snažnog rasta izvoza. Takođe, očekuje se rast inflacije u 2018. godini, djelimično u skladu s globalnim trendom, ali i zbog uticaja najave povećanja akcize na pogonsko gorivo. Ovo može smanjiti nedavne dobitke u realnom prihodu i vjerovatno će imati sekundarni uticaj na inflaciju, pošto kompanije prenose veće troškove proizvodnje i transporta na potrošače. Povratak inflacije se može odraziti i na domaću potražnju i kratkoročno ograničiti rast ispod nivoa koji su neophodni za značajno približavanje evropskim državama s višim prihodom.

Makroekonomski temelji trebalo bi da podrže dalji stabilan rast u budućnosti, uz doprinos prvenstveno potrošnje domaćinstava i izvoza. Poboljšana pozadina na tržištu rada će pružiti lokalnim potrošačima veću finansijsku stabilnost i povjerenje. Razvoj na tržištu rada i povećanje prihoda od doznaka iz inostranstva podržavaju potrošnju, dok regionalni ciklični uspon dovodi do snažnog rasta izvoza.

BANKARSKI SEKTOR I OČEKIVANJA ZA 2018. GODINU

Poboljšana ekonomska situacija u Bosni i Hercegovini reflektovala se i na bankarski sektor. Bankarski sektor Bosne i Hercegovine u 2017. godini čine 23 komercijalne banke. U odnosu na isti period prethodne godine, nije bilo promjena u broju banaka. Ukupan finansijski rezultat bankarskog sektora je veći u odnosu na isti period prošle godine (46,7%). Takav rezultat nastao je usljed pozitivnog rasta ukupnih prihoda (5,8%), a negativnog rasta ukupnih rashoda (-3,8%). Zbog rasta operativnih prihoda od 18,8%, i pored negativnog rasta prihoda od kamata (-0,4%), ukupni prihodi su ostvarili pozitivan rast. Prihodi od kamata čine najveći dio ukupnih prihoda (63,6%), dok operativni prihodi čine 36,4%. Što se rashoda tiče, rashodi po kamatama kao i nekamatni rashodi imali su silazni trend, što je rezultiralo negativnim rastom ukupnih rashoda.

Pokazatelji profitabilnosti takođe su bolji nego na kraju trećeg kvartala 2016. godine. Povrat na angažovanu aktivu iznosio je 1,7%, a povrat na akcijski kapital iznosio je 11,7%. Oba pokazatelja su veća na godišnjem nivou. Bankarski sektor kao cjelina ostvario je zadovoljavajuću stabilnost i kapitalizovanost pa je stopa adekvatnosti kapitala iznosila 15,6%.

Intenziviranje kreditnog rasta bankarskog sektora nastavljen je i u trećem kvartalu 2017. godine i procjene su da će se isti trend rasta nastaviti i u posljednjem kvartalu. Ukupna bilansna suma bankarskog sektora iznosila je 27,6 mlrd KM i uvećana je za 9,3% u odnosu na septembar 2016. godine. Najveću kreditnu aktivnost je imao sektor nefinansijskih preduzeća (nefinansijska javna i privatna preduzeća). Zajedno sa stanovništvom, ova dva sektora čine preko 94% ukupno plasiranih kredita banaka u Bosni i Hercegovini. Godišnja stopa rasta nefinansijskih preduzeća je 7,9% na kraju trećeg kvartala, dok je kod sektora stanovništva 6,8%. Promjeranje i uvećanje bilansne mase kod nefinansijskog sektora je nastalo pripajanjem lizing kompanije jednoj komercijalnoj banci. Na kraju desetog mjeseca rast kredita je bio 6,6% na godišnjem nivou.

Rast ukupnih kredita sektora stanovništva uzrokuju uglavnom dugoročni krediti. Preko 55,3% novoodobrenih kredita u KM čine krediti sa valutnom klauzulom. Kako se veći dio kredita odobrava za nenamjensku potrošnju, može se zaključiti da stanovništvo većinu kreditnih sredstava troši na tekuću potrošnju. Ali, rast kredita nefinansijskim preduzećima može se posmatrati i kao rezultat poboljšanja poslovanja preduzeća u Bosni i Hercegovini. Tome u prilog je jači rast spoljnotrgovinske razmjene u odnosu na prošlu godinu, te nastavak sličnog rasta industrijske proizvodnje. Takođe, i u sektoru unutrašnje trgovine zabilježeni su pozitivni trendovi. Pored ovog, prihodi po osnovu PDV-a, te poreza na dobit preduzeća veći su u odnosu na prva tri tromjesečja 2016. godine.

MACROECONOMIC ENVIRONMENT

The expectations for Bosnia and Herzegovina in 2018 are that the implementation of the arrangement with the IMF could lead to the growth of private investments and, consequently, economic growth. With the growth in the volume of investments, i.e. the volume of industrial production, this would have a positive impact on the number of employees. In addition, the increase in the volume of trade would also positively contribute to developments on the labor market, i.e. create conditions for opening new jobs. External trade is at the same time the primary factor since the export demand from the neighboring countries represents an important factor of growth (to a large extent) of the export oriented industry, and with it the growth of employment. Its importance is also reflected in the fact that exports account for about a third, and imports a half of Bosnia and Herzegovina's GDP. In addition to foreign trade, the neighboring countries are also an important source of financing domestic demand. In addition, remittances and other current inflows from abroad account for between one third and one fifth of the available income of citizens, while foreign direct investments and other forms of foreign capital inflow constitute a significant source of investment financing.

According to BMI forecasts, the expectations are that economic growth in Bosnia and Herzegovina will remain stable at around 3.0% in the next two years, with improvements in the labor market and an increase in revenues that support consumption, while the regional upswing leads to a strong growth in exports. Also, inflation is expected to increase in 2018, partly in line with the global trend, but also due to the impact of the announcement of an increase in excise on motor fuel. This can reduce recent gains in real income and is likely to have a secondary impact on inflation, as companies transfer higher production and transport costs to consumers. The return of inflation can be reflected on the domestic demand and in the short term limit the growth below the level that is necessary for a significant approach to higher-income European countries.

Macroeconomic foundations should support further stable growth in the future, with the contribution of household consumption and exports primarily. Improved labor market background will provide local consumers with greater financial stability and trust. Labor market developments and increase in income from foreign remittances support consumption, while the regional cyclical upturn leads to a strong growth in exports.

BANKING SECTOR AND EXPECTATIONS FOR 2018

The improved economic situation in Bosnia and Herzegovina has also reflected on the banking sector. The banking sector of Bosnia and Herzegovina in 2017 consisted of 23 commercial banks. Compared to the same period of the previous year, there were no changes in the number of banks. The overall financial result of the banking sector is higher compared to the same period last year (46.7%). This result was due to the positive growth of total revenues (5.8%), and the negative growth of total expenditures (-3.8%). Due to the growth of operating revenues of 18.8%, and despite the negative growth of interest income (-0.4%), the total revenues achieved positive growth. Interest income accounts for the largest portion of total revenues (63.6%), while operating income accounts for 36.4%. Concerning expenditures, interest expenses and non-interest expenses had a downward trend, resulting in a negative increase in total expenditures.

Profitability indicators are also better than at the end of the third quarter of 2016. The return on assets amounted to 1.7%, and the return on equity amounted to 11.7%. Both indicators are higher on an annual basis. The banking sector as a whole achieved satisfactory stability and capitalization, so the capital adequacy ratio amounted to 15.6%.

Intensification of the credit growth of the banking sector also continued in the third quarter of 2017 and the estimates were that the same trend of growth would continue in the last quarter as well. The total balance sheet sum of the banking sector amounted to 27.6 billion KM and it increased by 9.3% compared to September 2016. The largest lending activity was shown in the sector of non-financial enterprises (non-financial public and private enterprises). Together with the retail sector, these two sectors account for over 94% of the total loans granted by banks in Bosnia and Herzegovina. The annual growth rate of non-financial enterprises is 7.9% at the end of the third quarter, while in the retail sector it is 6.8%. The shift and increase in the balance sheet of the non-financial sector was due to the merger of a leasing company with a commercial bank. At the end of the tenth month, the loan growth was 6.6% annually.

Growth of total loans of the retail sector is mainly caused by long-term loans. Over 55.3% of newly approved loans in BAM account for loans with a currency clause. Since most of the loans are granted for non-purpose consumption, it can be concluded that the retail clients consume most of the credit resources on current consumption. However, the growth of loans to non-financial enterprises can also be viewed as a result of improved business operations in Bosnia and Herzegovina. This is supported by stronger growth in foreign trade compared to last year, and the continuation of similar growth in industrial production. Also, in the domestic trade sector, positive trends have been recorded. In addition, revenues from VAT and corporate income tax are higher than in the first three quarters of 2016.

MAKROEKONOMSKO OKRUŽENJE

U 2017. godini došlo je i do pada kamatnih stopa za privredu. Prosječna efektivna kamatna stopa (EKS) na ukupne kredite privredi za devet mjeseci 2017. godine iznosila je 4,02%, dok je u istom periodu prošle godine iznosila 4,84%.

Kvalitet kreditnog portfolija mjeran učešćem nekvalitetnih kredita u ukupnim kreditima je bolji u odnosu na prethodnu godinu. Nekvalitetni krediti činili su 10,8% ukupno plasiranih kredita fizičkim i pravnim licima, što je za 1,3% manje u odnosu na deveti mjesec 2016. godine, te 1,0% u odnosu na kraj 2016. godine.

Sektor stanovništva je sa najvećim učešćem u ukupnim depozitima (57,6%) i zabilježili su godišnju stopu rasta od 7,5%. Od tog iznosa na štedne depozite stanovništva se odnosilo 49,5%. Za razliku od kredita stanovništvu koji su gotovo u cjelosti plasirani u domaćoj valuti (99,88%), depoziti stanovništva većim su dijelom denominovani u stranoj valuti (54,5%). Od svih sektora, najbrži rast zabilježen je kod depozita vladinog sektora (32,6%). Mogući razlozi ubrzanog rasta mogu biti u većim poreskim prihodima i sličnim javnim dažbinama, sporijem plaćanju obaveza ili manjim obavezama u odnosu na prethodnu godinu. Efektivna kamatna stopa na ukupne depozite, kao i na kratkoročne i dugoročne depozite niža je u odnosu na isti period prošle godine. Smanjenje kamatnih stopa na depozite razlog je smanjenih kamatnih rashoda bankarskog sektora. Ukupni depoziti na kraju desetog mjeseca imali su rast od 12,01%.

Zdrav bankarski sektor potreban je za stabilan i jak privredni rast svake zemlje. Na ovo su posebno ukazali događaji na finansijskom tržištu u svijetu u zadnjoj deceniji kada je postalo jasno da je potrebno pooštriti bonitetne kriterijume finansijskih institucija te samim tim osigurati finansijsku stabilnost zemlje. Unazad nekoliko godina radi se na promjeni zakonodavnog okvira za poslovanje banaka u Bosni i Hercegovini, kako bi se približio zakonodavstvu EU i omogućila primjena principa Bazela II i III u bankarskom poslovanju. Cilj usvajanja novih zakona o bankama u Federaciji Bosne i Hercegovine i Republici Srpskoj te zakona o Agenciji za bankarstvo Federacije Bosne i Hercegovine i izmjenama i dopunama zakona o Agenciji za bankarstvo Republike Srpske, između ostalog, jeste da se sektor kapitalno osnaži, reguliše postupak sanacije nezdravih banaka, prošire nadležnosti agencija za bankarstvo, riješi problem nekvalitetnih kredita i sl.

Uz unapređenja razvoja bankarskog sektora, potrebno je raditi i na razvoju ostalih finansijskih institucija. Svjetski ekonomski forum dao je skromnu ocjenu Bosne i Hercegovine za razvoj finansijskog tržišta (3,5 na skali od 1 – 7, gdje je 7 najbolja ocjena), te se od 137 obuhvaćenih zemalja, Bosna i Hercegovina našla na 104. mjestu. Zbog dugogodišnje inertnosti i neefikasnosti zatvorenih investicionih fondova, u Republici Srpskoj je u 2017. godini započeto, a očekuje se da će se u 2018. godini biti završeno njihovo preoblikovanje u otvorene investicione fondove. Očekuje se da rezultat ove mjere bude veće trgovanje hartijama od vrijednosti od strane investicionih fondova. Pored ovog, u Republici Srpskoj se radi na unapređenju trgovanja dužničkim hartijama od vrijednosti, a naglasak je na dužničkim hartijama od vrijednosti plasiranim od strane javnog sektora.

MACROECONOMIC ENVIRONMENT

In 2017 there was also a fall in interest rates for the economy. The average effective interest rate (EIR) on total corporate loans for the nine months of 2017 amounted to 4.02%, while in the same period last year it amounted to 4.84%.

The quality of the credit portfolio measured by the share of non-performing loans in total loans is better compared to the previous year. Non-performing loans accounted for 10.8% of totally granted loans to natural persons and legal entities, which is 1.3% less compared to the ninth month of 2016, and 1.0% compared to the end of 2016.

The retail sector has the largest share in total deposits (57.6%) and it recorded an annual growth rate of 7.5%. Of this amount, savings deposits of the retail clients accounted for 49.5%. Unlike loans to the retail clients that are almost entirely granted in domestic currency (99.88%), deposits of the retail clients are mostly denominated in foreign currency (54.5%). Of all the sectors, the fastest growth was registered in government sector deposits (32.6%). Possible reasons for the accelerated growth may be in higher tax revenues and similar public duties, slower payment of obligations or less obligations compared to the previous year. The effective interest rate on total deposits, as well as short-term and long-term deposits, is lower than the same period last year. The reduction of interest rates on deposits is the reason for the reduced interest expenses of the banking sector. Total deposits at the end of the tenth month had a growth of 12.01%.

A healthy banking sector is needed for the stable and strong economic growth of each country. This was especially pointed out by the events in the financial market in the world in the last decade when it became clear that it was necessary to tighten the rating criteria of financial institutions and thus ensure the financial stability of the country. For several years now, the legal framework for the operations of banks in Bosnia and Herzegovina has been undergoing a change in order to bring it closer to the EU legislation and to allow the application of Basel II and III principles in banking operations. The aim of adopting new laws on banks in the Federation of Bosnia and Herzegovina and the Republic of Srpska and the Law on the Banking Agency of the Federation of Bosnia and Herzegovina and amendments to the law on the Banking Agency of the Republic of Srpska, among other things, is to strengthen the sector capitally, regulate the process of rehabilitation of unhealthy banks, extend the competencies of the banking agencies, solve the problem of non-performing loans, etc.

In addition to improving the development of the banking sector, it is also necessary to work on the development of other financial institutions. The World Economic Forum gave a modest assessment of Bosnia and Herzegovina for the development of the financial market (3.5 on a scale of 1 – 7, where 7 is the best rating), and of the 137 countries covered, Bosnia and Herzegovina ranked 104th. Due to the long inertia and inefficiency of closed-end investment funds, in 2017 the Republic of Srpska started their transformation into open-end investment funds, and it is expected that it will be completed in 2018. It is expected that this measure results in higher trading in securities by investment funds. In addition, the Republic of Srpska has working to improve the trading of debt securities, and the emphasis is on debt securities issued by the public sector.

PROFIL NOVE BANKE

VIZIJA

Naša vizija je da budemo pokretač pozitivnih društvenih promjena i rasta bankarskog sistema u Bosni i Hercegovini, poslujući odgovorno, pouzdano i sigurno brineći o svojim klijentima, akcionarima i društvu u cjelini kao i u skladu s vremenom koje dolazi.

MISIJA

Naša misija je da budemo pristupačna banka koja pruža kvalitetne i sigurne proizvode i usluge, kreirane u skladu s potrebama klijenata i s ciljem podrške razvoju privrede Bosne i Hercegovine i društva u cjelini, u svrhu dugoročnog rasta i razvoja. Ostvarujemo je poštujući zakone, transparentno izvještavajući i ulažući u obrazovanje i razvoj ljudskih resursa.

VRIJEDNOSTI

Vrijednosti koje negujemo su:

Povjerenje

jer je ključ svakog uspješnog odnosa

Odgovornost

jer brinemo o razvoju zajednice
u kojoj poslujemo

Vjerodostojnost

jer smo dosljedni vlastitim
principima

Nova banka AD Banja Luka na tržištu Bosne i Hercegovine posluje od 1999. godine i to kao jedna od prvih privatnih banaka u Bosni i Hercegovini. Od tada pa do danas, Banka je izrasla u jednu od vodećih banaka u Republici Srpskoj i Bosni i Hercegovini.

Banka nudi širok portfolio tradicionalnih bankarskih usluga (uključujući različite vrste kredita, dokumentarnih poslova, depozita i štednje, platnih transakcija i transfera novca, mjenjačkih poslova i slična), ali takođe obavlja i veliki broj primarno nebankarskih aktivnosti kao što su brokerske operacije, kastodi poslovanje, factoring i forfaiting.

Organizacionu strukturu Banke čine: Centrala Banke u Banjoj Luci i 65 drugih organizacionih jedinica, odnosno, 12 filijala, Filijala za poslovanje hartijama od vrijednosti „Broker Nova“, 17 agencija, 16 ekspozitura i 19 izdvojenih šaltera. Veći broj organizacionih jedinica Banke lociran je u Republici Srpskoj, dok se nešto manji broj nalazi u Federaciji Bosne i Hercegovine, dok je jedna filijala Banke 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.

Tokom svog poslovanja Banka je prepoznata kao veoma interesantan i poželjan poslodavac, te je sa 31. decembrom 2017. godine imala 693 zaposlena. Korporativna kultura Banke je rezultovala visokim stepenom lojalnosti i izuzetno motivisanim zaposlenima.

PROFILE OF NOVA BANKA

VISION

Our vision is to be the driving force of positive social changes and growth of the banking system in Bosnia and Herzegovina, by doing business responsibly, reliably and safely, by caring for our clients, shareholders and society as a whole, as well as in accordance with the time to come.

MISSION

Our mission is to be an accessible bank that provides quality and safe products and services, tailored to the needs of clients and with the aim to support the development of the economy of Bosnia and Herzegovina and the society as a whole, for the purpose of long-term growth and development. We achieve it by complying with the laws, transparently reporting and investing in the education and development of human resources.

VALUES

The values we cherish are:

Confidence

because it is the key to any successful relationship

Responsibility

because we care about the development of the community in which we operate

Credibility

because we are consistent with our own principles

Nova Banka AD Banja Luka has been operating in the market of Bosnia and Herzegovina since 1999 as one of the first privately owned banks in Bosnia and Herzegovina. Since then until today, the Bank has grown into one of the leading banks in the Republic of Srpska and Bosnia and Herzegovina.

The Bank offers a wide portfolio of traditional banking services (including various types of loans, documentary business, deposits and savings, payment transactions and money transfers, foreign exchange operations, etc.), but also performs a large number of primarily non-banking activities such as brokerage operations, custody business, factoring and forfeiting.

The organizational structure of the Bank consists of: Head Office in Banja Luka and 65 other organizational units, i.e. 12 Branch Offices, Branch Office for trade in securities "Broker Nova", 17 agencies, 16 sub-branch offices and 19 separate counters. A larger number of organizational units of the Bank is located in the Republic of Srpska, while a slightly smaller number is located in the Federation of Bosnia and Herzegovina, and one Branch Office of the Bank is located in Brčko District. All organizational units represent distribution channels of Bank's products to clients, who are primarily retail and SME clients, and secondarily large corporate clients.

During its business operations, the Bank has been recognized as a very interesting and attractive employer, and as of 31 December 2017 it had 693 employees. The corporate culture of the Bank resulted in a high degree of loyalty and highly motivated employees.

PROFIL NOVE BANKE

DRUŠTVENA ODGOVORNOST

Društveno odgovorno poslovanje je integrisani dio poslovne strategije Nove banke i svih svakodневnih aktivnosti.

Odgovornost je jedna od osnovnih vrijednosti koje se njeguju u Novoj banci. Odgovornim pristupom u svim aspektima poslovanja svi zaposleni u Banci odgovaraju na mnoge izazove.



Dosljednost je jedna od bitnih strategija kojom se uspjesi i rezultati ostvaruju na način koji je prihvatljiv za društveno i prirodno okruženje. Kao institucija, Banka posvećenost etičnom poslovanju primjenjuje svakodnevno te nastoji da pruži svoj doprinos zajednici i okruženju kroz niz aktivnosti. To podrazumjeva i finansijsku podršku projektima koji za krajnji cilj imaju unapređenje lokalne kulture, promociju zdravog života i sporta i očuvanja životne sredine. Brojne su humanitarne akcije u kojima je Nova banka učestvovala, a nemali je broj i onih koje su i inicirani od strane Banke. Upravo zbog toga od posebnog značaja su nagrade za najbolju primjenu korporativnog upravljanja i društveno odgovornog poslovanja u Bosni i Hercegovini koje su Novoj banci uručili IFC, Agencije »Mašta« i Fondacije »Mozaik«.

Osnovni principi društveno odgovornog poslovanja Nove banke su:

Dobro se dobrim vraća jer sa svakom humanitarnom akcijom u kojoj učestvujemo jačamo vjeru u ljudskost i solidarnost.	Doprinosimo razvoju zajednice jer smo njen nerazdvojni dio i želimo da utičemo na razvoj i dobrobit društva.	Naši zaposleni su naša vrijednost jer zajedničkim snagama, zalaganjem i energijom postizemo izvanredne poslovne rezultate.
---	--	--

Tokom 2017. godine podržani su brojni sportski, kulturni i humanitarni događaji. Pružena je podrška mnogim pojedincima i institucijama, posebno se ističe podrška najmlađima, kroz zanimljive programe edukacije, donacije i druženja. Nova banka je ponosni sponzor najvećih sportskih klubova, ali i onih kojima je svaki oblik podrške veoma značajan da jednog dana i oni postanu »veliki«. Nisu zaboravljeni ni penzioneri, podržani su i mnogi stručni i naučni skupovi, a sve sa ciljem unapređenja znanja, rasta i razvoja društva u cjelini. Zaposleni u Novoj banci bili su humani kako za podršku radnim kolegama, tako i uključivanjem u brojne humanitarne akcije.

Svojim društveno odgovornim aktivnostima Nova banka će nastaviti i dalje da širi i promoviše duh međusobne podrške i pomoći, na zadovoljstvo svih.

PROFILE OF NOVA BANKA

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is an integral part of the business strategy of Nova banka and all its daily activities.

Responsibility is one of the basic values that are cherished in Nova banka. By having a responsible approach to all aspects of business, all employees of the Bank respond to many challenges.



Consistency is one of the important strategies for achieving successes and results in a way that is acceptable to the social and natural environment. As an institution, the Bank applies its commitment to ethical business every day and tries to provide its contribution to the community and environment through a range of activities. This also includes financial support for projects that have the ultimate goal of improving local culture, promoting healthy life and sports and preserving the environment. There are numerous humanitarian actions in which Nova banka participated, and a significant number of those initiated by the Bank. That is why the awards for the best application of corporate governance and corporate social responsibility in Bosnia and Herzegovina, which were handed over to Nova Banka by the IFC, the “Mašta” Agency and the “Mozaik” Foundation, are of special importance.

Basic principles of corporate social responsibility of Nova banka are:



During 2017, numerous sports, cultural and humanitarian events were supported. The support was provided to many individuals and institutions, especially support for the youngest, through interesting programs of education, donations and socializing. Nova banka is a proud sponsor of the largest sports clubs, but also those to which every form of support is very important so that one day they can become “big”. Not even pensioners were forgotten, many expert and scientific meetings were also supported, all with the aim of improving the knowledge, growth and development of the society as a whole. The employees of Nova banka were humane both by supporting their colleagues, and by getting involved in numerous humanitarian actions.

With its socially responsible activities, Nova banka will continue to expand and promote the spirit of mutual support and help, to the satisfaction of all.

PROFIL NOVE BANKE

KVALITET USLUGE I POSLOVANJA

Uz svesrdno zalaganje zaposlenih, podršku akcionara i povjerenje koje Novoj banci ukazuju klijenti, postignuti uspjeh i rezultati bazirani su na pravilno postavljenoj strategiji, posebno u segmentima jačanja kapitala, rasta aktive, unapređenja mreže poslovnica i povećanja kvaliteta usluga.

Naš cilj

- zadržati ulogu jedne od vodećih banaka u Bosni i Hercegovini, adekvatno odgovarajući na zahtjeve tržišta. Time se postiže svakodnevni rast broja klijenata koji Novoj banci ukazuju povjerenje koristeći kako tradicionalne bankarske usluge, tako i nove proizvode koji su u skladu sa standardima savremenog bankarstva.

Upravljanje kvalitetom

Sistem upravljanja kvalitetom koji je uveden u svakodnevno poslovanje dovodi do ostvarenja postavljenih ciljeva u pogledu kvaliteta poslovanja i pružanja usluga. Ovaj sistem čine organizaciona struktura, odgovornost subjekata u organizaciji, procesi i resursi potrebni za upravljanje sistemom, a sve s ciljem:

- Povećanja zadovoljstva klijenata
- Jačanja lojalnosti klijenata
- Efikasnijeg iskorištavanja vremena i resursa
- Usklađenosti i povezanosti proizvoda i usluga
- Kontinuiranog unapređenja kvaliteta procesa i usluga
- Povećanja profita
- Boljeg pozicioniranja na tržištu

Pristupačnost

Strategija Nove banke zasnovana je na realnim potrebama zajednice u kojoj posluje. Za lokacije poslovnica biraju se atraktivna, prometna mjesta na kojima se odvija značajna poslovna i finansijska aktivnost i na kojima postoji dobar tržišni potencijal. Organizacionu strukturu Banke čine Centrala Banke u Banjoj Luci i 65 drugih organizacionih jedinica, odnosno, 12 filijala, Filijala za poslovanje hartijama od vrijednosti „Broker Nova“, 17 agencija, 16 ekspozitura i 19 izdvojenih šaltera. Sve organizacione jedinice su kanali distribucije proizvoda Banke prema klijentima.

NAGRADE I PRIZNANJA

- Prestižna bronzana nagrada za pouzdanost poslovanja u kategoriji “Standard of reliability” dodijeljena u Moskvi od strane Finansijskog i bankarskog udruženja za evroazijsku saradnju
- Posebno priznanje za najveći plasman kredita u privredi u 2017. godini u okviru manifestacije „Izbor najuspješnijih u privredi Republike Srpske za 2017. godinu“ u organizaciji Privredne komore Republike Srpske
- Priznanja “Najbanka” i “Najmenadžer u oblasti bankarstva za 2017. godinu” dodijeljeni su Novoj banci i predsjedniku Uprave Banke dr Milanu Radoviću
- Zlatni BAM za banku sa najvećom aktivom sa pretežno domaćim kapitalom koju dodjeljuje Magazin “Banke i Biznis u BiH”

PROFILE OF NOVA BANKA

QUALITY OF SERVICE AND BUSINESS

With the wholeheartedly support of the employees, the support of the shareholders and the clients' confidence in Nova banka, the achieved success and results are based on a properly set strategy, especially in the segments of capital strengthening, assets growth, improvement of the branch network and increasing the quality of services.

Our goal

- to retain the role of one of the leading banks in Bosnia and Herzegovina, adequately responding to market demands. This results in the daily growth of the number of clients who show confidence in Nova banka using both traditional banking services as well as new products that are in line with the standards of modern banking.

Quality management

The quality management system that has been introduced in everyday business leads to the achievement of set goals in terms of the quality of business and service delivery. This system consists of the organizational structure, the responsibility of the entities in the organization, the processes and resources needed to manage the system, all with the aim of:

- Increasing customer satisfaction
- Strengthening customer loyalty
- More efficient utilization of time and resources
- Compliance and connectivity of products and services
- Continuous improvement of the quality of processes and services
- Increasing profits
- Better positioning in the market

Accessibility

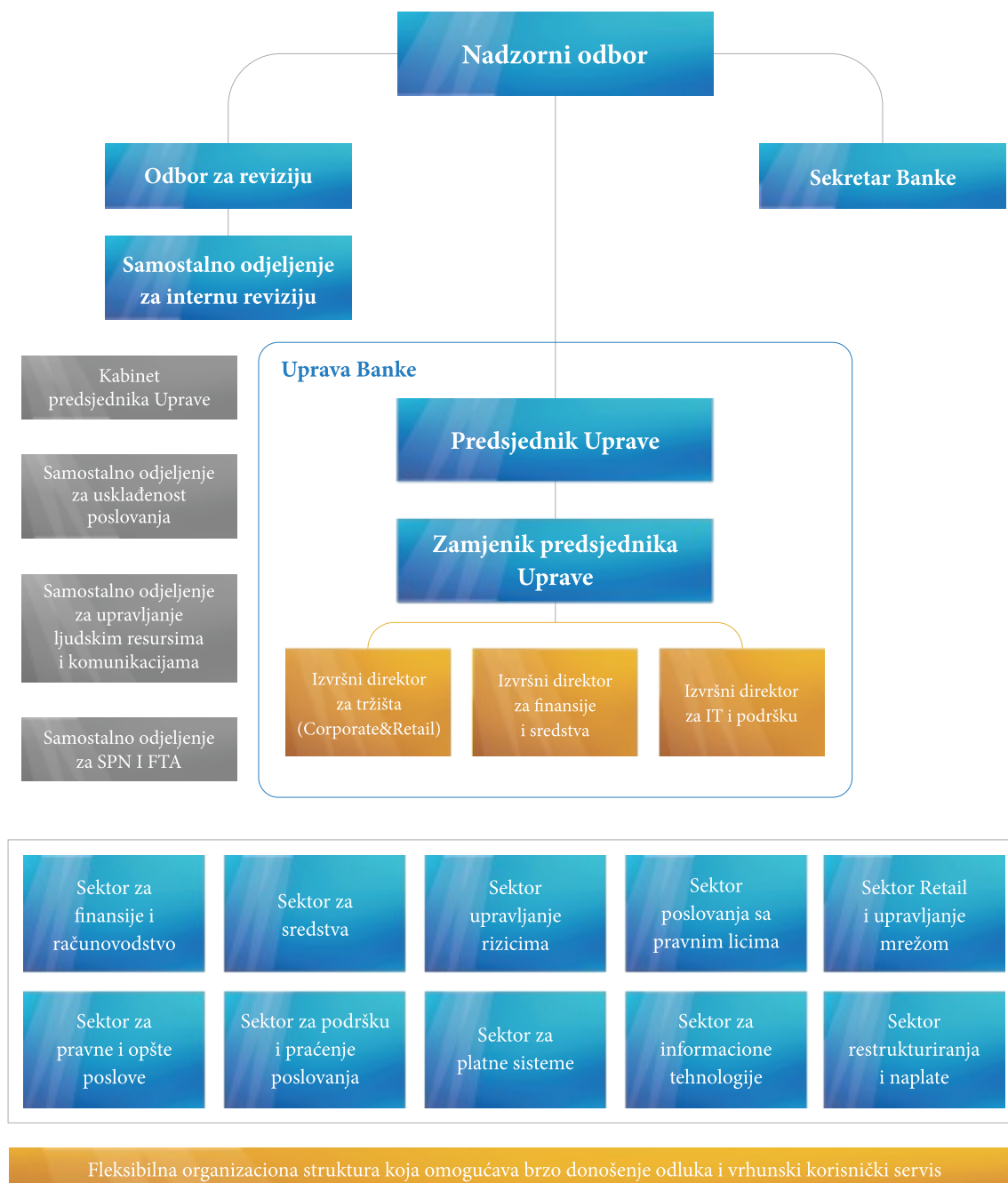
The strategy of Nova banka is based on the real needs of the community in which it operates. Attractive, busy areas where significant business and financial activity takes place and where there is a good market potential, are chosen for the locations of the branches. The organizational structure of the Bank consists of the Head Office in Banja Luka and 65 other organizational units, i.e. 12 Branch Offices, Branch Office for trade in securities "Broker Nova", 17 sub-branch offices, 19 separate counters and 16 agencies. All organizational units represent distribution channels of Bank's products to clients.

AWARDS AND RECOGNITIONS

- The prestigious bronze award for business reliability in the category of "Standard of reliability" awarded in Moscow by the Financial and Banking Association of Euro-Asian Cooperation
- Special recognition for the largest loan placement in the economy in 2017 within the manifestation "Selection of the most successful ones in the Republic of Srpska economy for 2017" organized by the Chamber of Commerce of the Republic of Srpska
- The recognitions "The Best Bank" and "The best manager in the field of banking for 2017" awarded to Nova Banka and to the Chairman of the Management Board of the Bank, Professor Milan Radović.
- Golden BAM for the bank with the largest assets with predominantly domestic capital awarded by the magazine "Banke i Biznis u BiH"

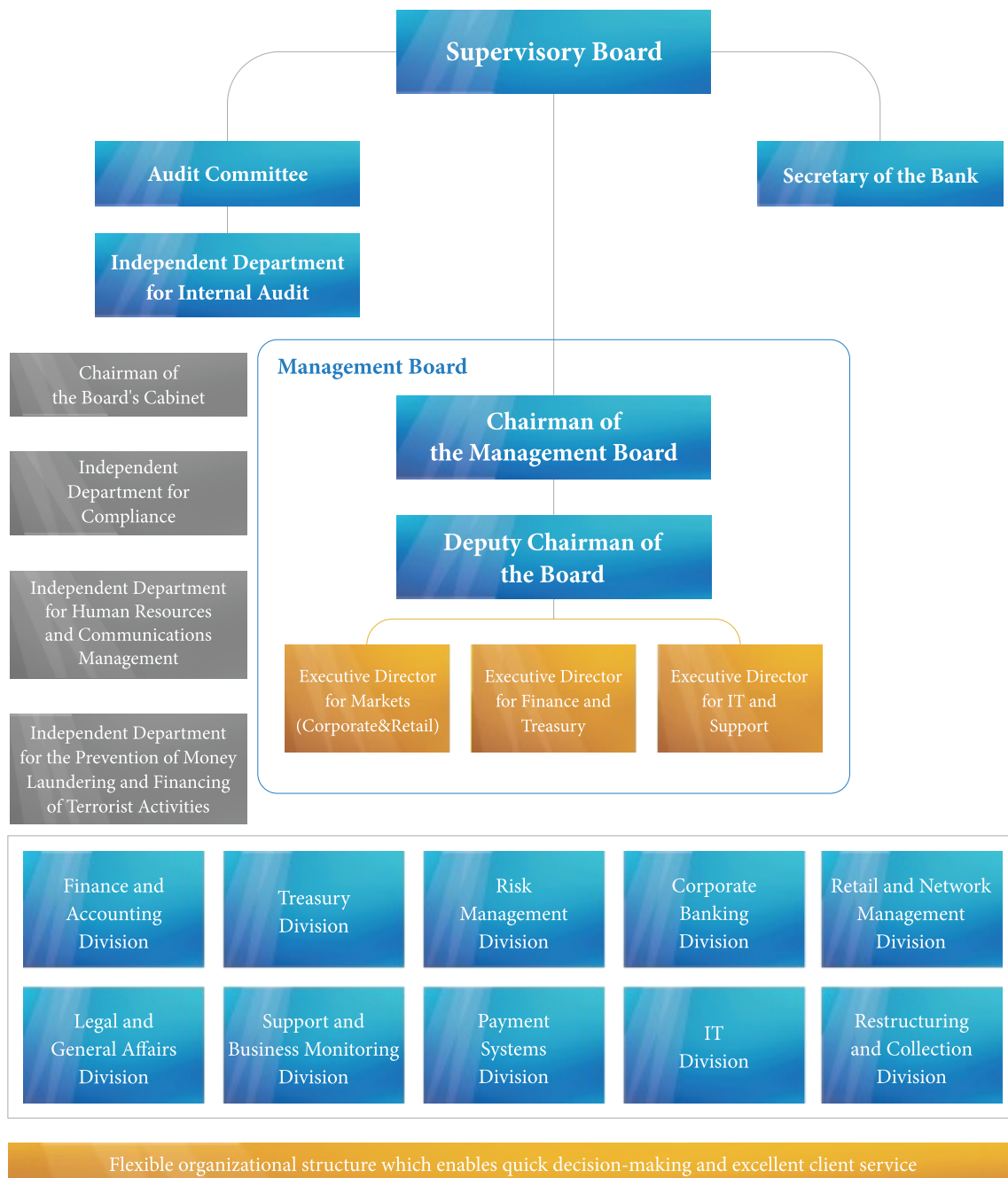
PROFIL NOVE BANKE

ORGANIZACIONA STRUKTURA



PROFILE OF NOVA BANKA

ORGANIZATIONAL STRUCTURE



PROFIL NOVE BANKE

ORGANI UPRAVLJANJA

Nadzorni odbor Banke

- Goran Radanović,
predsjednik
- Grega Kukec,
zamjenik predsjednika
- Nebojša Ninić,
član
- Miroslav Lazarević,
član
- Prof. dr. Perica Macura,
član

Uprava Banke

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

Odbor za reviziju Banke

- 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 sprječavanje 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 Dobo
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 Borislav Babić

PROFILE OF NOVA BANKA

MANAGEMENT BODIES OF THE BANK

Supervisory Board of the Bank

- Goran Radanović,
Chairman
- Grega Kukec,
Deputy Chairman
- Nebojša Ninić,
member
- Miroslav Lazarević,
member
- Professor Perica Macura,
member

Management Board of the Bank

- Professor Milan Radović,
Chairman of the Management Board
- Goran Avlijaš,
Deputy Chairman of the Management Board
- Novislav Milaković,
Executive Director
- Gorana Zorić,
Executive Director
- Igor Jovičić,
Executive Director

Audit Committee of the Bank

- Professor Branko Krsmanović,
Chairman
- Vlado Vasiljević, MSc,
Deputy Chairman
- Zdenko Sivrić,
Member
- Goran Marković,
Member
- Professor Slobodan Lukić
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 Srđan Stanojević
- Branch Office Banja Luka
Director Saša Maglov
- Branch Office Brčko
Director Petar Domic
- Branch Office Zvornik
Director Branka Risović
- Branch Office Dobo
Director Miodrag Mišić
- Branch Office East Sarajevo
Director Dalibor Đurović
- Branch Office Sarajevo
Director Saša Mulalić
- Branch Office Foča
Director Milada Simić
- Branch Office Trebinje
Director Obrad Zelenović
- Branch Office Tuzla
Director Igor Josipović
- Branch Office Mostar
Director Sanda Boban
- Branch Office Prijedor
Director Borislav Babić

UPRAVLJANJE LJUDSKIM RESURSIMA

Zaposleni predstavljaju najvažniji resurs Banke i zbog toga i proces upravljanja ljudskim resursima ima strateški značaj.

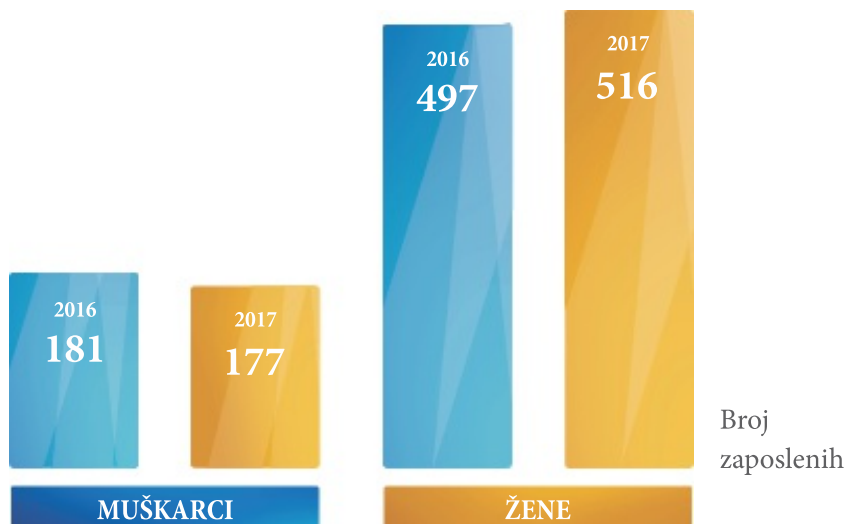
U 2017. godini Nova banka je nastavila svoju strategiju upravljanja ljudskim resursima ulaganjem u razvoj zaposlenih, unapređenjem njihovih znanja i vještine, podsticanjem pozitivne radne atmosfere, definisanjem konkurentnih naknada i mnogim drugim aktivnostima, a sve u cilju brige o zaposlenima kreiranjem zdravog i sigurnog okruženja u kojem su zaposleni motivisani za postizanje individualnih i timskih rezultata. Tokom 2017. godine zaposleni su prisustvovali na 76 različitih eksternih vidova edukacije, a interni tim trenera je održao šest obuka za 468 zaposlenih.

Banka kontinuirano prati zahtjeve tržišta, regulatora ali i trendova u bankarstvu i nastoji da svoju organizacionu strukturu unapređuje u smislu podizanja efikasnosti i korporativnog upravljanja koje čine esencijalne pretpostavke za ispunjenje poslovne strategije Banke, te se u vezi sa tim sve aktivnosti upravljanja ljudskim resursima odvijaju u skladu sa jasnim i preciznim pravilima kako bi postigla koherentnost i transparentnost u segmentu upravljanja ljudskim resursima. Sa 693 zaposlena, Banka je svoje poslovanje organizovala unutar deset sektora, četiri samostalna odjeljenja i dvanaest filijala, koje obuhvataju još i 53 organizacione jedinice, zahvaljujući efikasnoj organizaciji, internoj komunikaciji i modelu upravljanja pomoću ciljeva ostvaruje stalan rast u svim segmentima poslovanja.

Briga o zaposlenima, njihovom zdravlju i zdravlju njihovih porodica je polje djelovanja gdje su Banka kao institucija, ali i svi zaposleni pojedinačno uvijek spremni da pokažu svoju humanost i dobra djela. Timski duh, saradnja i promovisanje pozitivne radne atmosfere samo su dio vrijednosti koje Nova banka razvija i podstiče među zaposlenima.

Na bankarskim igrama 2017. godine sportski timovi Nove banke postigli su sljedeće rezultate:

1. mjesto: kuglanje-žene
2. mjesto: košarka-žene
3. mjesto: stoni tenis-žene



HUMAN RESOURCES MANAGEMENT

Employees are the most important resource of the Bank and therefore the process of human resources management is of strategic importance.

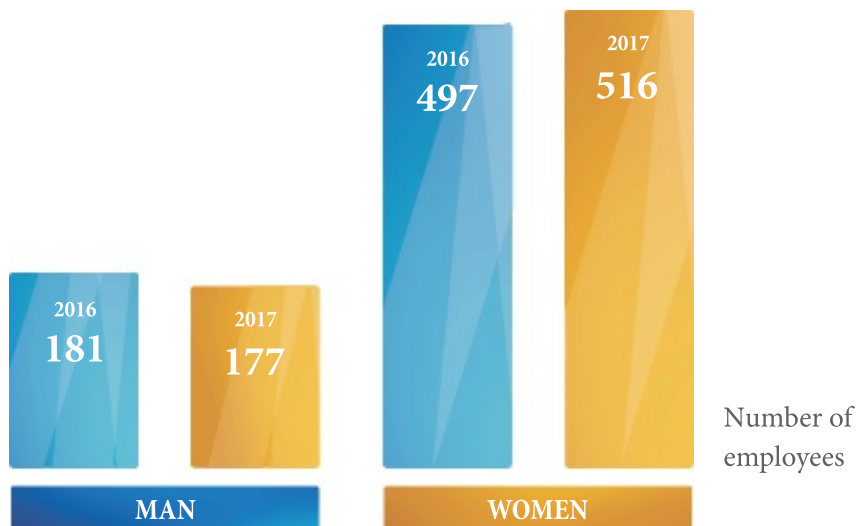
In 2017 Nova banka has continued its strategy of human resources management by investing in staff development, improving their knowledge and skills, encouraging positive working atmosphere, defining competitive compensation and many other activities, all with the aim of caring about employees by creating a healthy and safe environment where employees are motivated to achieve individual and team results. During 2017, employees have attended 76 different external forms of education, and internal team of trainers held six trainings for 468 employees.

The Bank continuously monitors the demands of the market and the regulator, but also trends in the banking business and seeks to improve its organizational structure in terms of raising efficiency and corporate governance that constitute essential prerequisites for fulfilling the Bank's business strategy, and in this regard, all human resources management activities take place in accordance with clear and precise rules in order to achieve coherence and transparency in the human resources management segment. With 693 employees, the Bank has organized its operations within ten divisions, four independent departments and twelve branch offices, which also include 53 organizational units, and thanks to efficient organization, internal communication and management by objectives model, it achieves steady growth in all business segments.

Taking care of employees, their health and the health of their families is a field of action where the Bank as an institution, but also all employees individually are always ready to show their humanity and good deeds. Team spirit, cooperation and promoting positive working atmosphere are only part of the values that Nova banka develops and encourages among its employees.

On the Bank Sports Games 2017 sports teams of Nova banka achieved the following results:

1. place: bowling-women
2. place: basketball-women
3. place: table tennis-women



KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Zadržavajući jednu od vodećih pozicija na bankarskom tržištu Bosne i Hercegovine stavljanjem akcenta na stabilnost i jačanje likvidne pozicije, zahvaljujući kontinuiranom rastu i razvoju koji je postigla tokom prethodnih godina, Nova banka je i u 2017. godini ostvarila rast u gotovo svim segmentima poslovanja.

Trend rasta klijenata zadržao se u svim segmentima, kako kod fizičkih lica, SME i velikih klijenata tako i kod javnog sektora, što je bio slučaj i sa kreditnim plasmanima i depozitima. Banka je stavila veliki akcenat na poboljšanje kvaliteta kreditnog portfolija, pojačanu aktivnost naplate i zadržavanje postojećih i privlačenje novih, za Banku poželjnih klijenata.

Značajni rezultati postignuti su i u okviru kartičnog poslovanja. Kontinuirano se radi na unapređenjima u tom segmentu poslovanja, s obzirom da kartična industrija predstavlja jednu od najbrže rastućih i najdinamičnijih industrija današnjeg vremena.

Unapređenja su rađena i u segmentu elektronskog bankarstva, paketa proizvoda, uvođenja m:pay usluge kao i kontinuiranog povećanja nivoa kvaliteta usluge.

TREND KRETANJA BROJA KLIJENATA

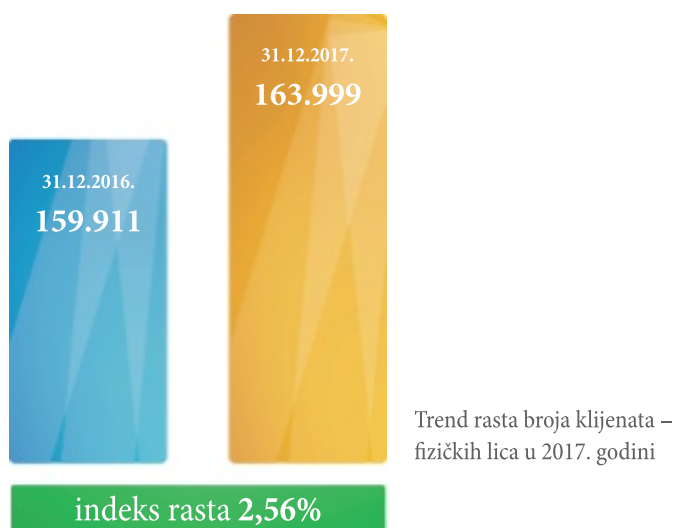
Nova banka je u tokom 2017. godine nastavila sa intenzivnim radom na analizi postojeće baze klijenata i na taj način diferenciranjem proizvoda i usluga u skladu sa njihovim potrebama. Uspostavljanjem i unapređenjem odnosa sa postojećim klijentima, Banka se brine za lojalnost svojih klijenata i na taj način ostvaruje kontinuiran rast njihovog broja.

Cilj Nove banke je pored zadržavanja postojećih klijenata, privlačenje novih koji će postati aktivni i lojalni korisnici proizvoda i usluga Banke.

Kako bi nastavili sa širenjem baze klijenata u istom trendu, neophodno je intenzivirati saradnju sa pravnim licima, SME klijentima zatim Corporate klijentima i javnim sektorom.

Sve ovom u prilog govore i ekzaktni podaci rasta broja klijenata. Zaključno sa poslovnom 2017. godinom broj klijenata je povećan na 163.999, što u poređenju sa brojem klijenata na kraju 2016. godine koji je iznosio 159.911, predstavlja rast od 2,56%.

Nova banka će i dalje aktivno raditi na uspostavljanju kvalitetne baze klijenata kojim će se jačati veza klijenta i Banke na način da klijenti koriste široku lepezu proizvoda Nove banke uz cross-selling i up-selling tehnike.



QUANTITATIVE ACHIEVEMENT OF BUSINESS STRATEGY

Maintaining one of the leading positions in the banking market of Bosnia and Herzegovina by putting the emphasis on the stability and strengthening of its liquid position, thanks to the continued growth and development accomplished in previous years, Nova banka achieved growth in almost all business segments in 2017 as well.

The growth trend of clients has remained in all segments, for natural persons, SMEs and corporate clients, as well as for the public sector, which was the case with both credit placements and deposits. The Bank has put a great emphasis on improving the quality of the loan portfolio, enhanced collection activity and retaining of existing clients and attracting the new ones that are desirable for the Bank.

Significant results have also been achieved within the card business. The Bank is continuously working on the improvement in this segment of business, since the card industry is one of the fastest growing and most dynamic industries of the present time.

Improvements have also been made in the segment of electronic banking, product packages, introduction of m:pay service as well as continuous increase in the level of service quality.

TREND IN THE NUMBER OF CLIENTS

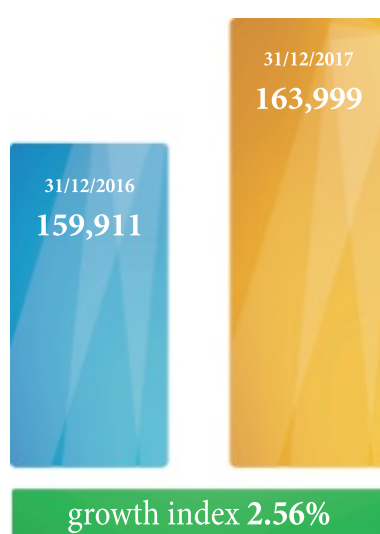
In 2017, Nova banka continued its intensive work on analyzing the existing clients' base and thus differentiating the products and services according to their needs. By establishing and improving relationships with existing clients, the Bank takes care of the loyalty of its clients and thus achieves a continuous growth of their number.

In addition to retaining existing clients, the aim of Nova banka is to attract new ones that will become active and loyal beneficiaries of the Bank's products and services.

In order to continue the same trend of the clients' base expansion, it is necessary to intensify cooperation with legal entities, SME clients, as well as corporate clients and the public sector.

All this is supported by the exact data on the growth of the number of clients. By the end of the business year 2017, the number of clients increased to 163,999, which, compared to the number of clients at the end of 2016, which amounted to 159,911, represented an increase of 2.56%.

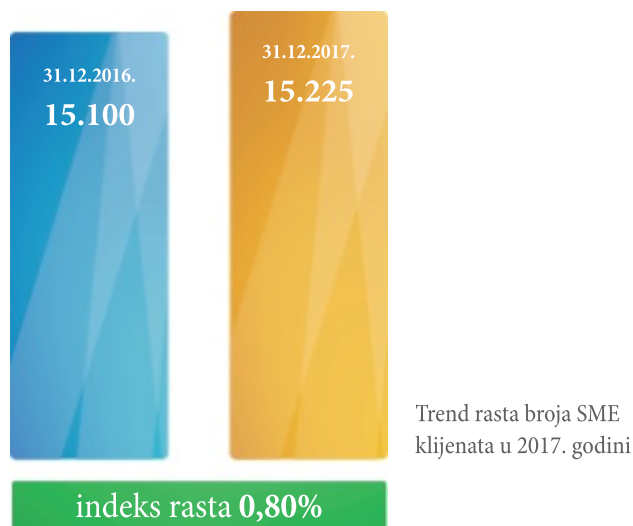
Nova banka will continue to actively work on the establishment of a quality clients' base that will strengthen the relationship between the clients and the Bank in a way that clients use a wide range of products of Nova banka with cross-selling and up-selling techniques.



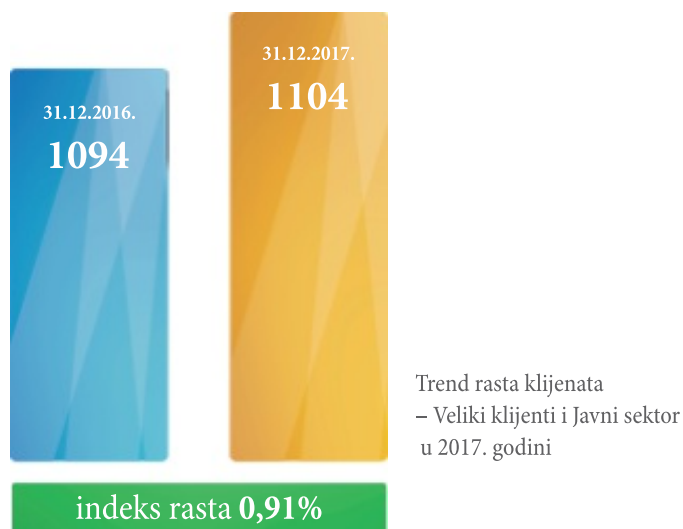
Growth trend in the number of clients – natural persons in 2017

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Osnovi preduslov za ostvarenje svih drugih planskih veličina je stalan rast broja klijenata. U ovom dijelu možemo konstatovati da je nastavljen trend priliva novih klijenata kao u prethodnim godinama te da je u 2017. godini otvoreno ukupno 1258 novih transakcionih računa (UPP) SME klijenata. Međutim, paralelno je rađeno i gašenje računa po osnovu neaktivnosti, te je usljed toga ukupan broj SME klijenata u odnosu na kraj 2016. godine povećan za 125, odnosno 0,8%.



U 2017. godini došlo je do rasta broja klijenata – veliki klijenti i javni sektor, za 0,91%. Povećanje broja klijenata je nastavak trenda uzrokovan klijentski orijentisanim pristupom poslovanja, konkurentnim cjenovnim i necjenovnim elementima proizvoda.



QUANTITATIVE ACHIEVEMENT OF BUSINESS STRATEGY

The basic prerequisite for achieving all other planned sizes is the steady increase in the number of clients. In this section we can conclude that the trend of inflow of new clients has continued as in the previous years, and that in 2017 a total of 1,258 new transaction accounts (Internal Payment Transactions) of SMEs was opened. However, closing of accounts on the basis of inactivity was done in parallel, and as a result, the total number of SME clients increased by 125, i.e. 0.8%, compared to the end of 2016.



In 2017, there was an increase in the number of clients – corporate clients and the public sector, by 0.91%. Increase in the number of clients is a continuation of the trend caused by client-centered business approach, competitive price and non-price elements of the product.

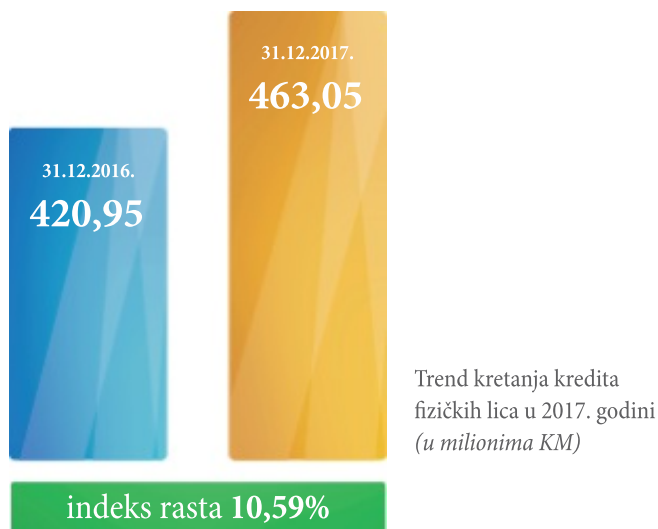


KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

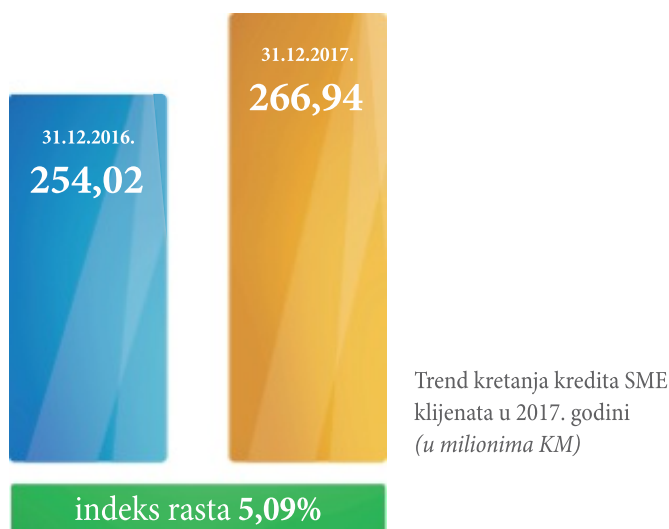
TREND KRETANJA PLASMANA

Stanje portfolia plasmana stanovništva na dan 31.12.2017. godine, iznosi 463,05 miliona KM i veći je u odnosu na isti period 2016. godine za 10,59%, kada je iznosio 420,95 miliona KM.

U 2017. godini posebna pažnja je posvećena većoj naplati i restrukturiranju problematičnih kredita što je i rezultiralo na kraju 2017. godine smanjenjem nivoa dospjelih ne naplaćenih kredita za 2,58% u odnosu na 31.12.2016. godine. Iznos NPL na kraju 31.12.2017. godine iznosi 20.711.414 KM ili 4,47%.



Ukupni krediti SME klijentima na dan 31.12.2016. godine iznosili su 254,02 miliona KM, a na dan 31.12.2017. godine 266,94 miliona KM, što znači da je u 2017. godini ostvaren ukupan rast kredita u iznosu od 12,92 miliona KM, odnosno 5,09%.



QUANTITATIVE ACHIEVEMENT OF BUSINESS STRATEGY

TREND OF PLACEMENTS

The balance of the placement portfolio of retail clients as of 31 December 2017, amounted to 463.05 million BAM and is higher by 10.59% compared to the same period in 2016, when it amounted to 420.95 million BAM.

In 2017, special attention was paid to the enhanced collection and restructuring of non-performing loans, which at the end of 2017 resulted in the decrease of the level of matured non-collected loans by 2.58% in relation to 31 December 2016. The amount of NPL as of 31 December 2017 amounted to 20,711,414 BAM or 4.47%.



Total loans to SME clients as of 31 December 2016 amounted to 254.02 million BAM, and as of 31 December 2017 amounted to 266.94 million BAM, which meant that in 2017 the total loan growth in the amount of 12.92 million BAM or 5.09%, was achieved.



KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

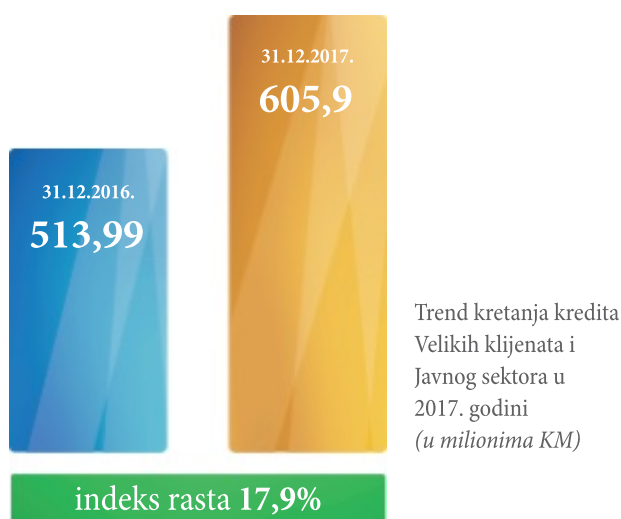
Imajući u vidu izražen trend smanjenja aktivnih kamatnih stopa na tržištu², Banka je u ovom segmentu prioritet dala plasmanima kredita iz sredstava Investiciono razvojne banke RS (IRB), po osnovu čega su postignuti odlični rezultati, u prilogu čemu govori podatak da je, kada su u pitanju krediti namijenjeni privredi iz sredstava IRB-a, Nova banka apsolutni lider na bankarskom tržištu.

U fokusu Banke i u ovoj godini bilo je poboljšanje kvaliteta kreditnog portfolia, pojačane aktivnosti naplate i održavanje odnosa sa postojećim kvalitetnim klijentima. Kao rezultat te aktivnosti, ukupan nivo kredita u kašnjenju preko 90 dana smanjen je za 8,77% u odnosu na kraj 2016. godine, odnosno procenat kredita u kašnjenju preko 90 dana (%NPL) je smanjen za 1,63 procentna poena. Pored toga, ukupan nivo dospjelih obaveza (dospjele glavnice) je smanjen za 2,2 miliona KM (smanjenje za 7,5%).

Kada je u pitanju dokumentarno poslovanje, ukupan portfolio garancija ostao je na približno istom nivou kao na kraju 2016. godine.



Nivo kredita i otkupa potraživanja Velikih klijenata i Javnog sektora na kraju 2016. godine iznosio je 513,9 miliona KM, dok je na 31.12.2017. ostvaren nivo od 605,9 miliona KM što je za 17,9% (91,9 milion) više u odnosu na stanje iz prethodne godine.



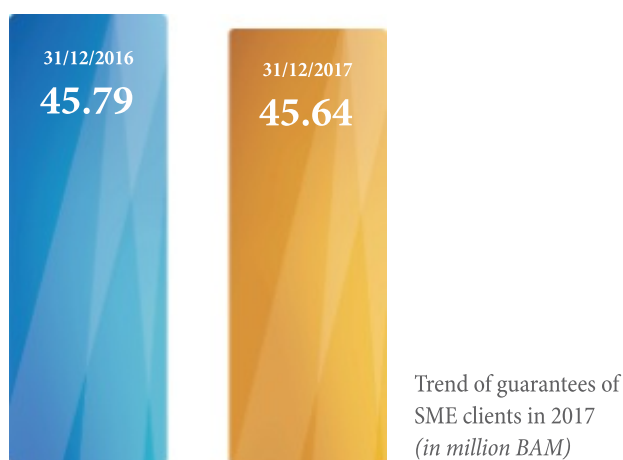
² Prosječne kamatna stopa na kredite privatnih nefinansijskih preduzeća iznosa preko 500.000 KM su ispod 4% što je najniži ikad zabilježeni nivo (Bilten 2, 2017. godine, Centralna banka BiH).

QUANTITATIVE ACHIEVEMENT OF BUSINESS STRATEGY

Given a strong trend of decrease of active interest rates in the market², in this segment the Bank has given the priority to loan placements from the funds of the Investment-Development Bank of the RS (IRB), on the basis of which excellent results have been achieved, as evidenced by the fact that, when it comes to loans intended for economy from IRB funds, Nova banka is the absolute leader in the banking market.

The focus of the Bank this year was on the improvement of the quality of the loan portfolio, enhanced collection activities and maintenance of relations with the existing quality clients. As a result of this activity, the total level of loans in delay over 90 days was reduced by 8.77% compared to the end of 2016, i.e. the percentage of loans in delay over 90 days (% NPL) is reduced by 1.63 percentage points. In addition, the total level of due liabilities (due principal) is reduced by 2.2 million BAM (decrease by 7.5%).

When it comes to documentary business, the total portfolio of guarantees remained at approximately the same level as at the end of 2016.



The level of loans and the purchase of accounts receivable of Corporate clients and the Public sector at the end of 2016 amounted to 513.9 million BAM, while as of 31 December 2017, the level of 605.9 million BAM was achieved, which was by 17.9% (91.9 million) higher compared to the previous year.

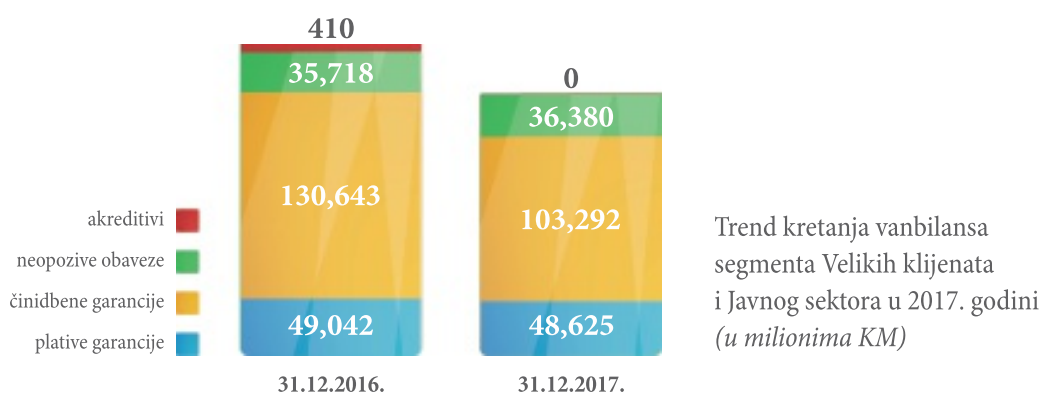


² Average interest rate on loans to private non-financial companies in the amount of over 500,000 BAM are below 4% which is the lowest ever recorded level (Bulletin 2, 2017, the Central Bank of Bosnia and Herzegovina).

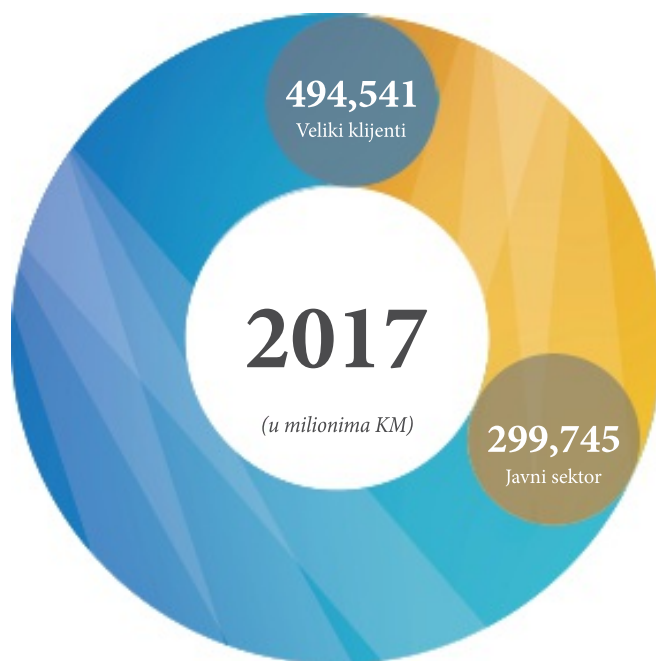
KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

U posmatranom periodu po obimu su najviše rasli dugoročni krediti za 133,5 miliona, dok su dospjeli plasmani smanjeni za 11,2 miliona, a kratkoročni krediti za 30,4 miliona KM. Po segmentima Javni sektor je imao povećanje za 21,6% (50,6 miliona), dok su Veliki klijenti povećani za 14,8% (41,3 miliona). Pored značajnog povećanja ovog dijela plasmana, bitno je smanjen nivo dospjelih plasmana (11 miliona ili 29,8%). Smanjenje dospjelih plasmana je rezultat kontinuiranog praćenja plasmana, razvijenih prodajnih i postprodajnih alata i aktivnijeg klijentskog pristupa. U skladu sa padom dospjelih plasmana, pozitivan trend je ostvaren i kod nivoa NPL (non-performing loans).

Pozicije vanbilansa 2017. godini su smanjene u odnosu 2016. godinu za 12,7% (27,5 miliona KM). Struktura vanbilansa je izmjenjena u odnosu na prethodnu godinu (nešto veće učešće plativih garancija 3,1%, povećanje neopozivih obaveza za 2,8%, smanjenje činidbenih garancija za 5,7%). Prema obimu najveći rast je bio kod neopozivih obaveza (662 hiljade KM), dok su ostale kategorije smanjene (činidbene garancije 27,3 miliona, plative garancije i akreditivi po 0,4 miliona). Po segmentima vanbilans Velikih klijenata je u padu – 28,3 miliona KM, dok je kod Javnog sektora rast u iznosu od 0,8 miliona KM.



Po segmentima posmatrano, ostvarenje plasmana segmenta Velikih klijenata je iznosio 494,5 miliona KM, dok je Javnom sektoru plasirano 299,7 miliona KM. Povećanje segmenta Velikih klijenata po ukupnim plasmanima je 2,7% (12,9 miliona KM) i dok je povećanje plasmana Javnog sektora 20,7% (51,5 miliona KM).

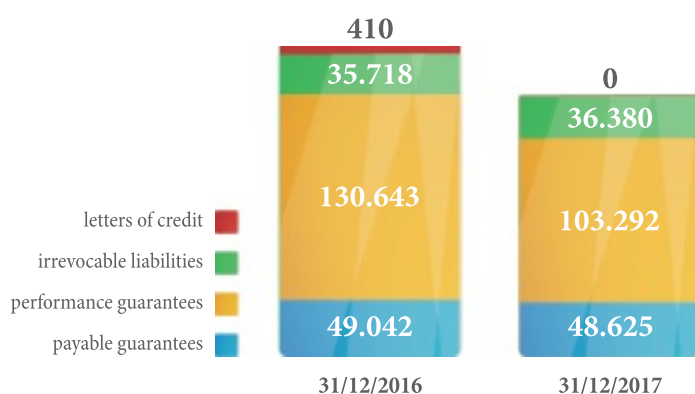


Ukupni plasmani segmenta Veliki klijenti i Javni sektor na dan 31.12.2017. godine strukturalno posmatrani

QUANTITATIVE ACHIEVEMENT OF BUSINESS STRATEGY

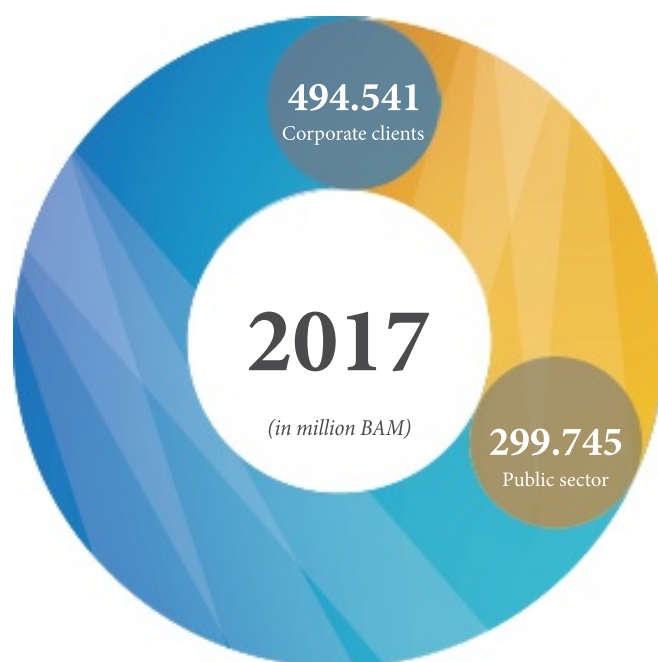
In the observed period the long-term loans have increased most by volume, by 133.5 million, while due placements were reduced by 11.2 million, and short-term loans by 30.4 million BAM. Broken down by segments, the Public sector increased by 21.6% (50.6 million), while Corporate clients increased by 14.8% (41.3 million). In addition to a significant increase in this part of placements, the level of due placements was significantly reduced (11 million or 29.8%). The decrease in due placements is the result of continuous monitoring of placements, developed sales and post-sales tools and more active client approach. In line with the decrease in due placements, a positive trend was also achieved in the level of NPL (non-performing loans).

Off-balance sheet positions in 2017 were reduced by 12.7% in relation to 2016 (27.5 million BAM). The off-balance sheet structure was changed in comparison with the previous year (somewhat higher share of payable guarantees of 3.1%, increase of irrevocable liabilities by 2.8%, decrease of performance guarantees by 5.7%). By volume, the largest growth was in irrevocable liabilities (662 thousand BAM), while other categories were reduced (performance guarantees by 27.3 million, payable guarantees and letters of credit by 0.4 million each). Broken down by segments the off-balance sheet of Corporate clients is in decline – 28.3 million BAM, while in the Public Sector the growth amounts to 0.8 million BAM.



Trend of off-balance sheet segment of Corporate clients and the Public sector in 2017
(in million BAM)

Broken down by segments, realization of placement of the segment of Corporate clients amounted to 494.5 million BAM, while 299.7 million BAM was placed to the Public sector. The increase in the segment of Corporate clients by total placements was 2.7% (12.9 million BAM), while the increase in the Public sector placements was 20.7% (51.5 million BAM).



Total placements of the segment of Corporate clients and the Public sector as of 31 Dec 2017 structurally observed

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

TREND KRETANJA DEPOZITA

Banka je u prethodnom periodu od 2010-2017. godine zabilježila značajan rast nivoa depozita stanovništva što je bio i ključni cilj da se napravi diversifikacija rizika i alokacija velikih depozita privrede na veći broj manjih depozita fizičkih lica.

Odnos depozita privreda-stanovništvo 2010. godine bio je 70% prema 30% u korist depozita pravnih lica. Prema podacima na 31.12.2017. godine taj odnos se povećao u korist depozita stanovništva i iznosi 61% prema 39%. I u narednom periodu fokus će biti na povećanju nivoa depozita fizičkih lica.

Banka je u 2017. godini zabilježila rast portfolia u visini od 9,21% i ukupni depoziti stanovništva na kraju 2017. godine iznose 897,88 miliona KM. Takođe i broj korisnika štednje je značajno rastao te je zabilježen rast za 4,46% u odnosu na prethodnu godinu. Na kraju 2017. godine Banka je imala aktivno 38.095 oročenih partija štednje.

Avista depoziti kao jeftin izvor sredstava imaju postepen ali siguran rast bez značajnih fluktuacija. Avista depoziti iz godine u godinu bilježe značajan učešće u ukupnim depozitima stanovništva. Na kraju 2015. godine učešće u ukupnim depozitima iznosilo je 19,77%, na kraju 2016. godine 20,19%, da bi na kraju 2017. godine učešće avista depozita dostigao nivo od 22,15%.

U svrhu ostvarenja ciljeva povećanja nivoa depozita ključnu ulogu ima kontinuirano praćenje konkurencije, blagovremeno reagovanje na promjene cijena na tržištu, članstvo u Agenciji za osiguranje depozita, kontinuiran rast Banke kao ozbiljne banke što je imalo za krajnji rezultat stvaranje povjerenja i sigurnosti u Banku.



Ukupni depoziti SME klijenata su na kraju 2017. godine ostvarili povećanje u odnosu na isti period 2016. godine za 1,02 miliona KM (rast od 0,88%). Pri tome treba naglasiti da su depoziti po viđenju ostvarili rast od 8,3 miliona KM dok je kod oročenih depozita, kao posljedica razročavanja nekoliko većih partija, došlo do smanjenja za 7,2 miliona KM.

QUANTITATIVE ACHIEVEMENT OF BUSINESS STRATEGY

TREND OF DEPOSITS

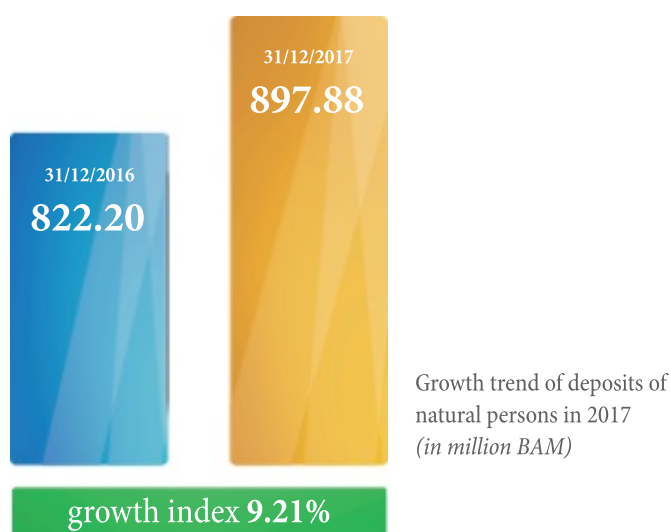
In the previous period from 2010-2017, the Bank recorded a significant increase in the level of deposits of retail clients, which was the key goal in order to make the diversification of risks and the allocation of large corporate deposits to a larger number of smaller deposits of natural persons.

The ratio of deposits corporate-retail clients in 2010 was 70% to 30% in favor of the deposits of legal entities. According to data as of 31 December 2017, this ratio increased in favor of deposits of retail clients and amounted to 61% to 39%. And in the coming period, the focus will be on increasing the level of deposits of natural persons.

In 2017, the Bank recorded growth in portfolio in the amount of 9.21% and total deposits of retail clients at the end of 2017 amounted to 897.88 million BAM. Also, the number of users of savings grew significantly and the growth by 4.46% was recorded, compared to the previous year. At the end of 2017, the Bank had 38,095 active term deposits sub-accounts.

A vista deposits as a low-cost source of funds have a gradual but certain growth without significant fluctuations. A vista deposits from year to year record a significant share in total deposits of retail clients. At the end of 2015, the share in total deposits amounted to 19.77%, at the end of 2016, 20.19%, so that at the end of 2017, the share of a vista deposits reached the level of 22.15%.

In order to achieve the goals of increasing the deposit level, the key role is played by continuous monitoring of competition, timely reaction to changes in prices on the market, membership in the Deposit Insurance Agency, continuous growth of the Bank as a serious bank, which ultimately resulted in the creation of confidence and sense of security in the Bank.



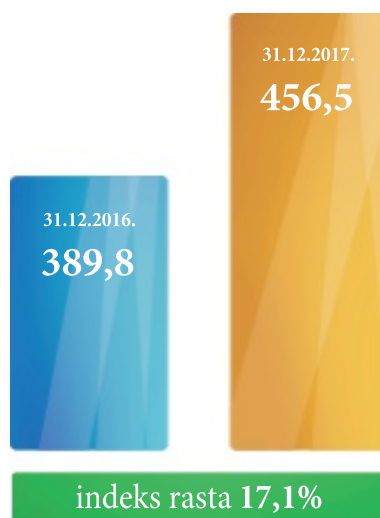
At the end of 2017, total deposits of SME clients achieved an increase by 1.02 million BAM (increase of 0.88%) compared to the same period of 2016. Thereby, it should be emphasized that demand deposits increased by 8.3 million BAM, while the term deposits, as a result of the cancellation of several major sub-accounts, decreased by 7.2 million BAM.

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA



Trend kretanja depozita SME
klijenata u 2017. godini
(u milionima KM)

Nivo depozita Velikih klijenata i Javnog sektora na dan 31.12.16. godine iznosio je 389,8 miliona KM dok je na 31.12.2017. godine dostignut nivo od 456,5 miliona KM što je za 17,1% veće u odnosu na iznos depozita iz prethodne godine. Struktura depozita je izmjenjena u posmatranim godinama. Učešće depozita po viđenju je povećano (sa 53% na 66%), smanjeno učešće kratkoročnih depozita (sa 20% na 11%) i smanjeno učešće dugoročnih depozita (sa 26% na 23%). Prema obimu rast je bio najveći kod depozita po viđenju (94,5 miliona KM), dok su dugoročni depoziti smanjeni za 93 hiljade i kratkoročni za 27,7 miliona. Po segmentima Veliki klijenti su zabilježili rast od 7 miliona KM i depoziti Javnog sektora za 59,6 miliona KM.



Trend kretanja depozita
Velikih klijenata i Javnog
sektora u 2017. godini
(u milionima KM)

QUANTITATIVE ACHIEVEMENT OF BUSINESS STRATEGY



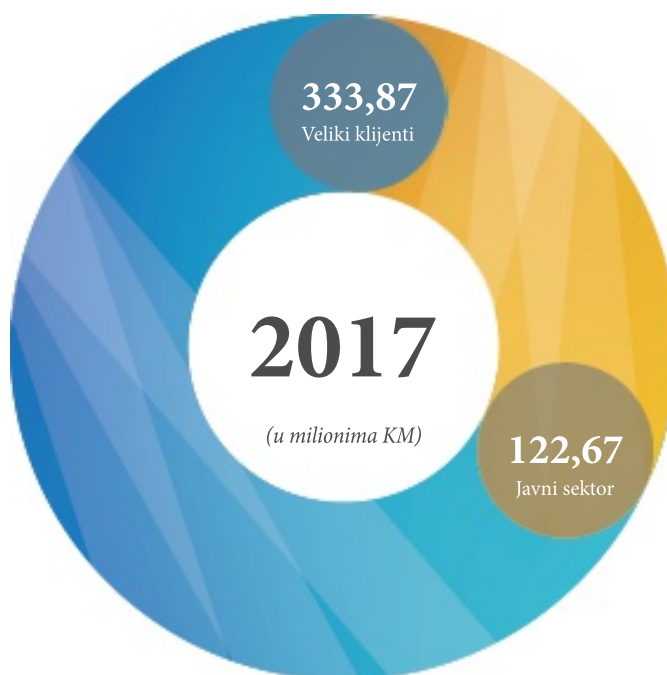
Trend of deposits of
SME clients in 2017
(in million BAM)

The level of deposits of Corporate clients and the Public sector as of 31 December 2016 amounted to 389.8 million BAM, while as of 31 December 2017 it reached the level of 456.5 million BAM, which was by 17.1% higher than the amount of deposits from the previous year. The structure of deposits was changed in the observed years. The share of demand deposits was increased (from 53% to 66%), the share of the short-term deposits was decreased (from 20% to 11%) and the share of long-term deposits was decreased (from 26% to 23%). According to volume, the growth was the highest in demand deposits (94.5 million BAM), while the long-term deposits decreased by 93 thousand and the short-term by 27.7 million. Broken down by segments deposits of Corporate clients recorded an increase of 7 million BAM and deposits of the Public sector an increase of 59.6 million BAM.



Trend of deposits of
Corporate clients and
the Public sector in 2017
(in million BAM)

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA



Ukupni depoziti segmenta Velikih klijenata i Javnog sektora na dan 31.12.2017. strukturalno posmatrani

TREND KRETANJA KARTIČNOG POSLOVANJA

Kartično poslovanje predstavlja veoma značajan segment bankarskog poslovanja, dok kartična industrija predstavlja jednu od najbrže rastućih i najdinamičnijih industrija današnjeg vremena. Nova banka u svom poslovanju nastoji da prati postavljene svjetske trendove, stoga i u 2017. godini nastavlja ulaganja u razvoj kartičnog poslovanja i praćenja mandata koje su zadale kartične kuće Visa i MasterCard.

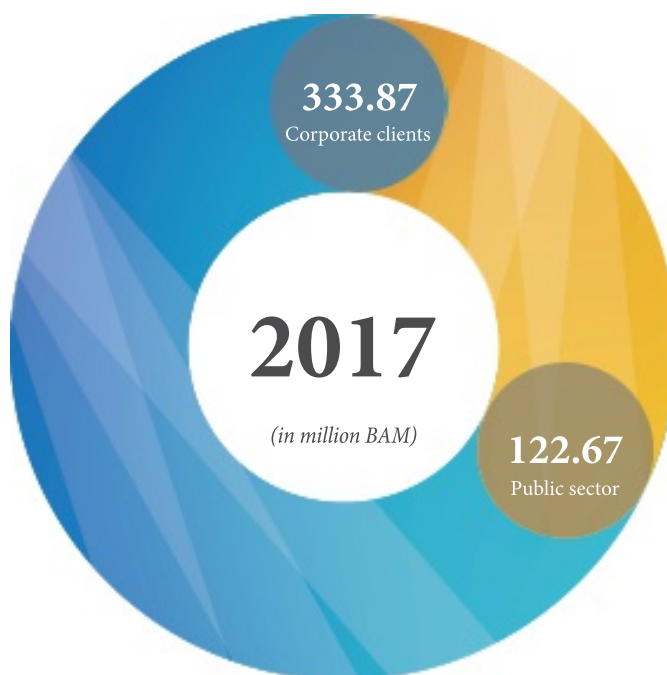
Ulaganja i aktivnosti u dijelu kartičnog poslovanja za 2017. godinu obuhvataju: kupovinu softvera za IPG i eACS, nabavku novih multifunkcionalnih bankarskih terminala/automatskog šaltera, implementacija DCC – dinamičke konverzije na ATM terminalima kod prihvata MasterCard platnih kartica, nadgradnja Kluba lojalnosti Super Nova uvođenjem nove funkcionalnosti za prijavu bodova.

Platne kartice zauzimaju značajno mjesto na finansijskom tržištu i postale su jedinstveno opšteprihvaćeno sredstvo plaćanja. Jednostavnost i sigurnost raspolaganja novca putem kartica se konstantno nadgrađuje, tako da se kartična ekspanzija u dijelu aktivnog korišćenja kartica na BiH tržištu, koje je pretežno "keš" tržište, tek očekuje.

Broj novoizdatih kartica u 2017. godini iznosio je 20.327, ali je u ukupnom broju kartica na dan 31.12.2017. godine zadržan isti nivo iz prethodne godine zbog gašenja neaktivnih računa za koje su kartice vezane. Tokom 2017. godine strateški se radilo na povećanju aktivnosti izdatih kartica koja je dostigla nivo od 65,68% i u odnosu na prethodnu 2016. godinu rasla je za 6,31%. Ostali trendovi kartičnog poslovanja u odnosu na prethodnu 2016. godinu ukazuju da je održan rastući trend korišćenja kartica i mreže terminala: promet po karticama rastao je za 8,55%, broj transakcija karticama rastao je za 13,06%, promet na bankomatima rastao je za 13,17% i promet na POS terminalima rastao je za 49,86%. Kada se posmatra poslovni rezultat prihod od naknada po osnovu kartičnog poslovanja rastao je za 22%, dok je prihod od kamata rastao za 5%. Očekuje se da se pozitivni trendovi nastave i u narednim godinama.

Tokom 2017. godine nastavljeno je jačanje Super Nova kluba lojalnosti, te s krajem 2017. broj Partnera, trgovaca uključenih u Klub lojalnosti, iznosio je 133 sa ukupno 442 prodajna mjesta. Poređenjem broja izdatih Super Nova kartica s krajem 2016. i 2017, primjetan je značajan rast (debitne za 85,92%, a kreditne za 125%). Postignuti trend razvoja Kluba lojalnosti planiran je i u 2018. godini, kao trećoj godini od njegovog osnivanja, sa akcentom na njegovo jačanje u dijelu Partnera.

QUANTITATIVE ACHIEVEMENT OF BUSINESS STRATEGY



Total deposits of segments of Corporate clients and the Public sector as of 31 Dec 2017 structurally observed

TREND IN CARD BUSINESS

Card business is a very important segment of the banking business, while card industry is one of the fastest growing and most dynamic industries of our time. In its business operations Nova banka seeks to follow the set global trends, so in 2017 it continued investments in the development of card business and the monitoring of mandates set by credit card companies Visa and MasterCard.

Investments and activities in the segment of card business for 2017 include: purchase of software for IPG and eACS, purchase of new multifunctional banking terminals/automatic counters, implementation of DCC – dynamic conversion at ATM terminals in accepting MasterCard payment cards, upgrading Super Nova loyalty club by introducing new functionality for recording points.

Payment cards have an important place in the financial market and they have become a unique generally accepted means of payment. The simplicity and security of having money at the disposal by using cards are constantly being upgraded, so expansion of cards in the part of the active use of cards in the BiH market, which is predominantly a “cash” market, is yet expected.

The number of newly issued cards in 2017 amounted to 20,327, but in the total number of cards as of 31 December 2017 the same level from the previous year was maintained because of the closing of inactive accounts to which the cards were linked. During 2017, the Bank was strategically focused on increasing the activity of issued cards, which reached the level of 65.68% and grew by 6.31% compared to the previous year 2016. Other card business trends compared to the previous year 2016 indicate that there was a growing trend in the use of cards and network terminals: cards turnover grew by 8.55%, the number of cards transactions grew by 13.06%, the ATM turnover grew by 13.17% and the turnover at POS terminals grew by 49.86%. When considering the business results, the income from card business fees increased by 22%, while interest income grew by 5%. Positive trends are expected to continue in the coming years as well.

During 2017, the Super Nova Loyalty Club continued to strengthen, and with the end of 2017, the number of partners, traders, involved in the Loyalty Club, was 133 with a total of 442 points of sale. By comparing the number of Super Nova cards issued by the end of 2016 and 2017, a significant growth was recorded (debit cards by 85.92% and credit cards by 125%). The achieved trend of development of the Loyalty Club was also planned for 2018 as the third year since its establishment, with an emphasis on its strengthening in the segment of partners.

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

U 2018. godini u domenu kartičnog poslovanja su planirani sljedeći projekti:

- E-commerce – nadgradnja prihvatne mreže POS terminala uvođenjem terminala za on line plaćanja;
- Nadgradnja mreže bankomata multifunkcionalnim bankarskim terminalima/automatskim šalterima;
- Integracija kartice (HCE funkcionalnost) u okviru mobilne aplikacije;
- Implementacija 3D Secure Issuing (MasterCard Secure Code i VerifiedBy Visa) kao dodatnog mehanizma zaštite prilikom plaćanja na Internetu;
- Implementacija DCC – dinamičke konverzije na POS terminalima kod prihvata MasterCard platnih kartica.

PAKETI PROIZVODA

Banka je u toku 2016. godine radila na restrukturiranju usluga u okviru paket računa i dopunama proizvoda koji su postali sastavni dio paket računa. Paketi su po prvi put obogaćeni kreditnim uslugama čime je paket račun Nove banke postao interesantniji našim klijentima. U cijenu paketa uključena je naknada za vođenje kreditne kartice što je dalo dodatnu atraktivnost i kvalitet paket računa. Atraktivnija ponuda usluga u okviru pojedinačnih paket računa rezultirala je porastu broja paket račun u 2017. godini. Na kraju 2016. godine broj paketa iznosi je 53.109, dok je na kraju 2017. godine ukupan broj aktivnih paketa iznosio je 56.240 što je povećanje za 5,90%. Ovaj broj paketa, prema posljednjem obračunu, donosi banci značajan nekamatonosni mjesečni prihod od 230 hiljada KM.

Prodaja novih paketa je intenzivirana u 2017. godini i planirano je da se prodaja nastavi srazmjeno rastu broja novih klijenta i plasiranih nenamjenskih, zamjenskih i hipotekarnih kredita u akciji.

ELEKTRONSKO BANKARSTVO I PRUŽANJE INFORMACIJA KLIJENTIMA PUTEM SMS USLUGE

Implementacija novog in-house rješenje elektronske banke – eNova dalo je značajne rezultate u smislu povećanja broja novih korisnika ove usluge. Ova usluga klijentima nudi potpuni komfor u smislu upravljanja i uvida u sve svoje račune/partije koje ima otvorene u Banci.

U korist navedenog govori i činjenica da je tokom 2017. godine postignuto povećanje prometa od 9%, povećanje broja realizovanih transakcija od 34% i povećanje broja klijenata (korisnika WEB bankarstva) od 16% u odnosu na podatke iz 2016. godine.

Učešće ukupnog broja korisnika usluge elektronskog bankarstva u odnosu na broj klijenata koji imaju aktivan transakcioni račun se povećava iz godine u godinu. U 2015. godini učešće je iznosilo 3,65%. U 2016. godini procenat učešća je povećan na 5,34%, da bi u 2017. godini učešće iznosilo 5,73%.

U odnosu na 2016. godinu u 2017. godini Banka bilježi i konstantan broj novih korisnika SMS usluge kao vrlo pristupačnog i jeftinog kanala informisanja o svim promjenama po računu. Broj korisnika SMS usluge u 2017. godini je povećan za 5,08%.

SMS usluga pored standardnih informisanja klijenta o stanju na računu, o prilivima i odlivima sredstava sa računa, nudi mogućnost dobijanja putem SMS poruke informacije o iznosu konverzije valuta po trenutno važećoj kursnoj listi Banke.

M:PAY

U saradnji sa mobilnim operaterom Mtel, Banka je svojim korisnicima ponudila 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.

Usluga m:pay, takođe pruža mogućnost da se putem aplikacije izvrši i dopuna bilo kojeg Frend (prepaid) računa. Pored plaćanja ličnih računa, korisnik ove usluge može vršiti plaćanje računa svojim roditeljima, prijateljima ili djeci koji nisu u mogućnosti da direktno koriste ovu uslugu. Plaćanja računa i dopune Frend korisnika se realizuju direktnim zaduženjem tekućeg računa korisnika usluge. Takođe ova aplikacija omogućava da korisnik usluge izvrši transfer novca drugom korisniku ove usluge.

QUANTITATIVE ACHIEVEMENT OF BUSINESS STRATEGY

In 2018, the following projects are planned in the segment of card business:

- E-commerce – upgrading the POS terminals acceptance network by introducing an on-line payment terminal;
- Upgrading the network of ATMs to multifunctional banking terminals/automatic counters;
- Integration of the card (HCE functionality) within the mobile application;
- Implementation of 3D Secure Issuing (MasterCard Secure Code and VerifiedBy Visa) as an additional online payment protection mechanism;
- Implementation of DCC - dynamic conversions at POS terminals in accepting MasterCard payment cards.

PRODUCT PACKAGES

During 2016, the Bank worked on the restructuring of services within the account package and the supplementation of products that became an integral part of the account package. Packages are for the first time enriched with credit services, making the account package of Nova banka more interesting to our clients. The price of the package includes a credit card charge, which added to attractiveness and quality of the account package. A more attractive offer of services within individual account packages resulted in an increase in the number of account packages in 2017. At the end of 2016, the number of packages amounted to 53,109, while at the end of 2017, the total number of active packages was 56,240, an increase of 5,90%. This number of packages, according to the latest calculation, yields to the bank a significant non-interest bearing monthly income of 230 thousand BAM.

The sale of new packages was intensified in 2017 and it is planned that the sales will continue to grow in proportion to the growth of the number of new clients and placed non-purpose, replacement and mortgage loans in promotion actions.

ELECTRONIC BANKING AND PROVIDING INFORMATION TO CLIENTS VIA SMS SERVICES

Implementation of the new in-house solution of the electronic bank - eNova has yielded significant results in terms of increasing the number of new users of this service. This service offers clients a complete comfort in terms of managing and having an insight into all of their accounts/sub-account they have opened at the Bank.

This is supported by the fact that during 2017 an increase in turnover of 9%, an increase in the number of realized transactions of 34% and an increase in the number of clients (users of WEB banking) of 16% were achieved, compared to the data from 2016.

The share of the total number of users of e-banking services in relation to the number of clients that have an active transaction account increases from year to year. In 2015, the share was 3.65%. In 2016, the percentage of share was increased to 5.34%, and in 2017, the share amounted to 5.73%.

Compared to 2016, in 2017 the Bank also recorded the constant number of new users of SMS services as very accessible and inexpensive information channel of all changes in the account. Number of users of SMS services in 2017 increased by 5.08%.

SMS service in addition to providing the standard information to clients about the account balance, inflows and outflows of funds from the account, offers the possibility of receiving information via SMS message on the amount of currency conversion at the current applicable exchange rate list of the Bank.

M:PAY

In cooperation with the mobile operator Mtel, the Bank offered its users a completely unique service on the BiH market, which offers the possibility of paying monthly bills for telecommunication services through an application installed on a mobile phone or tablet device. The mobile operator (M:tel) submits to the user of the service a bill about the monthly charge that the user authorizes on a mobile device or tablet and makes a payment.

The m:pay service also offers the possibility to top up any of your Friend (prepaid) accounts via the application. In addition to paying personal bills, the user of this service can make payments of the bills of their parents, friends or children who are not able to directly use this service. Payments of bills and to ups of Friend users are realized by direct debiting of the current account of the service user. Also, this application allows the user of the service to transfer money to another user of this service.

KVANTITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

BANKOOSIGURANJE

Banka ostvaruje uspješnu dugogodišnju saradnju sa svojim brokerom u osiguranju, brokerskom kućom iz oblasti osiguranja „Prvi Broker“, koja za klijente Banke traži najpovoljnije uslove za ugovaranje polise osiguranja. Na taj način omogućeno je kreditiranje klijenata Banke uz osiguranje korisnika i kolaterala vinkuliranog u korist Banke uz manji nivo rizika i sa najnižim troškovima polise. Od 2013. godine našim klijentima smo omogućili i kreditiranje bez jemaca uz polisu osiguranja korisnika, kao i dozvoljeno prekoračenje po tekucem računu sa polisom osiguranja korisnika, što je nastavljeno i tokom 2017. godine. Novina iz oblasti bankoosiguranja je uvođenje osiguranja u segmentu kartičnog poslovanja po više različitih vrsta osiguranih slučajeva. Posebno se izdvaja osiguranje po VISA GOLD karticama namjenjenim VV klijentima Banke gdje je prisutan širok dijapazon osiguranja koji im dodatno olakšava život i poslovanje.

U 2017. godini je nastavljeno unapređivanje proizvoda i usluga Banke, što je doprinjelo da Nova banka bude prepoznatljiva Banka sa stanovišta stabilnosti i ozbiljnosti u pristupu poslovanju na bankarskom tržištu Bosne i Hercegovine.

KVALITET USLUGE

Banka je nastavila i u 2017. godini svoju pažnju usmjeravati na uspostavljanje i mjerenje kvaliteta usluge koju zaposleni pružaju klijentima, sa posebnim osvrtom na ponašanje službenika koji su u svakodnevnom radu u direktnom kontaktu sa klijentima, njihovom načinu ophođenja, prodaji usluga, odsustvima, zamjenama, rotacijama, a sve u cilju pružanja najkvalitetnije usluge kojom Banka postiže lojalnost klijenata. Osnovni cilj uspostavljanja i mjerenja kvaliteta usluge je da se zadrže postojeći klijenti i da unapređenjem kvaliteta usluge privuku novi, jer samo na taj način će Banka biti u mogućnosti da raste i da sačuva vodeću ulogu na tržištu.

Kvalitet usluge će biti praćen kroz indeks kvaliteta, koji podrazumijeva sljedeće stavke:

- posjete Mystery shopping-a
- ocjena radnog okruženja
- nivo migracije
- stope odlazaka klijenata
- rezultati testiranja.

QUANTITATIVE ACHIEVEMENT OF BUSINESS STRATEGY

BANK INSURANCE

The Bank has been successful in many years of cooperation with its insurance broker, brokerage house in the field of insurance “Prvi Broker”, which seeks the most favorable conditions for contracting the insurance policy for the clients of the Bank. In this way, it is possible to grant loans to the clients of the Bank with the insurance of beneficiaries and collaterals vinctuated in favor of the Bank at a lower level of risk and with the lowest policy costs. Since 2013, we have enabled our clients to get loans without guarantors with the insurance policy of the beneficiary, as well as allowed overdraft on the current account with the insurance policy of the beneficiary, which continued in 2017. A novelty in the field of bank insurance is the introduction of insurance in the card business segment in several different types of insured cases. What is especially interesting is the insurance per VISA GOLD cards intended for the Bank’s VIP clients where a wide range of insurance is present, which further facilitates life and business operations.

In 2017, the improvement of the Bank’s products and services continued, which contributed that Nova banka was a recognized bank in terms of stability and seriousness in its access to doing business in the banking market of Bosnia and Herzegovina.

QUALITY OF SERVICE

The Bank also continued in 2017 to focus its attention on the establishment and measurement of the quality of service provided by its employees to clients, with special emphasis on the behavior of employees who were in daily work in direct contact with clients, their way of behavior towards clients, selling services, absences, substitutions, rotations, all in order to provide the best service with which the Bank achieves loyalty of its clients. The main goal of establishing and measuring the quality of the service is to retain the existing clients and to attract new clients by improving the quality of service, because only in this way the Bank will be able to grow and preserve the leading role in the market.

The quality of the service will be monitored through a quality index, which includes the following items:

- mystery shopping visits
- assessment of the working environment
- the level of migration
- departures rates of clients
- test results.

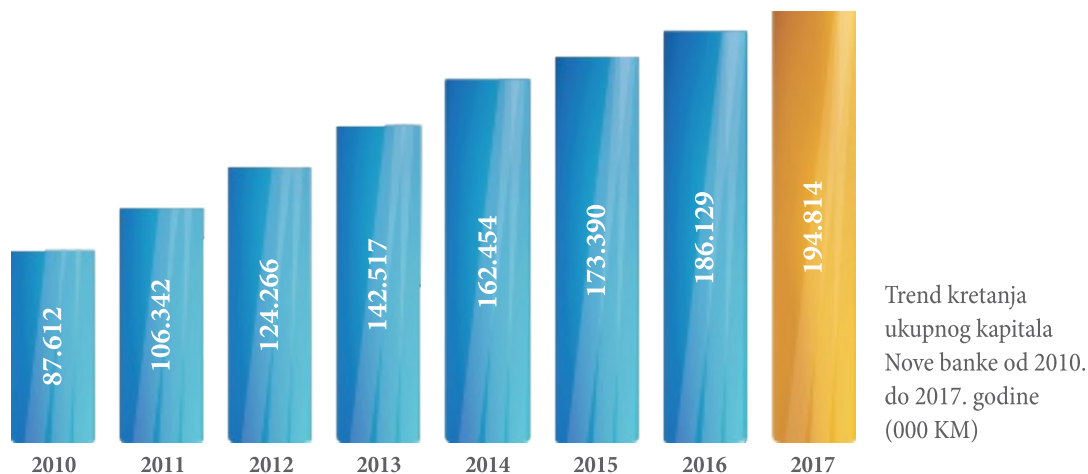
KVALITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

Nakon stabilnog i konstantnog rasta i jačanja Banke na tržištu, slijedi period kvalitetnog upravljanja aktivom koji je praćen procesom adekvatnog upravljanja kapitalom, što zajedno obezbjeđuje sigurnost i stabilnost Banke. Budući da kapital predstavlja rijedak ekonomski i strateški resurs, upravljanje kapitalom čini jednu od najbitnijih komponenata opreznog, efikasnog i strateškog planiranja i upravljanja Bankom.

Banka će nastaviti trend jačanja kapitale baze, smanjenja NPL-a kroz aktivnu naplatu kao i kroz sistem odobravanja i upravljanje depozitima kako slijedi u nastavku.

TREND KRETANJA KAPITALA

Postupati sa kapitalom na način održavanja kvantiteta i kvaliteta strukture kapitala kroz jačanje kapitalne baze akumulacijom dobiti u akcionarski kapital, Banci je doprinjelo da ima, i nakon izmjenjenih Odluka Agencije za bankarstvo Republike Srpske u 2017. godini, adekvatne stope kapitala kao i stopu finansijske poluge. Banka ostvaruje jaku kapitalnu osnovu kao podršku daljem razvoju poslovanja što trend rasta kapitala pokazuje:



Ciljevi Banke koji se odnose na upravljanje kapitalom obuhvataju ne samo usklađenost sa zakonskim propisima Agencije za bankarstvo Republike Srpske u pogledu održavanja nivoa adekvatnosti kapitala, nego i da se obezbijedi mogućnost dugoročnog nastavka poslovanja uz obezbjeđenje prinosa akcionarima i koristi drugim zainteresovanim stranama.

TREND KRETANJA NPL-a

U širem smislu, adekvatnost kapitala prikazuje sposobnost Banke da apsorbuje gubitke, odnosno, što je veći kapital Banke, veći je kapacitet za apsorpciju gubitaka nastalih lošim plasmanima. Tako definisan pokazatelj štiti povjerenje Banke, prije svega štediše, od loših platiša. Upravo iz tog razloga, uz kapital, kao jedan od kvalitativnih pokazatelja stabilnosti Banke, postoje još dva veoma bitna pokazatelja i to upravljanje NPL-om i upravljanje stuktuirom depozita.

Strateški okvir plasiranja se zasniva na orijentaciji maksimalne diverzifikacije i disperzije rizika portfolija koja podrazumijeva segmentaciju istog prema vrsti klijenta, granskoj i geografskoj pripadnosti, prema kreditnoj sposobnosti korisnika plasmana i stepenu izloženosti kreditnom riziku, prema jednom licu ili grupi povezanih lica, prema izvorima finansiranja, prema vrsti proizvoda, po ročnosti, po valutama, namjeni i korištenju sredstava, načinu otplate, tipu kamatne stope i slično.

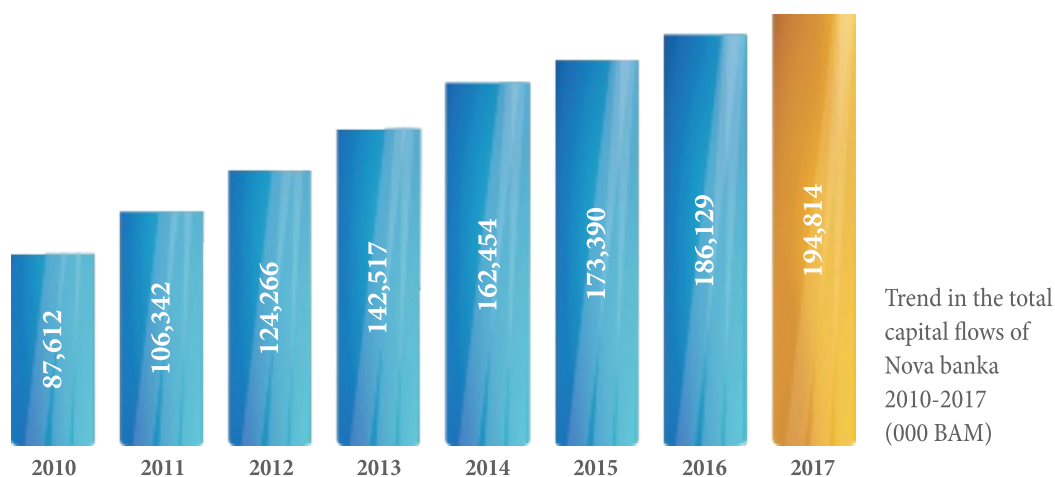
QUALITATIVE REALIZATION OF THE BUSINESS STRATEGY

The stable and constant growth and strengthening of the Bank in the market is followed by the period of quality asset management, which is then followed by the process of adequate capital management, which together ensures the security and stability of the Bank. Since capital represents a rare economic and strategic resource, capital management is one of the most important components of careful, efficient and strategic planning and management of the Bank.

The Bank will continue the trend of strengthening the capital base, reducing the NPL through active collection as well as through the approval system and will manage deposits as follows.

TREND IN CAPITAL FLOWS

Managing capital in the manner of maintaining the quantity and quality of the capital structure through strengthening the capital base by accumulating profits into shares capital, allowed the Bank to have, even after the amended decisions of the Banking Agency of Republic of Srpska in 2017, adequate capital rates as well as the rate of financial leverage. The Bank achieves a strong capital base in support of further business development, which is shown by the trend of capital growth:



The goals of the Bank related to the management of capital imply not only compliance with the legislation of the Banking Agency of the Republic of Srpska in terms of maintaining the level of capital adequacy, but also providing the possibility of a long-term continuation of business with the provision of returns to shareholders and benefits to other stakeholders.

TREND OF NPL

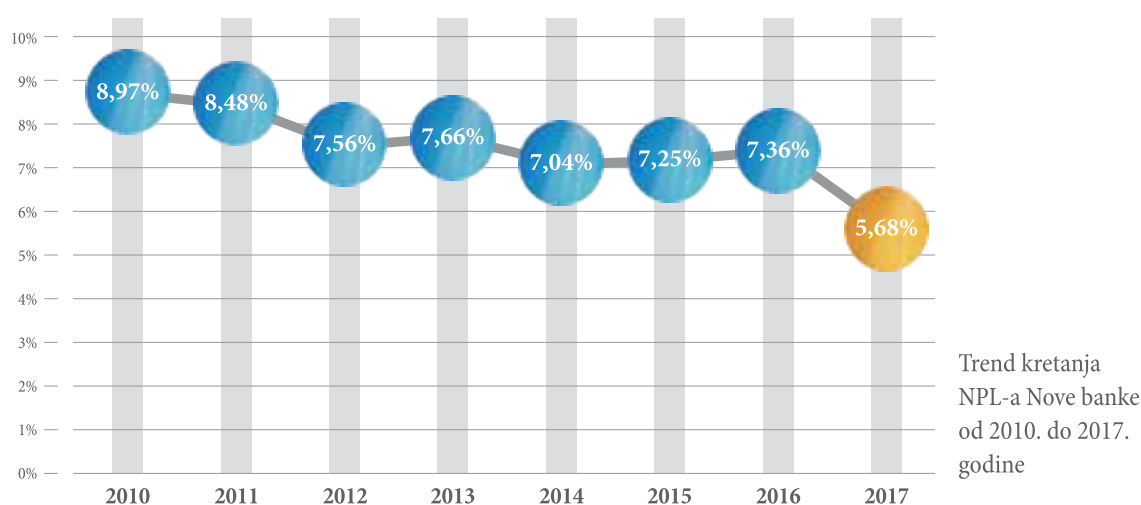
In broad terms, capital adequacy reflects the ability of the Bank to absorb losses, i.e. the higher the Bank's capital, the greater the capacity to absorb the losses incurred by bad placements. Such a defined indicator protects the creditors of the Bank, primarily savings depositors, from bad payers. For this very reason, as one of the qualitative indicators of the stability of the Bank, there are two other very important indicators, namely the management of NPL and the management of the deposit structure.

The strategic framework of the placement is based on the orientation of the maximum diversification and dispersion of the risk portfolio, which implies segmentation of the same by the type of client, branch and geographical affiliation, by the creditworthiness of the loan beneficiary and the level of exposure to credit risk, by one person or group of related persons, by sources of financing, by the type of product, by maturity, by currency, purpose and the use of funds, repayment method, type of interest rate, and the like.

KVALITATIVNO OSTVARENJE STRATEGIJE POSLOVANJA

U skladu sa usvojenom praksom upravljanja NPL-om kroz praćenje promjena rizičnog profila klijenata, korisnika plasmana, konstantno i permanentno se prate indikatori i rani signali pomoću kojih se preduzimaju aktivnosti vezane za smanjenje kreditnog rizika na nivou plasmana u toku otplate, pravovremeno reagovanje na promjene rizika klijenta, preduzimanje trenutnih mjera za klijente kod kojih se konstatuje pogoršanje nivoa rizika, dobijanje transparentnije slike o nivou rizika kreditnog portfolija Banke.

U posljednjih nekoliko godina pad trenda kretanja NPL-a je očigledan (prikazano u narednom grafikonu)



TREND KRETANJA STRUKTURE DEPOZITA

Banka upravlja strukturom depozita, kako segmentnom tako i ročnom, vodi računa o racionalnoj diverzifikaciji depozita i optimalnoj koncentraciji (po klijentu, granama, ročnosti) sa posebnim osvrtom na ročnu strukturu izvora sredstava.

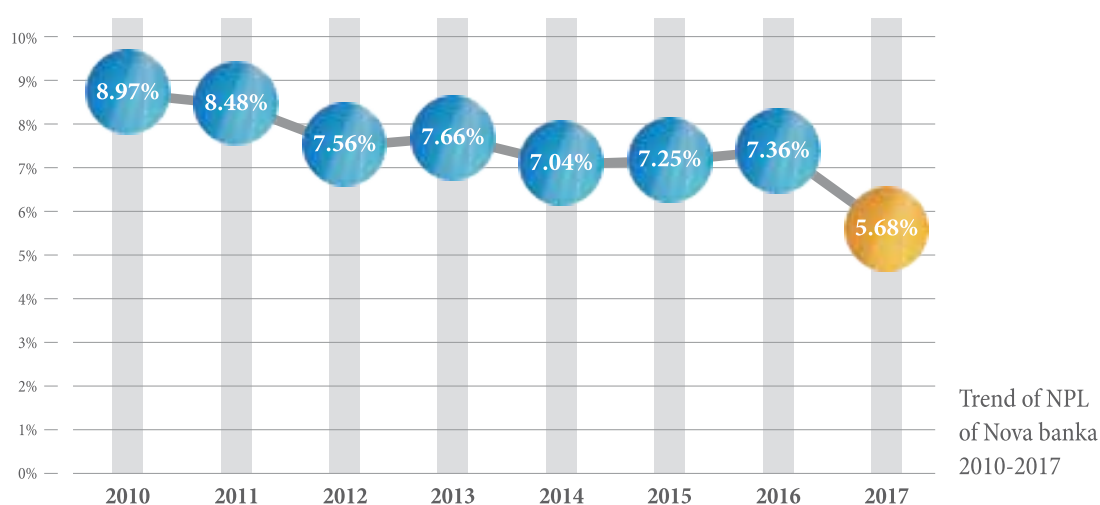
Posljedicu relativno dužeg perioda niskih kamatnih stopa nije narušila lojalnost klijenata Banke. Fizička lica su povećala svoj nivo i u ukupnim depozitima i čine 60,78% sa čim Banka ispunjava svoje strateške ciljeve. Pravna lica su za 18% povećala svoj nivo depozita u odnosu na 2016. godinu.

O P I S	31-Dec-13		31-Dec-14		31-Dec-15		31-Dec-16		31-Dec-17	
	Iznos	%	Iznos	%	Iznos	%	Iznos	%	Iznos	%
Depoziti treasury	6.733	0,63%	9.336	0,77%	2.696	0,21%	2.528	0,19%	5.684	0,38%
Depoziti veliki klijenti	136.693	12,73%	143.064	11,85%	141.102	11,24%	115.616	8,69%	122.676	8,30%
Depoziti javni sektor	328.913	30,62%	279.320	23,14%	262.127	20,88%	274.255	20,61%	333.874	22,60%
Depoziti SME	95.009	8,85%	106.773	8,85%	106.745	8,50%	116.199	8,73%	117.221	7,93%
Depoziti fizička lica	506.773	47,18%	668.388	55,38%	742.565	59,16%	822.198	61,78%	897.884	60,78%
UKUPNI DEPOZITI	1.074.122	100,00%	1.206.881	100,00%	1.255.234	100,00%	1.330.796	100,00%	1.477.339	100,00%

QUALITATIVE REALIZATION OF THE BUSINESS STRATEGY

In accordance with the adopted practice of NPL management through monitoring the changes in the risk profile of clients, loan beneficiaries, the Bank constantly and permanently monitors indicators and early signals by which activities related to the reduction of credit risk at the level of placement are undertaken during repayment, it responds in a timely manner to changes in client's risk, it takes immediate measures for clients that indicate a deterioration in the level of risk in order to obtain a more transparent picture of the level of risk of the Bank's loan portfolio.

In recent years the decline trend of NPL is obvious (shown in the following graph)

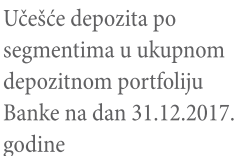


TREND IN THE STRUCTURE OF DEPOSITS

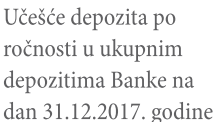
The Bank manages the structure of deposits, both by segment and by maturity, takes care about the rational diversification of deposits and the optimal concentration (by client, branches, maturity), with special reference to the maturity structure of the source of funds.

The consequence of a relatively long period of low interest rates did not disturb the loyalty of the Bank's clients. Natural persons have increased their level in total deposits and make up 60.78% with which the Bank fulfills its strategic goals. Legal entities have increased their deposit level by 18% compared to 2016.

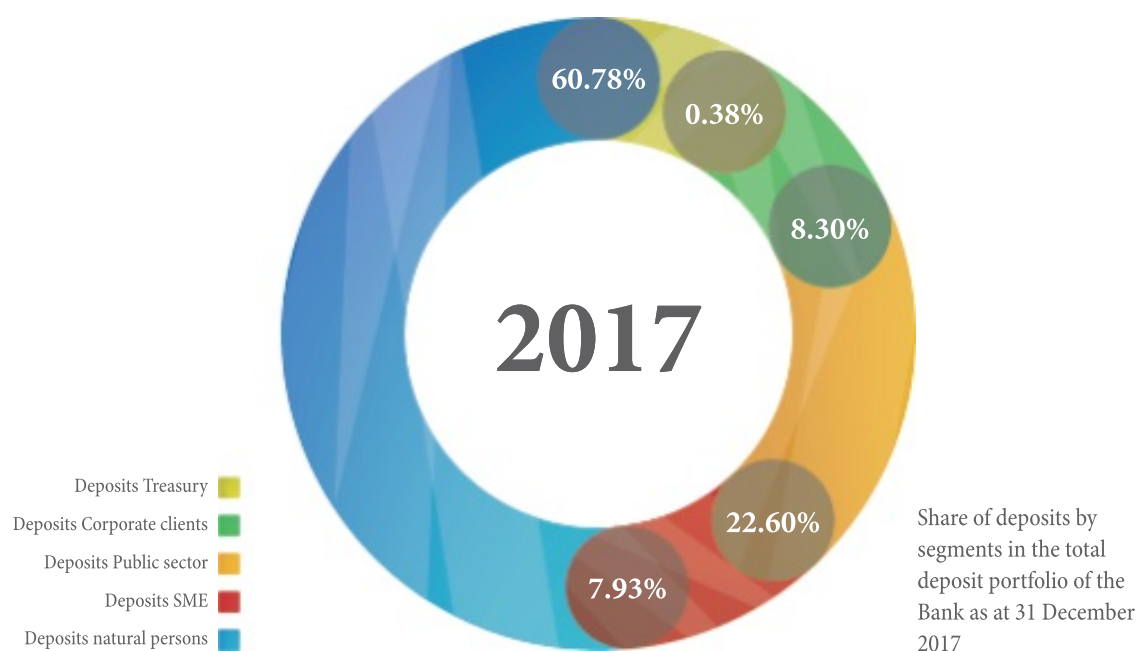
DESCRIPTION	31-Dec-13		31-Dec-14		31-Dec-15		31-Dec-16		31-Dec-17	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Deposits Treasury	6,733	0.63%	9,336	0.77%	2,696	0.21%	2,528	0.19%	5,684	0.38%
Deposits Corporate clients	136,693	12.73%	143,064	11.85%	141,102	11.24%	115,616	8.69%	122,676	8.30%
Deposits Public sector	328,913	30.62%	279,320	23.14%	262,127	20.88%	274,255	20.61%	333,874	22.60%
Deposits SME	95,009	8.85%	106,773	8.85%	106,745	8.50%	116,199	8.73%	117,221	7.93%
Deposits natural persons	506,773	47.18%	668,388	55.38%	742,565	59.16%	822,198	61.78%	897,884	60.78%
TOTAL DEPOSITS	1,074,122	100.00%	1,206,881	100.00%	1,255,234	100.00%	1,330,796	100.00%	1,477,339	100.00%



O P I S	31-Dec-13		31-Dec-14		31-Dec-15		31-Dec-16		31-Dec-17	
	Iznos	%	Iznos	%	Iznos	%	Iznos	%	Iznos	%
Depoziti po viđenju	348.280	32,42%	383.842	31,80%	425.753	33,92%	460.857	34,63%	599.882	40,61%
Kratkoročni depoziti	108.035	10,06%	114.600	9,50%	82.598	6,58%	118.568	8,91%	85.005	5,75%
Dugoročni depoziti	617.807	57,52%	708.439	58,70%	746.884	59,50%	751.371	56,46%	792.452	53,64%
UKUPNI DEPOZITI	1.074.122	100.00%	1.206.881	100.00%	1.255.234	100.00%	1.330.796	100.00%	1.477.339	100.00%

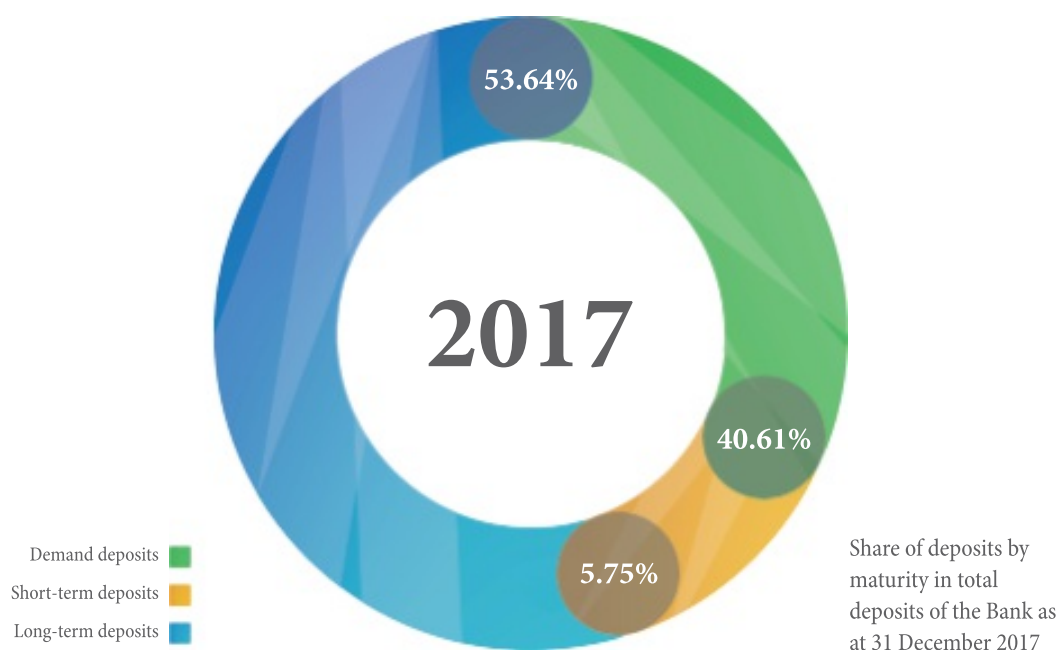


QUALITATIVE REALIZATION OF THE BUSINESS STRATEGY



In 2017, the Bank increased the level of long-term deposits and thus ensured compliance of the structure of assets and liabilities with maturity. In total deposits, long-term deposits account for 53.64%. By increasing the volume of deposits by 11% compared to the end of the previous year, the Bank contributed to the stability of the market share it owned.

DESCRIPTION	31-Dec-13		31-Dec-14		31-Dec-15		31-Dec-16		31-Dec-17	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Demand deposits	348,280	32.42%	383,842	31.80%	425,753	33.92%	460,857	34.63%	599,882	40.61%
Short-term deposits	108,035	10.06%	114,600	9.50%	82,598	6.58%	118,568	8.91%	85,005	5.75%
Long-term deposits	617,807	57.52%	708,439	58.70%	746,884	59.50%	751,371	56.46%	792,452	53.64%
TOTAL DEPOSITS	1,074,122	100.00%	1,206,881	100.00%	1,255,234	100.00%	1,330,796	100.00%	1,477,339	100.00%



UPRAVLJANJE SREDSTVIMA

Upravljanje strukturom i nivoom aktive i pasive Banke je od velikog značaja za 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 zakonskom propisima. U 2017. godini došlo je do daljeg povećanja likvidnosti banke, što je karakteristično za cijeli bankarski sektor. Banka je takođe ostvarila rast u plasmanima i kreditima klijentima.

Banka je tokom 2017. godine u skladu sa implementacijom regulative prema Bazelskim standardima dodatno ojačala kapitalnu poziciju i uskladila nivo rizične aktive.

Stabilnost poslovanja i profitabilnost je dodatno povećana provođenjem strategije smanjenja koncentracija u aktivi i pasivi banke kroz fokusiranje na segment stanovništvo i mala i srednja preduzeća.

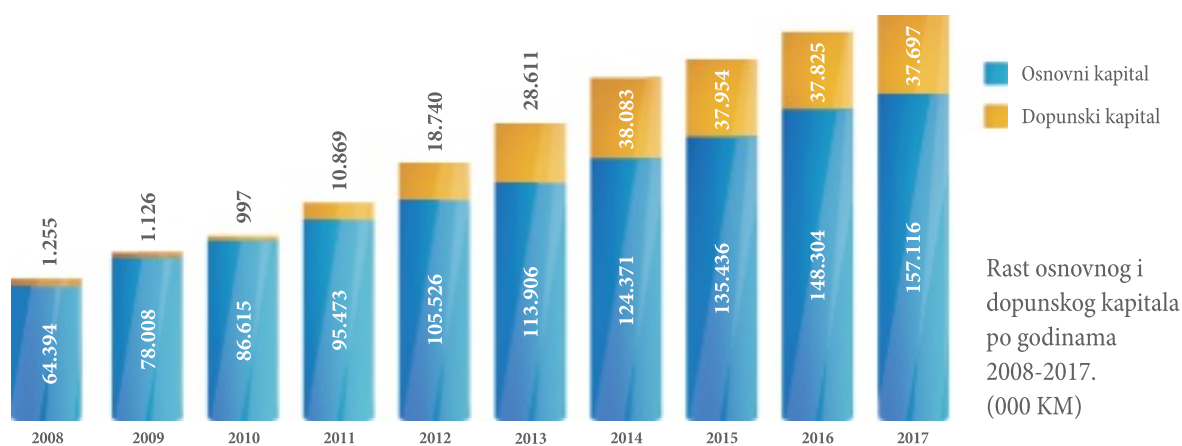
Likvidna pozicija banke je tokom 2017. održavana na znatno višem nivou od eksterno i interno propisanih limita. U pogledu upravljanja likvidnom pozicijom, Banka sigurnost i stabilnost banke stavlja ispred profitabilnosti.

Na dan 31.12.2017. godine nivo bilansne aktive je iznosio 1.880.066 hiljada KM, što predstavlja rast od 10,10% u odnosu na kraj prošle godine. Rast aktive najznačajnije je ostvaren putem povećanja investiranja u državne obveznice, te preko rasta kreditnog portfelja od 12,36%, dok je u pasivi banke u isto vrijeme otvoren rast kreditnih linija za 11,30% i rast depozita od 11,01%.

Banka je i tokom 2017. 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 rizičnosti predstavlja najmanje rizično ulaganje. Portfolio hartija od vrijednosti na dan 31.12.2017. je iznosio 185.794 hiljada KM što predstavlja rast od 51,10%, a a odnosi se na rast ulaganja u dugoročne obveznice države.

Jačanje kapitalne pozicije se nastavilo i u 2017. godini kroz rast osnovnog kapitala od 5,94% u odnosu na kraj prethodne godine. Kapital je povećan raspodjelom ostvarene dobiti u akcionarski kapital banke. Rast kapitala je uticao na povećanje kapitalne adekvatnosti banke, povećanju stope finansijske poluge i stope osnovnog kapitala. Banka nastavlja strategiju jačanja kapitalne baze koja podržava strateški rast bilansnih pozicija.

Na narednom grafikonu predstavljen je rast kapitala od 2008-2017.



TREASURY MANAGEMENT

Management of the structure and level of assets and liabilities of the Bank is of great importance for the development of the Bank. The basic postulate in this function is the fulfillment of regulatory requirements and internally set limits, and the constant adjustment of balance sheet positions in line with market conditions and new legal regulations. In 2017, there was a further increase in the liquidity of the Bank, which was characteristic of the entire banking sector. The Bank also achieved growth in placements and loans to clients.

In 2017, in accordance with the implementation of the regulations according to Basel standards, the Bank additionally strengthened the capital position and harmonized the level of risk assets.

Business stability and profitability have been further enhanced by the implementation of a strategy to reduce concentrations in assets and liabilities of the Bank by focusing on the segment of retail clients and small and medium-sized enterprises.

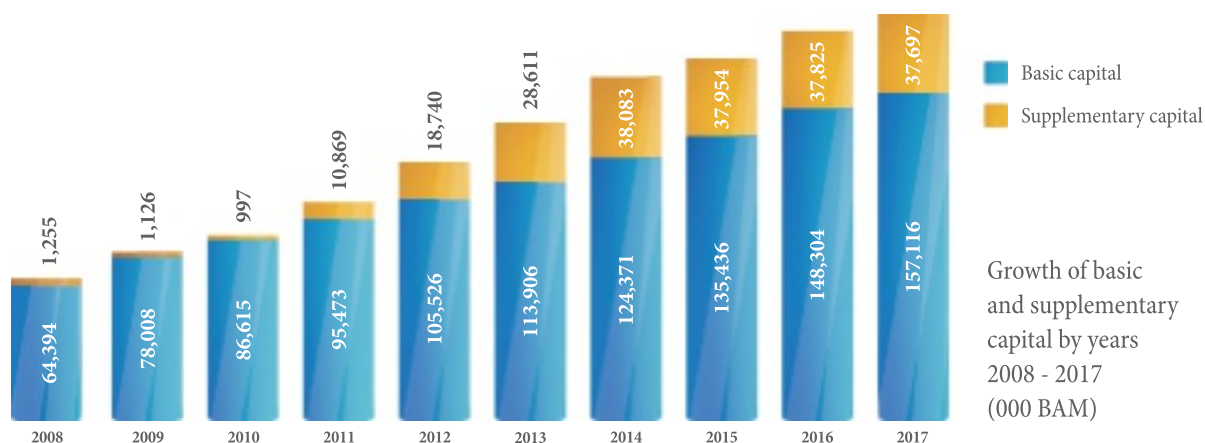
During 2017, the liquid position of the Bank was maintained at a significantly higher level than the externally and internally prescribed limits. In terms of managing a liquid position, the Bank puts the security and stability of the Bank ahead of profitability.

On 31 December 2017 the level of balance sheet assets amounted to 1,880,066 thousand BAM, which represents an increase of 10.10% compared to the end of last year. The growth of assets was most significantly achieved through the increase of investments in government bonds, and through the growth of the loan portfolio of 12.36%, while at the same time Bank's liabilities achieved growth of credit lines by 11.30% and the growth of deposits by 11.01%.

During 2017, the Bank continued with its strategic commitment to invest in securities. This form of investment carries a significantly higher interest rate compared to given interbank lending and funds on the reserve account with the Central Bank of BiH, and from the aspect of risk, it represents the least risky investment. Securities portfolio as of 31 December 2017 amounted to 185,794 thousand BAM, which represented a growth of 51.10%, and it referred to the growth of investments in long-term government bonds.

The strengthening of the capital position continued in 2017 through the growth of the basic capital of 5.94% compared to the end of the previous year. The capital is increased by the distribution of realized profit to the shareholders' capital of the Bank. Capital growth influenced the increase in capital adequacy of the Bank, the increase in the rate of financial leverage and the rate of basic capital. The Bank continues its strategy of strengthening the capital base that supports the strategic growth of balance sheet positions.

The following chart shows the growth of capital from 2008 to 2017.



UPRAVLJANJE SREDSTVIMA

UPRAVLJANJE DEPOZITIMA BANKE – ZNAČAJNE AKTIVNOSTI U 2017. GODINI

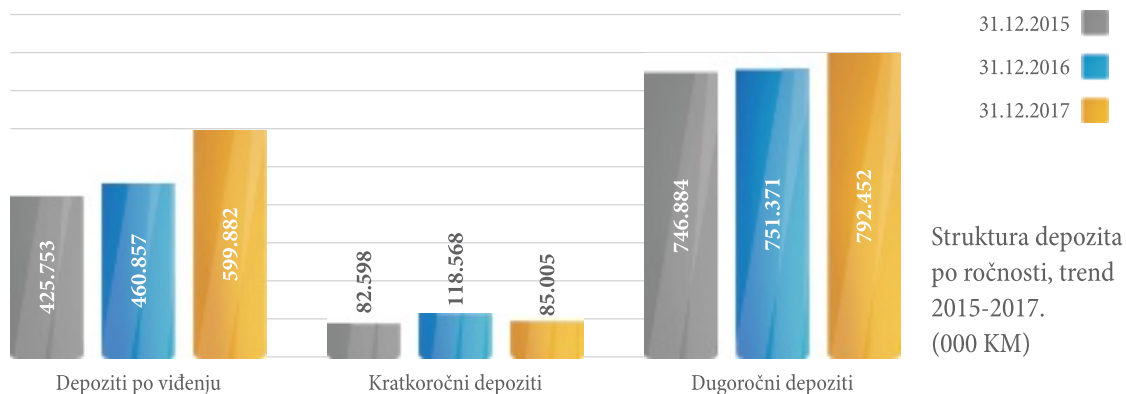
Upravljanje depozitima u cilju obezbjeđivanja adekvatne strukture izvora je bilo u fokusu i tokom 2017. Nastavljeno je strateško opredjeljenje banke u povećanju depozita segmenta stanovništvo, koji su na kraju 2017. godine činili 60,78% ukupnih depozita banke. Banka je u toku 2017. godine smanjivala cijene depozita i uskladjivala se sa tržišnim prilikama.

(000 KM)	31.12.2015.		31.12.2016.		31.12.2017.	
Opis	Iznos	%	Iznos	%	Iznos	%
Depoziti treasury	2.696	0,21%	2.528	0,19%	5.684	0,38%
Depoziti veliki klijenti	141.102	11,24%	115.616	8,69%	122.676	8,30%
Depoziti javni sektor	262.127	20,88%	274.255	20,61%	333.874	22,60%
Depoziti SME	106.745	8,50%	116.199	8,73%	117.221	7,93%
Depoziti fizička lica	742.565	59,16%	822.198	61,78%	897.884	60,78%
UKUPNI DEPOZITI	1.255.235	100,00%	1.330.796	100,00%	1.477.339	100,00%

Depoziti banke su povećani za 11,01% u odnosu na 2016. godinu. Smanjenje koncentracije i diverzifikacija izvora rađeni su kroz povećanje broja klijenata u svim segmentima.

Posmatrano sa pozicije ročnosti depozita, tokom 2017. godine došlo je do rasta depozita po viđenju, najviše zbog porasta depozita javnog sektora. Međutim, banka je očuvala visoku strukturu učešća oročenih depozita u ukupnoj strukturi depozita, što pozitivno utiče na usklađenost u pogledu obezbjeđenja izvora namijenjenih plasiranju sredstava. Učešće oročenih depozita u ukupnim depozitima iznosi 59,39% na 31.12.2017.

(000 KM)	31.12.2015		31.12.2016		31.12.2017	
Opis	Iznos	%	Iznos	%	Iznos	%
Depoziti po viđenju	425.753	33,92%	460.857	34,63%	599.882	40,61%
Kratkoročni depoziti	82.598	6,58%	118.568	8,91%	85.005	5,75%
Dugoročni depoziti	746.884	59,50%	751.371	56,46%	792.452	53,64%
UKUPNI DEPOZITI	1.255.235	100,00%	1.330.796	100,00%	1.477.339	100,00%



TREASURY MANAGEMENT

MANAGEMENT OF DEPOSITS OF THE BANK – SIGNIFICANT ACTIVITIES IN 2017

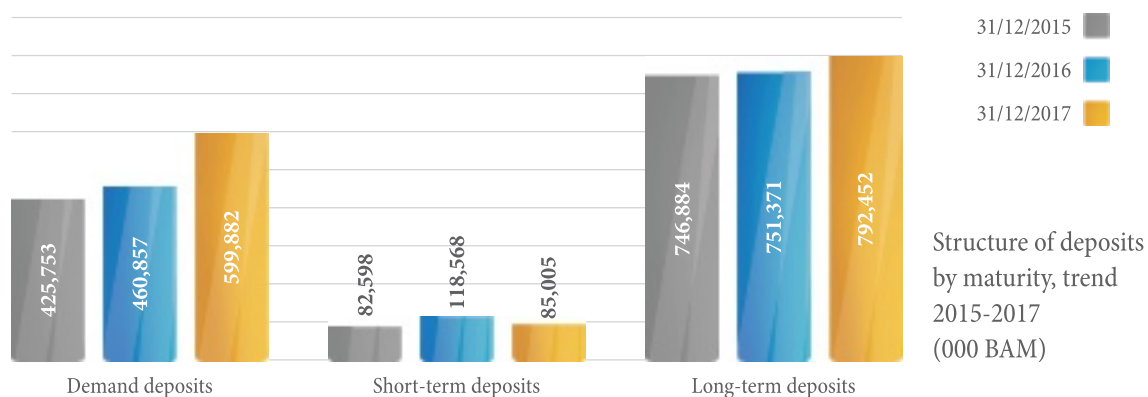
In order to ensure the adequate source structure, management of deposits was in focus during 2017 as well. The strategic commitment of the Bank to increase deposits of the retail clients segment was continued, which at the end of 2017 comprised 60.78% of the total Bank's deposits. During 2017, the Bank reduced the price of deposits and adjusted itself to market conditions.

(000 BM)	31/12/2015		31/12/2016		31/12/2017	
Description	Amount	%	Amount	%	Amount	%
Deposits Treasury	2,696	0.21%	2,528	0.19%	5,684	0.38%
Deposits Corporate clients	141,102	11.24%	115,616	8.69%	122,676	8.30%
Deposits Public sector	262,127	20.88%	274,255	20.61%	333,874	22.60%
Deposits SME	106,745	8.50%	116,199	8.73%	117,221	7.93%
Deposits natural persons	742,565	59.16%	822,198	61.78%	897,884	60.78%
TOTAL DEPOSITS	1,255,235	100.00%	1,330,796	100.00%	1,477,339	100.00%

Bank deposits increased by 11.01% compared to 2016. The decrease in concentration and diversification of sources were made by increasing the number of clients in all segments.

Observed from the deposit maturity position, during 2017 there was a growth of demand deposits, mostly due to the increase in Public sector deposits. However, the Bank maintained a high structure of the share of term deposits in the total deposit structure, which positively influenced the compliance with the provision of sources for the placement of funds. The share of term deposits in total deposits amounted to 59.39% as of 31 December 2017.

(000 BM)	31.12.2015		31.12.2016		31.12.2017	
Description	Amount	%	Amount	%	Amount	%
Demand deposits	425,753	33.92%	460,857	34.63%	599,882	40.61%
Short-term deposits	82,598	6.58%	118,568	8.91%	85,005	5.75%
Long-term deposits	746,884	59.50%	751,371	56.46%	792,452	53.64%
TOTAL DEPOSITS	1,255,235	100.00%	1,330,796	100.00%	1,477,339	100.00%



UPRAVLJANJE SREDSTVIMA

DEVIZNA POZICIJA NOVE BANKE I KURSNE RAZLIKE

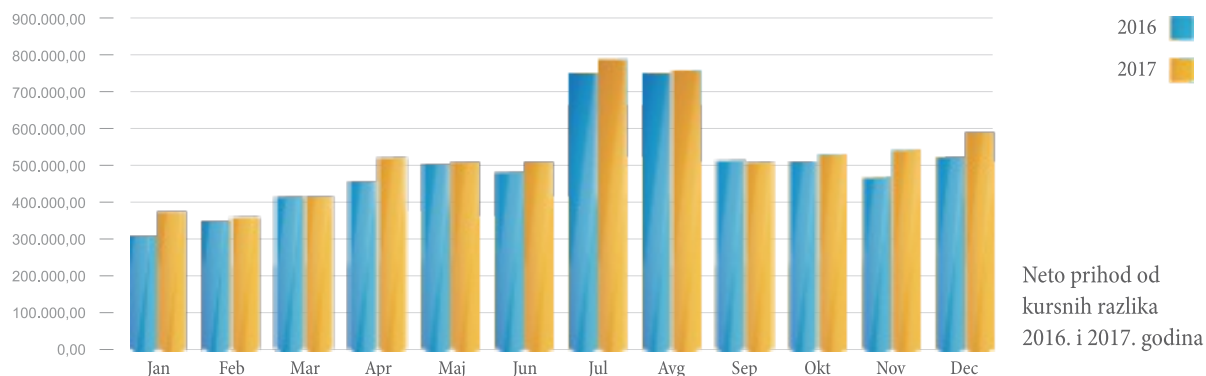
Devizna pozicija banke je tokom cijele 2017. godine održavana usklađenom u skladu sa internim limitima.

Tokom 2017. godine banke je nastavila sa rastom prihoda od FX poslova. Rast prihoda ostvaren je širenjem mreže ovlaštenih mjenjača, povećanjem prometa po osnovu gotovinskih i bezgotovinskih 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 kursovima. Neto prihod po osnovu kursnih razlika bilježi rast od 780 hiljada KM ili 14,48% u odnosu na prethodnu godinu.

Kategorija	Ukupno 2016	Ukupno 2017	Index
Realizovane kursne razlike	6.147.856,92	6.471.854,70	105,27%
Obračunske kursne razlike	23.173,54	87.285,72	376,66%
Neto kursne razlike	6.171.030,46	6.535.959,48	105,91%

Nova Banka je i dalje lider na tržištu Republike Srpske vezano za poslove sa Ovlaštenim mjenjačnima. Banka je na dan 31.12.2017. godine imala zaključen ugovor sa 76 ovlaštenih mjenjača na teritoriji cijele BiH. U 2017.godini zabilježen je trend povećanja broja ovlaštenih 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 2018.godini.



U svrhu bolje informisanosti klijenata Banka svakodnevno izvještava klijente o stanju na tržištu novca i valuta kroz publikaciju dostupnu na internet stranici banke koja sadrži pregled kretanja najznačajnijih valutnih parova, komentare na tekuća dešavanja, najave najznačajnijih indikatora, informacije sa tržišta energenata i pregled vrijednosti najznačajnijih referentnih stopa.

TREASURY MANAGEMENT

FOREIGN EXCHANGE POSITION OF NOVA BANKA AND EXCHANGE RATE DIFFERENCES

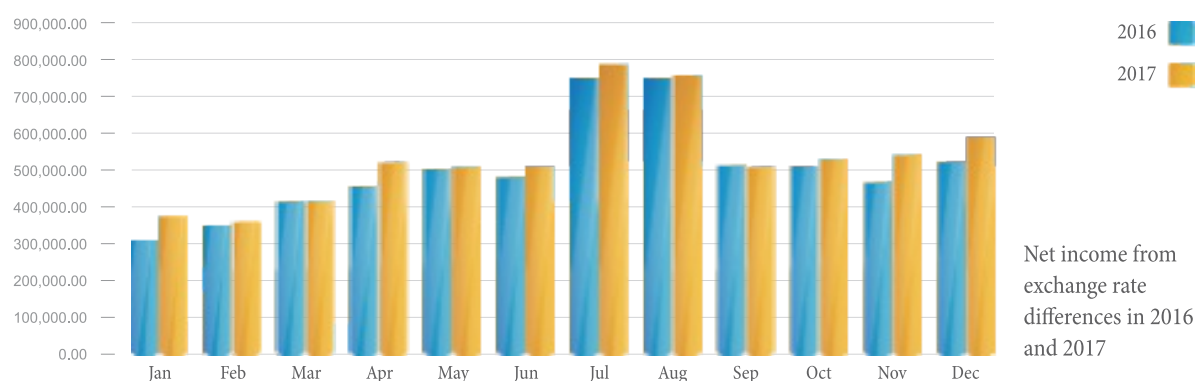
Throughout 2017, the foreign exchange position of the Bank was maintained in line with the internal limits.

During 2017, the Bank continued with the growth of revenues from FX transactions. Revenue growth was achieved through the expansion of a network of authorized exchange offices, through the increase in turnover based on cash and non-cash conversions, and the timely management of the exchange rate position.

For clients that generate significant amounts based on foreign currency purchases and sales (exporters and importers), the Bank provides real-time conversions at market rates. Net income from exchange rate differences recorded an increase of 780 thousand BAM or 14.48% compared to the previous year.

Category	Total 2016	Total 2017	Index
Realized exchange rate differences	6,147,856.92	6,471,854.70	105.27%
Calculated exchange rate differences	23,173.54	87,285.72	376.66%
Net exchange rate differences	6,171,030.46	6,535,959.48	105.91%

Nova Banka is still the leader in the Republic of Srpska market when it comes to transactions with authorized exchange offices. As of 31 December 2017 the Bank had a contract with 76 authorized exchange offices on the territory of the entire BiH. In 2017, there was a trend of increase in the number of authorized exchange offices both in the territory of the Republic of Srpska and in the territory of the Federation of Bosnia and Herzegovina that concluded a contract with the Nova banka, and the growth trend is expected to continue in 2018 as well.



For the purpose of better informing of clients, the Bank daily informs clients about the situation on the money market and currency through a publication available on the Bank's web site, which contains an overview of the movement of the most important currency pairs, comments on current events, announcements of the most important indicators, information from the energy market and a review of values of the most important reference rates.

RISK PROFIL I RISK POLITIKA BANKE

Generalni cilj upravljanja rizicima u Banci je optimizacija nivoa rizika koji je Banka spremna da preuzme u svrhu ostvarivanja svoje strategije. Preuzimanjem rizika Banka uvećava prihode, a adekvatnim upravljanjem rizicima obezbjeđuje sigurnost i stabilnost poslovanja na dugi rok.

Misija upravljanja rizicima je stvaranje preduslova za efikasno upravljanje rizicima u svim procesima u Banci i razvoj kulture i razmišljanja rizika radi obezbjeđenja sigurnog i stabilnog poslovanja i trajnog povećanja vrijednosti Banke.

Vizija upravljanja rizicima je proaktivno upravljanje rizicima, odnosno izgradnja integrisanog sistema koji će identifikovati rizike, omogućiti njihovo mjerenje, analiziranje, kontrolu i praćenje tako da oni ne predstavljaju opasnost za stabilno i sigurno poslovanje Banke.

Strategijom upravljanja rizicima utvrđuju se osnovni principi na kojima se temelji okvir za upravljanje rizicima:

- 1) Princip sposobnosti preuzimanja rizika - svako preuzimanje rizika mora biti u granicama sposobnosti Banke da ih preuzme, odnosno određeno visinom kapitalnih resursa Banke za pokriće istih,
- 2) Princip sveobuhvatnosti okvira za upravljanje rizicima - okvir za upravljanje rizicima je sveobuhvatan ako pokriva sve tipove i podtipove rizika kojima je Banka izložena, ili kojima može biti izložena u svom poslovanju, kao i sve njene organizacione nivoe i poslovne procese,
- 3) Princip efikasnog informisanja - Upravi i višem rukovodstvu Banke omogućen je pristup svim informacijama bitnim za donošenje poslovnih odluka u vezi sa upravljanjem rizicima,
- 4) Principi adekvatne kompetencije - zaposleni Banke posjeduju potreban nivo vještina i znanja neophodnih za identifikaciju i upravljanje rizicima u skladu sa svojom organizacionom pripadnošću i utvrđenim obimom poslovnih zadataka,
- 5) Princip odvojenosti funkcija - organizacione jedinice koje učestvuju u preuzimanju rizika odvojene su po hijerarhijskoj vertikali od onih organizacionih jedinica koje učestvuju u njihovoj kontroli.

Politika upravljanja rizicima je integralni dio poslovne politike i upravljačke prakse 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. Proces upravljanja rizicima u Banci je dizajniran s ciljem pružanja pomoći ključnim upravljačkim organima Banke u realizaciji njihovih odgovornosti prilikom ostvarenja strateških ciljeva, uspješnosti i konkurentnosti Banke. Isti se odnosi na blagovremenu identifikaciju, procjenu, kontrolu i monitoring svih elemenata rizika koji nastaju u Banci i informisanje o istima Uprave i Nadzornog odobra Banke uz davanje odgovarajućih preporuka i smjernica.

Banka ima usvojene politike, procedure i strategije kojima se obezbjeđuje kontrola i primjena svih internih i eksternih akata u vezi sa upravljanjem rizicima. Procedurama koje se odnose na funkcionisanje svih odjeljenja u okviru Sektora za upravljanje rizicima, definisana su pravila i odgovornosti za praćenje i usaglašenost sa definisanim principima i limitima. Postavljeni limiti odražavaju poslovnu strategiju i tržišno okruženje Banke, kao i nivo rizika koji je Banka spremna da prihvati.

Banka mjeri rizike korištenjem različitih metoda kojima procjenjuje očekivane gubitke koji mogu nastati u normalnim uslovima, ali i neočekivane gubitke koji predstavljaju procjenu krajnjih gubitaka zasnovanih na statističkim modelima. Bitno je da su rizici koje Banka preuzima opravdani, odnosno da su razumljivi, mjerljivi, da se mogu pratiti i kontrolisati i da je Banka sposobna do određenog nivoa podnositi njihovo negativno djelovanje. S druge strane, neopravdani rizici se prepoznaju, umanjuju ili potpuno eliminišu.

RISK PROFILE AND RISK POLICY OF THE BANK

The overall objective of the risk management in the Bank is to optimize the level of risk that the Bank is ready to take in order to achieve its strategy. By risk-taking, the Bank increases its revenues, and by adequate risk management it ensures the safety and stability of long-term business operations.

Mission of the risk management is to create the preconditions for efficient risk management in all processes in the Bank and to develop a culture and understanding of risks in order to ensure safe and stable operations and a permanent increase of the Bank's value.

Vision of the risk management is proactive risk management, i.e. the development of an integrated system that will identify risks, enable their measurement, analysis, control and monitoring so that they do not pose a threat to the stable and safe operations of the Bank.

The risk management strategy sets out the basic principles underlying the risk management framework:

- 1) Principle of risk-taking capability – any takeover of risks must be within the limits of the Bank's capability to assume them, i.e. determined by the amount of capital resources of the Bank to cover the same,
- 2) Principle of comprehensiveness of the risk management framework – the risk management framework is comprehensive if it covers all types and subtypes of risks to which the Bank is exposed, or to which it may be exposed in its business, as well as all its organizational levels and business processes,
- 3) Principle of efficient information – the Bank's management and senior management are provided with the access to all information relevant for making business decisions related to the risk management,
- 4) Principles of adequate competence – the employees of the Bank possess the necessary level of skills and knowledge required for identifying and managing risks in accordance with their organizational belonging and determined scope of business tasks,
- 5) Principle of separation of functions – organizational units participating in risk taking are separated by the hierarchical vertical from those organizational units participating in their control.

The risk management policy is an integral part of the Bank's business policy and management practices. The Supervisory Board and the Management Board of the Bank, the Assets and Liabilities Committee (ALCO), the Risk Management Division, the Audit Committee and the Internal Audit have the key roles in the risk management process in the Bank. The risk management process in the Bank is designed to assist key management bodies of the Bank in realizing their responsibilities in achieving the strategic goals, effectiveness and competitiveness of the Bank. The same applies to the timely identification, assessment, control and monitoring of all risk elements that arise in the Bank and informing the Management Board and the Supervisory Board of the Bank about the risk elements, while providing appropriate recommendations and guidelines.

The Bank has adopted policies, procedures and strategies that ensure the control and implementation of all internal and external risk management acts. Procedures relating to the functioning of all departments within the Risk Management Division have defined the rules and responsibilities for monitoring and compliance with defined principles and limits. The set limits reflect the business strategy and market environment of the Bank, as well as the level of risk that the Bank is willing to accept.

The Bank measures risks by using various methods to assess the expected losses that may arise in normal conditions, as well as unexpected losses that represent an estimate of final losses based on statistical models. It is important that the risks assumed by the Bank are justified, i.e. that they are understandable, measurable, that they can be monitored and controlled, and that the Bank is able to tolerate their negative effects to a certain level. On the other hand, unjustified risks are identified, reduced or completely eliminated.

RISK PROFIL I RISK POLITIKA BANKE

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

- Filozofija upravljanja rizicima Banke koja je opredijeljena ka korištenju svih potencijalnih šansi (spremnost da se uđe u rizik) za ostvarenje dobiti kao osnovnog cilja, ali sve do nivoa dok se ne ugrožava stabilno i sigurno poslovanje Banke.
- Kultura i etičke karakteristike menadžmenta i zaposlenih, a koje podrazumijevaju izjave i dobre prakse po sljedećim principima: poštenje, integritet, odgovornost, profesionalizam i izbjegavanje sukoba interesa, povjerljivost i poštovanje klijenata, poštovanje 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 koji se odnosi proces upravljanja rizicima.
- Jasno definisanje organizacije Banke, organizacije procesa i posebno organizacije funkcije upravljanja rizicima. Ovo podrazumijeva jasno modeliranje procesa.
- Jasno definisanje dužnosti i odgovornosti i 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, a koji se tiču sistema upravljanja rizicima, su jasno opisani, dodeljeni 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 i kulturu procesa upravljanja rizicima i da u tom smislu konstantno edukuje zaposleno osoblje.

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 i Odjeljenje za identifikaciju rizika za fizička lica se bave 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 2018. godine, pored redovnih aktivnosti, planira se završetak sljedećih važnih projekata čija je realizacija započeta:

- Završetak i puna implementacija projekta za vrednovanje finansijskih instrumenata prema međunarodnom računovodstvenom standardu IFRS 9.
- Implementacija internog mjerenja kapitala (ICAAP).

Kao i prethodnih godina, u cilju uspostavljanja većeg stepena kontrole kvaliteta odobrenih plasmana, zadržani su na relativno niskom nivou limiti kreditnih odbora filijala Banke u procesu odlučivanja u segmentu Retail (SME i stanovništvo), dok su poslovi odobravanja koji se odnose na velike Corporate klijente potpuno centralizovani od momenta uvođenja interne segmentacije klijenata.

RISK PROFILE AND RISK POLICY OF THE BANK

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

- The Bank's risk management philosophy, which is committed to using all potential opportunities (willingness to take a risk) to achieve profit as the primary goal, but up to the level not endangering the stable and safe operations of the Bank.
- The culture and ethical characteristics of management and employees, which include statements and good practices based on the following principles: honesty, integrity, responsibility, professionalism and avoidance of conflict of interest, confidentiality and respect for clients, respect for employees and competition, reporting ethical offenses, complaint management, etc.
- The Bank is committed to accepting the standards of corporate governance rules and practices.
- Clear definition of long-term (strategic) and short-term objectives at the level of the Bank, by individual processes to which the risk management process relates.
- Clear definition of the organization of the Bank, organization of process and especially organization of risk management functions. This implies clear modeling of the process.
- Clear definition of duties and responsibilities and systems, i.e. reporting lines for each process and each implementer, defining the boundaries of the process (delineation), defining competencies in parts of overlapping processes (interconnectedness of the processes) in the way they are unequivocally established and mutually consistent.
- Clear definition of the duties and responsibilities of the employees in the Risk Management Division. The tasks in the individual processes and organization (in depth and width) of the Bank, which relate to the risk management system are clearly described, assigned to the implementers and defined as subordinated to the risk management function. All employees need to understand their role and responsibility within the risk management process.
- The Risk Management Division has free access to information and data required for the performance of tasks and has the right to freely publish its findings to the Management Board of the Bank and the Supervisory Board in accordance with the reporting lines.
- The Management Board of the Bank should be committed to developing and improving the awareness and culture of the risk management process and, in that sense, to constantly educate employees.

The orientation of the Bank's operations is on maximum diversification and risk dispersion within the optimum structure of the loan portfolio. In the implementation of the loan policy, the Bank adheres to certain principles established by the Bank's business and loan policy and thus protects itself against excessive exposure to credit risk. In the Risk Management Division, the Credit Risk Management Department and the Retail Risk Identification Department are engaged in risk management at the level of individual transaction through approval, while the Risk Controlling Department manages the credit risk at the level of the entire portfolio of the Bank.

During 2018, within the Risk Controlling Department, in addition to regular activities, the Bank is planning completion of the following important projects whose implementation has started:

- Completion and full implementation of a project for the valuation of financial instruments according to the International Accounting Standard IFRS 9.
- Implementation of internal capital measurement (ICAAP).

As in previous years, with a view to establishing a higher degree of quality control of approved placements, the limits of the credit committees of the branch offices of the Bank are kept at the relatively low level in the decision-making process in the retail segment (SME and the population), while approval tasks related to large Corporate clients are completely centralized since the moment of introducing internal client segmentation.

RISK PROFIL I RISK POLITIKA BANKE

U cilju unapređenja procesa i efiksnijeg upravljanja rizikom, kako na nivou pojedinačne transakcije, tako i na nivou kompletnog portfolija, u prethodnom periodu bio je fokus na konstantnom unaprjeđenju ocjene boniteta i procjene kreditnog rizika klijenata, tražilaca kredita. Pored toga, konstantno se unaprjeđuje oblast monitoringa odobrenih plasmana kroz analizu ključnih finansijskih pokazatelja i identifikovanje signala ranog upozorenja, te u skladu s tim, daju preporuke za preduzimanje odgovarajućih mjera.

U skladu sa navedenim, svake godine, a po potrebi i češće, Odlukom o prihvatljivom nivou rizika, usvojenom od strane Nadzornog odbora Banke, te ostalim odlukama koje iz iste proizilaze, definišu se limiti na nivou pojedinačne transakcije, ali i nivou ukupnog portfolija. Prilikom definisanja limita polazi se od važećih zakonskih propisa, ugovorenih obaveza, te internih procjena prihvatljivog rizika za Banku.

U Odeljenju za upravljanje tržišnim rizikom upravlja se 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 konstantno 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 okviru Odeljenja za upravljanje tržišnim rizikom 2018. godine, pored redovnih aktivnosti, planira se završetak:

- Primjene LCR-a (minimalni koeficijent pokriva likvidnosti) prema odluci Agencije za bankarstvo Republike Srpske (zajedno sa scenariom stresnih uslova za LCR).

U skladu sa propisima EU, a samim tim i aktima Agencije za bankarstvo Republike Srpske, potrebno je i uvođenje NSFR-a (minimalnog koeficijenta neto stabilnog finansiranja) kao obaveznog kvantitativnog zahtjeva.

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

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.

Odeljenje za upravljanje tržišnim rizicima na dnevnom, mjesečnom i kvartalnom 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 strožiji od regulatornih limita. Izvještavanje se vrši prema svim učesnicima u procesu kontrole i upravljanja rizicima.

Efikan, sveobuhvatan i fleksibilan sistem i okvir upravljanja tržišnim rizicima preduslovi su održivog rasta vrijednosti Banke. Upravljanje Bankom kroz uravnotežen odnos rizika i povrata, predstavlja optimalan okvir za stabilan rast i razvoj bankarskih usluga i proizvoda te očuvanje reputacije i kredibiliteta Banke kod klijenata.

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 unaprjeđivanjem 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.

RISK PROFILE AND RISK POLICY OF THE BANK

In order to improve the process and have more efficient risk management, both at the level of the individual transaction as well as at the level of the entire portfolio, in the previous period the focus was on constant improvement of the credit rating and the assessment of the credit risk of the client, loan beneficiary. In addition, the area of monitoring of approved placements is constantly improving through the analysis of key financial indicators and the identification of early warning signals, and accordingly, make recommendations for taking appropriate measures.

In accordance with the above, each year and, if necessary, more often, the Decision on the Acceptable Level of Risk, adopted by the Supervisory Board of the Bank, and other decisions deriving therefrom, define the limits at the level of the individual transaction, but also at the level of the total portfolio. The starting points when defining the limits are the applicable legal regulations, contractual obligations, and internal assessments of the acceptable risk for the Bank.

The Market Risk Management Department manages liquidity, interest and foreign exchange risk.

The Bank manages liquidity risk in a way to conduct activities that ensure the consistency of the structure of balance sheet and off-balance sheet of the Bank i.e. its cash flows (inflows and outflows) and continuously monitors and plans future cash flows taking into account changes in operational, economic and other conditions of the business environment of the Bank. In order to manage the liquidity risk, the Bank also conducts stress tests aimed at identifying potential liquidity gaps that may arise in certain periods of time and under certain conditions, as follows: on the basis of outflow of deposits, inability to transform parts of assets into liquid assets, increased cash outflows and the like.

During 2018, within the Market Risk Management Department, in addition to regular activities, the Bank is planning the completion of:

- Application of LCR (minimum liquidity coverage coefficient) according to the decision of the Banking Agency of the Republic of Srpska (together with the scenario of stress conditions for LCR).

In accordance with the EU regulations, and therefore the acts of the Banking Agency of the Republic of Srpska, it is also necessary to introduce the NSFR (minimum coefficient of net stable financing) as a compulsory quantitative requirement.

The Bank manages interest rate risk in a way to constantly perform analyses in which the sensitive assets and liabilities are singled out, and calculate the amounts of exposure to the risk of interest rate changes by taking different “what if” hypotheses. The Market Risk Management Department also monitors the movement of the average interest rates of the loan portfolio from own sources and term deposits, as well as the relationship between them.

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

The Market Risk Management Department monitors the internal limits prescribed by the Supervisory Board and other Bank bodies as well as the regulatory limits prescribed by the Banking Agency on a daily, monthly and quarterly basis, with internally defined limits being stricter than the regulatory limits. Reporting is done to all participants in the process of risk control and management.

An effective, comprehensive and flexible system and market risk management framework are preconditions for sustainable growth of the Bank's value. Managing the Bank through a balanced relationship between risk and return represents an optimal framework for stable growth and development of banking services and products and for the maintenance of the Bank's reputation and credibility with its clients.

The role of the process of managing operational risks is to identify, evaluate, control and reduce the possibility of occurrence and the impact of operational risks and losses. The Bank cannot eliminate all operational risks, but through the process of recording and analyzing operational losses it can identify gaps in its processes, products and procedures, and by their improvement, reduce the frequency and negative impact of operational losses on the business and profitability of the Bank.

An important aspect of the operational risk management process is the up-to-date 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 developing of awareness of the importance of identifying, measuring, controlling and mitigating operational risks.

RISK PROFIL I RISK POLITIKA BANKE

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 operativne rizike vrši kontrolu stanja gotovine u mreži, inicira provođenje mjera za održavanje gotovine u okviru dozvoljenog maksimuma, te izvještava Uprave Banke o istom.

Generalno, podaci o operativnim rizicima prikupljaju se u svim organizacionim dijelovima Banke, vrši se njihova klasifikacija i analiza primjenom odgovarajućeg softvera, te preporučuju načini umanjavanja rizika i ublažavanja njihovih posljedica.

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 2017. godine izvršeno je kompletno testiranje BCP plana i u potpunosti potvrđena operativnost rezervne lokacije.

Odjeljenje za Operativni rizik održava i unaprjeđuje dokumentaciju sistema za upravljanje sigurnošću informacija po standardu ISO/IEC 27001:2013, po kojem je Banka sertifikovana. U skladu sa politikom upravljanja operativnim rizikom, Odjeljenje za operativni rizik nastoji da u svom radu, gdje god je to moguće, primjenjuje međunarodne standarde i najbolje prakse.

U toku 2017. godine Odjeljenje za operativne rizike nastavilo je izvoditi konstantnu obuku zaposlenih iz oblasti bezbjednosne kulture sa ciljem prevencije krivičnih djela usmjerenih prema imovini banke, klijentima i zaposlenim. Obrađene su teme iz fizičko-tehničke zaštite, prevencije prevara, zaštite informacija i informacionog sistema, kao i odabrana poglavlja iz krivičnog zakonodavstva i propisa o zaštiti ličnih podataka.

Operativni rizik je rizik nastanka negativnih efekata na finansijski rezultat i kapital Banke usljed propusta u odvijanju poslovnih procesa, ljudskih grešaka, grešaka u sistemu, ili dejstva spoljnih faktora.

Banka je posvećena konstantnom razvoju sistema i okvira upravljanja rizicima koji su u stanju odgovoriti na sve izazove okruženja. S tim ciljem, organizaciona kultura Banke stimuliše neprekidno usavršavanje svih elemenata sistema za upravljanje rizicima – kompetencija, procesa (metoda i tehnika) i procedura koje ih opisuju te informacionog sistema – kako bi bila u stanju odgovoriti svim budućim zahtjevima, vezanim uz unaprjeđenje efikasnosti i konkurentnosti u izazovnom poslovnom okruženju, istovremeno poštujući sve regulatorne norme.

Sektor za upravljanje rizicima i u narednom periodu planira unaprjeđivati metodologije i alate za upravljanje rizicima, edukovati zaposlene u Banci u smislu boljeg razumijevanja rizika, te njegovati kulturu koja rizike ne vidi kao prijetnju, nego i kao šansu.

RISK PROFILE AND RISK POLICY OF THE BANK

In order to increase security in the Bank's facilities and to reduce the risk of robbery, burglary and other forms of inflicting material and other damage, as well as to prevent harmful events directed against the lives and bodies of employees, the Guidelines for Control of the Technical Protection System have been adopted defining the procedures, subjects and objects of control of the correctness of the technical protection system, the manner of reporting defects and the manner of remedying the defects.

The Operational Risk Department performs control of the cash balance in the network, initiates the implementation of cash management measures within the permitted maximum, and reports to the Management Board of the Bank on the same.

In general, data on operational risks are collected in all organizational units of the Bank, their classification and analysis is carried out using appropriate software, and ways of mitigating risks and mitigating their consequences are recommended.

The Operational Risk Department developed a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). The elements of these plans are regularly tested according to the dynamics approved by the Management Board of the Bank. This framework includes information services that represent key information components for the functioning of the Bank. In the course of 2017, a complete testing of the BCP plan was performed and the operability of the disaster recovery site was fully confirmed.

The Operational Risk Department maintains and improves the documentation of the information security management system according to the ISO/IEC 27001:2013 standard, according to which the Bank is certified. In accordance with the operational risk management policy, the Operational Risk Department tries to apply international standards and best practices in its work wherever possible.

During 2017, the Operational Risk Department continued to conduct constant training of employees in the field of security culture with the aim of preventing criminal offenses directed at assets of the Bank, clients and employees. The following topics were addressed: physical and technical protection, fraud prevention, information and information system protection, as well as selected chapters from criminal legislation and regulations on protection of personal data.

Operational risk is the risk of the occurrence of adverse effects on the financial result and the capital of the Bank due to omissions in the conduct of business processes, human errors, system errors, or the effects of external factors.

The Bank is dedicated to the constant development of the system and framework of risk management that are able to respond to all environmental challenges. To this end, the organizational culture of the Bank stimulates the continuous improvement of all elements of the risk management system – competences, processes (methods and techniques) and procedures describing them, and the information system – in order to be able to answer all future requirements related to improving efficiency and competitiveness in a challenging business environment, while respecting all regulatory norms.

The Risk Management Division plans to improve risk management methodologies and tools in the coming period, to educate employees in the Bank in terms of better understanding of risks, and to foster a culture that does not see risks as a threat, but also as an opportunity.

UPRAVLJANJE INFORMACIONIM SISTEMOM BANKE

Informacioni sistem Nove Banke se konstantno razvija kako bi mogao da odgovori na sve kompleksnije zahtjeve tržišta u smislu zadovoljenja potrebe za novim proizvodima i servisima.

U toku 2017. godine informacioni sistem je u ovom segmentu značajno unaprijeđen. Najznačajnija unapređenja rađena su u domenu kartičarstva. Banka je privela kraju projekat Internet Payment Gateway-a kojim će omogućiti klijentima integraciju web plaćanja.

U aplikativnom smislu informacioni sistem se razvija i u pravcu povećanja efikasnosti. Nastavljen je razvoj ERP sistema implementacijom modula za računovodstvo i finansije, modula za upravljanje projektima i inicijativama i modula za upravljanje korporativnim događajima.

Značajan dio razvoja aplikativnog software-a išao je i u pravcu usklađivanja informacionog sistema i informacija koje iz njega proizilaze sa odlukama regulatora, odnosno zakonima i zakonskim odredbama koje se tiču banaka. Realizovan je projekat uvođenja novog načina mjerenja rizika i obračuna adekvatnosti u skladu sa bazelskim standardima i zahtjevima regulatora. Informacioni sistem u izvještajnom smislu usklađen je sa novim međunarodnim računovodstvenim standardima.

Banka je nastavila da razvija sistem poslovne inteligencije odnosno sistem podrške odlučivanju. Nastavljen je trend razvoja pametnog sistema izvještavanja koji između ostalog omogućava mjerenje profitabilnosti po bilo kojoj dimenziji po kojoj se profitabilnost želi pratiti. Značajno je unaprijeđen sistem mjerenja učinka i efikasnosti radnika.

Nova Banka konstantno razvija IT infrastrukturu, kao i sistem zaštite od konstantnih prijetnji po sigurnost informacija. Budući da je Banka, a samim tim i Sektor za informacione tehnologije prepoznao da pretnje po sigurnost informacionog sistema predstavljaju i prijetnje po reputaciju Banke, IT ulaže značajne napore u postizanju što sigurnijeg informacionog sistema. Ti naponi se ogledaju prije svega u implementaciji najsavremenijih sistema zaštite, ali i obučenosti radnika IT-a koji se bave ovom izuzetno zahtjevnom tematikom.

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 2017. godine rađeni su testovi kojima je dokazano da se pojedini servisi mogu za rekordno vrijeme u slučaju potrebe prebaciti na Disaster Recovery lokaciju.

Na početku 2018. godine planiran je veliki Disaster Recovery test kojim će se funkcionisanje svih ključnih servisa prebaciti na rezervnu lokaciju.

MANAGEMENT OF THE BANK'S IT SYSTEM

The information system of Nova banka is constantly evolving in order to respond to increasingly complex market demands in terms of meeting the need for new products and services.

During 2017, the information system has been significantly improved in this segment. The most significant improvements were made in the domain of card business. The Bank has finalized the Internet Payment Gateway project, which will enable clients to integrate web payments.

In an applicative sense, the information system is also being developed to increase efficiency. The development of the ERP system continued through the implementation of the accounting and finance module, the projects and initiatives management module and the corporate events management module.

A significant part of the development of application software was also aimed at harmonizing the information system and the information deriving from it with the decisions of the regulator, i.e. the laws and legal provisions concerning the banks. A project was implemented to introduce a new method of risk measurement and calculation of adequacy in accordance with the Basel standards and requirements of the regulator. The information system in the reporting sense is in line with the new international accounting standards.

The Bank continued to develop a system of business intelligence, i.e. decision support system. The trend of developing a smart reporting system has continued, which, among other things, enables the measurement of profitability by any dimension according to which profitability is to be followed. The system for measuring the performance and efficiency of employees has been significantly improved.

Nova banka constantly develops IT infrastructure, as well as a system of protection from constant threats to information security. Since the Bank and, accordingly, the Information Technology Division has recognized that threats to the security of the information system also represent threats to the reputation of the Bank, IT is making significant efforts to establish the safest possible information system. These efforts are primarily reflected in the implementation of state-of-the-art protection systems, as well as the training of IT employees dealing with this extremely demanding topic.

The bank has two data centers, 220 km away from each other. The Information Technology Division works every day to bring the system into a state that, if necessary, any service can be established in a record time from a Disaster Recovery site. During 2017, tests were carried out that have proven that certain services can be transferred to Disaster Recovery site in record time in case of need.

At the beginning of 2018, a major Disaster Recovery test is planned, which will transfer the functionality of all key services to a Disaster Recovery site.

**Zadovoljstvo
klijenata na
prvom mjestu**

**Client's
satisfaction
comes first**



**POJEDINAČNI FINANSIJSKI IZVJEŠTAJI
ZA GODINU KOJA JE ZAVRŠILA
31. DECEMBRA 2017. GODINE**

**UNCONSOLIDATED FINANCIAL
STATEMENTS YEAR ENDED
DECEMBER 31, 2017**

IZVJEŠTAJ NEZAVISNOG REVIZORA

Nadzornom odboru i akcionarima Nove Banke a.d. Banja Luka

Izvršili smo reviziju priloženih pojedinačnih finansijskih izvještaja (strana 2 do 80) Nove Banke a.d. Banja Luka (u daljem tekstu "Banka"), koji obuhvataju pojedinačni bilans stanja na dan 31. decembra 2017. godine i odgovarajući pojedinačni bilans uspjeha, pojedinačni izvještaj o promjenama na kapitalu i pojedinačni bilans tokova gotovine za godinu koja se završava na taj dan, kao i pregled značajnih računovodstvenih politika i druge napomene uz pojedinačne finansijske izvještaje.

Odgovornost rukovodstva za pojedinačne finansijske izvještaje

Rukovodstvo je odgovorno za sastavljanje i objektivnu prezentaciju ovih pojedinačnih finansijskih izvještaja u skladu sa računovodstvenim propisima Republike Srpske, propisima Agencije za bankarstvo Republike Srpske koji regulišu finansijsko izvještavanje banaka, kao i za interne kontrole koje rukovodstvo smatra neophodnim za sastavljanje pojedinačnih finansijskih izvještaja koji ne sadrže pogrešne informacije od materijalnog značaja, nastale usljed kriminalne radnje ili greške.

Odgovornost revizora

Naša odgovornost je da izrazimo mišljenje o priloženim pojedinačnim finansijskim izvještajima na osnovu obavljene revizije. Reviziju smo obavili u skladu sa Zakonom o računovodstvu i reviziji Republike Srpske i standardima revizije primjenjivim u Republici Srpskoj. Ovi standardi nalažu usaglašenost sa etičkim principima i da reviziju planiramo i obavimo na način koji omogućava da se, u razumnoj mjeri, uvjerimo da pojedinačni finansijski izvještaji ne sadrže pogrešne informacije od materijalnog značaja.

Revizija uključuje sprovođenje postupaka u cilju pribavljanja revizijskih dokaza o iznosima i objelodanjivanjima u pojedinačnim finansijskim izvještajima. Izbor postupaka zavisi od revizorskog prosuđivanja, uključujući procjenu rizika materijalno značajnih grešaka sadržanih u finansijskim izvještajima, nastalih usljed kriminalne radnje ili greške. Prilikom procjene ovih rizika, revizor razmatra interne kontrole koje su relevantne za sastavljanje i fer prezentaciju pojedinačnih finansijskih izvještaja u cilju osmišljavanja najboljih mogućih revizorskih procedura, ali ne u cilju izražavanja mišljenja o efikasnosti sistema internih kontrola pravnog lica. Revizija takođe uključuje ocjenu primijenjenih računovodstvenih politika i vrednovanje značajnijih procjena koje je izvršilo rukovodstvo, kao i ocjenu opšte prezentacije pojedinačnih finansijskih izvještaja.

Smatramo da su revizijski dokazi koje smo pribavili dovoljni i odgovarajući i da obezbjeđuju solidnu osnovu za izražavanje našeg mišljenja.

Mišljenje

Po našem mišljenju, pojedinačni finansijski izvještaji prikazuju istinito i objektivno, po svim materijalno značajnim pitanjima, finansijski položaj Nove Banke a.d. Banja Luka na dan 31. decembra 2017. godine, kao i rezultate njenog poslovanja i tokove gotovine za godinu koja se završava na taj dan u skladu sa računovodstvenim propisima Republike Srpske i propisima Agencije za bankarstvo Republike Srpske koji regulišu finansijsko izvještavanje banaka.

Ostala pitanja

Pojedinačni finansijski izvještaji Banke, na dan i za godinu koja se završila 31. decembra 2016. godine, su revidirani od strane drugog revizora, koji je u svom izvještaju od 24. februara 2017. godine, izrazio nekvalifikovano (pozitivno) mišljenje.

Kao što je objelodanjeno u napomeni 2.2 uz pojedinačne finansijske izvještaje, Banka je matično društvo i konsolidovani finansijski izvještaji sastavljeni u skladu sa računovodstvenim propisima Republike Srpske izdati su kao posebni finansijski izvještaji. Konsolidovani finansijski izvještaji Banke na dan i za godinu koja se završava 31. decembra 2017. godine bili su predmet naše revizije, i u našem izvještaju o izvršenoj reviziji od 27. marta 2018. godine izrazili smo nekvalifikovano (pozitivno) mišljenje

Banja Luka,
27. mart 2018. godine




Mirko Ilić
Ovlašteni revizor

Translation of the Auditors' Report issued in the Serbian language

INDEPENDENT AUDITORS' REPORT

To the Supervisory Board and Shareholders of Nova Banka a.d. Banja Luka

We have audited the accompanying financial statements (pages 2 to 80) of Nova Banka a.d. Banja Luka (hereinafter the "Bank"), which comprise the statement of financial position as of December 31, 2017 and the related income statement, statement of changes in equity and statement of cash flows 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 the accounting regulations of the Republic of Srpska, regulations of the Banking Agency of the Republic of Srpska governing financial reporting of banks and for such internal control as management determines is necessary to enable the preparation of the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with the Law on Accounting and Auditing of the Republic of Srpska and standards on auditing 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 unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated 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 Bank's preparation and fair presentation of the unconsolidated 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 Bank'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 unconsolidated 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 unconsolidated financial statements present fairly, in all material respects, the financial position of Nova Banka a.d., Banja Luka as at December 31, 2017, and its financial performance and cash flows for the year then ended in accordance with the accounting regulations of the Republic of Srpska and regulations of the Banking Agency of the Republic of Srpska governing financial reporting of banks.

Other Matter

The Bank's unconsolidated financial statements as of and for the year ended December 31, 2016 were audited by another auditor, whose report dated February 24, 2017 expressed an unqualified opinion.

As disclosed in Note 2.2 to the unconsolidated financial statements, the Bank is a parent entity and its consolidated financial statements prepared in accordance with the accounting regulations of the Republic of Srpska have been issued separately. The Bank's consolidated financial statements as of and for the year ended December 31, 2017 were audited by us and our auditors' report dated March 27, 2018 expresses an unqualified opinion.

Banja Luka,
March 27, 2018




Mirko Ilić
Certified Auditor

POJEDINAČNI BILANS USPJEHA**Za godinu koja se završava 31. decembra (u hiljadama BAM)**

	<i>Napomena</i>	2017. 000 BAM	2016. 000 BAM <i>Reviziju obavio drugi revizor</i>
Prihodi od kamata	6	84.848	87.345
Rashodi od kamata	7	(31.578)	(35.085)
Neto prihodi od kamata		53.270	52.260
Prihodi od naknada i provizija	8	28.053	27.562
Rashodi od naknada i provizija	9	(9.036)	(8.503)
Neto prihodi po osnovu naknada i provizija		19.017	19.059
Neto prihod od kursnih razlika	10	3.640	3.579
Ostali operativni prihodi	11	12.217	5.964
Operativni i ostali rashodi	12	(55.710)	(57.582)
Dobit prije umanjenja ispravki vrijednosti i rezervisanja		32.434	23.280
Neto rashodi ispravki vrijednosti	13	(20.799)	(8.534)
Dobit prije oporezivanja		11.635	14.746
Porez na dobit	14	(1.853)	(1.674)
Dobit tekuće godine		9.782	13.072
Ostali dobici i gubici u periodu, neto od poreza			
<i>Stavke koje mogu biti naknadno reklasifikovane u dobitke ili gubitke:</i>			
Dobitak po osnovu promjene fer vrijednosti hartija od vrijednosti raspoloživih za prodaju		273	370
Ukupan rezultat za obračunski period		10.055	13.442
Zarada po akciji	28	0,08	0,12

Napomene na narednim stranicama čine sastavni dio
ovih pojedinačnih finansijskih izvještaja.

Ovi pojedinačni finansijski izvještaji su usvojeni od strane Uprave Banke, dana 15. marta 2018. godine.

Potpisano u ime Nove banke a.d. Banja Luka:



Dr Milan Radović
Predsjednik Uprave Banke

UNCONSOLIDATED INCOME STATEMENT
Year Ended December 31, 2017 (Thousands of BAM)

	<i>Note</i>	2017	2016 <i>Audited by another auditor</i>
Interest income	6	84,848	87,345
Interest expenses	7	(31,578)	(35,085)
Net interest income		53,270	52,260
Fee and commission income	8	28,053	27,562
Fee and commission expenses	9	(9,036)	(8,503)
Net fee and commission income		19,017	19,059
Net foreign exchange gains	10	3,640	3,579
Other operating income	11	12,217	5,964
Operating and other expenses	12	(55,710)	(57,582)
Profit before impairment and provisions		32,434	23,280
Net losses on impairment and provisions	13	(20,799)	(8,534)
Profit before taxes		11,635	14,746
Income tax expenses	14	(1,853)	(1,674)
Profit for the year		9,782	13,072
Other gains and losses for the year, net of taxes			
<i>Items that may subsequently be reclassified to profit and loss:</i>			
Gains on the fair value adjustment of financial assets available for sale		273	370
Total comprehensive income for the year		10,055	13,442
Earnings per share	28	0.08	0.12

Notes on the following pages form an integral part of these unconsolidated financial statements.

These unconsolidated financial statements were adopted by the Bank's Management Board on March 15, 2018.

Signed on behalf of Nova banka a.d. Banja Luka by:



Milan Radović, Ph.D.
Chairman of the Management Board

POJEDINAČNI BILANS STANJA
Na dan 31. decembra (u hiljadama BAM)

	<i>Napomena</i>	2017. 000 BAM	2016. 000 BAM <i>Reviziju obavio drugi revizor</i>
AKTIVA			
Novčana sredstva i računi depozita kod depozitnih institucija	15	172.105	208.300
Obavezna rezerva kod Centralne Banke	16	158.628	147.912
Finansijska imovina raspoloživa za prodaju	17	188.235	124.171
Plasmani drugim bankama		2.056	1.629
Kredit i dospjela potraživanja po kreditima	18	1.243.640	1.110.356
Osnovna sredstva i ulaganja u nekretnine	19	52.536	55.853
Nematerijalna ulaganja	20	3.916	3.835
Ostala potraživanja i AVR	21	58.890	55.422
Odložena poreska sredstva		60	60
Poslovna aktiva		1.880.066	1.707.538
Vanbilansna aktiva	29	287.872	313.179
UKUPNA AKTIVA		2.167.938	2.020.717
PASIVA			
Obaveze			
Depoziti komitenata	22	1.477.339	1.330.796
Obaveze po uzetim kreditima	23	175.886	158.033
Rezervisanja na stavke vanbilansa	24	4.167	2.687
Ostale obaveze i PVR	25	27.742	29.738
Odložene poreske obaveze	14	118	155
Subordinirani dug (dopunski kapital)	26	37.697	37.825
Ukupno obaveze		1.722.949	1.559.234
Kapital			
Akcijski kapital	27	126.274	115.098
Emisiona premija		8.070	8.070
Rezerve iz dobiti		8.073	7.419
Revalorizacije rezerve		643	370
Regulatorne rezerve za kreditne gubitke		4.274	4.274
Neraspoređena dobit		9.783	13.073
Ukupan kapital		157.117	148.304
Poslovna pasiva		1.880.066	1.707.538
Vanbilansna pasiva	29	287.872	313.179
UKUPNA PASIVA		2.167.938	2.020.717

Napomene na narednim stranicama čine sastavni dio ovih pojedinačnih finansijskih izvještaja.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2017 (Thousands of BAM)

	<i>Note</i>	<i>December 31, 2017</i>	<i>December 31, 2016</i> <i>Audited by another auditor</i>
ASSETS			
Cash and balances held with banks and other financial institutions	15	172,105	208,300
Obligatory reserve held with the Central Bank	16	158,628	147,912
Financial assets available for sale	17	188,235	124,171
Loans and receivables due from banks and other financial institutions		2,056	1,629
Loans and receivables due from customers	18	1,243,640	1,110,356
Property, plant, equipment and investment property	19	52,536	55,853
Intangible assets	20	3,916	3,835
Other assets, receivables and prepayments	21	58,890	55,422
Deferred tax assets		60	60
Operating assets		1,880,066	1,707,538
Off-balance sheet assets	29	287,872	313,179
TOTAL ASSETS		2,167,938	2,020,717
LIABILITIES AND EQUITY			
Liabilities			
Deposits due to customers	22	1,477,339	1,330,796
Borrowings	23	175,886	158,033
Provisions for off-balance sheet items	24	4,167	2,687
Other liabilities and accruals	25	27,742	29,738
Deferred tax liabilities	14	118	155
Subordinated debt (supplementary capital)	26	37,697	37,825
Total liabilities		1,722,949	1,559,234
Equity			
Share capital	27	126,274	115,098
Share premium		8,070	8,070
Reserves from profit		8,073	7,419
Revaluation reserves		643	370
Regulatory reserves for credit losses		4,274	4,274
Retained earnings		9,783	13,073
Total equity		157,117	148,304
Operating liabilities and equity		1,880,066	1,707,538
Off-balance sheet liabilities	29	287,872	313,179
TOTAL LIABILITIES AND EQUITY		2,167,938	2,020,717

Notes on the following pages form an integral part of these unconsolidated financial statements.

POJEDINAČNI IZVJEŠTAJ O PROMJENAMA NA KAPITALU
Za godinu koja se završava 31. decembra (u hiljadama BAM)

	Akcijski kapital - obične akcije	Emisiona premija	Rezerve iz dobiti	Neraspoređena dobit	Regulatorne rezerve za kreditne gubitke	Revalorizacione rezerve	Ukupno
<i>(Reviziju obavio drugi revizor)</i>							
Stanje na dan 01.01.2016. godine	104.205	8.070	6.816	12.071	4.274	-	135.436
Raspored dobiti:							
- Emisija akcija po osnovu raspodjele dobiti	10.893	-	-	(10.893)	-	-	-
- Prenos na zakonske rezerve	-	-	603	(603)	-	-	-
- Isplata akcionarima (u svrhu plaćanja poreskih obaveza)	-	-	-	(574)	-	-	(574)
Dobit tekuće godine	-	-	-	13.072	-	-	13.072
Ostali dobiti i gubici u periodu, neto od poreza:							
Dobitak po osnovu promjene fer vrijednosti hartija od vrijednosti raspoloživih za prodaju	-	-	-	-	-	370	370
Stanje na dan 31.12.2016. godine	115.098	8.070	7.419	13.073	4.274	370	148.304
Stanje na dan 01.01.2017. godine	115.098	8.070	7.419	13.073	4.274	370	148.304
Raspored dobiti (napomena 27.):							
- Emisija akcija po osnovu raspodjele dobiti	11.176	-	-	(11.176)	-	-	-
- Prenos na zakonske rezerve	-	-	654	(654)	-	-	-
- Isplata akcionarima (u svrhu plaćanja poreskih obaveza)	-	-	-	(1.242)	-	-	(1.242)
Dobit tekuće godine	-	-	-	9.782	-	-	9.782
Ostali dobiti i gubici u periodu, neto od poreza:							
Dobitak po osnovu promjene fer vrijednosti hartija od vrijednosti raspoloživih za prodaju	-	-	-	-	-	273	273
Stanje na dan 31.12.2017. godine	126.274	8.070	8.073	9.783	4.274	643	157.117

Napomene na narednim stranicama čine sastavni dio ovih pojedinačnih finansijskih izvještaja.

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year Ended December 31, 2017 (Thousands of BAM)

<i>(Audited by another auditor)</i>	Share capital – common stock shares	Share premium	Reserves from profit	Retained earnings	Regulatory reserves for credit losses	Revaluation reserves	Total
Balance as at January 1, 2016	104,205	8,070	6,816	12,071	4,274	-	135,436
Profit distribution:							
- Share issue	10,893	-	-	(10,893)	-	-	-
- Transfer to legal reserves	-	-	603	(603)	-	-	-
- Dividend payment to the shareholders (for taxation purposes)	-	-	-	(574)	-	-	(574)
Profit for the year	-	-	-	13,072	-	-	13,072
Other gains and losses for the period, net of taxes							
Gains on the fair value adjustment of financial assets available for sale	-	-	-	-	-	370	370
Balance as at December 31, 2016	115,098	8,070	7,419	13,073	4,274	370	148,304
Balance as at January 1, 2017	115,098	8,070	7,419	13,073	4,274	370	148,304
Profit distribution (Note 27):							
- Share issue	11,176	-	-	(11,176)	-	-	-
- Transfer to legal reserves	-	-	654	(654)	-	-	-
- Dividend payment to the shareholders (for taxation purposes)	-	-	-	(1,242)	-	-	(1,242)
Profit for the year	-	-	-	9,782	-	-	9,782
Other gains and losses for the period, net of taxes							
Gains on the fair value adjustment of financial assets available for sale	-	-	-	-	-	273	273
Balance as at December 31, 2017	126,274	8,070	8,073	9,783	4,274	643	157,117

Notes on the following pages form an integral part of
these unconsolidated financial statements.

POJEDINAČNI BILANS TOKOVA GOTOVINE
Za godinu koja se završava 31. decembra (u hiljadama BAM)

	2017. 000 BAM	2016. 000 BAM <i>Reviziju obavio drugi revizor</i>
Novčani tokovi iz poslovnih aktivnosti		
Primici kamata, naknada i provizija po kreditima i poslovima lizinga	112.874	110.469
Isplate kamata	(24.048)	(29.161)
Naplate po kreditima koji su ranije bili otpisani (glavnica i kamata)	6.567	2.633
Novčane isplate zaposlenima i dobavljačima	(56.880)	(55.828)
Novčane pozajmice i krediti dati klijentima i naplate istih	(156.776)	142.819
Depoziti klijenata	146.543	75.562
Plaćeni porez na dobit	(1.664)	(1.833)
Neto novčana sredstva iz poslovnih aktivnosti	26.616	244.661
Novčani tokovi iz aktivnosti investiranja		
Kratkoročni plasmani finansijskim institucijama	(427)	(464)
Primici dividendi	84	43
Kupovina nematerijalne aktive	(753)	(1.148)
Kupovina materijalne aktive	(3.662)	(5.693)
Kupovina (prodaja) drugih ulaganja	(61.009)	(33.162)
Neto novčana sredstva iz aktivnosti investiranja	(65.767)	(40.424)
Novčani tokovi iz aktivnosti finansiranja		
Uzete /(povrat) pozajmice, neto (kreditne linije i subordinirani dug)	11.248	(10.948)
Isplata dividendi	(1.216)	(610)
Neto novčana sredstva iz aktivnosti finansiranja	10.032	(11.558)
Neto (smanjenje) / porast novčanih sredstava i novčanih ekvivalenata	(29.119)	192.679
Novčana sredstva i novčani ekvivalenti na početku perioda	356.212	159.954
Efekti promjene deviznih kurseva novčanih sredstava i novčanih ekvivalenata	3.640	3.579
Novčana sredstva i novčani ekvivalenti na kraju perioda	330.733	356.212

Napomene na narednim stranicama čine sastavni dio
ovih pojedinačnih finansijskih izvještaja.

UNCONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2017 (Thousands of BAM)

	<u>2017</u>	<u>2016</u>
		<i>Audited by another auditor</i>
Cash flows from operating activities		
Interest, fee and commission receipts per loans and from lease operations	112,874	110,469
Interest payments	(24,048)	(29,161)
Collected loans and receivables previously written off (principal and interest)	6,567	2,633
Cash paid to employees and suppliers	(56,880)	(55,828)
Loans and receivables due from customers – disbursement and collection	(156,776)	142,819
Customer deposits received	146,543	75,562
Income taxes paid	(1,664)	(1,833)
Net cash generated by operating activities	<u>26,616</u>	<u>244,661</u>
Cash flows from investing activities		
Short-term deposits placed with financial institutions	(427)	(464)
Dividend received	84	43
Outflows for purchases of intangible assets	(753)	(1,148)
Outflows for purchases of tangible assets	(3,662)	(5,693)
Purchases of other investments	(61,009)	(33,162)
Net cash used in investing activities	<u>(65,767)</u>	<u>(40,424)</u>
Cash flows from financing activities		
Borrowings, net inflows/ (outflows) per credit lines and subordinated debt	11,248	(10,948)
Dividend payment	(1,216)	(610)
Net cash generated by / (used in) financing activities	<u>10,032</u>	<u>(11,558)</u>
Net (decrease) / increase in cash and cash equivalents	(29,119)	192,679
Cash and cash equivalents at the beginning of year	356,212	159,954
Foreign exchange gains on translation of cash and cash equivalents	3,640	3,579
Cash and cash equivalents at the end of year	<u><u>330,733</u></u>	<u><u>356,212</u></u>

Notes on the following pages form an integral part of
these unconsolidated financial statements.

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 promijenila 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.

U strukturi kapitala Banke u 2017. godini nije bilo značajnijih promjena. Na dan 31. decembra 2017. godine Banka je u vlasništvu većeg broja manjih akcionara, i nijedan akcionar pojedinačno nema više od 8% akcija.

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 podijeljeni su po sektorima, samostalnim odjeljenjima i odjeljenjima.

Na dan 31. decembra 2017. godine Banka je imala 693 radnika (31. decembra 2016. godine: 676 radnika).

2. OSNOVE ZA SASTAVLJANJE I PRIKAZIVANJE POJEDINAČNIH FINANSIJSKIH IZVJEŠTAJA I RAČUNOVODSTVENI METOD

2.1. Izjava o usaglašenosti

Priloženi finansijski izvještaji predstavljaju pojedinačne finansijske izvještaje Banke na dan i za godinu koja se završava na dan 31. decembra 2017. godine, i sastavljeni su u skladu sa važećim propisima Republike Srpske (RS) zasnovanim na Zakonu o računovodstvu i reviziji Republike Srpske („Službeni Glasnik Republike Srpske“ br. 94/2015), Zakonu o bankama Republike Srpske („Službeni Glasnik Republike Srpske“ br. 4/2017), 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.

2.2. Osnove vrednovanja i sastavljanja pojedinačnih finansijskih izvještaja

Pojedinačni finansijski izvještaji Banke su pripremljeni po načelu nabavne vrijednosti (istorijskog troška), izuzev ako nije drugačije naznačeno u računovodstvenim politikama u nastavku.

Istorijski trošak je generalno zasnovan na fer vrijednosti naknade plaćene u zamjenu za robu i usluge.

Fer vrijednost je cijena koju bi primili od prodaje imovine ili platili za prenos obaveza u uobičajenoj transakciji između tržišnih učesnika na dan vrednovanja, bez obzira da li je ta cijena direktno provjerljiva ili procijenjena korišćenjem drugih tehnika vrednovanja. Prilikom procjenjivanja fer vrijednosti imovine ili obaveza, Banka uzima u obzir one karakteristike imovine ili obaveza koje bi uzeli u obzir i drugi učesnici na tržištu prilikom određivanja cijene imovine ili obaveza na datum vrednovanja.

1. BACKGROUND

Nova Banka a.d. Banja Luka (hereinafter: the "Bank") was established in October 1992 and registered with the Basic Court of Bijeljina, in accordance with Decision no. Fi-292/92, under the name of Eksim banka a.d., Bijeljina. Under Decision of the Basic Court of Bijeljina no. Fi-352/94 from July 1994, the Bank changed its name to Eksport-Import banka a.d. Bijeljina, while under Decision of the same court no. Fi-598/99 dated June 17, 1999, the Bank registered a change of its legal name to Nova banka a.d. Bijeljina. In 2007 the Bank changed its registered address under the relevant decision of the Basic Court of Banja Luka, and since then has been operating under the name of Nova banka a.d. Banja Luka,

In December 2002, the Bank's Shareholder Assembly made a decision on merger and acquisition of Agroprom banka a.d. Banja Luka, and from January 1, 2003 Agroprom banka a.d. Banja Luka has been operating as part of the Bank.

In 2017 there were no significant changes in the Bank's equity. As of December 31, 2017 the Bank was owned by a number of minor shareholders, with none holding above 8% of the Bank's shares.

The Bank is registered in the Republic of Srpska to perform all banking services: lending and deposit collection operations, guarantee issuance, trade in currencies and money exchange operations, security issue and depository activities, payment transfer operations, brokerage operations, factoring and other banking and financing services in accordance with the Republic of Srpska Law on Banks.

The Bank is headquartered at no. 37A, Kralja Alfonsa XIII St., Banja Luka.

The Bank operates through the network consisting of its Head Office in Banja Luka and twelve branches located in Bijeljina, Banja Luka, East Sarajevo, Zvornik, Brčko, Trebinje, Doboj, Sarajevo, Tuzla, Mostar, Foča and Prijedor and a separate organizational unit for security trading – Broker Nova.

The Bank's activities are organized and performed through the organizational structure comprised of divisions, independent departments and departments.

As at December 31, 2017, the Bank had 693 employees (December 31, 2016: 676 employees).

2. BASIS OF PREPARATION AND PRESENTATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION

2.1. Statement of Compliance

The accompanying financial statements represent unconsolidated financial statements of the Bank as of and for the year ended December 31, 2017, which have been prepared in accordance with the effective regulations of the Republic of Srpska ("RS") based on the Law on Accounting and Auditing of the Republic of Srpska (Official Gazette of RS no. 94/2015), Law on Banks (Official Gazette of RS no. 4/2017), regulations of the Banking Agency of the Republic of Srpska, regulations of the Central Bank of Bosnia and Herzegovina and other regulations of the Republic of Srpska governing operations and financial reporting of banks.

2.2. Basis of Measurement and Preparation of the Unconsolidated Financial Statements

The accompanying unconsolidated financial statements of the Bank have been prepared on the historical cost basis unless otherwise stated in the summary of accounting policies hereunder.

Historical cost is generally based on the fair value of consideration paid in exchange for goods and services

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Upon estimating the fair value of assets or liabilities, the Bank takes into account characteristics of assets or liabilities that other market participants would also consider upon determining the price of assets or liabilities at the measurement date.

Banka je u propisanom roku, na način definisan Pravilnikom o sadržini i formi finansijskih izvještaja za banke i druge organizacije ("Službeni glasnik RS", broj 62/16), kao i Pravilnikom o sadržini i formi obrazaca izvještaja o promjenama na kapitalu ("Službeni glasnik RS", broj 63/16) sastavila obrasce pojedinačnih finansijskih izvještaja (u daljem tekstu: „finansijski izvještaji“).

Banka na dan 31. decembar 2017. godine, posjeduje 63.94% vlasništva privrednog društva Nova Leasing a.d. Banja Luka. Banka kao većinski vlasnik, ima kontrolu da upravlja finansijskim poslovnim politikama zavisnog pravnog lica. U skladu sa Međunarodnim standardom finansijskog izvještavanja (MSFI) 10 – Konsolidovani finansijski izvještaji, Banka je, kao matično lice, sastavila konsolidovane finansijske izvještaje za poslovnu 2017. godinu, a u skladu sa u skladu sa računovodstvenim propisima Republike Srpske, propisima Agencije za bankarstvo Republike Srpske koji regulišu finansijsko izvještavanje banaka.

Banka je prilikom sastavljanja bilansa tokova gotovine koristila direktni metod izvještavanja o tokovima gotovine.

2.3. Funkcionalna valuta i valuta prezentacija

Iznosi u priloženim finansijskim izvještajima su izraženi u Konvertibilnim markama (BAM) koja predstavlja funkcionalnu i zvaničnu izvještajnu valutu u Republici Srpskoj i Bosni i Hercegovini.

2.4. Uticaj i primjena novih i revidiranih Međunarodnih standarda za finansijsko izvještavanje ("MSFI") i Međunarodnih računovodstvenih standarda ("MRS")

Priloženi finansijski izvještaji sastavljeni su uz primjenu Međunarodnih računovodstvenih standarda (MRS), odnosno Međunarodnih standarda finansijskog izvještavanja (MSFI), koji su bili u primjeni na dan 1. januara 2009. godine i na njima zasnovanim propisima o računovodstvu Republike Srpske i propisima Agencije za bankarstvo Republike Srpske koji regulišu finansijsko izvještavanje banaka i davalaca lizinga.

Naime, na osnovu odredbi Zakona o računovodstvu i reviziji Republike Srpske ("Službeni glasnik RS", broj 94/15), sva pravna lica sa sjedištem u Republici Srpskoj su u obavezi da u potpunosti primjenjuju MRS, odnosno MSFI, kao i Međunarodni standard finansijskog izvještavanja za male i srednje entitete ("MSFI for SMEs"), Međunarodne računovodstvene standarde za javni sektor ("IPSAS"), Međunarodne standarde vrednovanja ("IVS"), Međunarodne standarde za profesionalnu praksu interne revizije, Konceptualni okvir za finansijsko izvještavanje, Kodeks etike za profesionalne računovođe i prateća uputstva, objašnjenja i smjernice koje donosi Odbor za međunarodne računovodstvene standarde ("MRSB") i sva prateća uputstva, objašnjenja i smjernice koje donosi Međunarodna federacija računovođa ("IFAC").

Pored navedenog, u skladu sa prethodnim Zakonom o računovodstvu i reviziji Republike Srpske ("Službeni glasnik RS", broj 36/09 i 52/11), dana 15. jula 2010. godine Upravni odbor Saveza računovođa i revizora Republike Srpske ("Savez RR RS") je donio "Odluku o početku obavezne primjene izdanja MRS/MSFI (objavljenih do 1. januara 2009. godine)", a na osnovu "Odluke o ovlaštenjima za prevod i objavljivanje" nadležne Komisije za računovodstvo i reviziju Bosne i Hercegovine od 10. marta 2006. godine (Službeni glasnik BiH, broj 81/06), kojom se takva ovlaštenja daju Savezu RR RS.

Navedeno izdanje MRS/MSFI je odobreno od strane Fondacije odbora za Međunarodne računovodstvene standarde kao zvanični prevod na srpski jezik za Bosnu i Hercegovinu (Republiku Srpsku), Srbiju i Crnu Goru. Prema navedenoj Odluci MRS/MSFI objavljeni do 1. januara 2009. godine obavezno se primjenjuju na finansijske izvještaje sačinjene i prezentovane u Republici Srpskoj za obračunske periode koji počinju 1. januara 2010. godine ili kasnije. Međutim, promjene u važećim Standardima i tumačenjima, kao i novousvojeni Standardi i tumačenja, izdati nakon 1. januara 2009. godine, nisu objavljeni i zvanično usvojeni u Republici Srpskoj.

U skladu sa Zakonom o računovodstvu i reviziji Republike Srpske ("Službeni glasnik RS", broj 94/15), dana 4. oktobra 2017. godine Upravni odbor Saveza RR RS je donio "Odluku o utvrđivanju i objavljivanju Konceptualnog okvira za finansijsko izvještavanje i osnovnih tekstova Međunarodnih računovodstvenih standarda (MRS), odnosno Međunarodnih standarda finansijskog izvještavanja (MSFI).

Within the prescribed deadline and in the manner defined by the Rules on the Content and Form of the Financial Statements for Banks and Other Organizations (Official Gazette of RS no. 62/16) and Rules on the Content and Form of the Statement of Changes in Equity (Official Gazette of RS no. 63/16), the Bank prepared its unconsolidated financial statements (the “financial statements”).

As of December 31, 2017 the Bank had a 63% equity interest in Nova Leasing a.d. Banja Luka. As the majority owner of the Leasing Company, the Bank has control over the subsidiary, i.e., the power to manage its financial and operating policies. In accordance with International Financial Reporting Standard (IFRS) 10 – Consolidated Financial Statements, as a parent entity, the Bank has prepared the consolidated financial statements for FY 2017 in accordance with the accounting regulations of the Republic of Srpska and regulations of the Banking Agency of the Republic of Srpska governing the financial reporting of banks.

In preparing the statement of cash flows for the year ended December 31, 2017, the Bank used direct cash flow reporting method.

2.3. Functional and Presentation Currency

Amounts in the accompanying financial statements are stated in thousands of convertible marks (“BAM”), BAM being the functional and official presentation currency in the Republic of Srpska and Bosnia and Herzegovina.

2.4. Application and Impact of the New and Revised International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”)

The accompanying financial statements have been prepared in accordance with the International Accounting (“IAS”) and International Financial Reporting Standards (“IFRS”), effective since January 1, 2009 and accounting regulations of the Republic of Srpska based on those standards as well as regulations of the Banking Agency of the Republic of Srpska governing financial reporting of banks and finance lessors.

Namely, in accordance with the provisions of the newly adopted Law on Accounting and Auditing of the Republic of Srpska (Official Gazette of RS no. 84/15), all legal entities situated on the territory of the Republic of Srpska are under an obligation to fully apply IAS, IFRS and the International Financial Reporting Standard for Small and Medium-Sized Entities (“IFRS for SMEs”), International Public Sector Accounting Standards (“IPSAS”), International Valuation Standards (“IVS”), International Standards for the Professional Practice of Internal Auditing, Conceptual Framework for Financial Reporting, Code of Ethics for Professional Accountants and the pronouncements, interpretations and guidelines of the International Accounting Standards Board (“IASB”) and all pronouncements, interpretations and guidelines of the International Federation of Accountants (“IFAC”).

In addition, in accordance with the previously effective Law on Accounting and Auditing of the Republic of Srpska (Official Gazette of RS nos. 36/09 and 52/11), on July 15, 2010, the Management Board of the Association of Accountants and Auditors of the Republic of Srpska (“AAARS”) enacted the “Decision on the Commencement of the Mandatory Application of IAS/IFRS Issues (published until January 1, 2009)” based on the “Decision on the Authorizations for Translation and Issuance” of the competent Accounting and Auditing Commission of Bosnia and Herzegovina dated March 10, 2006 (Official Gazette of BH no. 81/06), granting such authorizations to AAARS

The aforementioned issue of IAS/IFRS was approved by the International Accounting Standards Committee Foundation as the official translation into the Serbian language for Bosnia and Herzegovina (Republic of Srpska), Serbia and Montenegro. Pursuant to the aforementioned Decision, IAS/IFRS published until January 1, 2009 are mandatorily applied to the financial statements prepared and presented in the Republic of Srpska for the accounting periods commencing on or after January 1, 2010. However, the amendments to the standards and interpretations in effect, as well as newly adopted standards and interpretations issued after January 1, 2009, have not been issued and officially adopted in the Republic of Srpska.

In accordance with the Law on Accounting and Auditing of the Republic of Srpska (Official Gazette of RS no. 94/15), on October 4, 2017 the Management Board of AAARS enacted “Decision on Determining and Issuing the Conceptual Framework for Financial Reporting and Basic Texts of the International Accounting Standards (“IAS”) and International Financial Reporting Standards (“IFRS”)“.

Navedenom Odlukom utvrđuju se i objavljuju prevodi Standarda i tumačenja izdati od strane Odbora za međunarodne računovodstvene standarde do 31. decembra 2014. godine, koji su objavljeni na web stranici Saveza RR RS, a koji se počinju primjenjivati u Republici Srpskoj za finansijske izvještaje koji se sastavljaju na dan 31. decembra 2018. godine.

Stupanjem na snagu ove Odluke prestaje da važi Odluka o početku obavezne primjene izdanja MRS/MSFI (objavljenih do 1. januara 2009. godine) iz jula 2010. godine.

Nove izmjene postojećih Standarda koji su u primjeni za izvještajni period

Na dan odobravanja ovih finansijskih izvještaja, sljedeće izmjene postojećih standarda, bile su u primjeni:

- Izmjene Međunarodnog računovodstvenog standarda (MRS) 7 “Izvještaj o tokovima gotovine” – Inicijativa za objelodanjivanje (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2017. godine),
- Izmjene MRS 12 “Porez na dobitak” – Priznavanje odloženih poreskih sredstava za nerealizovane gubitke (na snazi za godišnje periode koji počinju na ili nakon 1. jula 2017. godine),
- Izmjene raznih Standarda “Unapređenja MSFI (period 2014 – 2016)” koja su rezultat godišnjeg unapređenja MSFI sa ciljem otklanjanja neusaglašenosti i usaglašavanja teksta (izmjene MSFI 12 na snazi za godišnje periode koji počinju na ili nakon 1. januara 2017. godine).

Rukovodstvo Banke analizira promjene u važećim Standardima i tumačenjima, kao i novousvojene standarde i tumačenja izdata nakon 1. januara 2009. godine, i nakon ustanovljavanja Standarda i tumačenja koji su relevantni za Banku, iste primjenjuje u sastavljanju svojih finansijskih izvještaja, ukoliko nisu u suprotnosti ni sa jednim od propisa u Republici Srpskoj i Bosni i Hercegovini, prije nego što oni budu zvanično prevedeni i objavljeni u Republici Srpskoj.

Novi Standardi i izmjene postojećih Standarda koji su izdati, a nisu još uvijek u primjeni

Na dan odobravanja ovih finansijskih izvještaja, sljedeći Standardi i izmjene postojećih Standarda i novo tumačenje su bili izdati, ali nisu postali efektivni:

- MSFI 9 “Finansijski instrumenti” (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2018. godine),
- MSFI 15 “Prihodi od ugovora sa kupcima” (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2018. godine), i
- MSFI 16 “Lizing” (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2019. godine).
- MSFI 17 „Ugovori o osiguranju“ (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2021. godine),
- Izmjene MSFI 2 „Plaćanja akcijama“ – Klasifikacija i mjerenje transakcija plaćanja akcijama (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2018. godine),
- Izmjene MSFI 4 „Ugovori o osiguranju“ – Primjenom MSFI 9 “Finansijski instrumenti” sa MSFI 4 „Ugovori o osiguranju“ (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2018. godine ili gdje se vrši prva primjena MSFI 9 “Finansijski instrumenti”),
- Izmjene MSFI 9 “Finansijski instrumenti” – Karakteristike plaćanja unaprijed sa negativnim kompenzacijama (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2018. godine),
- Izmjene MSFI 10 „Konsolidovani finansijski izvještaji“ i MRS 28 „Investicije u pridružene entitete i zajedničke poduhvate“ - Prodaja ili učešće u imovini između investitora i pridruženog entiteta ili zajedničkog poduhvata (datum stupanja na snagu odgođen na neodređeno vrijeme, dok istraživački projekat metoda kapitala bude ustanovljen),
- Izmjene MRS 19 „Primanja zaposlenih“ – Izmjene, smanjenje ili izmirenje planova naknada (na snazi za godišnje periode koji počinju na dan ili nakon 1. januara 2019. godine)
- Izmjene MRS 28 „Investicije u pridružene entitete i zajedničke poduhvate“ – Dugoročni interesi u pridruženim entitetima i zajedničkim poduhvatima (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2019. godine),

Under the aforesaid Decision, translations of the Standards and interpretations issued by the International Accounting Standards Board ("IASB") up to December 31, 2014 are defined and published on AAARS website, which will be effective in the Republic of Srpska and applicable to the financial statements prepared as of December 31, 2018.

With this Decision effective date, the previous "Decision on the Commencement of the Mandatory Application of IAS/IFRS Issues (published until January 1, 2009)" from July 2010 shall cease to apply.

New Amendments to the Existing Standards Effective for the Current Reporting Period

The following new standards and amendments to the existing standards were effective over the current reporting period:

- Amendments to IAS 7 "Statement of Cash Flows" – Disclosure Initiative (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IAS 12 "Income Taxes" - Recognition of Deferred Tax Assets for Unrealized Losses (effective for annual periods beginning on or after January 1, 2017); and
- Amendments to IFRS 12 due to "Improvements to IFRSs (cycle 2014-2016)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after January 1, 2017).

The Bank's management analyzes the amendments to the standards and interpretations in effect as well as the newly adopted Standards and interpretations issued after January 1, 2009, and, once the Standards and interpretations relevant for the Bank have been determined, intends to implement those in preparation of the financial statements, if they are not in conflict with any of the regulations of Republic of Srpska and Bosnia and Herzegovina, after they have been officially translated and published in the Republic of Srpska.

New Standards and Amendments to the Existing Standards Issued but not yet Effective

At the date of authorization of these financial statements the following new standards and revisions of and amendments to the existing standards were in issue but not yet effective:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after January 1, 2018);
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after January 1, 2018);
- IFRS 16 "Leases" (effective for annual periods beginning on or after January 1, 2019);
- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after January 1, 2021);
- Amendments to IFRS 2 "Share-based Payment" - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after January 1, 2018);
- Amendments to IFRS 4 "Insurance Contracts" - Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after January 1, 2018 or when IFRS 9 "Financial Instruments" is applied first time);
- Amendments to IFRS 9 "Financial Instruments" - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after January 1, 2019);
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded);
- Amendments to IAS 19 "Employee Benefits" - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 1, 2019);
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after January 1, 2019);

- Izmjene MRS 40 "Investicione nekretnine" – Prenos investicionih nekretnina (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2018. godine),
- Izmjene raznih Standarda "Unaprijeđenja MSFI (period 2014 - 2016)" koja su rezultat godišnjeg unaprijeđenja MSFI (MSFI 1, MSFI 12 i MRS 28) sa ciljem otklanjanja neusaglašenosti i usaglašavanja teksta (izmjene MSFI 1 i MRS 28 bi trebalo da se primjene za godišnje periode koji počinju na ili nakon 1. januara 2018. godine),
- Izmjene raznih Standarda "Unaprijeđenja MSFI (period 2015 - 2017)" koja su rezultat godišnjeg unaprijeđenja MSFI (MSFI 3, MSFI 11, MRS 12 i MRS 23) sa ciljem otklanjanja neusaglašenosti i usaglašavanja teksta (izmjene bi trebalo da se primjene za godišnje periode koji počinju na ili nakon 1. januara 2019. godine),
- IFRIC 22 "Transakcije u stranim valutama i razmatranja pretplata" (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2018. godine), i
- IFRIC 23 „Neizvjesnost u tretmanu poreza na dobit“ (na snazi za godišnje periode koji počinju na ili nakon 1. januara 2019. godine).

Politika rukovodstva Banke je da nove Standarde i izmjene postojećih Standarda usvoji i primjenjuje od momenta kada oni stupe na snagu i budu u primjeni. Rukovodstvo predviđa da usvajanje ovih novih Standarda i izmjena postojećih Standarda neće imati materijalan uticaj na finansijske izvještaje Banke u periodu inicijalne primjene.

Efekti implementacije i prve primjene MSFI 9 - Finansijski instrumenti

Regulatorne odredbe

Novi računovodstveni standard MSFI 9, kojeg je u julu 2014. godine objavio IASB i odobrila Evropska komisija Uredbom br. 2067/2016, od 01.01. 2018. godine zamjenjuje MRS 39, koji je do 31. 12. 2017. godine regulisao klasifikaciju i mjerenje finansijskih instrumenata. MSFI 9 je podijeljen u tri različita područja: klasifikacije i mjerenja finansijskih instrumenata, umanjenja vrijednosti i računovodstva zaštite.

U vezi sa prvim područjem, MSFI 9 predviđa da se klasifikacija finansijske imovine određuje, s jedne strane, obilježjima pripadajućih ugovornih novčanih tokova, a s druge strane namjerom upravljanja (poslovni model) finansijskim instrumentom.

Umjesto dosadašnje četiri računovodstvene kategorije, finansijska se imovina, prema MSFI 9, može klasifikovati u tri kategorije:

- Finansijska imovina koja se vrednuje po amortizovanom trošku,
- Finansijska imovina koja se vrednuje po fer vrijednosti kroz ostalu sveobuhvatnu dobit (za dužničke instrumente rezerva se prenosi na bilans uspjeha u slučaju prestanka priznavanja instrumenta) te
- Finansijska imovina koja se vrednuje po fer vrijednosti kroz bilans uspjeha.

Klasifikacija i mjerenje finansijskih instrumenata. Finansijska imovina se može klasifikovati u prve dvije kategorije i vrednovati po amortizacionom trošku ili po fer vrijednosti kroz ostalu sveobuhvatnu dobit samo ako se dokaže da ista dovodi do novčanih tokova koji su isključivo otplate glavnice i kamata (tzv. "solely payment of principal and interest" – "SPPI test"). Vlasničke hartije od vrijednosti uvijek se klasifikuju u treću kategoriju i vrednuju se po fer vrijednosti kroz bilans uspjeha, osim u slučaju da subjekt odabere (neopozivo, u trenutku početnog upisa) akcije koje se ne drže u svrhu trgovanja, klasifikovati po fer vrijednosti kroz ostalu sveobuhvatnu dobit.

Vezano za klasifikaciju i vrednovanje finansijskih obaveza, ne uvode se značajne promjene u odnosu na sadašnji standard.

- Amendments to IAS 40 “Investment Property” - Transfers of Investment Property (effective for annual periods beginning on or after January 1, 2018);
- Amendments to IFRS 1 and IAS 28 due to “Improvements to IFRSs (cycle 2014-2016)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after January 1, 2018);
- Amendments to various standards due to “Improvements to IFRSs (cycle 2015-2017)” resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after January 1, 2019);
- IFRIC 22 “Foreign Currency Transactions and Advance Consideration” (effective for annual periods beginning on or after January 1, 2018); and
- IFRIC 23 “Uncertainty over Income Tax Treatments” (effective for annual periods beginning on or after January 1, 2019).

It is the Bank's policy to adopt the new standards and amendments to the existing standards and apply them from the their effective date. The Bank's management anticipates that the adoption of these standards, amendments to existing standards and new interpretations will have no material impact on the financial statements of the Bank in the period of initial application.

Effects of First-Time Adoption of IFRS 9 – Financial Instruments

Regulatory Provisions

As from January 1, 2018, the new accounting standard IFRS 9, published in July 2014 by IASB and approved by the European Commission in the under Regulation no. 2067/2016, will replace IAS 39, which until December 31, 2017 governed classification and measurement of the financial instruments. IFRS 9 covers three different areas: classification and measurement of financial instruments, impairment, and hedge accounting.

With regard to classification and measurement, IFRS 9 stipulates that classification of financial assets shall be determined by the characteristics of the instrument's contractual cash flows on one end and the intent and purpose (business model) of the financial instrument management.

In place of the previous four categories of instruments, IFRS 9 stipulates classification of financial assets into the following three categories:

- Financial assets measured at amortized cost (AC);
- Financial assets measured at fair value through other comprehensive income (FVTOCI) (for debt instruments, reserves are reclassified to the profit or loss upon derecognition); and
- Financial assets measured at fair value through profit or loss (FVTPL).

Classification and measurement of financial instruments. Financial assets may be classified into the first two categories and measured at either amortized cost or at fair value through other comprehensive income only if it can be demonstrated that such assets result in the cash flows that are solely payment of principal and interest (“SPPI test”). Equity securities are invariably classified into the third category and measured at fair value through profit or loss in the event that the entity elects (irrevocably, upon initial recognition) not to classify shares not held for trading at fair value through other comprehensive income.

With regard to the classification and measurement of financial liabilities no significant changes are introduced in comparison to the previously effective standard.

Umanjenje vrijednosti finansijskih instrumenata. U vezi sa umanjnjem vrijednosti, za instrumente koji se vrednuju po amortizacionom trošku i po fer vrijednosti kroz ostalu sveobuhvatnu dobit (koji nisu vlasnički instrumenti), uvodi se model zasnovan na konceptu očekivanih gubitaka, umjesto sadašnjeg zasnovanog na pretrpljenim (odnosno nastalim) gubicima, s ciljem da se brže prepoznaju gubici. MSFI 9 zahtijeva da se očekivani gubici knjiže na nivou očekivanih gubitaka u sljedećih 12 mjeseci (Prvi nivo kreditnog rizika – ‘Stage 1’) od početnog upisa finansijskog instrumenta. Vremenski horizont za izračunavanje očekivanog gubitka postaje, umjesto toga, cijeli preostali život imovine koja je predmetom vrednovanja, gdje je kreditni kvalitet finansijskog instrumenta doživio “značajno” pogoršanje kreditnog rizika u odnosu na početna mjerenja (Drugi nivo kreditnog rizika – ‘Stage 2’) ili u slučaju da je imovina djelimično ili potpuno nenadoknadiva (Treći nivo kreditnog rizika – ‘Stage 3’). Detaljnije, uvođenje novih propisa za umanjjenje vrijednosti uključuje:

- Alokaciju prihodujuće finansijske imovine u različite nivoe kreditnog rizika (‘staging’), kojima odgovaraju ispravke vrijednosti zasnovane na očekivanim gubicima tokom idućih 12 mjeseci (tzv. Nivo 1 – ‘Stage 1’) ili na očekivanim gubicima za cjelokupni preostali vijek trajanja instrumenta (tzv. Nivo 2 – ‘Stage 2’), u prisutnosti značajnog povećanja kreditnog rizika;
- Alokaciju djelimično ili potpuno nenadoknadive finansijske imovine u tzv. Nivo 3 – ‘Stage 3’, uvijek s ispravkama vrijednosti baziranim na očekivanim gubicima tokom cijelog vijeka trajanja instrumenta;
- Uključivanje u izračun očekivanih kreditnih gubitaka (‘ECL - Expected Credit Losses’) procjena povezanih sa očekivanim budućim promjenama makroekonomskog okruženja.

Projekat implementacije

S obzirom na prevladavajući uticaj promjena koje uvodi MSFI 9, kako na poslovanje, tako i na organizaciju i način izvještavanja, Banka je, tokom 2017. godine, pokrenula poseban projekat usmjeren na istraživanje različitih područja uticaja standarda, definisanje njegovog kvalitativnog i kvantitativnog uticaja, kao i na identifikovanje i implementaciju informatičko-tehnoloških promjena potrebnih za usklađenu i kvalitetnu primjenu unutar Banke.

Oformljena je specijalizovana radna grupa, zadužena za razvoj i implementaciju internog MSFI 9 okvira, zajedno sa eksterno angažovanim konsultantom koji vodi projekat. Predmetni Projekat, koji se približava svojim završnim fazama, u ovom je trenutku usmjeren na podršku i praćenje aktivnosti u vezi sa procjenom uticaja inicijalne primjene - First Time Adoption (FTA) novog Standarda, kao i na implementaciju novih informatičko-tehnoloških mjera, usmjerenih na osiguranje dosljedne primjene novih pravila definisanih Standardom.

Prije početka analize glavnih aktivnosti Projekta u odnosu na pomenuta područja uticaja standarda MSFI 9, potrebno je podsjetiti na generalne izbore koje je provela Banka u području primjene novog Standarda, na prikaz uticaja primjene novih pravila umanjjenja vrijednosti finansijske imovine na regulatorni kapital, kao i na zastupljenosti uporednih stanja tokom obračunskog perioda inicijalne primjene standarda; prije svega:

- Evropski parlament i Vijeće izdali su Uredbu (EU) 2017/2395 „Prelazne odredbe usmjerene na ublažavanje uticaja uvođenja MSFI-ja 9 na regulatorni kapital” koja mijenja Uredbu 575/2013 CRR, uvođenjem novog člana 473 bis “Uvođenje MSFI-ja 9”, koji nudi mogućnost bankama da smanje uticaj na regulatorni kapital koji proizlazi iz uvođenja računovodstvenog standarda MSFI 9 u prelaznom periodu od 5 godina (od 03/2018. do 12/2022.) postupnim uključivanjem u CET1 silazne količine samog uticaja. Banka je odabrala takozvani ‘statički pristup’, kojeg će primjenjivati na uticaj koji proizlazi iz poređenja između ispravke vrijednosti MRS 39, postojećih na dan 31.12.2017. godine i ispravki vrijednosti koji proizilaze iz MSFI 9 do 01.01.2018. godine.
- U vezi sa načinima predstavljanja efekata inicijalne primjene Standarda, Banka je usvojila mogućnost predviđenu u paragrafu 7.2.15 MSFI 9 i u stavkama E1 i E2 MSFI 1 „Inicijalna primjena Međunarodnih standarda finansijskog izvještavanja”, prema kojima - ne dovodeći u pitanje retrospektivnu primjenu novih pravila mjerenja i izvještavanja koja se zahtjevaju standardom - nije predviđeno obavezno prikazivanje uporednih podataka u finansijskim izvještajima inicijalne primjene na osnovi odredbi novog Standarda.

U nastavku je opis i kratka analiza aktivnosti provedenih u okviru Projekta i faze finalizacije u odnosu na glavna područja uticaja kako je gore definisano.

Impairment of financial instruments. With regard to the impairment, for instruments measured at AC and at FVTOCI (other than equity instruments), the standard introduces a model based on the concept of expected credit losses rather than the previously used model of incurred (actual) losses for faster identification of credit losses. IFRS 9 requires that expected credit losses be recorded as twelve-month expected losses (first credit risk level – ‘Stage 1’) from the initial recognition of a financial instrument. The time horizon for credit loss calculation expands to the lifetime expected credit losses for instruments where the credit quality of an instrument has undergone “Significant” increase or deterioration of the credit risk since initial measurement (second credit risk level – ‘Stage 2’) or in the event that an asset is partially or fully irrecoverable (third credit risk level – ‘Stage 3’). In more detail, new rules for impairment entail:

- Allocation of the performing financial assets to different levels or stages of credit risk (‘staging’), corresponding to the impairment allowances based on the expected credit loss calculations for 12-month credit losses (‘Stage 1’) expected credit losses over the life of an instrument (‘Stage 2’) with significant increase of the credit risk;
- Allocation of partially or fully irrecoverable financial assets to ‘Stage 3’, with impairment allowance based on the lifetime expected credit losses; and
- Inclusion of forward-looking information about the macroeconomic environment trends in the calculation of the expected credit losses (‘ECL’).

IFRS 9 Implementation Project

Given the prevailing effects of the changes introduced by IFRS 9, both on its operations and on organization and manner of financial reporting, during 2017 the Bank initiated a special project focused on investigation of the standards’ different areas, definition of its qualitative and quantitative impacts and identification and implementation of the IT changes required for the aligned and high-quality implementation of the standard throughout the Bank.

A specialized task force unit was formed for development and implementation of an internal IFRS 9 framework, along with engagement of an external consultant leading the Project. The said Project, now approaching its final stages, is currently focused on the support and monitoring of the activities of assessment of the standard’s first-time adoption (FTA) impact, as well as on the implementation of the new IT measures aimed at ensuring consistent application of the new rules defined by the standard.

Before analysis of the main Project activities in respect of the aforesaid areas of IFRS 9 impact, we need to recap the Bank’s choices in the area of the new standard implementation, the presentation of effects of the applied new impairment rules on the regulatory capital and comparative balances during the first-time adoption period, particularly:

- The European Parliament and Council issued Regulation (EU) 2017/2395 “Transitional Arrangements for Mitigating the Impact of the Introduction of IFRS 9 on Regulatory Capital” amending Regulation 575/2013 CRR, by inserting a new Article 473 “Introduction of IFRS 9”, which provides banks with an option to reduce the impact of IFRS 9 introduction on the regulatory capital over the transition period of 5 years (from March 2018 to December 2022) by gradual inclusion of the reducing effect of the ECL calculation-based provisioning into common equity Tier 1 capital (CET1). The Bank has elected to apply the so-called static approach to the effect arising from the differences between impairment allowances calculated under IAS 39 as of December 31, 2017 and impairment allowances calculated under IFRS 9 as of January 1, 2018;
- With regard to the presentation of IFRS (FTA effects, the Bank has adopted an option stipulated by IFRS 9 paragraph 7.2.15 and provisions E1 and E2 of IFRS 1 – First-Time adoption of International Financial Reporting Standards, whereby – without precluding the retrospective application of the new measurement and reporting rules defined by the standard – presentation of the comparative data in FTA financial statements under the provisions of the new standard is not mandatory.

What follows is a brief description and analysis of the activities conducted within the Project and its finalization stages per main impact areas as defined above.

Klasifikacija i mjerenje

Kako bi se poštovala pravila MSFI 9 - koji uvodi model kojim se klasifikacija finansijske imovine, s jedne strane, definiše ugovornim obilježjima novčanih tokova instrumenata a, s druge strane, upravljačkom namjerom za koju se oni drže – definisani su načini provođenja testa o ugovornim obilježjima novčanih tokova (takozvani SPPI Test) i formalizovani su poslovni modeli koji su usvojeni od strane Banke.

Što se tiče SPPI testa na finansijskoj imovini, definisana je metodologija koja će se koristiti, - i istovremeno - je završena analiza sastava postojećih portfelja hartija od vrijednosti i kredita, u svrhu pravilne klasifikacije u trenutku prve primjene novog standarda.

U vezi sa dužničkim hartijama od vrijednosti, provedena je detaljna analiza novčanih tokova instrumenata koja se klasifikuje po amortizacionom trošku, i u kategoriji Finansijske imovine raspoložive za prodaju u skladu s MRS 39, kako bi se identifikovala sredstva koja, ne prolazeći SPPI test, moraju biti vrednovana po fer vrijednosti kroz bilans uspjeha u skladu sa MSFI 9. Iz provedenih analiza zaključeno je da Banka u portfelju nema dužničkih hartija od vrijednosti koje „padaju“ na SPPI testu.

Za portfelj kreditnih plasmana, projekat je provodio relevantne analize uzimajući u obzir značaj portfelja, njihovu homogenost i poslovni segment. U tom smislu, korišteni su diferencirani pristupi za portfelje kredita fizičkim i pravnim licima, te u tom kontekstu nisu identifikovani slučajevi koji, u smislu posebnih ugovornih odredbi ili prirode finansiranja, utvrđuju pad SPPI testa. Stoga ni za kreditni segment nema značajnih uticaja tokom inicijalne primjene.

Što se tiče druge determinante klasifikacije finansijske imovine (poslovni model), završen je proces definisanja poslovnih modela koje treba usvojiti u skladu sa MSFI 9. Za ‘Hold to Collect’ portfelje (finansijska imovina koja se drži radi prikupljanja ugovornih novčanih tokova), definisani su pragovi kako bi se razmotrile dozvoljene učestale, ali ne i značajne prodaje (pojedinačno i zajednički), ili neučestale čak i ako su značajnih iznosa.

Istovremeno su uspostavljeni parametri za identifikaciju prodaja koje su u skladu s ovim poslovnim modelom jer se mogu pripisati povećanju kreditnog rizika. Na osnovu provedenih analiza, portfelji hartija od vrijednosti, danas klasifikovanih po amortizacionom trošku, uopšteno pokazuju smanjeni promet, u skladu sa strategijom ‘Hold to Collect’ poslovnog modela. Vezano za dužničke hartije od vrijednosti koje su trenutno klasifikovane kao Imovina raspoloživa za prodaju, definisano je usvajanje ‘Hold to Collect or Sell’ poslovnog modela (finansijska imovina koja se drži radi prikupljanja ugovorenih novčanih tokova ili za prodaju) za gotovo cijeli portfelj.

Osim toga, načelno, trenutni način upravljanja kreditima, kako prema fizičkim, tako i prema pravnim licima, u suštini se može pripisati poslovnom modelu ‘Hold to Collect’.

Što se tiče vlasničkih hartija od vrijednosti, identifikovani su instrumenti (klasifikovani u kategoriju finansijske imovine raspoložive za prodaju u skladu sa MRS 39) za koje se u momentu usvajanja Standarda primjenjuje opcija klasifikacije po fer vrijednosti kroz ostalu sveobuhvatnu dobit (bez recikliranja kroz bilans uspjeha); definisani su osim toga, i opšti kriteriji koji moraju osigurati konzistentnost klasifikacije.

Umanjenje vrijednosti

S obzirom na primjenu i značaj umanjenja vrijednosti:

- Definisani su načini mjerenja promjene kreditnog kvaliteta, pozicija u portfelju finansijske imovine vrednovane po amortizacionom trošku ili po fer vrijednosti kroz ostalu sveobuhvatnu dobit;
- Definisani su kriteriji za utvrđivanje značajnog povećanja kreditnog rizika u svrhu pravilne alokacije prihodujućih izloženosti u ‘Stage 1’ ili u ‘Stage 2’. S druge strane, s obzirom na djelimično ili potpuno nenadoknadive izloženosti, usklađivanje zadatih računovodstvenih i regulatornih definicija – prisutnih već danas – omogućuje da se trenutna pravila klasifikacije izloženosti kao djelimično ili potpuno nenadoknadive, smatraju identičnim u odnosu na pravila klasifikacije izloženosti u ‘Stage-a 3’;

Classification and Measurement

In order to observe the rules of IFRS 9, under which classification of financial assets is defined by characteristics of the contractual cash flows of the instruments on one end and, on the other, by managerial intention and purpose for which the instruments are held, the Bank defined the method for testing of the characteristics of the contractual cash flows of the instruments (the so-called SPPI Test) and business models adopted by the Bank were formalized.

For SPPI testing of financial assets, the Bank defined the methodology to be used and at the same time completed analysis of the existing security and loan portfolios for classification upon first-time adoption of the standard.

For debt securities, the Bank performed detailed analyses of the cash flows of instruments measured at amortized costs, in the class of financial assets available for sale under IAS 39 in order to identify assets that, as they have not passed the SPPI test, must be measured at fair value through profit or loss under IFRS 9. Based on the analyses performed, it was concluded that in the Bank's portfolio there were no debt securities failing the SPPI test.

The relevant analyses were performed on the loan portfolios taking into account the portfolio significance, homogeneity and operating segment. The Bank used differentiated approaches for the retail and corporate loan portfolios, in this context, no instances of SPPI test failure were identified in terms of special contractual terms or nature of financing. Hence, there will be no significant impact on the Bank's crediting business segment either.

With regard to the other determinant of the financial asset classification (business model), the process of defining business models to be adopted under IFRS 9 was completed. For the portfolios within the 'Hold to Collect' model (financial assets held to collect contractual cash flows), the Bank has defined limit sin order to consider allowed frequent insignificant sales (individually and aggregately) and infrequent yet significant sales.

At the same time parameters were set up for identification of sales in accordance with this business model – those due to credit risk increase. Based on the analyses performed, security portfolios currently classified at amortized cost generally exhibit decreased turnovers in line with the 'Hold to Collect' business model strategy. For debt securities currently classified as assets available for sale the Bank shall adopt the 'Hold to Collect or Sell' business model (financial assets held to collect contractual cash flows or for sale) for almost the entire portfolio.

In principle, the current management of both the retail and corporate loans can substantially be attributed to the 'Hold to Collect' business model.

Within equity securities, instruments (under IAS 39 classified as financial assets available for sale) have been identified to which, upon IFRS 9 first-time adoption, the Bank will apply the fair value through other comprehensive income option (without reclassification to profit or loss); in addition, general criteria have been defined to ensure classification consistency.

Impairment

Given the implementation and significance of impairment:

- The Bank has defined methods for measurement of credit quality changes in the portfolios of assets measured at AC or at FVTOCI;
- The Bank has defined criteria for determining significant credit risk increase for appropriate allocation of the performing exposures to 'Stage 1' or 'Stage 2'. On the other hand, given the partially or fully irrecoverable exposures, the alignment of the set accounting and regulatory definitions – applied today – it is allowed to regard the currently applicable rules for partially or fully irrecoverable exposure classification as identical to the classification rules for 'Stage 3' exposures;

- Propisana je metodologija i razvijeni su interni modeli koji će se koristiti u svrhu izračuna očekivanih kreditnih gubitaka (ECL) tokom idućih 12 mjeseci (za izloženosti u 'Stage-u 1') i za preostali vijek trajanja instrumenta, odnosno cjeloživotnog ECL-a (za izloženosti u 'Stage-u 2' i 'Stage-u 3'). Metodologija Banke na dan 31. decembra 2017. godine nije bila usvojena, a razvoj internih modela se privodi kraju, te je očekivano vrijeme implementacije Projekta do kraja marta 2018. godine.

U vezi sa praćenjem kvaliteta kredita, a u skladu sa Standardom, pristupilo se pravovremenoj analizi kvaliteta kredita svakog pojedinačnog kreditnog odnosa, u svrhu identifikacije eventualnog „značajnog pogoršanja” istog od datuma prvog upisa i posljedične potrebe za klasifikacijom u „Stage 2”, kao i kriterija i uslova za njihovo vraćanje u 'Stage 1'. Drugim riječima, izvršeni izbor predviđa, za svaki slučaj posebno i za svaki datum izvještavanja, poređenje kreditnog kvaliteta finansijskog instrumenta u trenutku vrednovanja i u trenutku odobravanja ili kupovine u svrhu određivanja jesu li zadovoljeni uslovi za klasifikaciju u 'Stage 2'.

Na kraju, posebna razmatranja se odnose i za izloženosti klasifikovane u 'Stage 3'. Iako je suštinski definicija nenadoknadivog kredita u MSFI 9 jednaka u odnosu na već postojeće računovodstvene standarde, načini izračuna ECL za cijeli vijek trajanja doveli su do metodoloških razmatranja i za potrebe procjena koje je potrebno provoditi u ovom dijelu, uglavnom u odnosu na:

- Uključivanje budućih podataka;
- Razmatranja alternativnih scenarija naplate, poput prodaje udjela nenaplativog portfelja, kojoj se mora pripisati vjerovatnoća realizacije u kontekstu cjelokupne procjene;
- Procjene i roкове naplate, kao i na vjerovatnoću migracije u lošije kategorije.

Utjecaji na informacioni sistem

Racionalan i kvalitetan proces implementacije novina koje uvodi MSFI 9 u području Klasifikacije i Mjerenja, a prije svega umanjenja vrijednosti, dovelo je do potrebe za provođenjem radnji koje direktno utiču na IT područje. U tu su svrhu rađene posebne analize koje su dovele do utvrđivanja glavnih područja uticaja; na osnovu čega su definisane namjenske programske arhitekture koje su u procesu implementacije, te su identifikovani programi i procedure koje su u fazi finalnog prilagođavanja.

Identifikovani su programi namijenjeni unapređenju procjene i praćenja kreditnog rizika na nivou jedne pozicije (interni rejting modeli) i izračun pripadajućeg ECL-a, kao i neophodne aktivnosti vezane za prilagođavanje i nadogradnju, kako bi se obezbjedile preventivne mjere u svrhu praćenja mogućih reklasifikacija pozicija u 'Stage 2' i otkrivanja dosljednih i pravovremenih ispravki vrijednosti u odnosu na stvarni kreditni rizik. Slične analize i intervencije su i definisane i u finalnoj su fazi implementacije što se tiče prilagođavanja računovodstvenih programa i u svrhu obezbeđenja odgovarajućih objava u finansijskim izvještajima. Generalno, navedene radnje definisane su i provedene, na centralizovan način u Banci.

Proces usvajanja MSFI 9 ('First Time Adoption' – FTA)

Banka je polovinom 2017. godine, pokrenula Projekat razvoja i implementacije internog MSFI 9 okvira. U okviru spomenutog projekta identifikovana je raspoloživost i kvalitet podataka potrebnih za sve MSFI 9 obračune, razvijeni su novi modeli kreditnog rejtinga, modeli ročne strukture vjerovatnoće neplaćanja ('PD curves'), modeli gubitka usljed neispunjavanja finansijskih obaveza (LGD modeli), modeli konverzije vanbilansnih proizvoda i vanbilansnih dijelova odobrenih limita (CCF modeli) i modeli očekivanog kreditnog gubitka (ECL modeli), kao i algoritmi klasifikacije i re-klasifikacije izloženosti usljed značajnog pogoršanja kreditnog rizika ('Staging algoritam' i kriteriji probacije).

- The Bank has prescribed a methodology and developed internal models for calculation of expected credit losses within next 12 months ('Stage 1' exposures) and lifetime ECLs (for exposures allocated to 'Stage 2' and 'Stage 3'). As of December 31, 2017 the Bank's methodology was not yet adopted and internal ECL model development is currently being finalized, so that the anticipated time of the Project implementation is late March 2018.

As for credit quality monitoring under IFRS 9, the Bank commenced timely analyses of the credit quality per each individual credit relationship for identification of any "significant credit quality deterioration" since the initial recognition and, consequently, classification into 'Stage 2', as well as of the criteria for their transfer back to 'Stage 1'. In other words, for each individual assets at each reporting date, the credit quality of a particular financial instrument at measurement date shall be compared to its credit quality at the approval/purchase date so that it can be determined whether the criteria for classification into 'Stage 2' are met.

Finally, special considerations pertain to the exposures classified into 'Stage 3'. Although the irrecoverable loan definition under IFRS 9 is substantially the same as the definition under the currently effective accounting standards, lifetime ECL calculation methods have led to methodological considerations for the purposes of estimates and judgements that need to be made in this area, mostly relating to:

- Inclusion of the forward-looking information;
- Consideration of alternative collection scenarios, such as sales of the irrecoverable portfolio portion, which must be assigned probability of realization in the overall estimate context; and
- Estimates and timing of collection as well as probability of migration into worse stages.

Impact on the Information System

A rational and high-quality process of implementing novelty introduced by IFRS 9 in the areas of classification and measurement and impairment in particular has required the Bank to undertake actions directly affecting IT. For such purposes, the Bank performed special analyses that resulted in identification of the main areas of impact, based on which dedicated software architecture has been defined, which is currently in the process of implementation, and applications and procedures have been identified now undergoing final adjustments.

Software applications were identified for improved credit risk assessment and monitoring at a single item level (internal rating models) and the relating ECL calculation, as well as adaptation and upgrade activities in order to ensure prevention measure for monitoring possible reclassifications of items into Stage 2 and for making consistent and timely impairment allowances against the actual credit risk. Similar analyses and interventions have been defined and are currently in the final implementation phase in respect of both accounting software upgrade and appropriate disclosures in the financial statements. Generally, the aforesaid activities have been centrally defined and performed in the Bank.

First Time Adoption (FTA) of IFRS 9

In mid-2017 the Bank initiated the Project of Internal IFRS 9 Framework Development and Implementation. Within the Project the Bank identified availability and quality of all information and data required for all IFRS 9 calculations, developed new credit rating models, probability of default curve models ('PD curves'), loss given default models (LGD models), credit conversion factor models for off-balance sheet exposures (CCF models) and expected credit loss models (ECL models), as well as exposure classification algorithms and algorithms of exposure reclassification due to significant credit risk increase (staging algorithm and probation criteria).

Efekti inicijalne primjene Standarda MSFI ('First Time Adoption' – FTA)

Obzirom da sama Metodologija nije bila u potpunosti implementirana tj. vrijednosti parametara rizika nisu bile sistemski dostupne za potpuni obračun usklađen sa standardnom Metodologijom, kao ni izloženosti iz planova otplate, Banka je na pojednostavljenom modelu buduće standardne Metodologije temeljenom na portfeljnom pristupu izračunala očekivani uticaj inicijalne/prve primjene MSFI 9 u oblasti umanjenja vrijednosti, odnosno za objavu očekivanih efekata inicijalne primjene MSFI 9 koristila ekspertsku aproksimaciju dobijenu na temelju dostupnih podataka o stopama neplaćanja ('default rates'), stopama ispravki vrijednosti na neprihodujućim plasmanima izračunatih na individualnoj osnovi i prosječnih ročnosti iz prethodnih razdoblja, po standardnim segmentima kreditnih klijenata.

U skladu sa odabranim pristupom i propisanim smjernicama novog Standarda, u nastavku je procjena efekata Banke, na dan 1. januara 2018. godine. Ti efekti, koji se tiču kako iznosa, tako i sastava finansijske imovine, proizlaze uglavnom iz obaveze ponovnog definisanja ispravki vrijednosti finansijske imovine u portfelju (kako prihodujuće, tako i neprihodujuće) primjenom modela očekivanih gubitaka, u zamjenu za dosadašnji model pretrpljenog gubitka. Procjena inicijalnog učinka uvođenja standarda MSFI 9 je rađena i prikazana na portfeljnoj (sintetičkoj) osnovi. Odstupanja obračuna na analitičkoj osnovi su moguća.

Ukupno usklađivanje knjigovodstvene vrijednosti finansijskih instrumenata zbog prelaska na MSFI 9 koji će biti priznati u kapitalu Banke sa 1. januarom 2018. godine i koji će uticati na stopu CET 1, bruto od poreza, procjenjuje se na iznos od oko 11,7 mil BAM povećanja ispravki vrijednosti, pri čemu bi adekvatnost kapitala iznosila oko 13.8% prije pripisa neto dobiti poslovne 2017. godine, odnosno oko 14.5% nakon pripisa neto dobiti poslovne 2017. godine.

Gledajući ukupan procijenjeni efekat usklađivanja vrijednosti finansijskih instrumenata zbog prelaska na MSFI 9, odnosno povećanje ispravki vrijednosti su u najvećoj mjeri posljedica prelaska na novi model vrednovanja (umanjenje vrijednosti) na osnovu očekivanih kreditnih gubitaka i primjene pravila alokacije po nivoima kreditnog gubitka:

- (i) Alokacije portfelja u Nivo 2- 'Stage 2', na osnovu definisanih kriterija alokacije, s posljedičnom potrebom za obračunom očekivanog gubitka za cijeli preostali životni vijek finansijske imovine – posljedice prelaska na novi standard,
- (ii) promjene iznosa očekivanih kreditnih gubitaka u sva tri nivoa ('stage-a') kreditnog rizika u odnosu na iznose pretrpljenih kreditnih gubitaka, izračunatih u skladu sa zahtjevima MRS 39 standarda,
- (iii) Diferenciranog pristupa vrednovanja prema centralnoj vladi i entiteskim vlastima, i
- (iv) Novo modeliranje parametara rizika (PD, LGD, CCF).

Efekti prve primjene MSFI 15 - Prihodi od ugovora sa kupcima

MSFI 15 je primjenjiv na ili nakon 1. januara 2018. godine. On uspostavlja model od pet koraka koji će se primjenjivati na prihode iz ugovora sa kupcima (uz ograničen broj izuzetaka), nezavisno od vrste prihoda ili industrije. Zahtjevi standarda će se takođe primjenjivati na priznavanje i mjerenje dobitaka i gubitaka od prodaje neke nefinansijske imovine, koja nije posljedica uobičajenih aktivnosti Banke (npr. prodaja stalne materijalne ili nematerijalne imovine). Standard zahtjeva detaljna objelodanjivanja, uključujući razvrstavanje ukupnih prihoda, informacije o činidbenim obavezama iz ugovora, promjene u stanju imovine i obaveza po osnovu ugovora između perioda, kao i ključne procjene.

Pojašnjenja standarda će se primjenjivati počev od ili poslije 1. januara 2018. godine, uz dozvoljenu raniju primjenu. Cilj je pojašnjenje namjere koju je Odbor za međunarodne računovodstvene standarde imao pri definisanju zahtjeva MSFI 15 – "Prihodi od ugovora sa kupcima", posebno u dijelu koji se odnosi na računovodstveno obuhvatanje identifikovanih činidbenih obaveza, pojašnjavajući princip „pojedinačne identifikacije“, principal-agent problem (procjena da li je Društvo principal ili agent), kao i primjenu kontrolnog pristupa i licenciranja, obezbjeđujući dodatne smjernice za računovodstveni tretman intelektualne svojine i autorskih prava. Pojašnjenja takođe obezbjeđuju dodatne praktične savjete za Banke koja će primjenjivati MSFI 15 potpuno retrospektivno, ili koja će izabrati primjenu modifikovanog retrospektivnog pristupa. Ne očekuje se da će zahtjevi ovog standarda imati značajan uticaj na finansijske izvještaje Banke.

Effects of the First Time Adoption (FTA) of IFRS 9

Given that the Bank's Methodology was not fully implemented, i.e., parameter values were not systemically available for complete calculation in full compliance with the Methodology, nor were available the exposures from the repayment schedules, the Bank used a simplified model of the future standard Methodology based on the collective (portfolio) approach to calculate the anticipated impact of the first-time adoption of IFRS 9 in the area of impairment. For FTA disclosure purposes the Bank used expert approximation arrived at using available data on default rates, impairment allowance rates for NPLs calculated based on the individual impairment assessment, and average historical maturities per standard customer segments.

In line with the selected approach and instructions prescribed by the new standard, what follows is the Bank's estimate of the IFRS 9 FTA effects as of January 1, 2018. Such effects, in terms of amounts and structure, arose mostly from the mandatory redefinition and recalculation of the impairment allowance of financial assets within the portfolio (both performing and non-performing) using the ECL model instead of the previous incurred loss model. The estimate of the IFRS 9 FTA effects was performed and presented on the portfolio (synthetic) basis. The estimate may vary from the calculations made on the analytical basis.

The overall value adjustments of financial instruments due to transition to IFRS 9, which will be recognized in equity as of January 1, 2018 and which will affect CET 1 ratio – gross of tax effect – have been estimated in the amount of about BAM 11.7 million of impairment allowance increases, while the capital adequacy ratio would equal about 13.8% before added net profit for the year 2017, or 14.5% after addition of the net profit for 2017.

The estimated effect of the overall adjustments to the carrying value of financial instruments due to transition to IFRS 9, i.e., increase in impairment allowances, is mostly a result of the transition to the new impairment (ECL) model and allocation to credit loss stages:

- (i) Portfolio allocation to Stage 2, based on the defined allocation criteria and consequently required calculation of lifetime ECL – resulting from the transition to IFRS 9;
- (ii) Changes in ECL amounts in all three credit risk stages against the amounts of incurred credit losses calculated under IAS 39 requirements;
- (iii) Differentiated measurement approach for the Central Government and Entity Governments; and
- (iv) New modeling of risk parameters (PD, LGD, CCF).

Effects of the First-Time Adoption of IFRS 15 - Revenue from Contracts with Customers

IFRS 15, effective starting from January 1, 2018, introduces a 5-step approach to revenue recognition to be used in accounting for revenue arising from contracts with customers. The standard's requirements will be applicable to the recognition and measurements of gains and losses on the sales of some financial assets, not resulting from the Bank's normal course of business (e.g., sales of non-current assets). The standard requires extensive disclosures, including those on disaggregation of the revenue, information on performance obligations under the relevant contract, changes in the contract balances of assets and liabilities between the periods and key judgements.

Clarifications to IFRS 15 effective for periods beginning on or after January 1, 2018 with permitted early adoption, were published to clarify the intentions of IASB in definition of the requirements of IFRS 15, in particular those pertaining to the accounting for identified performance obligations, with the explained concept of "distinct" obligation, principal-agent problem (determining whether an entity is a principal or an agent based on control), and application of the control approach to licensing. These amendments provide additional guidelines for the accounting treatment of intellectual property and royalty. There are also practical expedients for banks that will apply IFRS 15 in full retrospect and those that will choose modified retrospective approach. The Bank anticipates that IFRS 15 requirements will have no significant impact on its financial statements.

Efekti prve primjene MSFI 16 - Lizing

Standard je primjenljiv počev na ili nakon 1. januara 2019. godine. MSFI 16 definiše početno priznavanje, odmjeravanje i objelodanjanje lizinga za obe strane u ugovoru, odnosno za kupca („zajmoprimca“) i za dobavljača („zajmodavca“). U svim poslovima lizinga sadržan je i element finansiranja jer korisnik stiče pravo na korišćenje sredstava na početku lizing perioda, a plaćanje vrši tokom perioda. Novi standard zahtjeva da zajmoprimac prizna većinu zajmova u svojim finansijskim izvještajima. Zajmodavci će imati jedan računovodstveni model za sve vrste lizinga, uz pojedine izuzetke. Računovodstvo zajmodavca ostaje suštinski nepromjenjeno. Banka je u procesu utvrđivanja efekata koje će primjena ovog standarda imati na finansijske izvještaje Banke.

2.5. Uporedne finansijske informacije

Zbog postizanja konzistentnosti prezentacije u tekućem izvještajnom periodu izvršene su određene reklasifikacije uporednih finansijskih informacija za 2016. godinu. Navedene reklasifikacije nemaju uticaja na neto rezultat, ukupnu aktivu i ukupni kapital Banke.

Uporedne podatke čine finansijski izvještaji Banke na dan 31. decembar 2016. godine i za godinu koja se završila na taj dan.

2.6. Stalnost poslovanja

Uprava Banke je procijenila 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. U toku 2017. godine Banka nije imala problema sa likvidnošću i sve svoje obaveze je izvršavala u predviđenim rokovima. 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.

Na dan 31. decembra 2017. godine Banka je imala koeficijent adekvatnosti kapitala od 13,9% i isti je obračunat bez uključene neto dobiti tekuće godine. Koeficijent adekvatnosti kapitala sa uključenom revidiranom neto dobiti tekuće godine će iznositi 14,6%.

3. PREGLED ZNAČAJNIH RAČUNOVODSTVENIH POLITIKA

3.1. Prihodi i rashodi od kamata

Prihodi i rashodi od kamata priznaju se u bilansu uspjeha primjenom metode efektivne kamatne stope. Efektivna kamatna stopa je stopa koja diskontuje buduće gotovinske isplate, ili primanja tokom očekivanog perioda trajanja finansijskog sredstva, ili obaveze, ili prema potrebi u kraćem vremenskom periodu na neto knjigovodstvenu vrijednost finansijskog sredstva, ili finansijske obaveze. Prilikom obračuna efektivne kamatne stope, Banka procjenjuje buduće novčane tokove uzimajući u obzir sve ugovorene uslove finansijskih instrumenata, ali ne uzimajući u obzir buduće kreditne gubitke koji mogu nastati.

Prihodi i rashodi od kamata, uključujući i zateznu kamatu i ostale prihode i ostale rashode vezane za kamatonosnu aktivu i kamatonosnu pasivu, evidentiraju se u bilansu uspjeha u periodu na koji se odnose u skladu sa načelom uzročnosti prihoda i rashoda i uslovima iz obligacionih odnosa koji su definisani ugovorom Banke i komitentata.

Obračun efektivne kamatne stope uključuje sve naknade i provizije koje su plaćene ili primljene, a koje su sastavni dio efektivne kamatne stope, transakcione troškove i sve druge premije ili diskonte.

Naknada za odobravanje kredita, koja čini dio efektivne kamatne stope, evidentira se u okviru prihoda od kamate, obračunava se i naplaćuje jednokratno unaprijed, razgraničava se i diskontuje tokom perioda trajanja kredita.

Priznavanje prihoda od kamata koje se odnose na neobezvrijeđene plasmane i čija je naplata izvjesna vrši se u potpunosti. Priznavanje prihoda od kamata na plasmane koji su klasifikovani kao sporni ili nenaplativi ili za koje je pokrenut postupak naplate kod suda, vrši se primjenom efektivne kamatne stope na neto vrijednost ovih plasmana. Banka nastavlja obračun kamate u cilju evidencije ukupnog potraživanja po osnovu kamata, ali ovako obračunata kamata ne utiče na prihode od kamata već se samo evidentira u vanbilansnoj evidenciji Banke.

Effects of the First-Time Adoption of IFRS 16 - Leases

IFRS 16, effective starting from January 1, 2019, MSFI 16 defines initial recognition, measurement and disclosure of leases for both contractual parties, i.e., for the customer (the “lessee”) and the supplier (the “lessor”). All leasing types include the financing element as the lessee acquires the right use the assets at the onset of the lease term and pays for them over the lease term. The new standard requires that the lessee recognize most of the leases in their financial statements. The lessors will have a single accounting model for all types of leases, with certain exceptions. The lease accounting remains substantially unchanged for the lessors. The Bank is currently estimating the effects that the adoption of this standard will have on its financial statements.

2.5. Comparative Financial Information

In order to achieve consistency with the current period presentation, the Bank made certain immaterial reclassifications to the comparative financial information for 2016. The said reclassifications had no impact on the Bank's financial performance, its total assets or total equity.

The comparative data comprise the Bank's financial statements as of and for the year ended December 31, 2016.

2.6. Going Concern

The Bank's Management Board assessed that the Bank is able to continue to operate on a going concern basis and satisfied themselves as to the Bank's possession of resources that will allow its unhindered operation in the foreseeable future. During 2017 the Bank had no liquidity problems and discharged all of its liabilities as these fell due. In addition, the Bank's management is not aware of any material uncertainty that might cast a significant doubt about the Bank's ability to continue as a going concern. Hence, the Bank's financial statements have been prepared on a going concern basis.

As of December 31, 2017, the Bank's capital adequacy ratio was 13.9% before added net profit for the year 2017. With added net profit for the year 2017, the capital adequacy ratio will equal 14.6%.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Interest Income and Expenses

Interest income and expenses are recognized in the income statement as they accrue for all interest-bearing instruments using the effective interest method. The effective interest rate is the rate that precisely discounts the estimated future cash disbursements or payments over the expected life of a financial instrument or, as appropriate, a shorter period, to the net carrying value of the financial asset or liability. When calculating the effective interest rate, the Bank estimates cash flows, taking into consideration all contractual terms related to the financial instrument, but not considering future credit losses.

Interest income and expenses, including penalty or default interest and other income and other expenses from interest bearing assets, as well interest bearing liabilities, are calculated and recognized in the income statement on an accrual basis, by applying the matching principle and terms defined by the relevant contracts executed between the Bank and the customers.

The effective interest rate calculation includes all fees and commissions paid or received, which are a constituent part of the effective interest rate, transaction costs and all other premiums and discounts.

The loan origination fee, which is a part of the effective interest rate, is recorded within interest income. Loan origination fees, which are charged, collected or paid on a one-time basis in advance, are deferred and discounted over the loan life.

Interest income from performing and risk-free loans whose collection is certain is fully recognized. Interest income from impaired loans and receivables classified as doubtful or irrecoverable or subject to litigation, is recognized and calculated based on the net amounts of loans using the effective interest method. The Bank continues to calculate the interest on such loans and receivables for full records of total interest receivables but interest calculated in this manner does not affect interest income as it is recorded within the Bank's off-balance sheet items.

3.2. Prihodi i rashodi od naknada i provizija

Prihodi i rashodi naknada i provizija, izuzev onih koje predstavljaju sastavni dio efektivne kamatne stope, nastali pružanjem, odnosno korišćenjem bankarskih usluga, priznaju se po načelu uzročnosti prihoda i rashoda, odnosno na obračunskoj osnovi i utvrđuju se za period kada su ostvareni, odnosno kada je usluga pružena.

Naknade i provizije uglavnom obuhvataju naknade od poslova unutrašnjeg i ino platnog prometa, kartičnog poslovanja, izdavanja garancija i akreditiva, davanja kredita (prijevremena otplata, monitoring), mjenjačkih poslova, usluga brokerskih i depozitnih poslova i drugih usluga koje Banka pruža.

Prihodi od naknada za odobravanje garancija i drugih potencijalnih obaveza razgraničavaju se saglasno periodu trajanja i priznaju u bilansu uspjeha srazmjerno vremenu trajanja.

3.3. Preračunavanje stranih valuta

Stavke uključene u finansijske izvještaje Banke evidentirane su u valuti primarnog ekonomskog okruženja (funkcionalnoj valuti). Finansijski izvještaji prikazani su u hiljadama BAM, koja je izvještajna i funkcionalna valuta Banke.

Transakcije u stranoj valuti preračunavaju se u BAM po zvaničnom srednjem kursu Centralne banke Bosne i Hercegovine koji je važio na dan poslovne promjene. Sredstva i obaveze iskazane u stranoj valuti na dan bilansa stanja, preračunati su u BAM po srednjem kursu Centralne banke Bosne i Hercegovine koji je važio na taj dan.

Pozitivne ili negativne kursne razlike nastale prilikom preračuna pozicija bilansa stanja koje su iskazane u stranoj valuti i prilikom poslovnih transakcija u stranoj valuti, evidentirane su u korist ili na teret bilansa uspjeha kao prihodi i rashodi po osnovu kursnih razlika i objelodanjeni su u okviru pozicije neto prihoda/rashoda od kursnih razlika (Napomena 10).

Plasmani u BAM 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 2017. godine, Banka nema plasmane u BAM sa valutnom klauzulom u drugoj valuti izuzev EUR-a.

3.4. Prihod od dividendi

Prihodi od dividendi po osnovu ulaganja u akcije drugih pravnih lica i po osnovu učešća u kapitalu drugih pravnih lica, priznaju se u prihod od dividendi u momentu priliva ekonomske koristi od dividendi. Dividende su prikazane u okviru pozicije ostali operativni prihodi.

3.5. 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 promjene po „fer vrijednosti“ i kursne razlike.

Dobici i gubici po osnovu promjene amortizovane vrijednosti hartija od vrijednosti koje se drže do dospelja 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 obezvrijeđena prilikom realizovanja hartija od vrijednosti raspoloživih za prodaju, akumulirani nerealizovani dobitak ili gubitak se transferiše na „neto dobitak ili gubitak perioda“.

3.2. Fee and Commission Income and Expenses

Fees and commissions originating from banking services, other than those that are part of the effective interest rate, are generally recognized as per the matching principle, on an accrual basis, for the period when realized, i.e., when the underlying services are rendered.

Fee and commission income and expenses mainly comprise fees related to domestic and foreign payment transactions, payment card transactions, issue of guarantees and letters of credit, loan approval (early repayment, monitoring), foreign exchange trading, brokerage services, depositary activities and other banking services.

Fee and commission income from approval and issue of guarantees and other contingent liabilities are deferred in accordance with the guarantee validity term and subsequently transferred to and recognized in the income statement on a straight-line basis over the validity term.

3.3. Foreign Exchange Translation

Items included in the Bank's financial statements are presented in the currency of the Bank's primary economic environment (functional currency). The financial statements are stated in thousands of BAM, which the Bank's presentation and functional currency.

Transactions denominated in foreign currencies are translated into BAM at the official middle exchange rates of the Central Bank of Bosnia and Herzegovina ("CBBH") effective at the date of each transaction. Assets and liabilities denominated in foreign currencies as of the reporting date are translated into BAM by applying the official middle rates of exchange of CBBH effective on that date.

Positive or negative foreign exchange effects arising from translation of transactions, assets and liabilities are credited or charged to the income statements and foreign exchange gains or losses within the line item of net foreign exchange gains/losses (Note 10).

BAM loans and receivables with contractually defined currency clause index to EUR are not exposed to the foreign exchange risk as EUR/BAM exchange rate is fixed. Therefore, the Bank has no foreign exchange gains or losses arising as the currency clause effects. As of December 31, 2017, the Bank had no BAM loans and receivables with currency clause index to a currency other than EUR.

3.4. Dividend Income

Dividend income from investments in shares and equity interests held in other entities is recognized upon inflow of economic benefits from dividend to the Bank, within the line item of other operating income.

3.5. Income from Securities

Net gains on trading in securities include gains net of losses arisen from trading in assets and liabilities, including all changes in fair value and foreign exchange gains and losses.

Gains and losses on the changes in amortized cost of securities held to maturity are recognized within income and expenses, as appropriate.

Unrealized gains and losses on securities available for sale are recorded within equity, under revaluation reserves, net of relating income tax, until they are sold, otherwise realized or impaired, when the cumulative unrealized gains or losses are transferred to the profit or loss for the period.

3.6. Porez na dobit

3.6.1. Tekući porez na dobit

Oporezivanje dobiti se vrši u skladu sa poreskim propisima Republike Srpske, propisima Federacije Bosne i Hercegovine i propisima Brčko Distrikta obzirom da Banka ostvaruje dobit iz poslovanja u Republici Srpskoj, Federaciji Bosne i Hercegovine i Brčko Distriktu. Banka tokom godine porez na dobit plaća u vidu mjesečnih akontacija, čiju visinu utvrđuje na osnovu poreske prijave za prethodnu godinu. Konačna poreska osnovica, na koju se primjenjuje propisana stopa poreza na dobit od 10% utvrđuje se poreskim bilansom Banke. Poreska osnovica obuhvata dobitak iz bilansa uspjeha usklađen za određene rashode i prihode, saglasno poreskim propisima i može biti umanjena za određene poreske olakšice. Poreski propisi Republike Srpske ne predviđaju mogućnost da se poreski gubici iz tekućeg perioda mogu koristiti kao osnova za povrat poreza plaćenog u prethodnim periodima. Međutim, gubici iz tekućeg perioda iskazani u poreskom bilansu mogu se koristiti za umanjenje poreske osnovice budućih obračunskih perioda, ali ne duže od pet godina.

3.6.2. 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.

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.

3.6. Income Taxes

3.6.1. Current Income Tax Expense

Income taxation is performed in accordance with the tax legislation of the Republic of Srpska, Federation of Bosnia and Herzegovina and Brčko District given that the Bank earns income from operations in the Republic of Srpska, Federation of Bosnia and Herzegovina and Brčko District. During the year Bank pays corporate income tax in monthly advance payments determined based on its previous year's income tax return. The final taxable income base to which the prescribed tax rate of 10% is applied is determined in the Bank's tax statement. The taxable base includes the amount of profit before taxation net of income and expense adjustment effects pursuant to the effective tax regulation and may be further reduced for certain tax holidays.

The tax regulations in the Republic of Srpska do not envisage that any tax losses of the current period be used to recover taxes paid within a specific carryback period. However, current period tax losses stated in tax return may be used to reduce or eliminate taxes to be paid in future periods but only for duration of no longer than five ensuing years.

3.6.2. Deferred Taxes

Deferred taxes are calculated using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The currently enacted income tax rate as of the reporting date is used to calculate deferred tax amounts.

Deferred tax liabilities are recognized for all taxable temporary differences, unless the deferred tax liabilities arise on the initial recognition of goodwill or assets and liabilities in a transaction other than a business combination, which, upon origination affect neither the accounting nor taxable profit or loss, or pertain to the taxable temporary differences in respect of the investments in subsidiaries, associates and joint ventures where the time of reversal of the temporary difference may 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 and unused portion of the tax credit and tax loss carryforwards to the extent that it is probable that expected future taxable profits will be available against which those tax credits and tax losses carried forward can be utilized, unless deferred tax assets relate to the temporary differences arising from the initial recognition of assets and liabilities in other than a business combination transaction, affecting neither the accounting nor taxable profit or loss, or pertain to the taxable temporary differences in respect of the investments in subsidiaries, associates and joint ventures, when deferred tax assets are recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that future taxable profits will be available against which those deductible temporary differences may be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that it is probable that there will be sufficient taxable profits against which deferred tax assets can be utilized.

Deferred tax assets and liabilities are computed using the prescribed tax rates effective in the year of acquiring entitlement to tax holidays for assets and in the year of deferred tax liability settlement for liabilities.

The current and deferred taxes are recognized within income and expenses and included in the net profit/loss for the year.

Deferred income taxes relating to items that are directly credited or charged to equity are also recognized under equity.

3.7. Primanja zaposlenih

3.7.1. Kratkoročne naknade zaposlenima

Kratkoročne naknade zaposlenima obuhvataju zarade i doprinose za socijalno osiguranje i priznaju se kao rashod u periodu u kome su nastali.

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. Ove obaveze uključuju doprinose za zaposlene na teret poslodavca u iznosima obračunatim po stopama propisanim relevantnim zakonskim propisima. Banka nema drugih obaveza plaćanja nakon uplate doprinosa.

3.7.2. Ostala primanja zaposlenih

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. Pravo na ove naknade je uslovljeno ostajanjem zaposlenog lica u službi do starosne granice određene za penzionisanje i do ostvarenja minimalnog radnog staža. Očekivani troškovi se akumuliraju tokom perioda trajanja zaposlenja. Rezervisanja za otpremnine se procjenjuju na godišnjem nivou od strane nezavisnih, kvalifikovanih aktuara i predstavljaju sadašnju vrijednost očekivanih budućih isplata zaposlenima.

Rezervisanja za otpremnine se prikazuju u bilansu stanja u okviru pozicije „Ostalih obaveza” i zasnivaju se na aktuarskim izvještajima koji se koriste samo za tu namjenu.

3.8. Gotovina i gotovinski ekvivalenti

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

3.9. Obavezna rezerva kod Centralne banke

Obavezna rezerva kod Centralne banke je prikazana posebno i predstavlja iznos sredstava koji Banka mora ostvariti u toku svake dekade kao prosječno dnevno stanje na računu rezerve. Prosječno dnevno stanje se utvrđuje na osnovu propisanih procenata od prosječnog dnevnog stanja odgovarajuće vrste depozita u prethodnoj dekadi.

3.10. Finansijski instrumenti

Banka je klasifikovala finansijska sredstva u sljedeće kategorije:

- finansijska sredstva koja se vrednuju po fer vrijednosti kroz bilans uspjeha,
- krediti i plasmani bankama i komitentima,
- finansijska sredstva koja se drže do dospelja i
- finansijska sredstva raspoloživa za prodaju.

Klasifikacija zavisi od namjere zbog koje su finansijski instrumenti stečeni. Banka vrši klasifikaciju finansijskih sredstava prilikom početnog priznavanja i preispituje tu klasifikaciju na svaki datum izvještavanja.

Finansijska sredstva se inicijalno vrednuju 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.

Finansijska sredstva i finansijske obaveze se evidentiraju u bilansu stanja Banke od momenta kada se Banka ugovornim odredbama vezala za instrument. Kupovina ili prodaja finansijskih sredstava na redovan način priznaje se primjenom obračuna na datum kada je sredstvo isporučeno drugoj ugovorenoj strani.

3.7. Employee Benefits

3.7.1. Short-Term Employee Benefits

Short-term benefits include employee salaries and benefits and all the related taxes and social insurance contributions and are recognized within expenses of the period when incurred.

In accordance with the regulations prevailing in the Republic of Srpska, Federation of Bosnia and Herzegovina and Brčko District, the Bank is under obligation to pay payroll contributions to the government social insurance funds. This obligation involves the payment of the tax and contributions on behalf of the employee, by the employer, in amounts calculated by applying the specific, legally prescribed rates. The Bank has no further liabilities in this respect after payment of payroll contributions.

3.7.2. Other Employee Benefits

In accordance with the Labor Law, Collective Bargaining Agreement and the Bank's rules of Procedure, the Bank is obligated to pay retirement benefits to employees upon retirement. The entitlement to such benefits is acquired by employee staying in service until the prescribe retirement age and/or for the prescribed minimum number of years of service. The expected retirement benefit costs are accumulated over the service. Provisions for retirement benefits are assessed by independent certified actuaries on an annual basis and represent the present value of the expected future payments to employees.

Retirement benefit provisions are presented within the line item of other liabilities in the Bank's statement of financial position and are based on actuarial reports and are used only for the purposes they are intended for.

3.8. Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents include cash on hand in local and foreign currencies, balances on the accounts held with the Central Bank in excess of the obligatory reserve, and demand and short-term deposits with maturities of up to 30 days held with other banks.

3.9. Obligatory Held with the Central Bank

The Bank's obligatory reserve held with the Central Bank represents the amount of funds the Bank must maintain within each decade as the average daily balance on the account of the obligatory reserve. The average daily balance is determined as the prescribed percentage share of the average daily balance of the appropriate type of deposits the Bank had during the previous decade.

3.10. Financial Instruments

The Bank classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss,
- Loans and receivables due from banks and customers,
- Financial assets held to maturity, and
- Financial assets available for sale.

Classification depends on the purpose for which the financial instruments are acquired. The Bank classifies financial assets upon initial recognition and reviews the classification at each reporting date.

Financial assets are initially measured at fair value (mostly equal to the amount paid or received), adjusted for the costs attributable to the acquisition or issue of assets, except for the financial assets or liabilities measure at fair value through profit or loss.

Financial assets and financial liabilities are recognized in the Bank's statement of the financial position on the date upon which the Bank becomes a party to the contractual provisions of a specific financial instrument. All regular way purchases and sales of financial assets are recognized on the settlement date, i.e. the date the assets is delivered to the counterparty.

Finansijska sredstva prestaju da se priznaju kada Banka izgubi kontrolu nad ugovorenim pravima nad tim instrumentima, što se dešava kada su prava korišćenja instrumenata realizovana, istekla, napuštena ili ustupljena. Finansijska obaveza prestaje da se priznaje kada je obaveza predviđena ugovorom ispunjena, otkazana ili istekla.

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.

Finansijska sredstva po fer vrijednosti kroz bilans uspjeha

Ova kategorija obuhvata dvije podkategorije finansijskih sredstava: ona koja se drže radi trgovanja i ona koja se vode po fer vrijednosti kroz bilans uspjeha.

Finansijska sredstva namijenjena trgovanju se klasifikuju u ovu kategoriju ako su pribavljena radi prodaje ili ponovne kupovine u kratkom roku ili ako je tako naznačeno od strane rukovodstva. Ova sredstva Banka priznaje po fer vrijednosti u okviru bilansa uspjeha. Dobici i gubici od finansijskih sredstava namijenjenih trgovanju se priznaju u bilansu uspjeha.

Finansijska sredstva koja se vode po fer vrijednosti kroz bilans uspjeha se svrstavaju u ovu kategoriju kada:

- klasifikacija u navedenu kategoriju značajno smanjuje nedosljednost u vrednovanju koje bi nastale kada bi finansijsko sredstvo ili obaveza bilo vrednovano na drugoj osnovi ili
- se određena ulaganja procjenjuju i njima se upravlja na bazi fer vrijednosti u skladu sa dokumentovanim procedurama za upravljanje rizicima ili dokumentovanom strategijom investicionih ulaganja i ako se o njima rukovodstvo izvještava na ovoj osnovi.

Kupoprodaja finansijskih sredstava po fer vrijednosti kroz bilans uspjeha priznaje se po fer vrijednosti na datum trgovanja, odnosno na dan kada se Banka obavezala da će kupiti ili prodati sredstvo. Transakcioni troškovi se priznaju odmah kao rashod u izvještaju o ukupnom rezultatu. Naknadno vrednovanje je po fer vrijednosti.

Kredit i plasmani bankama i komitentima

Kredit i plasmani bankama i komitentima predstavljaju nederivatna finansijska sredstva koja imaju fiksne ili odredive iznose plaćanja i datume dospelja i koja nisu kotirana na aktivnom tržištu. Ova sredstva nisu stečena sa namjerom da se odmah ili u kratkom roku ponovo prodaju i nisu klasifikovana kao finansijska sredstva kojima se trguje ili finansijska sredstva raspoloživa za prodaju. Ista nastaju kada Banka daje novac dužniku bez namjere trgovanja potraživanjima.

Kredit i plasmani bankama i komitentima odobreni od strane Banke priznaju se u bilansu stanja od momenta prenosa sredstava korisniku. Oni se inicijalno mjere po fer vrijednosti uvećanoj za sve transakcione troškove, a naknadno se vrednuju po amortizovanoj vrijednosti primjenom metode efektivne kamatne stope. Amortizovana vrijednost se obračunava uzimajući u obzir sve troškove prilikom izdavanja. Kredit i plasmani bankama i komitentima se iskazuju u neto iznosu umanjenom za pojedinačnu i grupnu ispravku vrijednosti.

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 dio efektivnog prinosa na ove instrumente se razgraničavaju i iskazuju kao aktivna vremenska razgraničenja i priznaju u korist bilansa uspjeha u okviru prihoda od naknada tokom perioda trajanja instrumenta.

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 dobiti i gubici.

Finansijska sredstva koja se drže do dospelja

Finansijska sredstva koja se drže do dospelja uključuju dužničke hartije od vrijednosti koje imaju fiksne ili odredive iznose plaćanja i datume dospelja i Banka ima namjeru i mogućnost da ih drži do dospelja.

Poslije inicijalnog priznavanja, finansijska sredstva koja se drže do dospelja, evidentiraju se po amortizovanoj vrijednosti korištenjem metode efektivne kamatne stope, umanjenoj za ispravke vrijednosti, odnosno gubitak po osnovu obezvrijeđenja. Amortizovana vrijednost obračunava se uzimajući u obzir sve diskonte ili premije pri kupovini u toku perioda dospelja.

The Bank derecognizes a financial asset when the Bank loses control over the contractual rights over the instrument, which occurs when the contractual rights to the cash flows from the financial asset have been realized, cancelled or ceded or have expired.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Bank has an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial Assets at Fair Value through Profit or Loss

In this category of instruments there are two sub-categories: financial assets held for trading and those designated by management as carried at fair value through profit or loss.

A financial instrument is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, for the purpose of short-term profit-taking, or if designated as such by management. Such assets are recognized at fair value with gains and losses arising from changes in the fair values of financial assets or financial liabilities at fair value through profit or loss recognized in the income statement.

The Bank classifies financial assets and liabilities as financial instruments at fair value through profit or loss when:

- such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise, or
- certain investments are measured and managed on the fair value basis in accordance with the documented risk management procedures or documented investment strategy and reported on to the management on such basis.

Purchases and sales of the financial assets at fair value through profit or loss are recognized at fair value at the trading date, i.e., the date the Bank contractually committed to purchase or sell such an asset. Transaction costs are recognized immediately within expenses in the statement of comprehensive income. These instruments are subsequently measured at fair value.

Loans and Receivables Due from Banks and Customers

Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturity dates that are not quoted in an active market. Such assets have not been acquired for immediate or near-term sale and are not classified as financial assets held for trading or available for sale. They arise when the Bank provides money or services directly to a customer with no intention of trading the receivables.

Loans and receivables due from banks and customers approved by the Bank are recognized in the statement of financial position from the moment of transfer to the borrower. They are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest method. Amortized cost is calculated taking into account all costs incurred upon issue of the instrument. Loans and receivables are presented in net amounts (net of individually and collectively assessed impairment allowances).

Interest income and receivables per such instrument are included in the interest, fee and commission income and receivables. Fees that are part of the effective interest (yield) on such instruments are deferred and recognized as deferred income and accruals and thereafter reversed to the income over the loan repayment period.

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

Financial Assets Held to Maturity

Held to maturity investments (debt securities) are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and the ability to hold them to maturity.

After initial recognition, held-to-maturity financial assets are carried at amortized cost using the effective interest method, net of impairment allowances or impairment losses. Amortized costs includes all the purchase discounts/premiums during the life of instruments, up to maturity.

Iznos gubitka koji je nastao obezvrijeđenjem finansijskih sredstava koja se drže do dospijeća obračunava se kao razlika između knjigovodstvene vrijednosti ulaganja i sadašnje vrijednosti očekivanih tokova gotovine, diskontovanih po kamatnoj stopi ulaganja i iskazuju se u bilansu uspjeha.

Naknade, koje su dio efektivnog prinosa na ove instrumente, se razgraničavaju i iskazuju kao aktivna vremenska razgraničenja i priznaju u korist bilansa uspjeha tokom perioda trajanja instrumenta.

Finansijska sredstva raspoloživa za prodaju

Finansijska sredstva raspoloživa za prodaju su ona sredstva za koja postoji namjera da se drže neodređeni vremenski period, ali mogu biti prodane za potrebe likvidnosti i/ili zbog promjena kamatnih stopa, kursa ili cijene kapitala. Sredstva raspoloživa za prodaju uključuju dužničke i vlasničke hartije od vrijednosti.

Nakon inicijalnog priznavanja, finansijska sredstva raspoloživa za prodaju se iskazuju po fer vrijednosti. Učešća u kapitalu koja se ne kotiraju na aktivnom tržištu i čija se vrijednost ne može pouzdano utvrditi vrednuju se po nabavnoj vrijednosti umanjenoj za eventualna obezvrijeđenja. Fer vrijednost finansijskih sredstava koje se kotiraju na berzi, zasniva se na tekućim berzanskim cijenama.

Prihodi od kamata po osnovu dužničkih instrumenata koji su klasifikovani kao raspoloživi za prodaju, priznaju se u bilansu uspjeha primenom metode efektivne kamatne stope. Prihodi od dividendi po osnovu vlasničkih instrumenata koji su klasifikovani kao raspoloživi za prodaju se priznaju kada je utvrđeno pravo Banke da primi isplatu dividende.

Kada postoje dokazi o obezvrijeđenju, kumulativni gubitak, vrednovan kao razlika između nabavne cijene i tekuće fer vrijednosti, se iskazuje kao ispravka vrijednosti. Ispravke vrijednosti po osnovu obezvrijeđenja učešća u kapitalu se ne ukidaju preko bilansa uspjeha, već se povećanje fer vrijednosti, priznaje direktno u korist kapitala. Nerealizovani dobitci / gubici nastali uslijed promjene u tržišnoj vrijednosti finansijskih sredstava raspoloživih za prodaju iskazuju se kao revalorizacije rezerve u okviru kapitala, sve dok se finansijsko sredstvo ne proda, naplati ili na drugi način otuđi ili dok se ne utvrdi da je finansijsko sredstvo obezvrijeđeno. Prilikom prestanka priznavanja, odgovarajući iznos prethodno formiranih revalorizacionih rezervi iskazuje se u bilansu uspjeha kao neto dobitak ili gubitak.

Depoziti drugih banaka i komitenata

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

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 vrednuju 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.

Impairment losses on the financial assets held to maturity are calculated as the difference between the carrying amounts of such investments and the present value of the expected future cash flows discounted at the contractual interest rates of such instruments and presented in the income statement.

Fees that are part of the effective interest (yield) on such instruments are deferred and recognized as deferred income and accruals and thereafter reversed to the income over the instruments period of maturity.

Financial Assets Available for Sale

Available-for-sale financial assets are those 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. Available-for-sale financial assets include both debt and equity securities.

After initial recognition, financial assets available for sale are measured at fair value. Equity investments that are not quoted in an active market and whose value cannot be reliably determined are measured at cost less impairment, if any. Fair value of the financial assets with quoted market prices is based on the current market (stock exchange) prices.

Interest income on debt instruments classified as available for sale is recognized in the income statement using the effective interest method. Dividend income from equity instruments classified as available for sale is recognized when the Bank's entitlement to dividend receipt is established.

When there is objective evidence that the asset is impaired, the cumulative impairment loss, measured as the difference between the asset's cost and current fair value, is stated as the impairment allowance. Impairment allowance of equity investments is not reversed in profit or loss. Instead, the fair value increase is recognized directly in equity. Unrealized gains/losses from changes in the market fair values of financial assets available for sale are credited or charged to the revaluation reserves within equity until the assets is sold, collected or otherwise disposed of or until it is determined that the asset is impaired. Upon derecognition, an appropriate portion of the previously made revaluation reserves is reclassified to the income statement as a net gain or loss.

Deposits Due to Banks and Customers

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

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 otherwise fulfill the obligation. 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 method. Income and expenses are recognized in the income statement when the financial liabilities are derecognized as well as through the amortization process.

3.11. Prestanak priznavanja finansijskih sredstava i finansijskih obaveza

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 vrednuje u iznosu knjigovodstvene vrijednosti sredstva ili iznosu maksimalne naknade koju bi Banka morala da isplati.

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.

3.12. Obezvrijeđenje kredita i plasmana bankama i komitentima

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

Kriterijumi koje Banka koristi da utvrdi da li postoje objektivni dokazi o obezvrijeđenju 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.

U skladu sa usvojenom internom metodologijom, Banka prvo vrši individualnu procjenu da utvrdi da li postoje objektivni dokazi o obezvrijeđenju 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 obezvrijeđenja i za koja se priznaje gubitak po osnovu obezvrijeđenja nisu uključena u grupnu procjenu obezvrijeđenja.

3.11. Derecognition of the Financial Assets and Liabilities

Financial Assets

The Bank derecognizes a financial asset (or part of an asset or a group of financial assets) if:

- the contractual rights to the cash flows from the financial asset have expired; or
- the Bank has transferred the right to the cash flows from the financial asset or assumed an obligation to make the payment of the cash received in respect of the assets in full amount, without materially significant delay in payment to a third party under the executed contract on such transfer; and
- the Bank has either transferred all the risks and rewards associated with the asset or has neither transferred nor retained substantially all the risks and rewards of ownership over the asset but has transferred control over the asset.

When the Bank transfers the contractual rights to the cash flows from a financial asset or executes a contract on such transfer, and thereby the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset, the asset is recognized to the extent of the Bank's involvement in respect of the asset. Any further involvement of the Bank in the transferred asset, in the form of a guarantee for the asset transferred, is measured at the lower of the asset's original carrying value and the maximum amount of the consideration the Bank will need to pay.

Financial Liabilities

A financial liability is derecognized when its contractual obligation is discharged, cancelled or expired. 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 derecognition of the original liability and the simultaneous recognition of a new liability, with the difference between the respective carrying amounts recognized in the income statement.

3.12. Impairment of Loans and Receivables Due from Banks and Customers

In accordance with its internally adopted accounting policy, at each reporting date the Bank assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The Bank relies on the following criteria in assessing whether there is objective evidence of impairment:

- default or delinquency in interest or principal payments;
- indications that a borrower is experiencing significant financial difficulty, including the probability that the borrower will undergo bankruptcy or other financial reorganization; and
- observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears in liability settlement or economic conditions that correlate with defaults.

In accordance with its internally adopted methodology, the Bank first assesses individually whether objective evidence of impairment exists for each financial asset that is individually significant, and then individually or collectively for financial assets that are not individually significant. Individual impairment assessment is based on the expected time of collection, amount to be collected and sources of full or partial collection. Assets subject to individual impairment assessment and for which impairment losses are recognized are not included in the collective impairment assessment.

Ukoliko postoje objektivni dokazi da je došlo do gubitka usljed obezvrjeđenja, iznos gubitka se vrednuje kao razlika između knjigovodstvene vrijednosti sredstva i njegove procijenjene nadoknadbive vrijednosti. Procijenjena nadoknadbiva vrijednost je sadašnja vrijednost budućih tokova gotovine diskontovana prvobitnom efektivnom kamatnom stopom sredstva. Obračun sadašnje vrijednosti procijenjenih budućih tokova gotovine finansijskog sredstva obezbjeđenog kolateralom, reflektuje tokove gotovine koji mogu nastati iz procesa realizacije kolaterala ili očekivanih tokova gotovine koji mogu nastati od priliva iz obavljanja redovne poslovne djelatnosti klijenta. Knjigovodstvena vrijednost sredstva se smanjuje korišćenjem računa ispravke vrijednosti i iznos gubitka se priznaje na teret bilansa uspjeha.

U svrhe grupne procjene obezvrjeđenja, 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 obezvrjeđenja 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 obezvrjeđenja za vanbilansne izloženosti se vrši na nivou klijenta primjenom prosječne stope ispravke vrijednosti procijenjene 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 izloženosti, 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 izloženosti, osim plativih garancija, ponderišu sa faktorom rizika 0,5.

Gubici usljed obezvrjeđenja 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 obezvrjeđenja, koje nastaje kao posljedica nekog događaja koji se desio nakon ranije priznatog obezvrjeđenja, prethodno priznat gubitak po osnovu obezvrjeđenja se smanjuje ili povećava korigovanjem računa ispravke vrijednosti. Ako se neki budućni otpis kasnije naplati, taj naplaćeni iznos se evidentira u okviru bilansa uspjeha.

Takođe, Banka pored obračuna ispravki vrijednosti po Međunarodnom računovodstvenom standardu 39, vrši obračun regulatornih rezervisanja za potencijalne kreditne i druge gubitke koje služe za potrebe izvještavanja prema Agenciji za bankarstvo RS, odnosno za potrebe obračuna adekvatnosti kapitala, klasifikacije, izračuna izloženosti prema klijentima banke, kao i za ostale izvještaje koji se dostavljaju Agenciji za bankarstvo RS.

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, 1/14 i 117/17) 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 dospijeća, 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, avala, akcepti mjenica i drugi oblici jemstva, nepokriveni akreditivi, neopozivi odobreni a neiskorišteni krediti i sve druge stavke koje predstavljaju potencijalne obaveze Banke.

Na osnovu Odluke, krediti, kao i druga bilansna aktiva i sve navedene vanbilansne obaveze klasifikuju se u sljedeće 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%

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying value and its estimated recoverable amount. The estimated recoverable amount is the present value of the future cash flows discounted using the asset's original effective interest rate. Calculation of the present value of the expected future cash flows of an asset securitized with a collateral reflects the cash flows resulting both from the collateral foreclosure and the borrower's regular operating activities. The asset's carrying amount is reduced via the impairment allowance accounts and the impairment loss amount is charged to the income statement.

For purposes of group (collective) impairment assessment, financial assets are grouped on the basis of the Bank's internal classification system that takes into account credit risk characteristics such as: loan type, collateral type, past-due receivables, number of days in arrears (past due) and other relevant factors. The future cash flows from a group of assets subject to collective impairment assessment are estimated based on the historical losses on assets with similar credit risk features. Estimates of change in the future cash flows reflect and are in line with the changes in the relevant data available year on year.

Impairment of the Bank's off-balance sheet exposures is assessed at the borrower level by applying the average impairment allowance rate used for on-balance sheet exposures. If a client has a single on-balance sheet exposure facility, the same rate will be applied to the client's off-balance sheet exposure. In the event that a client has multiple on-balance sheet exposure facilities, the average of the rates used for those facilities will be applied to the off-balance sheet exposures. If a client has no on-balance sheet exposure, the minimum percentage rate applicable to the performing loans under the rules of the Banking Agency of the Republic of Srpska shall be used. Upon impairment allowance calculation, credit conversion factors applied in that all the off-balance sheet exposures other than payment guarantees are weighted by the risk factor of 0.5.

Impairment losses on loans and receivables and other financial assets measured at amortized cost are recorded in the income statement. Loans and the related impairment allowances are fully derecognized when there is no realistic prospect of future recovery, under the relevant decision of the Bank's Management or Supervisory Boards. 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 has been recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. If any amount written-off is subsequently collected, it is recorded in the profit or loss statement.

In addition to the impairment allowances under IAS 39, the Bank calculates regulatory reserves for potential credit and other losses for purposes of financial reporting to the Banking Agency of the Republic of Srpska and for calculation of the capital adequacy ratio, classification, calculation of the customer exposures, and other reports submitted to the Banking Agency of the Republic of Srpska.

The Decision of the Banking Agency of the Republic of Srpska on the Minimum Standards for Credit Risk Management and Classification of Bank Assets (Official Gazette of RS nos. 49/13, 1/14 and 117/17, hereinafter: the "Decision") prescribes standards and criteria the Bank is required to ensure and apply in the credit risk assessment, assumption, monitoring, control and management and in classification of its assets. Items that are subject to classification within the meaning of this Decision are: loans, deposits held with banks, interest, fees and commissions, securities held to maturity, securities available for sale, equity investments in other entities and other on-balance sheet assets and the following off-balance sheet items: issued guarantees, acceptances, and other forms of sureties, unsecured letters of credit, irrevocable approved yet undrawn loans and all other items representing the Bank's contingent liabilities.

Based on the Decision, loans and other balance sheet assets and the aforesaid off-balance sheet liabilities are classified into the following categories: A ("good assets"), B ("watch list assets"), C ("substandard assets"), D ("doubtful assets") and E ("loss"). Under the Decision loans classified into category A are provided for at the rate of 2%, and the following provisioning rates are used for the categories B, C, D and E:

Category B: watch list assets	5% - 15%
Category C: substandard assets	16% - 40%
Category D: doubtful assets	41% - 60%
Category E: loss	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.

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 obezvrijeđenja, primjenom prvobitne efektivne kamatne stope.

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 sljedeći: novčani depoziti, hartije od vrijednosti osiguravajućih kompanija i banaka, hipoteka na nepokretnu i zaloga na 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.

3.13. Operativni lizing

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

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.

3.14. Nekretnine i oprema

3.14.1. Priznavanje i vrednovanje

Prilikom inicijalnog priznavanja, nekretnine i oprema se vrednuju 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 snižuje po nabavnoj vrijednosti umanjenoj za ukupnu akumuliranu amortizaciju i ukupne eventualne gubitke zbog umanjenja vrijednosti.

3.14.2. Naknadno vrednovanje

Nekretnine i oprema se vrednuju po nabavnoj vrijednosti, bez uvećanja za izdatke svakodnevnog održavanja, umanjenoj za akumuliranu amortizaciju i gubitke po osnovu obezvrijeđenja. 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.

Under the Decision, reserves for credit losses represent reserves, or provisions, that the Bank is required to make upon assessment of the asset quality and upon asset classification according to the criteria defined by the said Decision, taking into account already made impairment allowances of balance-sheet assets and provisions for losses per off-balance sheet items under the Bank's internally adopted methodology on implementation of IAS 39 and IAS 37.

If the amount of the reserves for credit losses exceeds the sum of the impairment allowances of balance sheet assets and provisions for losses per off-balance sheet items, the Bank is required to treat this difference as the shortfall reserve for credit losses as per regulatory requirement, which represents an item deductible from capital in accordance with the Decision on the Minimum Standards for Capital Management and Capital Preservation. If otherwise (the sum of the impairment allowances of balance sheet assets and provisions for losses per off-balance sheet items exceeds the reserves for credit losses), the Bank is under no obligation to present the shortfall reserve for credit losses as per regulatory requirement. As from December 31, 2013, pursuant to the Amendments to the Decision on the Minimum Standards for Credit Risk Management and Classification of Bank Assets, the Bank has no longer under the obligation to use the current year's profit for absorption of the shortfall reserve as per the regulatory requirement.

Rescheduled/Restructured Loans

Wherever possible, the Bank seeks to reschedule/restructure loans rather than foreclose collaterals if the reassessment of the borrower's credit quality allows rescheduling/restructuring. This may entail extension of the repayment period (rescheduling) and/or agreement on the modified loan terms. Once the loan terms have been modified, the loan is no longer treated as past due. The Bank monitors rescheduled/restructured loans on an ongoing basis in order to ensure that all the criteria are met and future payments are made. Such loans will continue to be subject to individual or collective impairment assessment using the original effective interest rate.

Collaterals and Other Credit Enhancements, Guarantees of Insures and Risk Hedges

The Bank's collateral policy defines acceptable collaterals for individual types of loans. The main types of collaterals obtained by the Bank are as follows: cash deposits, securities, guarantees of insurance companies and banks, mortgages assigned over property and pledge liens on movable assets.

The Bank monitors collateral market values on an ongoing basis and, if necessary, demand additional collateral in the loan approval phase and during loan usage. In accordance with the Bank's internal methodology, during the loan repayment, the Bank periodically assesses the market value of collaterals and reviews the impairment allowance accordingly.

3.13. Operating Lease Arrangements

A lease agreement is a contract whereby the lessor transfers to the lessee, for a one-off payment or payments in succession, the right to use an asset leased over the agreed term.

If the lease terms stipulate retention of all the risks and rewards of ownership over the asset(s) lease by the lessor, i.e., do not transfer substantially all the risks and rewards of ownership to the lessee, such leases are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

3.14. Property and Equipment

3.14.1. Recognition and Measurement

Upon initial recognition, property and equipment are measured at cost or purchase, i.e., the aggregate amount of all costs incurred in acquisition and in bringing of an asset to the location and condition where it is ready to be put into use. After recognition as assets, items of property and equipment are carried at cost less accumulated depreciation and aggregate impairment losses, if any.

3.14.2. Subsequent Measurement

Property and equipment are measured at cost not increased by the costs of regular daily maintenance, less accumulated depreciation and aggregate impairment losses, if any. Subsequent expenditure such as reconstruction and replacement of parts on the equipment increase the cost of property and equipment if qualifying for such recognition when incurred.

3.14.3. Amortizacija

Amortizacija se obračunava primjenom proporcionalne metode na nabavnu vrijednost nekretnina i opreme tokom procijenjenog korisnog vijeka upotrebe. Zemljište ne podliježe amortizaciji.

Stope amortizacije sredstava se kreću u sljedećim rasponima:

	2017. godina	2016. godina
Zgrade	1,3%	1,3%
Računarska oprema i srodna oprema	14,29% - 20,00%	14,29% - 20,00%
Automobili	12,50% - 15,00%	12,50% - 15,00%
Ulaganja u tuđa osnovna sredstva	5,88% - 20,00%	5,88% - 20,00%
Oprema i ostala sredstva	10,00% - 16,50%	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.

3.14.4. 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.

3.15. Nematerijalna ulaganja

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

Nakon inicijalnog priznavanja, nematerijalna sredstva se vrednuju po nabavnoj vrijednosti, umanjenoj za akumuliranu amortizaciju i eventualne gubitke po osnovu obezvrijeđenja. Naknadni izdaci 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%.

3.16. Investicione nekretnine

Investicione nekretnine obuhvataju imovinu koju Banka koristi u cilju ostvarivanja prihoda od zakupnine. Investicione nekretnine se prilikom inicijalnog priznanja vrednuju 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 dobiti nastali usljed otuđenja ili povlačenja investicione nekretnine iz upotrebe se priznaju u bilansu uspjeha perioda u kome su nastali.

3.14.3. Depreciation

Depreciation of property and equipment is calculated applying the straight-line method to the cost of assets over their estimated useful lives. Land is not depreciated.

Depreciation rates used by the Bank were in the following ranges:

	2017	2016
Buildings	1.3%	1.3%
Computers and computer equipment	14.29% - 20.00%	14.29% - 20.00%
Automobiles	12.50% - 15.00%	12.50% - 15.00%
Leasehold improvements	5.88% - 20.00%	5.88% - 20.00%
Equipment and other assets	10.00% - 16.50%	10.00% - 16.50%

Assets in progress are depreciated after being put into use. Leasehold improvements are depreciated over the respective lease terms.

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

3.14.4. Derecognition

Property and equipment are derecognized upon their disposal or retirement, when future economic benefits are no longer expected. Gains or losses arising on retirement or disposal of the property and equipment are credited or charged to the income statement, within other operating income and expenses.

3.15. Intangible Assets

Upon initial recognition, intangible assets are measured at cost, i.e., at the i.e., the aggregate amount of all costs incurred in acquisition and in bringing of an asset to the location and condition where it is ready to be put into use.

Subsequently, intangible assets are measured at cost less accumulated amortization and aggregate impairment losses, if any. Subsequent expenditures increase the cost of a previously recognized intangible asset only if they extend the useful life or increase the economic benefits of the asset. Daily maintenance costs are recognized as expenses in the income statements of the period in which they are incurred.

Amortization of intangible assets, recognized in the income statement within expenses, is computed on a straight-line basis, in equal annual amounts written down during the useful lives of assets as this best reflects the expected consumption of the economic value of the intangible assets. Amortization rates applicable to the Bank's intangible assets range from 20% to 25%.

3.16. Investment Property

Investment property is the property used by the Bank for earning rental income. Upon initial recognition investment property is measured at cost increase by the acquisition-related costs. The carrying value of investments property is increased for the subsequent expenditure incurred in replacement of a portion of the existing investment property items if qualifying for such recognition, while the costs of daily maintenance are not added to the assets' carrying values.

The Bank derecognizes investment property upon its disposal or retirements, when future economic benefits are no longer expected from such assets. Gains or losses arising on disposal or retirement of investment property are recognized in the income statement of the period in which the occurred.

3.17. Sredstva stečena naplatom potraživanja

Sredstva stečena naplatom potraživanja se u skladu sa namjerom Banke i odlukom odgovarajućeg nadležnog organa Banke klasifikuju kao:

- sredstva namjenjena prodaji ili
- investicione nekretnine.

Banka na sredstvima stečenim naplatom potraživanja 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 s namerom prodaje iste.

U skladu sa relevantnim MRS i MSFI ova sredstva se inicijalno priznaju po trošku sticanja. Nakon početnog priznavanja vrši se usklađivanje knjigovodstvene vrijednosti sa fer vrijednošću sredstava stečenih naplatom potraživanja, kao i usklađivanje ukoliko dođe do obezvrjeđenja sredstava u smislu pada nadoknadive vrijednosti. Gubici od umanjenja vrijednosti se priznaju na teret rashoda perioda.

3.18. Obezvrjeđenje nefinansijskih sredstava potraživanja

Banka procjenjuje na dan bilansa stanja, knjigovodstvene vrijednosti nefinansijskih sredstava: nekretnina i opreme, nematerijalnih ulaganja, investicionih ulaganja i materijalne aktive. Ukoliko postoji indikacija da je sredstvo obezvrjeđeno, procjenjuje se nadoknadiva vrijednost kako bi se odredio gubitak po osnovu obezvrjeđenja. Ukoliko se utvrdi da je nadoknadiva vrijednost sredstva manja od knjigovodstvene vrijednosti, knjigovodstvena vrijednost se umanjuje do procjenjenog iznosa nadoknadive vrijednosti. Nadoknadiva vrijednost sredstava utvrđuje se kao vrijednost koja je veća od upotrebne vrijednosti sredstva i njegove fer vrijednosti.

Za sredstva koja podliježu amortizaciji, odnosno za nekretnine i opremu i nematerijalna ulaganja, provjera da li je došlo do umanjenja njihove vrijednosti vrši se kada događaji ili izmjenjene okolnosti ukažu da knjigovodstvena vrijednost možda neće biti nadoknadiva. Gubitak zbog umanjenja vrijednosti se priznaje u visini iznosa za koji je knjigovodstvena vrijednost sredstva veća od njegove nadoknadive vrijednosti.

Za sredstva koja ne podliježu amortizaciji, odnosno za investiciona ulaganja i materijalnu aktivu, procjena da li je došlo do umanjenja njihove vrijednosti vrši se na godišnjem nivou i kada događaji ili izmjenjene okolnosti ukažu da knjigovodstvena vrijednost neće biti nadoknadiva. Gubitak zbog obezvrjeđenja se priznaje u iznosu razlike na teret rashoda.

Nefinansijska imovina za koju je izvršeno umanjenje vrijednosti procjenjuje se na svaki datum izvještavanja radi mogućeg ukidanja umanjenja vrijednosti. Gubitak od umanjenja vrijednosti se ukida ukoliko je došlo do promjene u procjenama koje su bile korištene za određivanje nadoknadivog iznosa. Gubitak od umanjenja vrijednosti smanjuje se najviše do iznosa knjigovodstvene vrijednosti imovine koja ne prelazi knjigovodstvenu vrijednost imovine koja bi bila utvrđena, umanjena za akumuliranu amortizaciju, u slučaju da nije bio priznat gubitak po osnovu obezvrjeđenja.

Banka je na dan 31. decembra 2017. godine sprovela test umanjenja vrijednosti nefinansijskih sredstava na osnovu kojeg nije bilo potrebe za umanjenjem vrijednosti nekretnina.

3.19. 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 inicijalno priznaju u vanbilansnoj aktivi po fer vrijednosti, a nakon inicijalnog priznavanja, obaveze Banke koje proističu iz finansijskih garancija vrednuju 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.

3.20. Sredstva u ime i za račun trećih osoba

Banka upravlja sredstvima u ime i za račun pravnih lica. Navedena sredstva ne čine dio imovine Banke i isključena su iz njenog bilansa. Za pružene usluge Banka ostvaruje naknadu.

3.17. Assets Acquired in Lieu of Debt Collection

In accordance with the Bank's intention and the relevant decision of the Bank's competent body, the assets acquired in lieu of debt collection are classified as:

- assets held for sale or
- investment property.

Within assets acquired in lieu of debt collection the Bank records tangible assets received in the process of collection of receivables. The Bank acquires possession of such tangible assets by foreclosure of collaterals such as mortgage and pledge liens. Movable and immovable (property) assets acquired in the process of collection are recognized in the Bank's books as held for sale.

In accordance with the relevant IAS and IFRS such assets are initially recognized at cost. After the initial recognition, the carrying values of such assets are adjusted to their fair market values and in instances of the decline in their realizable values, impairment losses are recognized as expenses in the income statement for the year.

3.18. Impairment of Non-Financial Assets

At each reporting date, the Bank assesses the carrying values of its non-financial assets – property and equipment, intangible assets, investment property and tangible assets acquired in lieu of debt collection for indications of impairment. If there is an indication that an asset has been impaired, the Bank assesses its recoverable amount in order to determine the impairment loss. If the asset's carrying value exceeds its recoverable amount, the carrying value is reduced to the assessed recoverable amount. The recoverable amount is the higher of an asset's fair value and the value in use.

Assets subject to depreciation/amortization, i.e., property, equipment and intangible assets, are assessed for impairment whenever events or changed circumstances indicate that the carrying values of such assets may not be recovered. An impairment loss is recognized within expenses in the amount that an asset's carrying amount exceeds its recoverable amount.

Non-depreciable assets, i.e., investment property and assets acquired in lieu of debt collection, are assessed for impairment on annual basis or whenever events or changed circumstances indicate that the carrying values of such assets may not be recovered. An impairment loss is recognized within expenses in the amount that an asset's carrying amount exceeds its recoverable amount.

The impaired non-financial assets are reviewed at each reporting date for possible impairment reversal. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, taking into account depreciation charge, if no impairment loss had been recognized.

As of December 31, 2017, the Bank had its non-financial assets tested for impairment and concluded that there were no grounds for impairment of its property.

3.19. Financial Guarantees

In the normal course of business, the Bank issues financial guarantees comprising payment and performance guarantees, letters of credit and other sureties. Financial guarantees are initially recognized within the Bank's off-balance sheet assets at fair value. Subsequently, the Bank's contingent liabilities arising from the financial guarantees are measured at the higher of amortized costs and the best estimate of the present value of expected payment necessary to settle the financial liability resulting from the guarantee.

Increase in liabilities per financial guarantees is presented in the statement of the financial position, while considerations received are recognized in the income statement within fee and commission income over the validity period of the guarantee.

3.20. Managed Funds

The Bank manages funds for and on behalf of third parties. These funds do not constitute part of the Bank's assets, and, therefore, they are excluded from the statement of financial position. The Bank receives fee income for providing these services and does not bear any credit risk.

3.21. 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.

3.22. Kapital

Kapital se sastoji od akcijskog 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.

Akcijski kapital

Akcijski kapital predstavlja nominalnu vrijednost uplaćenih običnih akcija klasifikovanih kao kapital i denominovan je u BAM.

Emisiona premija

Emisiona premija predstavlja pozitivnu razliku između uplaćene vrijednosti običnih akcija i njihove nominalne vrijednosti po osnovu emisija akcija.

Rezerve iz dobiti

Rezerve iz dobiti formirane su u skladu sa Zakonom o preduzećima Republike Srpske koji zahtijeva da se 5% dobiti tekuće godine izdvoji u zakonske rezerve sve do iznosa 10% akcijskog kapitala. Zakonske rezerve do 10% akcijskog kapitala mogu se koristiti za pokriće gubitaka tekuće i prošlih godina.

Regulatorne rezerve za procijenjene gubitke iz dobiti

Kao što je već navedeno u napomeni 3.12. regulatorne rezerve za procijenjene gubitke iz dobiti predstavljaju razliku između umanjenja vrijednosti izračunatog u skladu sa zahtjevima MSFi-a i umanjenja vrijednosti izračunatog u skladu sa propisima ABRS-a.

Stanje u rezervama na datum izvještaja predstavlja iznos za koji je umanjena vrijednost izračunata u skladu sa propisima ABRS-a bila veća od izračunatog u skladu sa MSFI.

Iznos nedostajuće rezerve za kreditne gubitke po regulatornom zahtjevu na dan 31. decembar 2017. godine predstavlja odbitnu stavku od regulatornog kapitala prilikom obračuna adekvatnosti kapitala Banke.

Revalorizacione rezerve

Revalorizacione rezerve se odnose na nerealizovane neto dobitke i gubitke formirane kao rezultat svođenja na tržišnu vrijednost ulaganja u hartije od vrijednosti raspoloživih za prodaju.

Dividende

Dividende na akcije evidentiraju se kao obaveza u periodu u kojem je donijeta odluka o njihovoj isplati.

3.23. 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.

3.21. Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. 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

3.22. Equity

The Bank's equity is comprised of the share capital, share premium, equity reserves (general legal and other reserves), prior years' retained earnings, current year's net profit, reserves for credit losses as per regulatory requirement and revaluation reserves.

Share Capital

The share capital comprises regular (ordinary) shares paid in and is stated in BAM at nominal value,

Share Premium

The share premium represents the accumulated positive difference between the paid in amount of the common stock (regular) shares and their nominal (par) value per share issue.

Reserves from Profit

Reserves from profit were formed in accordance with the Company Law of the Republic of Srpska, which requires that 5% of the current year's profit be allocated to the legal reserves each year until such reserves attain the amount of 10% of the Bank's share capital. Legal reserves may then be used for absorption of the current and prior years' losses.

Regulatory Reserves from Profit for Estimated Credit Losses

As stated in Note 3.12, regulatory reserves for estimated losses represent the difference between the impairment allowances calculated in accordance with IFRS requirements and the impairment and provisions calculated in accordance with the regulations of the Banking Agency of the Republic of Srpska (BARS).

The balance of such reserves as of the reporting date represents the amount for which the impairment and provisions calculated under BARS regulations exceed the impairment allowances calculated under IFRS.

As of December 31, 2017 the amount of shortfall reserves for estimated credit losses as per the regulatory requirement represent a regulatory capital deductible item upon calculation of the Bank's capital adequacy ratios.

Revaluation Reserves

Revaluation reserves relate to the unrealized gains or losses, net resulting from the fair market value adjustments of securities available for sale.

Dividends

Dividends on ordinary shares are recognized as a liability in the period in which a decision on their payment to the shareholders is made.

3.23. Earnings per Share

Earnings per share are calculated by dividing the net profit attributable to the holders of the Bank's ordinary shares by the weighted average number of shares outstanding over the reporting period.

4. ZNAČAJNA RAČUNOVODSTVENA RASUĐIVANJA I PROCJENE

Banka vrši procjene i pretpostavke o efektima koje će imati vrijednosti sredstava i obaveza iskazani u finansijskim izvještajima u narednoj finansijskoj godini. Procjene i prosuđivanja se neprekidno evidentiraju i zasnivaju se na istorijskom iskustvu i drugim faktorima, uključujući očekivanja budućih događaja za koje se smatra da će u datim okolnostima biti razumna.

Procjene i prosuđivanja koja bi mogla da izazovu materijalne promjene knjigovodstvenih iznosa sredstava i obaveza u toku sljedeće finansijske godine opisane su u nastavku teksta.

4.1. Gubici zbog obezvrjeđenja potraživanja

Banka vrši analizu kreditnog portfolija u cilju procjene obezvrjeđenja potraživanja najmanje na kvartalnom nivou. U procesu utvrđivanja da li u bilansu uspjeha treba prikazati gubitak zbog obezvrjeđivanja, Banka prosuđuje da li postoje pouzdani dokazi koji pokazuju mjerljivo smanjenje procijenjenih budućih tokova gotovine od kreditnog portfolija, prije nego što se smanjenje može identifikovati na pojedinačnom kreditu u tom portfoliju. Ovi dokazi mogu uključivati raspoložive podatke koji ukazuju na to da je nastala nepovoljna promjena u statusu dužnika u pogledu plaćanja obaveza prema Banci ili na nacionalne ili lokalne okolnosti koji su u korelaciji sa neizvršenjem obaveza.

Procjena postojanja objektivnih dokaza o obezvrjeđenju se sprovodi na individualnom nivou finansijskih sredstava koja su pojedinačno značajna. Procjena na grupnom nivou se radi za potraživanja koja nisu individualno značajna i za obezvrjeđenja koja su sadržana u portfoliju a za koje ne postoji objektivni dokaz o pojedinačnom obezvrjeđenju.

Procjena na grupnom nivou zavisi od vrste dužnika, vrste plasmana i ročnosti, kao i podgrupe sa sličnim karakteristikama.

Banka vrši procjene na bazi iskustva o ostvarenim gubicima po kreditima iz prethodnih perioda za sva sredstva sa karakteristikama kreditnog rizika i objektivnim dokazima o umanjenju vrijednosti koji su slični karakteristikama sredstava u portfoliju.

4.2. Utvrđivanje fer vrijednosti finansijskih instrumenata

Fer vrijednost finansijskih instrumenata kojima se trguje na aktivnom tržištu na dan bilansa stanja se bazira na kotiranju, tržišnim cijenama ponude ili tražnje, bez umanjenja po osnovu transakcionih troškova. Fer vrijednost finansijskih instrumenata koji nisu kotirani na aktivnom tržištu se određuje korišćenjem odgovarajućih tehnika vrednovanja, 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 vrednovanja revidiraju periodično, kako bi na odgovarajući način odrazile tekuće tržišne uslove.

4.3. Dugoročne beneficije za zaposlene

Troškovi dugoročnih beneficija za zaposlene se određuju korišćenjem aktuarske procjene. 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.

5. IZVJEŠTAVANJE PO SEGMENTIMA

Segmenti prepoznati za potrebe izvještavanja po segmentima u skladu sa MSFI 8 uključuju sledeće:

1. poslovanje sa segmentom privrede
2. poslovanje sa segmentom stanovništva
3. segment finansijsko tržište i
4. segment ostalo

Izveštaji po segmentima su usklađeni sa finansijskim izvještajima u ovim napomenama. Metodologija alokacije prihoda i troškova po segmentima je ista za obe prikazane godine.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The Bank makes estimates and judgments about uncertain events that will affect the values of its assets and liabilities stated in its financial statements in the ensuing financial year. Such accounting assumptions and estimates are regularly reviewed and based on historical experience and other factors such as: expected course of future events that can be realistically assumed in the existing circumstances.

This and other key sources of estimate uncertainty that pose a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

4.1. Impairment Losses on Loans and Receivables

The Bank analyzes the loan portfolio so as to assess the impairment of receivables at least quarterly. In the process of determining whether an impairment loss needs to be accounted for within the income statement, the Bank assesses whether there is reliable evidence showing a measurable decrease in the estimated future cash flows from the credit portfolio before the impairment that can be identified in individual loans in the portfolio. The evidence may include available data indicative of unfavorable changes of the status of debtors with regard to payment of liabilities due to the Bank, or national or local circumstances that may correlate with the defaults.

The Bank assesses impairment on an individual basis for all financial assets that are individually significant. Collective impairment assessment is performed for all receivables that are not individually significant and for impairment existing in the portfolio for which objective evidence has not yet been identified.

Collective (portfolio or group-basis) impairment depends on the type of borrower, loan type and maturity and sub-group of loans/borrowers with similar credit risk characteristics.

The Bank assesses impairment based on the historical experience with loan losses for all assets with credit risk features and objective evidence of impairment similar to those of the assets included in the portfolio.

4.2. Assessment of the Financial Instruments' Fair Value

The fair value of financial instruments traded on an active market at the reporting date are based on the quoted market bid and ask prices, including transaction costs. If the market for a financial instrument is not active or the instrument is not quoted in the market, the Bank determines its fair value using valuation techniques. These include the net present value method, comparison to the similar instruments with quoted market prices and other relevant valuation models.

When the market inputs are not available (i.e., they are unobservable), they are determined by estimations which involve certain level of judgment in the assessment of the "fair" value. Estimation models reflect the current market conditions as at the measurement date and do not necessarily represent market conditions before or after the measurement date. Therefore, the valuation techniques are periodically reviewed so that they appropriately reflect the current market conditions.

4.3. Long-Term Employee Benefits

The cost of long-term employee benefits is determined by means of an actuarial assessment. An actuarial assessment includes the assessment of a discount rate, future movements in salaries, mortality rates and employee turnover. Due to a long-term nature of these plans, significant uncertainties influence these assessments.

5. SEGMENT REPORTING

Segments recognized for the purposes of segment reporting in accordance with IFRS 8 comprise the following:

1. Corporate segment;
2. Retail segment;
3. Financial market segment; and
4. Other.

Segmental information is presented in accordance with the financial statements in these notes. The same methodology for revenue and expense allocation was applied for both years presented.

5.1. Bilans uspjeha po segmentima za poslovnu 2017. godinu

	<i>Privreda 000 BAM</i>	<i>Stanovništvo 000 BAM</i>	<i>Finansijsko tržište 000 BAM</i>	<i>Ostalo 000 BAM</i>	<i>UKUPNO 000 BAM</i>
Prihodi od kamata	45.624	32.751	6.473	-	84.848
Rashodi od kamata	(8.098)	(20.468)	(3.012)	-	(31.578)
Neto prihodi od kamata	37.526	12.283	3.461	-	53.270
Prihodi od naknada i provizija	12.258	14.592	118	1.085	28.053
Rashodi od naknada i provizija	(5.796)	(3.240)	-	-	(9.036)
Neto prihodi po osnovu naknada i provizija	6.462	11.352	118	1.085	19.017
Neto prihod od kursnih razlika	2.549	1.091	-	-	3.640
Ostali poslovni prihodi	6.012	3.590	2.322	293	12.217
Operativni rashodi	(29.006)	(20.112)	(5.834)	(758)	(55.710)
Dobit prije umanjenja ispravki vrijednosti i rezervisanja	23.543	8.204	67	620	32.434
Neto rashodi ispravke vrijednosti	(19.815)	(1.198)	-	214	(20.799)
Dobit prije oporezivanja	3.728	7.006	67	834	11.635
Porez na dobit	(1.060)	(567)	(198)	(28)	(1.853)
Dobit tekuće godine	2.668	6.439	(131)	806	9.782
Ostali dobiti i gubici u periodu <i>Stavke koje mogu biti naknadno reklasifikovane u dobitke ili gubitke:</i> Dobitak po osnovu promjene fer vrijednosti hartija od vrijednosti raspoloživih za prodaju	-	-	273	-	273
Ukupan rezultat za obračunski period	2.668	6.439	142	806	10.055

5.1. Income Statement per Segment for FY 2017

	<i>Corporate BAM '000</i>	<i>Retail BAM '000</i>	<i>Financial markets BAM '000</i>	<i>Other BAM '000</i>	<i>Total BAM '000</i>
Interest income	45,624	32,751	6,473	-	84,848
Interest expenses	(8,098)	(20,468)	(3,012)	-	(31,578)
Net interest income	37,526	12,283	3,461	-	53,270
Fee and commission income	12,258	14,592	118	1,085	28,053
Fee and commission expenses	(5,796)	(3,240)	-	-	(9,036)
Net fee and commission income	6,462	11,352	118	1,085	19,017
Net foreign exchange gains	2,549	1,091	-	-	3,640
Other operating income	6,012	3,590	2,322	293	12,217
Operating and other expenses	(29,006)	(20,112)	(5,834)	(758)	(55,710)
Profit before impairment and provisions	23,543	8,204	67	620	32,434
Net impairment losses	(19,815)	(1,198)	-	214	(20,799)
Profit before taxes	3,728	7,006	67	834	11,635
Income tax expenses	(1,060)	(567)	(198)	(28)	(1,853)
Profit for the year	2,668	6,439	(131)	806	9,782
Other gains and losses for the year					
<i>Items that may subsequently be reclassified to profit and loss:</i>					
Gains on the fair value adjustment of financial assets available for sale	-	-	273	-	273
Total comprehensive income for the year	2,668	6,439	142	806	10,055

5.2. Bilans uspjeha po segmentima za poslovnu 2016. godinu

	<i>Privreda</i> <i>000 BAM</i>	<i>Stanovništvo</i> <i>000 BAM</i>	<i>Finansijsko</i> <i>tržište</i> <i>000 BAM</i>	<i>Ostalo</i> <i>000 BAM</i>	<i>UKUPNO</i> <i>000 BAM</i>
Prihodi od kamata	50.801	32.501	4.043	-	87.345
Rashodi od kamata	(10.444)	(21.626)	(3.015)	-	(35.085)
Neto prihodi od kamata	40.357	10.875	1.028	-	52.260
Prihodi od naknada i provizija	12.967	13.371	193	1.031	27.562
Rashodi od naknada i provizija	(5.121)	(3.382)	-	-	(8.503)
Neto prihodi po osnovu naknada i provizija	7.846	9.989	193	1.031	19.059
Neto prihod od kursnih razlika	2.679	900	-	-	3.579
Ostali poslovni prihodi	2.654	2.030	380	900	5.964
Operativni rashodi	(34.857)	(18.217)	(3.355)	(1.153)	(57.582)
Dobit prije umanjenja ispravki vrijednosti i rezervisanja	18.679	5.577	(1.754)	778	23.280
Neto rashodi ispravke vrijednosti	(8.006)	(305)	-	(223)	(8.534)
Dobit prije oporezivanja	10.673	5.272	(1.754)	555	14.746
Porez na dobit	(1.059)	(469)	(106)	(40)	(1.674)
Dobit tekuće godine	9.614	4.803	(1.860)	515	13.072
Ostali dobici i gubici u periodu, neto od poreza					
<i>Stavke koje mogu biti naknadno reklasifikovane u dobitke ili gubitke:</i>					
Dobitak po osnovu promjene fer vrijednosti hartija od vrijednosti raspoloživih za prodaju	-	-	370	-	370
Ukupan rezultat za obračunski period	9.614	4.803	(1.490)	515	13.442

5.2. Income Statement per Segment for FY 2016

	<i>Corporate BAM '000</i>	<i>Retail BAM '000</i>	<i>Financial markets BAM '000</i>	<i>Other BAM '000</i>	<i>Total BAM '000</i>
Interest income	50,801	32,501	4,043	-	87,345
Interest expenses	(10,444)	(21,626)	(3,015)	-	(35,085)
Net interest income	40,357	10,875	1,028	-	52,260
Fee and commission income	12,967	13,371	193	1,031	27,562
Fee and commission expenses	(5,121)	(3,382)	-	-	(8,503)
Net fee and commission income	7,846	9,989	193	1,031	19,059
Net foreign exchange gains	2,679	900	-	-	3,579
Other operating income	2,654	2,030	380	900	5,964
Operating and other expenses	(34,857)	(18,217)	(3,355)	(1,153)	(57,582)
Profit before impairment and provisions	18,679	5,577	(1,754)	778	23,280
Net impairment losses	(8,006)	(305)	-	(223)	(8,534)
Profit before taxes	10,673	5,272	(1,754)	555	14,746
Income tax expenses	(1,059)	(469)	(106)	(40)	(1,674)
Profit for the year	9,614	4,803	(1,860)	515	13,072
Other gains and losses for the year <i>Items that may subsequently be reclassified to profit and loss:</i>					
Gains on the fair value adjustment of financial assets available for sale	-	-	370	-	370
Total comprehensive income for the year	9,614	4,803	(1,490)	515	13,442

5.3. Bilans stanja po segmentima za godinu koja se završava 31. decembra 2017. godine

	<i>Privreda</i> <i>000 BAM</i>	<i>Stanovništvo</i> <i>000 BAM</i>	<i>Finansijsko</i> <i>tržište</i> <i>000 BAM</i>	<i>Ostalo</i> <i>000 BAM</i>	<i>UKUPNO</i> <i>000 BAM</i>
AKTIVA					
Novčana sredstva i računi depozita kod depozitnih institucija	-	-	-	172.105	172.105
Obavezna rezerva kod Centralne Banke	-	-	-	158.628	158.628
Finansijska imovina raspoloživa za prodaju	-	-	188.235	-	188.235
Plasmani drugim bankama	2.056	-	-	-	2.056
Kredit i dospjela potraživanja po kreditima	783.859	459.781	-	-	1.243.640
Osnovna sredstva i ulaganja u nekretnine	-	-	-	52.536	52.536
Nematerijalna ulaganja	-	-	-	3.916	3.916
Ostala potraživanja i AVR	12.315	6.607	2.350	37.618	58.890
Odložena poreska sredstva	-	-	-	60	60
Poslovna aktiva	798.230	466.388	190.585	424.863	1.880.066
Vanbilansna aktiva	188.296	99.576	-	-	287.872
UKUPNA AKTIVA	986.526	565.964	190.585	424.863	2.167.938
PASIVA					
Obaveze					
Depoziti komitenata	568.761	908.578	-	-	1.477.339
Obaveze po uzetim kreditima	175.886	-	-	-	175.886
Rezervisanja na stavke vanbilansa	4.075	92	-	--	4.167
Ostale obaveze i PVR	5.310	16.448	-	6.102	27.860
Subordinirani dug (dopunski kapital)	-	-	37.697	-	37.697
Ukupno obaveze	754.032	925.118	37.697	6.102	1.722.949
Kapital					
Kapital i rezerve	-	-	-	147.334	147.334
Neraspoređena dobit	-	-	-	9.783	9.783
Ukupan kapital	-	-	-	157.117	157.117
Poslovna pasiva	754.032	925.118	37.697	163.219	1.880.066
Vanbilansna pasiva	188.296	99.576	-	-	287.872
UKUPNA PASIVA	942.328	1.024.694	37.697	163.219	2.167.938

5.3. Statement of Financial Position per Segment for FY 2017

	<i>Corporate BAM '000</i>	<i>Retail BAM '000</i>	<i>Financial markets BAM '000</i>	<i>Other BAM '000</i>	<i>Total BAM '000</i>
ASSETS					
Cash and balances held with banks and other financial institutions	-	-	-	172,105	172,105
Obligatory reserve held with the Central Bank	-	-	-	158,628	158,628
Financial assets available for sale	-	-	188,235	-	188,235
Loans and receivables due from banks and other financial institutions	2,056	-	-	-	2,056
Loans and receivables due from customers	783,859	459,781	-	-	1,243,640
Property, plant, equipment and investment property	-	-	-	52,536	52,536
Intangible assets	-	-	-	3,916	3,916
Other receivables and prepayments	12,315	6,607	2,350	37,618	58,890
Deferred tax assets	-	-	-	60	60
Operating assets	798,230	466,388	190,585	424,863	1,880,066
Off-balance sheet assets	188,296	99,576	-	-	287,872
TOTAL ASSETS	986,526	565,964	190,585	424,863	2,167,938
LIABILITIES AND EQUITY					
Liabilities					
Deposits due to customers	568,761	908,578	-	-	1,477,339
Borrowings	175,886	-	-	-	175,886
Provisions for off-balance sheet items	4,075	92	-	-	4,167
Other liabilities and accruals	5,310	16,448	-	6,102	27,860
Subordinated debt (supplementary capital)	-	-	37,697	-	37,697
Total liabilities	754,032	925,118	37,697	6,102	1,722,949
Equity					
Share capital and reserves	-	-	-	147,334	147,334
Retained earnings	-	-	-	9,783	9,783
Total equity	-	-	-	157,117	157,117
Operating liabilities and equity	754,032	925,118	37,697	163,219	1,880,066
Off-balance sheet liabilities	188,296	99,576	-	-	287,872
TOTAL LIABILITIES AND EQUITY	942,328	1,024,694	37,697	163,219	2,167,938

5.4. Bilans stanja po segmentima za godinu koja se završava 31. decembra 2016. godine

	<i>Privreda</i> <i>000 BAM</i>	<i>Stanovništvo</i> <i>000 BAM</i>	<i>Finansijsko</i> <i>tržište</i> <i>000 BAM</i>	<i>Ostalo</i> <i>000 BAM</i>	<i>UKUPNO</i> <i>000 BAM</i>
AKTIVA					
Novčana sredstva i računi depozita kod depozitnih institucija	-	-	-	208.300	208.300
Obavezna rezerva kod Centralne Banke	-	-	-	147.912	147.912
Finansijska imovina raspoloživa za prodaju	-	-	124.171	-	124.171
Plasmani drugim bankama	1.629	-	-	-	1.629
Kredit i dospjela potraživanja po kreditima	692.101	418.255	-	-	1.110.356
Osnovna sredstva i ulaganja u nekretnine	-	-	-	55.853	55.853
Nematerijalna ulaganja	-	-	-	3.835	3.835
Ostala potraživanja i AVR	14.299	8.743	1.193	31.187	55.422
Odložena poreska sredstva	-	-	-	60	60
Poslovna aktiva	708.029	426.998	125.364	447.147	1.707.538
Vanbilansna aktiva	215.813	97.366	-	-	313.179
UKUPNA AKTIVA	923.842	524.364	125.364	447.147	2.020.717
PASIVA					
Obaveze					
Depoziti komitenata	499.926	830.870	-	-	1.330.796
Obaveze po uzetim kreditima	158.033	-	-	-	158.033
Rezervisanja na stavke vanbilansa	2.615	72	-	-	2.687
Ostale obaveze i PVR	6.483	14.693	-	8.717	29.893
Subordinirani dug (dopunski kapital)	-	-	37.825	-	37.825
Ukupno obaveze	667.057	845.635	37.825	8.717	1.559.234
Kapital					
Kapital i rezerve	-	-	-	135.231	135.231
Neraspoređena dobit	-	-	-	13.073	13.073
Ukupan kapital	-	-	-	148.304	148.304
Poslovna pasiva	667.057	845.635	37.825	157.021	1.707.538
Vanbilansna pasiva	215.813	97.366	-	-	313.179
UKUPNA PASIVA	882.870	943.001	37.825	157.021	2.020.717

5.4. Statement of Financial Position per Segment for FY 2016

	<i>Corporate BAM '000</i>	<i>Retail BAM '000</i>	<i>Financial markets BAM '000</i>	<i>Other BAM '000</i>	<i>Total BAM '000</i>
ASSETS					
Cash and balances held with banks and other financial institutions	-	-	-	208,300	208,300
Obligatory reserve held with the Central Bank	-	-	-	147,912	147,912
Financial assets available for sale	-	-	124,171	-	124,171
Loans and receivables due from banks and other financial institutions	1,629	-	-	-	1,629
Loans and receivables due from customers	692,101	418,255	-	-	1,110,356
Property, plant, equipment and investment property	-	-	-	55,853	55,853
Intangible assets	-	-	-	3,835	3,835
Other receivables and prepayments	14,299	8,743	1,193	31,187	55,422
Deferred tax assets	-	-	-	60	60
Operating assets	708,029	426,998	125,364	447,147	1,707,538
Off-balance sheet assets	215,813	97,366	-	-	313,179
TOTAL ASSETS	923,842	524,364	125,364	447,147	2,020,717
LIABILITIES AND EQUITY					
Liabilities					
Deposits due to customers	499,926	830,870	-	-	1,330,796
Borrowings	158,033	-	-	-	158,033
Provisions for off-balance sheet items	2,615	72	-	-	2,687
Other liabilities and accruals	6,483	14,693	-	8,717	29,893
Subordinated debt (supplementary capital)	-	-	37,825	-	37,825
Total liabilities	667,057	845,635	37,825	8,717	1,559,234
Equity					
Share capital and reserves	-	-	-	135,231	135,231
Retained earnings	-	-	-	13,073	13,073
Total equity	-	-	-	148,304	148,304
Operating liabilities and equity	667,057	845,635	37,825	157,021	1,707,538
Off-balance sheet liabilities	215,813	97,366	-	-	313,179
TOTAL LIABILITIES AND EQUITY	882,870	943,001	37,825	157,021	2,020,717

6. PRIHODI OD KAMATA

a) Prihodi od kamata po osnovu bankarskih poslova dati su u sledećoj tabeli:

	Godina koja se završava 31. decembra	
	2017.	2016.
	000 BAM	000 BAM
Kredit i potraživanja od klijenata	74.226	79.376
Ulaganje u obveznice	6.473	4.043
Ostali prihodi od kamata i slični prihodi	4.149	3.926
Ukupno prihodi od kamata	84.848	87.345

b) Prihodi od kamata po osnovu izvora dati su u sledećoj tabeli:

	Godina koja se završava 31. decembra	
	2017.	2016.
	000 BAM	000 BAM
Banke	21	-
Privreda	35.828	39.747
Javni sektor	15.849	14.731
Stanovništvo	32.751	32.501
Ostali komitenti	399	366
Ukupno	84.848	87.345

7. RASHODI OD KAMATA

a) Rashodi od kamata po osnovu bankarskih poslova dati su u sledećoj tabeli:

	Godina koja se završava 31. decembra	
	2017.	2016.
	000 BAM	000 BAM
Depoziti komitenata	25.418	28.682
Obaveze po uzetim kreditima i ostalim pozajmicama	3.148	3.387
Subordinirani dugovi i subordinirane obveznice	3.012	3.016
Ukupno rashodi kamata	31.578	35.085

6. INTEREST INCOME

a) Breakdown of interest income per banking operation:

	Year Ended December 31,	
	2017	2016
	BAM '000	BAM '000
Loans and receivables due from customers	74,226	79,376
Investments in securities	6,473	4,043
Other interest and similar income	4,149	3,926
Total interest income	84,848	87,345

b) Breakdown of interest income per source:

	Year Ended December 31,	
	2017	2016
	BAM '000	BAM '000
Banks	21	-
Corporate customers	35,828	39,747
Public sector	15,849	14,731
Retail customers	32,751	32,501
Other customers	399	366
Total interest income	84,848	87,345

7. INTEREST EXPENSES

a) Breakdown of interest expenses per banking operation:

	Year Ended December 31,	
	2017	2016
	BAM '000	BAM '000
Deposits due to customers	25,418	28,682
Borrowings	3,148	3,387
Subordinated debts and subordinated bonds	3,012	3,016
Total interest expenses	31,578	35,085

b) Rashodi od kamata po osnovu izvora dati su u sledećoj tabeli:

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Banke	164	71
Privreda	1.706	2.770
Javni sektor	1.133	1.578
Stanovništvo	19.726	21.023
Ostali komitenti	8.849	9.643
Ukupno	31.578	35.085

8. PRIHODI OD NAKNADA I PROVIZIJA

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Naknade za usluge platnog prometa u zemlji	7.320	7.004
Naknade za usluge platnog prometa u inostranstvu	3.171	3.201
Naknade po osnovu kredita	504	632
Naknade po izdatim garanc., akreditivima i dr. jemst.	4.916	5.785
Naknade po kartičnom poslovanju	5.730	5.130
Naknade po mjenjačkim poslovima	2.896	2.592
Ostale naknade i provizije	3.516	3.218
Prihodi od naknada i provizija	28.053	27.562

a) Ostale nankade i provizije

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Naknade za bankarske pakete	3.321	2.975
Naknade za vođenje računa	3	1
Naknade za brokerske provizije	157	199
Ostali prihodi od naknada	35	43
Ukupno	3.516	3.218

b) Breakdown of interest expenses per source:

	<i>Year Ended December 31,</i>	
	<i>2017</i>	<i>2016</i>
	<i>BAM '000</i>	<i>BAM '000</i>
Banks	164	71
Corporate customers	1,706	2,770
Public sector	1,133	1,578
Retail customers	19,726	21,023
Other customers	8,849	9,643
Total interest expenses	31,578	35,085

8. FEE AND COMMISSION INCOME

	<i>Year Ended December 31,</i>	
	<i>2017</i>	<i>2016</i>
	<i>BAM '000</i>	<i>BAM '000</i>
Fees for domestic payment operations	7,320	7,004
Fees for foreign payment operations	3,171	3,201
Loan processing fees	504	632
Fees for guarantees, letters of credit and other sureties issued	4,916	5,785
Fees from card operations	5,730	5,130
Fees for money exchange operations	2,896	2,592
Other fees and commissions	3,516	3,218
Total fee and commission income	28,053	27,562

a) Breakdown of other fees and commissions

	<i>Year Ended December 31,</i>	
	<i>2017</i>	<i>2016</i>
	<i>BAM '000</i>	<i>BAM '000</i>
Banking package fees	3,321	2,975
Account maintenance fees	3	1
Brokerage commissions	157	199
Other fees	35	43
Total	3,516	3,218

9. RASHODI OD NAKNADA I PROVIZIJA

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Naknade za usluge platnog prometa u zemlji	1.653	1.082
Naknade za usluge platnog prometa u inostranstvu	803	784
Naknada i provizija za konverziju	1.695	1.434
Rashodi naknada po poslovima sa karticama	3.241	3.382
Rashodi naknada i provizija prema Agenciji za bank. RS	1.329	1.253
Rashodi naknada i provizija prema Centr. registru i Berzi	120	159
Ostale naknade i provizije	195	409
Ukupno	9.036	8.503

Rashodi naknada po poslovima sa karticama u iznosu od 3.241 hiljada BAM na dan 31. decembar 2017. godine (2016: 3.382 hiljade BAM) se odnose na međubankarske provizije (interchange fee) za rad kartica Visa i MasretCard na bankomatima i POS terminalima drugih banaka, kao i provizije nastale tuđim karticama u trgovačkoj mreži Nove banke.

10. NETO PRIHOD OD KURSNIH RAZLIKA

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Prihodi po osnovu pozitivnih kursnih razlika	9.319	8.195
Rashodi po osnovu negativnih kursnih razlika	(5.679)	(4.616)
Neto prihod od kursnih razlika	3.640	3.579

9. FEE AND COMMISSION EXPENSES

	<i>Year Ended December 31,</i>	
	2017	2016
	BAM '000	BAM '000
Fees for domestic payment operations	1,653	1,082
Fees for foreign payment operations	803	784
Conversion fees and commissions	1,695	1,434
Fees per card operations	3,241	3,382
Fees and commissions payable to the Banking Agency of the Republic of Srpska	1,329	1,253
Fees and commissions payable to the Central Securities Registry and Stock Exchange	120	159
Other fees and commissions	195	409
Total fee and commission expenses	9,036	8,503

Fees per card operations totaling BAM 3,241 thousand in 2017 (2016: BAM 3,382 thousand) relate to interbank fees (inter-change fees) per Visa and MasterCard payment card operations at ATMs and POS terminals of other banks and commissions per other issuer cards used in the Bank's trade network.

10. NET FOREIGN EXCHANGE GAINS

	<i>Year Ended December 31,</i>	
	2017	2016
	BAM '000	BAM '000
Foreign exchange gains	9,319	8,195
Foreign exchange losses	(5,679)	(4,616)
Foreign exchange gains, net	3,640	3,579

11. OSTALI OPERATIVNI PRIHODI

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Prihodi od naplaćenih otpisanih potraživanja	6.568	2.634
Prihodi po osnovu promjene vrijednosti HOV	1.827	190
Prihodi od smanjenja obaveza	947	397
Prihodi po osnovu prijevremenog razročenja depozita	695	783
Prihodi po osnovu zakupa	584	489
Prihodi po osnovu otkupljenih potraživanja	511	741
Dobici po osnovu prodaje HOV	411	148
Prihodi od prodaje materijalnih vrednosti	302	274
Prihodi od dividendi	84	43
Dobici od prodaje osnovnih sredstava i nemat. ulaganja	30	5
Ostale operativne prihode	258	260
UKUPNO	12.217	5.964

Prihodi od naplaćenih otpisanih potraživanja za poslovnu 2017. godinu u iznosu od 6.568 hiljada BAM, najvećim dijelom se odnose na naplaćenu otpisanu kamatu.

Prihodi po osnovu zakupnina u iznosu od 584 hiljade BAM sa 31. decembrom 2017. godine (2016: 489 hiljada BAM) obuhvataju zakupe od izdavanja poslovnih prostora i sefova.

12. OPERATIVNI I OSTALI RASHODI

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Troškovi zaposlenih	21.818	20.840
Troškovi amortizacije	4.964	4.906
Ostali operativni troškovi	25.489	25.599
Ostali rashodi poslovanja	3.439	6.237
Operativni rashodi	55.710	57.582

11. OTHER OPERATING INCOME

	<i>Year Ended December 31,</i>	
	<i>2017</i>	<i>2016</i>
	<i>BAM '000</i>	<i>BAM '000</i>
Collected receivables previously written off	6,568	2,634
Gains on the value adjustments of securities	1,827	190
Write-off of liabilities	947	397
Income from early deposit withdrawal penalties	695	783
Rental income	584	489
Income from purchased receivables	511	741
Gains on the sales of securities	411	148
Gains on the sales of assets acquired in lieu of debt collection	302	274
Dividend income	84	43
Gains on the sales of property, equipment and intangible assets	30	5
Other operating income	258	260
Total other operating income	12,217	5,964

Collected receivables previously written off totaling BAM 6,568 thousand in 2017 mostly relate to the collected interest previously written off.

Rental income of BAM 584 thousand in 2017 (2016: BAM 489 thousand) refers to the income from the lease of business premises and safe deposit boxes.

12. OPERATING AND OTHER EXPENSES

	<i>Year Ended December 31,</i>	
	<i>2017</i>	<i>2016</i>
	<i>BAM '000</i>	<i>BAM '000</i>
Staff costs	21,818	20,840
Depreciation/amortization charge	4,964	4,906
Other operating expenses	25,489	25,599
Other expenses	3,439	6,237
Total operating and other expenses	55,710	57,582

a) Troškovi zaposlenih

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Troškovi neto zarada	12.945	12.092
Troškovi poreza i doprinosa na zarade	8.385	7.888
Troškovi naknada za privremen i povremene poslove	276	361
Ostali troškovi zaposlenih	212	499
Troškovi zaposlenih	21.818	20.840

b) Ostali operativni troškovi

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Troškovi zakupa od pravnih i fizičkih lica	3.776	3.871
Troškovi obezbjeđenja objekata, štampanja i druge neproizvodne usluge	3.441	3.495
Troškovi osiguranja depozita	2.903	2.745
Troškovi kartičnog poslovanja	2.104	1.724
Troškovi materijala, goriva, energije i usluga	1.947	1.679
Troškovi telekomunikacija	1.325	1.338
Troškovi marketinga	1.750	1.929
Troškovi održavanja osnovnih sredstava	1.630	1.575
Troškovi transporta novca	1.066	1.119
Troškovi zakupa licenci	976	915
Troškovi eksternih usluga	935	1.400
Troškovi osiguranja radnika i osnovnih sredstava	912	712
Troškovi održavanja prostorija	325	340
Ostali operativni troškovi	2.399	2.757
Ostali operativni troškovi	25.489	25.599

U okviru ostalih operativnih troškova iskazani su troškovi kartičarkog poslovanja u iznosu od 2.104. hiljade BAM (2016: 1.724 hiljade BAM) koji se odnose na nadzor ATM bankomata i POS terminala i održavanje softvera za iste.

a) Staff costs

	<i>Year Ended December 31,</i>	
	<i>2017</i>	<i>2016</i>
	<i>BAM '000</i>	<i>BAM '000</i>
Employee salaries, net	12,945	12,092
Payroll taxes and contributions	8,385	7,888
Considerations payable to temporary and seasonal staff	276	361
Other staff costs	212	499
Total staff costs	21,818	20,840

b) Other operating expenses

	<i>Year Ended December 31,</i>	
	<i>2017</i>	<i>2016</i>
	<i>BAM '000</i>	<i>BAM '000</i>
Rental costs payable to legal entities and individuals	3,776	3,871
Facility security services, printing and other non-production services	3,441	3,495
Deposit insurance costs	2,903	2,745
Costs incurred in card operations	2,104	1,724
Cost of materials, fuel, energy and services	1,947	1,679
Telecommunication services	1,325	1,338
Marketing and advertising	1,750	1,929
Maintenance of property and equipment	1,630	1,575
Money transportation costs	1,066	1,119
Lease of licenses	976	915
Costs of outsourced services	935	1,400
Insurance premium costs (staff and assets)	912	712
Premises cleaning costs	325	340
Other operating costs	2,399	2,757
Total other operating expenses	25,489	25,599

Other operating expenses include costs incurred in card operations of BAM 2,104 thousand (2016: BAM 1,724 thousand) pertaining to the supervision of ATMs and POS terminals and maintenance of the relating software.

c) Ostali rashodi poslovanja

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Rashodi po osnovu direktnog otpisa potraživanja	314	281
Rashodi od prodaje i obezvrijeđenja osnovnih sred.	244	184
Rashodi od prodaje i obezvrijeđenja materijalne aktive	894	3.803
Rashodi po osnovu promjene vrijednosti HOV	591	264
Troškovi po osnovu poreza i doprinosa	569	746
Troškovi za sudske i administrativne takse	421	345
Ostali rashodi	406	614
Ostali poslovni rashodi	3.439	6.237

13. NETO RASHODI ISPRAVKI VRIJEDNOSTI

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Neto rashodi indirektnog otpisa plasmana	17.086	8.222
Rashodi indirektnog otpisa ostalih potraživanja	180	257
Rashodi/(Prihodi) indirektnog otpisa materijalne aktive	2.268	(22)
Rashodi/(Prihodi) rezervisanja za vanbilansne stavke	1.479	(146)
(Prihodi)/Rashodi po osnovu rezervisanja za sudske sporove	(214)	230
Prihodi po osnovu rezervisanja za otpremnine	-	(7)
Ostali poslovni rashodi	20.799	8.534

14. POREZ NA DOBIT

Tekući porez na dobit za 2017. godinu obračunat je primjenom poreske stope od 10% na oporezivu dobit prikazanu u poreskom bilansu za poreske obveznike u Republici Srpskoj, Federaciji Bosne i Hercegovine, i Brčko Distrikta.

Komponente poreza na dobit za 2017. godinu su:

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Tekući porez na dobit	1.890	1.665
Promjena u odloženim porezima:		
- Odložena poreska sredstva	(37)	32
- Odložene poreske obaveze	-	(23)
Porez na dobit	1.853	1.674

c) Other expenses

	<i>Year Ended December 31,</i>	
	<i>2017</i>	<i>2016</i>
	<i>BAM '000</i>	<i>BAM '000</i>
Write-off of receivables	314	281
Losses on impairment and sales of property and equipment	244	184
Losses on impairment and sales of assets acquired in lieu of debt collection	894	3,803
Losses on the value adjustment of securities	591	264
Taxes and contributions payable	569	746
Court and administrative fees and charges	421	345
Other expenses	406	614
Total other expenses	3,439	6,237

13. NET LOSSES ON IMPAIRMENT AND PROVISIONS

	<i>2017</i>	<i>2016</i>
	<i>BAM '000</i>	<i>BAM '000</i>
Net losses on impairment of loans	17,086	8,222
Net losses on impairment of other receivables	180	257
Losses/(gains) on impairment/(reversal of impairment) of assets acquired in lieu of debt collection	2,268	(22)
Provisions/(reversal of provisions) for off-balance sheet items	1,479	(146)
(Reversal of provisions)/provisions for litigations	(214)	230
Reversal of provisions for employee retirement benefits	-	(7)
Total losses on impairment and provisions, net	20,799	8,534

14. INCOME TAX EXPENSES

The current income tax for 2017 was calculated by applying the prescribed tax rate of 10% to the taxable profit reported in the tax statements for taxpayers in the Republic of Srpska, Federation of Bosnia and Herzegovina and Brčko District.

Components of income tax for 2017:

	<i>Year Ended December 31,</i>	
	<i>2017</i>	<i>2016</i>
	<i>BAM '000</i>	<i>BAM '000</i>
Current income tax expenses	1,890	1,665
Movements on deferred taxes		
- deferred tax assets	(37)	32
- deferred tax liabilities	-	(23)
Total income tax expenses	1,853	1,674

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE FINANSIJSKE IZVJEŠTAJE

Usaglašavanjem pozicija iz poreskog bilansa (prihoda, troškova i osnovice za oporezivanje) sa poreskom stopom važećom u Republici Srpskoj za 2017. i 2016. godinu porez na dobit može se dalje analizirati na sljedeći način:

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Dobit prije oporezivanja	11.635	14.746
Racunovodstveni rezultat pomnožen propisanom poreskom stopom od 10%	1.164	1.475
Poreski efekti troškova i prihoda koji se ne priznaju za svrhe poreza na dobit	726	190
Porez na dobit	1.890	1.665
Efektivna poreska stopa za period	16.24%	11.29%

Promjene na odloženim porezima bile su sljedeće:

	Odložena poreska sredstva 000 BAM	Odložena poreska obaveza 000 BAM	Neto odložena poreska obaveza 000 BAM
Stanje na dan 1. januara 2016.	92	(178)	(86)
(Smanjenje)/povećanje odloženih poreskih sredstava/obaveza	(32)	23	(9)
Stanje na dan 31. decembra 2016.	60	(155)	(95)
Stanje na dan 1. januara 2017.	60	(155)	(95)
(Smanjenje)/povećanje odloženih poreskih sredstava/obaveza	-	37	37
Stanje na dan 31. decembra 2017.	60	(118)	(58)

Based on reconciliation of the items in the tax statement (income, expenses and the taxable base) with the tax rate effective in the Republic of Srpska for 2017 and 2016, the income taxes may be further analyzed as follows:

	<i>Year Ended December 31,</i>	
	<i>2017</i>	<i>2016</i>
	<i>BAM '000</i>	<i>BAM '000</i>
Profit before taxes	11,635	14,746
Income tax at the statutory rate of 10%	1,164	1,475
Tax effects of expenses not recognized for tax purposes	726	190
Current income tax expenses	1,890	1,665
Effective tax rate	16.24%	11.29%

Movements on deferred taxes were as follows:

	Deferred tax assets BAM '000	Deferred tax liabilities BAM '000	Deferred tax liabilities, net BAM '000
Balance at January 1, 2016	92	(178)	(86)
(Decrease)/increase in deferred taxes/liabilities	(32)	23	(9)
Balance at December 31, 2016	60	(155)	(95)
Balance at January 1, 2017	60	(155)	(95)
Increase in deferred taxes/liabilities	-	37	37
Balance at December 31, 2017	60	(118)	(58)

15. NOVČANA SREDSTVA I RAČUNI DEPOZITA KOD DEPOZITNIH INSTITUCIJA

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Blagajna u domaćoj valuti	14.673	15.937
Blagajna u stranoj valuti	41.404	30.992
Žiro račun poslovne jedinice	1.563	1.530
Sredstva kod Centralne banke	101.719	59.595
Devizni računi kod ino banaka	12.746	100.244
Poslati čekovi na naplatu	-	2
Ukupno	172.105	208.300

16. OBAVEZNA REZERVA KOD CENTRALNE BANKE

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Obavezna rezerva kod Centralne banke	158.628	147.912
Ukupno	158.628	147.912

U okviru sredstava rezervi kod Centralne banke Bosne i Hercegovine sadržana je obračunata obavezna rezerva za period održavanja od 21. do 31. decembra 2017. godine. Prosječno stanje računa rezervi za navedeni period iznosi 215.987 hiljada BAM i uključuje prosječnu obaveznju rezervu u iznosu od 158.628 hiljade BAM i iznos veći od obavezne rezerve u iznosu od 57.359 hiljada BAM.

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 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.

15. CASH AND BALANCES HELD WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	December 31, 2017 BAM '000	December 31, 2016 BAM '000
Cash on hand in local currency	14,673	15,937
Cash on hand in foreign currencies	41,404	30,992
Gyro account balance	1,563	1,530
Funds held with the central bank	101,719	59,595
Accounts held with foreign banks	12,746	100,244
Cheques in process of collection	-	2
Total	172,105	208,300

16. OBLIGATORY RESERVE HELD WITH THE CENTRAL BANK

	December 31, 2017 BAM '000	December 31, 2016 BAM '000
Obligatory reserve held with the central bank	158,628	147,912
Total	158,628	147,912

The obligatory reserve funds held with the Central Bank of Bosnia and Herzegovina include the calculated obligatory reserve for the maintenance period from December 21, 2017 to December 31, 2017. The average balance on the reserve account during the said period amounted to BAM 215,987 thousand including the average obligatory reserve amount of BAM 158,628 thousand and the amount in excess of the obligatory reserve in the amount of BAM 57,359 thousand.

The Bank allocated funds to the obligatory reserve account in accordance with the Central Bank of BH's Decision on Determining and Maintaining Required Reserves and Defining the Fees Payable by the Central Bank to Banks on the Amount of Reserves, which defines the base for calculation of the obligatory reserves, the reserve accounting period, rate and calculation of fees payable to banks by the Central Bank on the obligatory reserve balance.

The base for calculation of the obligatory reserve is comprised of the deposits and liabilities per borrowings, irrespective of their currency. The obligatory reserve is calculated based on the balance of the said liabilities at the end of each working day during the reserve accounting period. The reserve accounting period begins on each first, eleventh and twenty-first day in the month and ends on the tenth, twentieth and the last day of the month. The Bank is required to calculate and submit to the Central Bank of BH a report on the balance of its deposits and borrowings stated in BAM after each reserve accounting period yet no later than three days after the period expiry.

The Decision on Determining and Maintaining Required Reserves and Defining the Fees Payable by the Central Bank to Banks on the Amount of Reserves (Official Gazette of RS no. 33/16) and the Decision on amendments to the aforesaid Decision (Official Gazette of RS no. 55/16) define that the rate for calculation of the obligatory reserve shall be equal to 10% and applicable to deposits and borrowings.

In accordance with the aforesaid Decisions, the Central Bank calculates the fees on the amount in excess of the obligatory reserve amount at the rate equal to 50% of the rate applicable by the European Central Bank to deposits of commercial banks (the deposit facility rate). If, during the reserve maintenance period there are changes to the deposit facility rate, the rate effective as of the first day of that maintenance period shall be applied.

17. FINANSIJSKA IMOVINA RASPOLOŽIVA ZA PRODAJU

U sljedećoj tabeli dat je pregled finansijske imovine po namjeni:

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Hartije od vrijednosti namjenjene trgovanju		
Ostale hartije od vrijednosti drugih pravnih lica	5.269	4.115
Neto vrijednost na dan 31. decembra	5.269	4.115
Hartije od vrijednosti raspoložive za prodaju		
Obveznice Republike Srpske	174.528	111.529
Obveznice stare devizne štednje Republike Srpske	1.462	2.423
Obveznice ratne štete Republike Srpske	4.534	4.725
Neto vrijednost na dan 31. decembra	180.524	118.677
Hartije od vrijednosti koje se drže do dospeljeća		
Obveznice Republike Srpske	78	91
Ostale obveznice	52	74
Neto vrijednost na dan 31. decembra	130	165
Učešća u kapitalu i ostale hartije od vrijednosti raspoložive za prodaju		
Učešća u kapitalu	3.243	2.028
Ispravka vrijednosti	(931)	(814)
Neto vrijednost na dan 31. decembra	2.312	1.214
Stanje na dan 31. decembra	188.235	124.171

Banka na dan 31. decembra 2017. godine ima iskazano učešće (udjele) u drugim pravnim licima. Najznačajnije učešće odnosi se na Novu leasing (63.94%) u iznosu od 860 hiljada BAM (neto vrijednost je svedena na tehničku vrijednost: 1 BAM).

17. FINANCIAL ASSETS AVAILABLE FOR SALE

The following table provides a breakdown of financial assets per purpose:

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Securities held for trading		
Securities of other entities	5,269	4,115
Net value at December 31	5,269	4,115
Securities available for sale		
Bonds issued by the Republic of Srpska	174,528	111,529
FX savings bonds issued by the Republic of Srpska	1,462	2,423
Reparation bonds issued Republic of Srpska Government	4,534	4,725
Net value at December 31	180,524	118,677
Securities held to maturity		
Bonds issued by the Republic of Srpska	78	91
Other bonds	52	74
Net value at December 31	130	165
Equity investments and other securities available for sale		
Equity investments	3,243	2,028
Less: Impairment allowance	(931)	(814)
Net value at December 31	2,312	1,214
Balance at December 31	188,235	124,171

As of December 31, 2017 the Bank stated equity investments in other entities, the most significant of which related to a 63.94% equity interest amounting to BAM 860 thousand held in Nova Leasing, the net value of which was reduced to the technical value of BAM 1.

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE FINANSIJSKE IZVJEŠTAJE

Na dan 31. decembra 2017. godine učešće u kapitalu pojedinačnog pravnog lica ne prelazi 5% priznatog kapitala Banke. Takođe, na dan 31. decembra 2017. godine ukupna neto vrijednost svih učešća Banke u kapitalu kod drugih pravnih lica ne prelazi 20% priznatog kapitala Banke, a ukupan iznos u drugim nefinansijskim pravnim licima ne prelazi 10% osnovnog kapitala Banke.

	% učešća	31. decembar 2017. 000 BAM	31. decembar 2016. 000 BAM
Banjalučka berza a.d. Banjaluka	9.47%	252	252
Centralni registar HoV a.d. Banjaluka	7%	235	235
ZIF Unioinvest fond a.d. Bijeljina	7.85%	200	200
Nova Real Estate a.d Banjaluka	9%	450	450
Nova Leasing d.o.o. Banjaluka	63.94%	860	860
DASTO-SEMTEL d.o.o. Bijeljina	35%	1.215	
SWIFT		31	31
		3.243	2.028
Ispravka vrijednosti		(931)	(814)
Učešća u kapitalu, neto		2.312	1.214

Banka na dan 31. decembra 2017. godine nije imala značajan uticaj na donošenje poslovnih odluka društva Dasto samtel d.o.o. Bijeljina.

Pregled Obveznica Republike Srpske sa stanjem na dan 31. decembra 2017. godine je prikazan u sljedećoj tabeli:

NazivHoV	Datum kupovine	Datum dospjeća	Kamatna stopa	Nominalna vrijednost 000 BAM	Odstupanje od fer vrijednosti 000 BAM	Stanje na dan 31.12.2017. 000 BAM
Obveznice RS	15.11.2011.	18.11.2018.	5,00%	27.150	2.589	29.739
Obveznice RS	24.09.2014.	24.09.2018.	6,00%	750	18	768
Obveznice RS	03.12.2014.	03.12.2019.	5,50%	2.913	78	2.991
Obveznice RS	08.12.2014.	18.06.2019.	6,00%	1.200	40	1.240
Obveznice RS	11.03.2015.	11.03.2019.	4,50%	5.000	-	5.000
Obveznice RS	08.07.2015.	08.07.2019.	4,00%	3.225	-	3.225
Obveznice RS	21.10.2015.	21.10.2020.	4,25%	12.000	179	12.179
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	507	20.507
Obveznice RS	27.01.2017.	27.01.2020.	3,25%	11.100	111	11.211
Obveznice RS	05.05.2017.	05.05.2022.	3,50%	21.640	11	21.651
Obveznice RS	21.06.2017.	21.06.2027.	4,50%	6.190	76	6.266
Obveznice RS	04.08.2017.	04.08.2027.	4,00%	10.000	-	10.000
Obveznice RS	06.09.2017.	06.09.2024.	3,75%	15.497	1	15.498
Obveznice RS	08.12.2017.	08.12.2024.	3,75%	9.150	138	9.288
Ukupno				170.780	3.748	174.528

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017, the Bank had no equity investment in a single entity above 5% of the Bank's recognized capital. In addition, as of December 31, 2017, the aggregate value of all the Bank's equity holdings in other entities did not exceed 20% of the Bank's recognized capital, while its aggregate holdings in other non-FSI entities did not exceed 10% of the Bank's capital.

	<i>Equity interest %</i>	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Banjalučka berza a.d. Banjaluka [Banja Luka Stock Exchange]	9.47%	252	252
Centralni registar HoV a.d. Banjaluka [Central Securities Registry Banja Luka]	7%	235	235
ZIF Unioinvest fond a.d. Bijeljina	7.85%	200	200
Nova Real Estate a.d. Banjaluka	9%	450	450
Nova Leasing d.o.o. Banjaluka	63.94%	860	860
DASTO-SEMTEL d.o.o. Bijeljina	35%	1,215	
SWIFT		31	31
		3,243	2,028
Less: Impairment allowance		(931)	(814)
Equity investments, net		2,312	1,214

As of December 31, 2017, the Bank had no significant influence over business decision making process in the entity Dasto Samtel d.o.o. Bijeljina.

Breakdown of the bonds issued by the Republic of Srpska as of December 31, 2017 is provided below:

Security	Purchase date	Maturity date	Interest rate	Nominal value BAM '000	Departure from the fair value BAM '000	Balance at December 31, 2017 BAM '000
RS bonds	15/11/2011	18/11/2018	5.00%	27,150	2,589	29,739
RS bonds	24/09/2014	24/09/2018	6.00%	750	18	768
RS bonds	03/12/2014	03/12/2019	5.50%	2,913	78	2,991
RS bonds	08/12/2014	18/06/2019	6.00%	1,200	40	1,240
RS bonds	11/03/2015	11/03/2019	4.50%	5,000	-	5,000
RS bonds	08/07/2015	08/07/2019	4.00%	3,225	-	3,225
RS bonds	21/10/2015	21/10/2020	4.25%	12,000	179	12,179
RS bonds	07/09/2016	07/09/2023	4.50%	24,965	-	24,965
RS bonds	07/12/2016	07/12/2023	4.50%	20,000	507	20,507
RS bonds	27/01/2017	27/01/2020	3.25%	11,100	111	11,211
RS bonds	05/05/2017	05/05/2022	3.50%	21,640	11	21,651
RS bonds	21/06/2017	21/06/2027	4.50%	6,190	76	6,266
RS bonds	04/08/2017	04/08/2027	4.00%	10,000	-	10,000
RS bonds	06/09/2017	06/09/2024	3.75%	15,497	1	15,498
RS bonds	08/12/2017	08/12/2024	3.75%	9,150	138	9,288
Total				170,780	3,748	174,528

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE FINANSIJSKE IZVJEŠTAJE

Pregled Obveznica Republike Srpske stare devizne štednje (RSDS) sa stanjem na dan 31. decembra 2017. godine je prikazan u sljedećoj tabeli:

NazivHoV	Datum kupovine	Datum dospjeća	Kamatna stopa	Nominalna vrijednost 000 BAM	Odstupanje od fer vrijednosti 000 BAM	Stanje na dan 31.12.2017. 000 BAM
Obveznice RSDS	14.10.2014	30.07.2018	2,50%	224	192	416
Obveznice RSDS	04.04.2016	15.09.2019	2,50%	857	189	1.046
Ukupno				1.081	381	1.462

Pregled Obveznica Republike Srpske ratne štete (RSRS) sa stanjem na dan 31. decembra 2017. godine je prikazan u sljedećoj tabeli:

Naziv HoV	Datum kupovine	Datum dospjeća	Kamatna stopa	Nominalna vrijednost 000 BAM	Odstupanje od fer vrijednosti 000 BAM	Stanje na dan 31.12.2017. 000 BAM
Obveznice RSRS	31.03.2016	27.06.2023	1,50%	390	143	533
Obveznice RSRS	30.06.2016	15.12.2023	1,50%	277	73	350
Obveznice RSRS	30.06.2016	25.10.2023	1,50%	425	142	567
Obveznice RSRS	31.03.2016	15.06.2024	1,50%	421	120	541
Obveznice RSRS	30.06.2016	09.06.2025	1,50%	252	76	328
Obveznice RSRS	30.06.2016	31.05.2025	1,50%	452	132	584
Obveznice RSRS	31.03.2016	24.12.2025	1,50%	447	104	551
Obveznice RSRS	31.03.2016	25.09.2026	1,50%	430	121	551
Obveznice RSRS	30.06.2016	26.09.2027	1,50%	419	110	529
Ukupno				3.513	1.021	4.534

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

Breakdown of the FX savings bonds issued by the Republic of Srpska as of December 31, 2017 is provided below:

	Purchase date	Maturity date	Interest rate	Nominal value BAM '000	Departure from the fair value BAM '000	Balance at December 31, 2017 BAM '000
Security						
RS FX savings bonds	14/10/2014	30/07/2018	2.50%	224	192	416
RS FX savings bonds	04/04/2016	15/09/2019	2.50%	857	189	1,046
Total				1,081	381	1,462

Breakdown of the reparation bonds issued by the Republic of Srpska as of December 31, 2017 is provided below:

	Purchase date	Maturity date	Interest rate	Nominal value BAM '000	Departure from the fair value BAM '000	Balance at December 31, 2017 BAM '000
Security						
Reparation RS bonds	31/03/2016	27/06/2023	1.50%	390	143	533
Reparation RS bonds	30/06/2016	15/12/2023	1.50%	277	73	350
Reparation RS bonds	30/06/2016	25/10/2023	1.50%	425	142	567
Reparation RS bonds	31/03/2016	15/06/2024	1.50%	421	120	541
Reparation RS bonds	30/06/2016	09/06/2025	1.50%	252	76	328
Reparation RS bonds	30/06/2016	31/05/2025	1.50%	452	132	584
Reparation RS bonds	31/03/2016	24/12/2025	1.50%	447	104	551
Reparation RS bonds	31/03/2016	25/09/2026	1.50%	430	121	551
Reparation RS bonds	30/06/2016	26/09/2027	1.50%	419	110	529
Total				3,513	1,021	4,534

18. KREDITI I DOSPJELA POTRAŽIVANJA PO KREDITIMA

a) Pregled po korisnicima kredita

	31. decembar 2017. 000 BAM	31. decembar 2016. 000 BAM
- Preduzeća	510.093	447.252
- Javna i državna preduzeća	111.443	78.385
- Vlada	168.662	150.485
- Stanovništvo	461.439	418.311
- Ostali komitenti	7.898	5.528
Kredit i plasmani komitentima (bruto)	1.259.535	1.099.961
Ispravka vrijednosti	(38.106)	(24.149)
Kredit i plasmani komitentima (neto)	1.221.429	1.075.812
Dospjeli krediti	68.313	79.265
Ispravka vrijednosti dospjelih kredita	(46.102)	(44.721)
Dospjeli krediti (neto)	22.211	34.544
Ukupni krediti plasirani komitentima (neto)	1.243.640	1.110.356

b) Ročnost dospjeća kredita

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

	31. decembar 2017. 000 BAM	31. decembar 2016. 000 BAM
Do 30 dana	88.698	105.073
Od 1 do 3 mjeseca	55.165	52.714
Od 3 do 12 mjeseci	234.668	247.150
Od 1 do 5 godina	594.212	530.071
Preko 5 godina	355.105	244.218
Kredit i plasmani korisnicima na dan 31. decembra (bruto)	1.327.848	1.179.226
Ispravka vrijednosti	(84.208)	(68.870)
Kredit i plasmani korisnicima na dan 31. decembra (neto)	1.243.640	1.110.356

18. LOANS AND RECEIVABLES DUE FROM CUSTOMERS

a) Breakdown per type of borrower

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
- Corporate customers	510,093	447,252
- Public and state-owned companies	111,443	78,385
- RS Government	168,662	150,485
- Retail customers	461,439	418,311
- Other customers	7,898	5,528
Loans and receivables due form customers, gross	1,259,535	1,099,961
<i>Less: Impairment allowance</i>	<i>(38,106)</i>	<i>(24,149)</i>
Loans and receivables due form customers, net	1,221,429	1,075,812
Loans and receivables past due	68,313	79,265
<i>Less: Impairment allowance of loans and receivables past due</i>	<i>(46,102)</i>	<i>(44,721)</i>
Loans and receivables past due, net	22,211	34,544
Total loans and receivables due form customers, net	1,243,640	1,110,356

b) Breakdown per maturity

Maturities of the loans and receivables due form customers as of December 31, 2017 are presented below:

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Within 30 days	88,698	105,073
From 1 to 3 months	55,165	52,714
From 3 to 12 months	234,668	247,150
From 1 to 5 years	594,212	530,071
After 5 years	355,105	244,218
Loans and receivables due form customers, gross	1,327,848	1,179,226
<i>Less: Impairment allowance</i>	<i>(84,208)</i>	<i>(68,870)</i>
Loans and receivables due form customers, net	1,243,640	1,110,356

c) Koncentracija kredita korisnika

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

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Poljoprivreda, lov i ribolov	60.311	35.613
Rudarstvo i industrija	198.715	165.564
Građevinarstvo	79.308	60.151
Trgovina	184.058	206.383
Usluge, turizam i ugostiteljstvo	22.282	20.780
Transport, skladištenje, telekomunikacije	18.164	17.184
Finansije	23.784	25.174
Trgovina nekretninama	13.850	19.730
Administracija, druge javne usluge	168.912	150.845
Stanovništvo	478.348	435.645
Ostalo	80.116	42.157
Kredit i plasmani komitentima (bruto)	1.327.848	1.179.226
Ispravka vrijednosti	(84.208)	(68.870)
Kredit i plasmani komitentima (neto)	1.243.640	1.110.356

Promjene na ispravkama vrijednosti bile su sljedeće

	<i>31.12.2017. 000 BAM</i>	<i>31.12.2016. 000 BAM</i>
Stanje na početku godine	68.870	61.497
Ispravke vrijednosti u tekućoj godini	35.430	22.320
Ukidanja ispravke vrijednosti	(18.404)	(14.947)
Isknjižavanje kredita	(1.688)	-
Stanje na dan 31. Decembra	84.208	68.870

c) Concentration of loans per industry

Concentration of loans disbursed by the Bank per industry as of December 31, 2017 is presented below:

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Agriculture, hunting and fishing	60,311	35,613
Mining and manufacturing industry	198,715	165,564
Construction industry	79,308	60,151
Trade	184,058	206,383
Services, tourism, hospitality industry	22,282	20,780
Transport, storage and telecommunications	18,164	17,184
Financial services	23,784	25,174
Real estate trade	13,850	19,730
Administration and other public services	168,912	150,845
Retail customers	478,348	435,645
Other	80,116	42,157
Loans and receivables due from customers, gross	1,327,848	1,179,226
Less: Impairment allowance	(84,208)	(68,870)
Loans and receivables due from customers, net	1,243,640	1,110,356

Movements on impairment allowance of loans and receivables

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Balance at January 1	68,870	61,497
Charge for the year	35,430	22,320
Reversal of impairment allowance	(18,404)	(14,947)
Derecognition of loans and receivables	(1,688)	-
Balance at December 31	84,208	68,870

19. OSNOVNA SREDSTVA I ULAGANJE U NEKRETNINE

Osnovna sredstva i promjene na osnovnim sredstvima u toku 2017. i 2016. godine prikazani su kako slijedi:

u 000 BAM	Zemljište i poslovne zgrade	Oprema i ostala sredstva	Investicione nekretnine i oprema	Osnovna sredstva u pripremi	Avansi za osnovna sredstva	Ukupno
NABAVNA VRIJEDNOST						
Stanje na dan 01.01.2016.	21.996	42.918	2.187	5.602	958	73.661
Nabavke u toku godine	-	-	-	6.754	-	6.754
Iskorišteni avansi u toku godine	-	-	-	-	(222)	(222)
Ulaganja u kupovinu polovne opreme	-	121	-	-	-	121
Aktiviranja	5.641	4.058	-	(9.699)	-	-
Prenos sa mat.stečene imovine na investicione nekretnine, neto vrednost	-	-	6.507	-	-	6.507
Isknjizavanje avansa po odluci	-	-	-	-	(178)	(178)
Prodaja	(347)	(732)	(584)	-	-	(1.663)
Otpis/rashodovanje/smanjenje	-	(39)	-	-	-	(39)
Stanje na dan 31.12.2016.	27.290	46.326	8.110	2.657	558	84.941
Stanje na dan 01.01.2017.	27.290	46.326	8.110	2.657	558	84.941
Nabavke u toku godine	-	-	-	3.265	-	3.265
Aktiviranje osnovnih sredstava i polovne opreme	383	3.127	-	(3.449)	-	61
Reklasifikacija osnovnih sredstava	2.704	-	(1.026)	1.026	-	2.704
Prenos ulaganja osnovnih sredstava	(2.127)	(1.127)	(2.540)	-	-	(5.794)
Iskorišteni avansi u toku godine	-	-	-	-	(1.291)	(1.291)
Novi avansi u toku godine	-	-	-	-	1.663	1.663
Prodaja	(75)	(398)	-	-	-	(473)
Donacija	-	(43)	-	-	-	(43)
Otpis/rashodovanje	-	(2.245)	-	(186)	-	(2.431)
Stanje na dan 31.12.2017.	28.175	45.640	4.544	3.313	930	82.602
ISPRAVKA VRIJEDNOSTI						
Stanje na dan 01.01.2016.	944	24.384	-	-	-	25.328
Amortizacija	260	3.815	-	-	-	4.075
Ispravka vrijednosti za kupljenu polovnu opremu	-	68	-	-	-	68
Prodaja	(12)	(355)	-	-	-	(367)
Otpis/rashodovanje	-	(16)	-	-	-	(16)
Stanje na dan 31.12.2016.	1.192	27.896	-	-	-	29.088
Stanje na dan 01.01.2017.	1.192	27.896	-	-	-	29.088
Amortizacija	294	4.070	-	-	-	4.364
Prenos ulaganja u objekat	-	(516)	-	-	-	(516)
Prenos sa osnovnih sredstava na investicione nekretnine	(334)	-	-	-	-	(334)
Aktiviranje polovne opreme	-	62	-	-	-	62
Prodaja	(2)	(331)	-	-	-	(333)
Donacija	-	(43)	-	-	-	(43)
Otpis/rashodovanje	-	(2.222)	-	-	-	(2.222)
Stanje na dan 31.12.2017.	1.150	28.916	-	-	-	30.066
Sadašnja vrijednost						
Stanje na dan 31.12.2017.	27.025	16.724	4.544	3.313	930	52.536
Stanje na dan 31.12.2016.	26.098	18.430	8.110	2.657	558	55.853

Na dan 31. decembar 2017. godine Banka nema građevinske objekte založene kao kolaterale za obezbjeđenje kredita ili ostalih finansijskih obaveza. Banka posjeduje vlasničku dokumentaciju za građevinske objekte.

Banka je sprovela test provjere umanjjenja vrijednosti nekretnina na dan 31. decembra 2017. godine na osnovu kojeg nije bilo potrebe za umanjjenjem vrijednosti nekretnina.

19. PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY

The Bank's property, equipment and investment property and movements on those assets in 2017 and 2016 are presented below:

BAM '000	Land and buildings	Equipment and other assets	Investment property	Investments in progress	Advances paid	Total
COST						
Balance at January 1, 2016	21,996	42,918	2,187	5,602	958	73,661
Additions	-	-	-	6,754	-	6,754
Advances used during the year	-	-	-	-	(222)	(222)
Purchases of second-hand equipment	-	121	-	-	-	121
Activations	5,641	4,058	-	(9,699)	-	-
Transfer from assets acquired in lieu of debt collection to investment property, net	-	-	6,507	-	-	6,507
Derecognition of advances paid	-	-	-	-	(178)	(178)
Sales	(347)	(732)	(584)	-	-	(1,663)
Write-off/retirement	-	(39)	-	-	-	(39)
Balance at December 31, 2016	27,290	46,326	8,110	2,657	558	84,941
Balance at January 1, 2017	27,290	46,326	8,110	2,657	558	84,941
Additions	-	-	-	3,265	-	3,265
Activations	383	3,127	-	(3,449)	-	61
Reclassifications	2,704	-	(1,026)	1,026	-	2,704
Transfers	(2,127)	(1,127)	(2,540)	-	-	(5,794)
Advances used during the year	-	-	-	-	(1,291)	(1,291)
Advances paid during the year	-	-	-	-	1,663	1,663
Sales	(75)	(398)	-	-	-	(473)
Donation of assets	-	(43)	-	-	-	(43)
Write-off/retirement	-	(2,245)	-	(186)	-	(2,431)
Balance at December 31, 2017	28,175	45,640	4,544	3,313	930	82,602
ACCUMULATED DEPRECIATION						
Balance at January 1, 2016	944	24,384	-	-	-	25,328
Charge for the year	260	3,815	-	-	-	4,075
Charge for the year – second hand equipment	-	68	-	-	-	68
Sales	(12)	(355)	-	-	-	(367)
Write-off/retirement	-	(16)	-	-	-	(16)
Balance at December 31, 2016	1,192	27,896	-	-	-	29,088
Balance at January 1, 2017	1,192	27,896	-	-	-	29,088
Charge for the year	294	4,070	-	-	-	4,364
Transfers from equipment	-	(516)	-	-	-	(516)
Transfer from land and buildings	(334)	-	-	-	-	(334)
Activations	-	62	-	-	-	62
Sales	(2)	(331)	-	-	-	(333)
Donation of assets	-	(43)	-	-	-	(43)
Write-off/retirement	-	(2,222)	-	-	-	(2,222)
Balance at December 31, 2017	1,150	28,916	-	-	-	30,066
NET BOOK VALUE						
at January 1, 2017	27,025	16,724	4,544	3,313	930	52,536
at January 1, 2016	26,098	18,430	8,110	2,657	558	55,853

As of December 31, 2017, the Bank had no mortgage liens instituted over its building properties to serve as collaterals securitizing repayment of borrowings or settlement of other financial liabilities. The Bank holds proper title deeds for all of its building properties.

As of December 31, 2017 the Bank had its building properties tested for impairment. Based on the test results, the management concluded that the Bank's properties had suffered no impairment.

20. NEMATERIJALNA ULAGANJA

<i>u 000 BAM</i>	<i>Nematerijalna sredstva</i>	<i>Licence softveri</i>	<i>Nemat. ulaganja u pripremi</i>	<i>Avansi</i>	<i>Ukupno</i>
NABAVNA VRIJEDNOST					
Stanje na dan 01.01.2016. godine	1.763	8.164	1.710	400	12.037
Nova ulaganja (nabavke u toku godine)	-	-	1.029	-	1.029
Iskorišteni avansi u toku godine	-	-	-	(327)	(327)
Aktiviranje u toku godine	-	196	(196)	-	-
Usklađivanje upotrebne vrijednosti	-	93	-	-	93
Stanje na dan 31.12.2016. godine	1.763	8.453	2.543	73	12.832
Stanje na dan 01.01.2017. godine	1.763	8.453	2.543	73	12.832
Nova ulaganja (nabavke u toku godine)	-	-	696	57	753
Aktiviranja u toku godine	-	2.447	(2.447)	-	-
Iskorišteni avansi u toku godine	-	-	-	(73)	(73)
Stanje na dan 31.12.2017. godine	1.763	10.900	792	57	13.512
ISPRAVKA VRIJEDNOSTI					
Stanje na dan 01.01.2016. godine	1.642	6.502	-	-	8.144
Amortizacija	51	780	-	-	831
Usklađivanje upotrebne vrijednosti	-	22	-	-	22
Stanje na dan 31.12.2016. godine	1.693	7.304	-	-	8.997
Stanje na dan 01.01.2017. godine	1.693	7.304	-	-	8.997
Amortizacija	36	563	-	-	599
Stanje na dan 31.12.2017. godine	1.729	7.867	-	-	9.596
Sadašnja vrijednost					
Stanje na dan 31.12.2017. godine	34	3.033	792	57	3.916
Stanje na dan 31.12.2016. godine	70	1.149	2.543	73	3.835

20. INTANGIBLE ASSETS

<i>BAM '000</i>	<i>Intangible assets</i>	<i>Licenses and software</i>	<i>Investments in progress</i>	<i>Advances paid</i>	<i>Total</i>
COST					
Balance at January 1, 2016	1,763	8,164	1,710	400	12,037
Additions	-	-	1,029	-	1,029
Advances used during the year	-	-	-	(327)	(327)
Activations	-	196	(196)	-	-
Value in use adjustment	-	93	-	-	93
Balance at December 31, 2016	1,763	8,453	2,543	73	12,832
Balance at January 1, 2017	1,763	8,453	2,543	73	12,832
Additions	-	-	696	57	753
Activations	-	2,447	(2,447)	-	-
Advances used during the year	-	-	-	(73)	(73)
Balance at December 31, 2017	1,763	10,900	792	57	13,512
ACCUMULATED AMORTIZATION					
Balance at January 1, 2016	1,642	6,502	-	-	8,144
Charge for the year	51	780	-	-	831
Value in use adjustment	-	22	-	-	22
Balance at December 31, 2016	1,693	7,304	-	-	8,997
Balance at January 1, 2017	1,693	7,304	-	-	8,997
Charge for the year	36	563	-	-	599
Balance at December 31, 2017	1,729	7,867	-	-	9,596
NET BOOK VALUE					
at January 1, 2017	34	3,033	792	57	3,916
at January 1, 2016	70	1,149	2,543	73	3,835

21. OSTALA POTRAŽIVANJA I AVR

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Materijalne vrijednosti	27.072	15.774
Otkupljena potraživanja	8.126	9.740
Potraživanja za kamatu i naknadu	8.067	8.691
Zalihe kancelarijskog i potrošnog materijala	714	1.021
Razgraničena potraživanja za obračunatu kamatu za rentnu štednju	4.681	6.959
Razgraničena potraživanja za obračunatu kamatu po kreditima	3.366	3.032
Razgraničena potraživanja za obračunatu kamatu po HoV	2.350	1.193
Razgraničena potraživanja za unaprijed plaćene troškove	1.127	1.279
Razgraničena potraživanja za obračunate prihode	204	542
Ostala potraživanja iz poslovnih odnosa	12.602	14.360
Ukupno	68.309	62.591
Ispravka vrijednosti	(9.419)	(7.169)
Stanje na dan 31. decembra	58.890	55.422

a) Materijalne vrijednosti

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Sredstva stečena naplatom potraživanja:		
- zemljište	5.987	4.739
- nekretnine	15.622	9.088
- oprema	5.463	1.947
Ukupno	27.072	15.774
Ispravka vrijednosti materijalne imovine	(2.827)	(559)
Stanje na dan 31. decembra	24.245	15.215

21. OTHER ASSETS, RECEIVABLES AND PREPAYMENTS

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Assets acquired in lieu of debt collection	27,072	15,774
Purchased receivables	8,126	9,740
Interest, fee and commission receivables	8,067	8,691
Office supplies and consumable materials	714	1,021
Accrued receivables for interest on term deposits – monthly payment	4,681	6,959
Accrued receivables interest on loans	3,366	3,032
Accrued receivables for interest on securities	2,350	1,193
Accrued receivables for prepaid expenses	1,127	1,279
Receivables for accrued income	204	542
Other accounts receivable	12,602	14,360
Total	68,309	62,591
<i>Less: Impairment allowance</i>	(9,419)	(7,169)
Balance at December 31	58,890	55,422

a) Assets acquired in lieu of debt collection

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Assets acquired in lieu of debt collection:		
- land	5,987	4,739
- buildings	15,622	9,088
- equipment	5,463	1,947
Total	27,072	15,774
<i>Less: Impairment allowance</i>	(2,827)	(559)
Balance at December 31	24,245	15,215

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE FINANSIJSKE IZVJEŠTAJE

b) Ostala potraživanja iz poslovnih odnosa

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Potraživanja za namjenski depozit za obavljanje platnih transakcija sa karticama	2.171	2.470
Potraživanja iz operativnog poslovanja po osnovu gotovinskih isplata na ATM bankomatima za isplate dana 31.12.2017. godine nakon popisa	3.389	2.025
Potraživanja za izvršena plaćanja po karticama Nove banke	1.430	1.620
Potraživanja po osnovu avansa	1.427	2.544
Potraživanja za plaćanja po garanciji	1.135	1.235
Ostala potraživanja od klijenata banke	793	882
Potraživanja po osnovu prodaje zaliha	616	1.609
Potraživanja po osnovu naknada koje se refundiraju	362	338
Ostala potraživanja iz operativnog poslovanja po osnovu minusnog salda	214	251
Potraživanja po osnovu platnih kartica	174	450
Potraživanja od zaposlenih (za naknadu štete i sl.)	130	131
Potraživanja za date depozite na ime licitacije za sudske sporove	106	141
Potraživanja za više plaćen porez iz dobiti	0	155
Ostala potraživanja iz poslovnih odnosa	655	509
Ukupno	12.602	14.360

Promjene na ispravkama vrijednosti bile su sljedeće:

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Stanje na početku godine	7.169	6.534
Ispravke vrijednosti u tekućoj godini	3.568	2.351
Ukidanja ispravke vrijednosti	(1.060)	(1.266)
Isknjižavanje ispravke vrednosti	(258)	(450)
Stanje na dan 31. decembra	9.419	7.169

b) Other accounts receivable

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Receivables per earmarked deposit placed for card payment transactions	2,171	2,470
Receivables for cash payments through ATMs on December 31, 2017 following the annual count of assets and liabilities	3,389	2,025
Receivables for payments made with cards issued via the Bank	1,430	1,620
Receivables for advances paid to suppliers	1,427	2,544
Receivables for payments per guarantees called on	1,135	1,235
Other receivables from customers	793	882
Receivables for inventories sold	616	1,609
Receivables for refundable fees	362	338
Other receivables per overdraft balances	214	251
Receivables per payment cards	174	450
Receivables from employees (damage compensation)	130	131
Receivables for court auction bid deposits placed	106	141
Receivables for prepaid income taxes	0	155
Other accounts receivable	655	509
Total	12,602	14,360

Movements on the impairment allowance were as follows:

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Balance at January 1	7,169	6,534
Charge for the year	3,568	2,351
Reversal of impairment allowance	(1,060)	(1,266)
Derecognition of impairment allowance	(258)	(450)
Balance at December 31	9,419	7,169

22. DEPOZITI KOMITENATA

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Depoziti komitenata	1.477.339	1.330.796
Ukupno	1.477.339	1.330.796

a) Depoziti po korisnicima

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Kamatonosni depoziti		
Banke i bankarske institucije	21	13
Javna i državna preduzeća	89.608	80.857
Privreda	123.280	99.547
Vanprivreda	99.099	94.928
Vlada i vladine institucije	205.609	137.151
Strana lica	22.375	50.565
Domaća fizička lica	727.620	690.033
Ukupno kamatonosni depoziti	1.267.612	1.153.094
Nekamatonosni depoziti		
Banke i bankarske institucije	2.366	433
Javna i državna preduzeća	3.663	6.318
Privreda	28.470	28.702
Vanprivreda	2.412	2.771
Vlada i vladine institucije	12.017	18.920
Strana lica	7.458	7.827
Domaća fizička lica	153.341	112.731
Ukupno nekamatonosni depoziti	209.727	177.702
Ukupno obaveze po osnovu depozita na dan 31. decembar	1.477.339	1.330.796

22. DEPOSITS DUE TO CUSTOMERS

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Deposits due to customers	1,477,339	1,330,796
Total	1,477,339	1,330,796

a) Breakdown of deposits per customer type

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Interest-bearing deposits		
Banks and other financial institutions	21	13
Public and state-owned companies	89,608	80,857
Corporate customers	123,280	99,547
Entrepreneurs	99,099	94,928
Government and state agencies	205,609	137,151
Non-residents	22,375	50,565
Resident retail customers	727,620	690,033
Total interest-bearing deposits	1,267,612	1,153,094
Non-interest bearing deposits		
Banks and other financial institutions	2,366	433
Public and state-owned companies	3,663	6,318
Corporate customers	28,470	28,702
Entrepreneurs	2,412	2,771
Government and state agencies	12,017	18,920
Non-residents	7,458	7,827
Resident retail customers	153,341	112,731
Total non-interest bearing deposits	209,727	177,702
Total deposits due to customers as of December 31	1,477,339	1,330,796

b) Depoziti po ročnosti

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Tekući računi i depoziti po viđenju		
Vlada i vladine institucije	184.808	114.080
Privreda i javna i državna preduzeća	168.118	141.181
Banke i bankarske institucije	2.120	143
Stanovništvo	209.483	174.548
Ostali tekući računi i depoziti po viđenju	35.456	31.147
Ukupno depoziti po viđenju	599.985	461.099
Kratkoročni depoziti		
Vlada i vladine institucije	21.905	23.240
Privreda i javna i državna preduzeća	3.880	33.553
Banke i bankarske institucije	-	-
Stanovništvo	26.656	27.762
Ostali	32.461	33.771
Ukupno kratkoročni depoziti	84.902	118.326
Dugoročni depoziti		
Vlada i vladine institucije	10.913	18.751
Privreda i javna i državna preduzeća	74.272	70.023
Banke i bankarske institucije	267	303
Stanovništvo	673.026	629.147
Ostali	33.974	33.147
Ukupno dugoročni depoziti	792.452	751.371
Stanje na dan 31. decembra	1.477.339	1.330.796

23. OBAVEZE PO UZETIM KREDITIMA

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Obaveze po uzetim kreditima	175.886	158.033
Ukupno	175.886	158.033

b) Breakdown of deposits per maturity

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Current accounts and demand deposits		
Government and state agencies	184,808	114,080
Corporate customers, public and state-owned companies	168,118	141,181
Banks and other financial institutions	2,120	143
Retail customers	209,483	174,548
Other current accounts and demand deposits	35,456	31,147
Total demand deposits	599,985	461,099
Short-term deposits		
Government and state agencies	21,905	23,240
Corporate customers, public and state-owned companies	3,880	33,553
Banks and other financial institutions	-	-
Retail customers	26,656	27,762
Other short-term deposits	32,461	33,771
Total short-term deposits	84,902	118,326
Long-term deposits		
Government and state agencies	10,913	18,751
Corporate customers, public and state-owned companies	74,272	70,023
Banks and other financial institutions	267	303
Retail customers	673,026	629,147
Other long-term deposits	33,974	33,147
Total long-term deposits	792,452	751,371
Balance at December 31	1,477,339	1,330,796

23. BORROWINGS

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Borrowings	175,886	158,033
Total	175,886	158,033

Struktura obaveza po uzetim kreditima prikazana je kako slijedi:

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Investiciono razvojna banka Republike Srpske a.d. Banj Luka:		
- Fond za razvoj i zapošljavanje RS	-	106
- Fond stanovanja RS	52.743	55.333
- Fond za razvoj i zapošljavanje RS	73.795	50.053
- Fond za razvoj istočnog dijela RS	47.043	41.691
- Fond za razvoj i zapošljavanje RS (Svjetska banka – IBRD)	2.143	10.396
Ministarstvo finansija Republike Srpske (po Projektu razvoja male komercijalne poljoprivrede)	-	117
Federalno ministarstvo finansija (po Projektu razvoja male komercijalne poljoprivrede)	162	296
Federalno ministarstvo finansija i Fondacija za održivi razvoj (ODRAZ) Svjetska banka IBRD	-	41
Ukupno	175.886	158.033

Na dan 31. decembra 2017. godine tekuća dospjeća za obaveze po dugoročnim kreditima iznose 26.336 hiljada BAM (31. decembra 2016. godine iznosila su 24.490 hiljada BAM).

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.

Ugovorom je definisano da će Investiciono razvojna banka Republike Srpske proslijediti kreditna sredstva IBRD (Subsidiarno finansiranje) isključivo za finansiranje podzajmova ka korisnicima, i da će subsidiarno 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 Subsidiarnog 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 subsidiarnog finansiranja u skladu sa otplatnim planom utvrđenim u relevantnim Aneksima ugovora o subsidiarnom finansiranju, i to kvartalno: 1. marta, 1. juna, 1. septembra i 1. decembra svake godine na račun koji odredi Investiciono razvojna banka Republike Srpske.

Breakdown of borrowings is provided below:

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Investment and Development Bank of the Republic of Srpska Banja Luka:		
- RS Development and Employment Fund	-	106
- RS Housing Fund	52,743	55,333
- RS Development and Employment Fund	73,795	50,053
- RS Fund for Development of Eastern Republic of Srpska	47,043	41,691
- RS Development and Employment Fund (World Bank – IBRD)	2,143	10,396
RS Ministry of Finance (per Project of Developing Small-Scale Commercial Agriculture)	-	117
Federal Ministry of Finance (per Project of Developing Small-Scale Commercial Agriculture)	162	296
Federal Ministry of Finance and Sustainable Growth Foundation (ODRAZ) with World Bank IBRD	-	41
Total	175,886	158,033

As of December 31, 2017, the current portion of the Bank's long-term borrowings amounted to BAM 26,336 thousand (December 31, 2016: BAM 24,490 thousand).

Liabilities per borrowings obtained from the Funds managed by the Investment and Development Bank of the Republic of Srpska relate to several separate loan agreements stipulating loan maturities from 3 to 20 years at interest rates ranging from 0.5% to 4.0% per annum. The borrowings were obtained for crediting agriculture, entrepreneurs and corporate customers, municipalities and retail customers – housing loans.

The Subsidiary Financing Agreement executed with Investment and Development Bank of RS for IBRD funds stipulates that the Investment and Development Bank of RS shall forward to the Bank the loan funds of IBRD (subsidiary financing) exclusively for financing sub-lending to end-borrowers and that the subsidiary financing of the Bank shall be identical in terms of amounts, maturities and grace period as the Bank's financing of the end-borrowers. In accordance with the said loan agreement, the Bank shall determine interest rates for loans to the end-borrowers based on the end-borrower risk assessment and collateral quality, whereby the interest rate on loans to the end-borrowers must be linked to 6-month EuroLibor increased by a margin defined by the Bank. The drawn down amount outstanding of the agreed subsidiary financing funds shall be subject to the interest rate equal to the average value EuroLibor for the previous semi-annual period as calculated by the World Bank at each June 15 and December 15, plus a 2% margin. The Investment and Development Bank of RS shall calculate and charge the Bank a one-off fee of 0.25% per each loan the Bank approves to an end-borrower. The Bank shall repay the principal of the subsidiary financing in accordance with the repayment schedule agreed by the relevant Annexes to the Subsidiary Financing Agreement in quarterly installments due on each March 1, June 1, September 1, and December 1 to the account designated by the Investment and Development Bank of RS.

24. REZERVISANJA NA STAVKE VANBILANSA

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Rezervisanja za vanbilansne stavke	4.167	2.687
Ukupno rezervisanja	4.167	2.687

Promjene na rezervisanjima za vanbilansne stavke:

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Stanje na početku godine	2.687	2.834
Rezervisanja u tekućoj godini	3.083	1.884
Ukidanje rezervisanja	(1.603)	(2.031)
Stanje na dan 31. decembra	4.167	2.687

25. OSTALE OBAVEZE I PVR

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Razgraničeni prihodi - unaprijed naplaćena naknada	7.065	6.417
Razgraničene obaveze po osnovu kamata na depozite u dom. valuti	3.951	4.264
Razgraničene obaveze po osnovu kamata na depozite u str. valuti	5.557	6.124
Razgraničene obaveze za ostale obračunate troškove	429	710
Rezervisanja za otpremnine	313	313
Rezervisanja za sudske sporove	91	305
Rezervisanja za ostale potencijalne obaveze	277	277
Ostala pasivna vremenska razgraničenja	506	544
Ostale obaveze - unaprijed naplaćeni anuiteti po kreditima	4.737	3.211
Obaveze po primljenim sredstvima -neraspoređeni priliv	1.633	3.639
Obaveze po osnovu platnih kartica realizovanih u drugim bankama	635	1.350
Obaveze prema dobavljačima	611	83
Obaveze po kamatama	184	129
Obaveze za dividende	168	142
Obaveze po osnovu poštanskih uputnica	119	61
Ostale obaveze	1.466	2.169
Ukupno	27.742	29.738

24. PROVISIONS FOR OFF-BALANCE SHEET ITEMS

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Provisions for off-balance sheet items	4,167	2,687
Total	4,167	2,687

Movements on provisions for off-balance sheet items were as follows:

	<i>December 31, 2017. BAM '000</i>	<i>December 31, 2016. BAM '000</i>
Balance at January 1	2,687	2,834
Charge for the year	3,083	1,884
Reversal of provisions	(1,603)	(2,031)
Balance at December 31	4,167	2,687

25. OTHER LIABILITIES AND ACCRUALS

	<i>December 31, 2017. BAM '000</i>	<i>December 31, 2016. BAM '000</i>
Deferred income – fees collected in advance	7,065	6,417
Accrued interest liabilities per deposits in local currency	3,951	4,264
Accrued interest liabilities per deposits in foreign currencies	5,557	6,124
Accrued liabilities for other expenses	429	710
Provisions for employee retirement benefits	313	313
Provisions for litigations	91	305
Provisions for other contingent liabilities	277	277
Other accruals	506	544
Other liabilities – loan repayment installments collected in advance	4,737	3,211
Liabilities per funds received – unallocated inflows	1,633	3,639
Liabilities per payment card transactions performed via other banks	635	1,350
Trade payables	611	83
Interest liabilities	184	129
Dividend liabilities	168	142
Liabilities per postal money transfer orders	119	61
Other liabilities	1,466	2,169
Total	27,742	29,738

Promjene na rezervisanjima za otpremnine, sudske sporove i ostale potencijalne obaveze:

	Rezervisanja za otpremnine 000 BAM	Rezervisanja za sudske postupke 000 BAM	Rezervisanja za ostale potenc.obaveze 000 BAM	UKUPNO 000 BAM
Stanje na dan 01.01.2016.	320	76	277	673
Rezervisanja u tekućoj godini	-	255	-	255
Ukidanje rezervisanja /isplata	(7)	(26)	-	(33)
Stanje na dan 31.12.2016.	313	305	277	895
Stanje na dan 01.01.2017.	313	305	277	895
Rezervisanja u tekućoj godini	-	68	-	68
Ukidanje rezervisanja /isplata	-	(282)	-	(282)
Stanje na dan 31.12.2017.	313	91	277	681

26. SUBORDINIRANI DUG (dopunski kapital)

Obaveze po osnovu subordiniranog duga:

	31. decembar 2017. 000 BAM	31. decembar 2016. 000 BAM
Subordinirani dug (dopunski kapital)		
- u domaćoj valuti	37.600	37.600
- u stranoj valuti	97	225
Ukupno	37.697	37.825

Obaveze po osnovu subordiniranog duga u ukupnom iznosu od 37.600 hiljada BAM, datiraju iz 2014. godine (šesta emisija obveznica).

Stanje obveznica po osnovu subordiniranog duga nakon povrata	Datum rjesenja Komisije Hov RS	Nominalna vrijednost emisije BAM	Broj emitovanih obveznica	Kamatna stopa	Grejs period	Rok dospjeća
Šesta emisija	28.11.2014.	37.600.000	376	8,00%	5 godina	10 god.

Nadzorni odbor Banke je dana 06. novembra 2014. godine donio 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.

Movements on provisions for retirement benefits, litigations and other contingent liabilities were as follows:

	Provisions for retirement benefits BAM '000	Provisions for litigations BAM '000	Provisions for contingent liabilities BAM '000	Total BAM '000
Balance at January 1, 2016	320	76	277	673
Charge for the year	-	255	-	255
Reversal/release of provisions	(7)	(26)	-	(33)
Balance at December 31, 2016	313	305	277	895
Balance at January 1, 2017	313	305	277	895
Charge for the year	-	68	-	68
Reversal/release of provisions	-	(282)	-	(282)
Balance at December 31, 2017	313	91	277	681

26. SUBORDINATED DEBT (Supplementary Capital)

Liabilities per subordinated debt:

	December 31, 2017 BAM '000	December 31, 2016 BAM '000
Subordinated debt (supplementary capital)		
- in local currency	37,600	37,600
- in foreign currencies	97	225
Total	37,697	37,825

Subordinated debt bonds totaling BAM 37,600 thousand were issued in 2014 (sixth issue).

Balance of subordinated debt bonds	Date of registration with Securities Commission	Sixth issue par value BAM	Number of bonds issued	Interest rate	Grace period	Maturity
Sixth issue	28/11/2014	37,600,000	376	8.00%	5 years	10 years

On November 6, 2014 the Bank's Supervisory Board enacted the Decision on Issuance of the Sixth Bond Issue to consolidate the first, second, third, fourth and fifth bond issues, and with the registration of the sixth bond issue within the Central Securities Registry, bonds issued through the first five issues were deleted.

Šestom emisijom obveznica emitovano je 376.000 obveznica nominalne vrijednosti 100 BAM po obveznici, ukupne nominalne vrijednosti 37.600.000 BAM uz kamatnu stopu 8%, sa rokom dospijeca od 10 godina i grace periodom od 5 godina. Kupac navedenih obveznica je Investiciono razvojna banka Republike Srpske i fondovi kojima ona upravlja.

Banka na dan 31. decembra 2017. godine, takođe ima subordinirani dug u iznosu od 97 hiljada BAM (2016: 225 hiljada BAM) 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 BAM. Iznos od 2.895 hiljada BAM plaćen je u avgustu 2003. godine, dok je za preostali iznos od 1.930 hiljada BAM 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.

27. KAPITAL

Struktura kapitala Banke

Struktura ukupnog kapitala Banke prikazana je kako slijedi:

	31. decembar 2017. 000 BAM	31. decembar 2016. 000 BAM
Aksijski kapital (obične akcije)	126.274	115.098
Emisioni premija (ažio)	8.070	8.070
Rezerve iz dobiti	8.073	7.419
Revalorizacione rezerve	643	370
Regulatorne rezerve za kreditne gubitke	4.274	4.274
Neraspoređena dobit iz ranijeg perioda	1	1
Neraspoređena dobit tekuće godine	9.782	13.072
Ukupno	157.117	148.304

Aksijski kapital

Ukupan aksijski kapital Banke na dan 31. decembra 2017. godine sastoji se od 126.274.406 obične akcije pojedinačne nominalne vrijednosti 1 BAM (31. decembar 2016. godine: 115.097.582 obične akcije pojedinačne nominalne vrijednosti 1 BAM).

Skupština Banke je 29. marta 2017. godine donijela Odluku o XXVII emisiji hartija od vrijednosti (XXI emisija akcija) iz neraspoređene dobiti za 2016. godinu. Iznos emisije je 11.176.824 BAM, podijeljen u 11.176.824 običnih akcija klase A, čija je nominalna vrijednost 1 BAM. Ukupan iznos registrovanog kapitala nakon okončanja XXVII emisije hartija od vrijednosti iznosi 126.274.406 BAM. Agencija za bankarstvo Republike Srpske je dana 21. marta 2017. godine, donijela Rješenje kojim se daje saglasnost Novoj banci a.d Banja Luka da izvrši XXVII emisiju hartija od vrijednosti (XXI emisiju akcija) po osnovu pretvaranja neraspoređene dobiti za 2016. godinu u kapital u ukupnom iznosu od 11.176.824 BAM. Na osnovu Rješenja Okružnog Privrednog suda Banja Luka Republika Srpska od 25. avgusta 2017. godine, ukupan iznos osnovnog kapitala Banke nakon emisije akcija iznosi 126.274.406 BAM, podjeljen je na 126.274.406 akcije klase A, a nominalna vrijednost jedne akcije je 1 BAM.

The total of 376,000 bonds with the par value of BAM 100 per bond were issued in the sixth issue, with the total par value of BAM 37,600 thousand at an interest rate of 8% per annum and maturity of 10 years, with a 5-year grace period. The bonds were purchased by the Investment and Development Bank of RS and Funds managed by the Investment and Development Bank of RS.

As of December 31, 2017, the Bank had another subordinated debt of BAM 97 thousand (2016: BAM 225 thousand per borrowing obtained from USAID. In 2003 the Bank purchased a loan portfolio from USAID for the amount of BAM 4,825 thousand, of which BAM 2,895 thousand was paid in August 2003, while for the remaining BAM 1,930 thousand the Subordinated Loan Agreement was executed, whereby the Bank is required to repay the subordinated liabilities in equal quarterly installments from December 1, 2003 up to December 1, 2018 at a fixed interest rate of EuroLibor per annum.

27. EQUITY

The Bank's Equity Structure

The total Bank's equity structure is broken down below:

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Share capital (common stock(ordinary) shares)	126,274	115,098
Share premium	8,070	8,070
Reserves from profit	8,073	7,419
Revaluation reserves	643	370
Regulatory reserves for estimated credit losses	4,274	4,274
Prior years' retained earnings	1	1
Current year's retained earnings	9,782	13,072
Total	157,117	148,304

Share Capital

As of December 31, 2017 the Bank's total share capital comprised 126,274,406 common stock (ordinary) shares with the par value of BAM 1 (December 31, 2016: 115,097,582 commons stock shares with the par value of BAM 1).

On March 29, 2017 the Bank's Shareholder Assembly enacted Decision on the 27th Security Issue (21st Share Issue) from the 2016 retained earnings. The total issue amount of BAM 11,176,824 was divided into 11,176,824 class A ordinary shares with the par value of BAM 1 per share. The total amount of the Bank's registered share capital after completion of the 27th issue of securities amounted to BAM 126,274,406. On March 21, 2017 the banking Agency of the Republic of Srpska enacted Decision granting approval to Nova banka a.d., Banja Luka to conduct the 27th security issue (21st share issue) per conversion of the 2016 retained earnings into equity in the total amount of BAM 11,176,824. Based on the Decision of the District Commercial Court of Banja Luka dated August 25, 2017, the total Bank's share capital after completion of the share issue amounted to BAM 126,274,406 divided into 126,274,406 class A shares with the par value of BAM 1 per share.

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE FINANSIJSKE IZVJEŠTAJE

Najveći akcionari Banke na dan 31. decembra 2017. godine su:

Naziv / Prezime i ime	Obične akcije	% učešća običnih akcija
Radović Milan	10.067	7,97%
Interpromet DOO Novi Grad	7.900	6,26%
Radanović Slobodan	6.565	5,20%
Invest Nova AD Bijeljina	6.264	4,96%
Integral Inženjering AD	4.028	3,19%
Financ D.O.O. Banja Luka	3.893	3,08%
Avlijaš Goran	3.475	2,75%
Euro Line DOO Banja Luka	3.213	2,54%
Rožić Tihomir	3.028	2,40%
Balta Tarik	3.027	2,40%
New Concept DOO Banja Luka	2.728	2,16%
Avlijaš Sonja	2.568	2,03%
Avlijaš Boris	2.525	2,00%
Elek Nedeljko	2.458	1,95%
ZU Crvena apoteka Mrkonjić Grad	2.380	1,88%
Ostali	62.155	49,22%
Ukupno	126.274	100,00%

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 ADBijeljina	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%

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 the Bank's major shareholders were:

Name	Ordinary shares	Share (%)
Radović Milan	10,067	7.97%
Interpromet DOO Novi Grad	7,900	6.26%
Radanović Slobodan	6,565	5.20%
Invest Nova AD Bijeljina	6,264	4.96%
Integral Inženjering AD	4,028	3.19%
Financ D.O.O. Banja Luka	3,893	3.08%
Avlijaš Goran	3,475	2.75%
Euro Line DOO Banja Luka	3,213	2.54%
Rožić Tihomir	3,028	2.40%
Balta Tarik	3,027	2.40%
New Concept DOO Banja Luka	2,728	2.16%
Avlijaš Sonja	2,568	2.03%
Avlijaš Boris	2,525	2.00%
Elek Nedeljko	2,458	1.95%
ZU Crvena apoteka Mrkonjić Grad	2,380	1.88%
Others	62,155	49.22%
Total	126,274	100.00%

As of December 31, 2016 the Bank's major shareholders were:

Name	Ordinary shares	Share (%)
Radović Milan	9,176	7.97%
Interpromet DOO Novi Grad	7,201	6.26%
Radanović Slobodan	6,009	5.22%
Invest Nova ADBijeljina	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%
Others	56,841	49.39%
Total	115,098	100.00%

Sve gore navedene promjene akcionara Banke evidentirane su u jedinstvenoj evidenciji akcionara kod Centralnog registra hartija od vrijednosti Republike Srpske. Banka na dan 31. decembra 2017. godine ima novčani iznos kapitala u iznosu od 126.274.406 BAM. Članom 34., stav 1 Zakona o bankama Republike Srpske propisan je minimalan iznos novčanog kapitala od 15.000.000 BAM, a članom 37. stav 4. Zakona o bankama Republike Srpske i članom 34. stav 1. Odluke o izračunavanju kapitala banaka, propisan je minimalni koeficijent adekvatnosti regulatornog kapitala od 12% i način obračuna istog. Na dan 31. Decembra 2017. godine, koeficijent adekvatnosti kapitala Banke iznosio je 13,9% (31. decembra 2016. godine: 13,9%) bez uključene neto dobiti tekuće godine. Koeficijent adekvatnosti kapitala sa uključenom neto dobiti tekuće godine nakon revidiranja će iznositi 14,6%.

Emisiona premija

Emisiona premija u iznosu od 8.070 hiljada BAM na dan 31. decembra 2017. i 2016. 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 2017. godine 8.073 hiljada BAM.

Regulatorne rezerve za kreditne gubitke

Regulatorne rezerve za procijenjene gubitke iz dobiti formirane su u skladu sa 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 kapitalom banaka i kapitalnoj zaštiti, nedostajuće rezerve za kreditne gubitke po regulatornom zahtjevu predstavljaju odbitnu stavku od kapitala banke.

Na dan 31. decembra 2017. godine rezerve za kreditne gubitke iznose 4.274 hiljade BAM (31. decembra 2017. : 4.274 hiljade BAM) a iste se odnose na regulatorne rezerve za kreditne gubitke koje su formirane 1. januara 2010. godine u skladu sa izmijenjenim računovodstvenim propisima Republike Srpske i propisima Agencije za bankarstvo Republike Srpske.

Neraspoređena dobit

Neraspoređena dobit na dan 31. decembra 2017. godine iznosi 9.783 hiljade BAM, a obuhvata neraspoređenu dobit iz prethodnog perioda u iznosu od 1 hiljadu BAM i ostvarenu neto dobit tekućeg perioda u iznosu od 9.782 hiljade BAM.

Odlukom Skupštine akcionara Banke od 29. marta 2017. godine, Banka je raspodjelila neto dobiti poslovne 2016. godine u iznosu od 13.072 hiljade BAM, raspodjelom u: obavezne zakonske rezerve u iznosu od 654 hiljade BAM, isplatom akcionarima u svrhu plaćanja poreza u iznosu od 1.242 hiljade BAM i XXI emisiju akcija u iznosu od 11.176 hiljada BAM.

Revalorizacione rezerve

Revalorizacione rezerve na dan 31. decembra 2017. godine iznose 643 hiljada BAM i formirane su kao rezultat svođenja na tržišnu vrijednost ulaganja u hartije od vrijednosti raspoloživih za prodaju.

All the above changes to the Bank's shareholders were recorded within the unique database of shareholders maintained by the Central Securities Registry of the Republic of Srpska. As of December 31, 2017 the Bank's registered monetary share capital amounted to BAM 126,274,406. Article 34, paragraph 1 of the Law on Banks of the Republic of Srpska prescribes the minimum monetary capital of banks in the amount of BAM 15,000 thousand, while Article 37, paragraph 4 of the Law on Banks of the Republic of Srpska and Article 34, paragraph 1 of the D Decision on Bank Capital Calculation, prescribe the minimum capital adequacy ratio of 12% and the manner of calculation of this ratio. As of December 31, 2017, the Bank's capital adequacy ratio equaled 13.9% (December 31, 2016: 13.9%) without current year's profit included in the calculation. With the current year's profit included, the Bank's capital adequacy ratio will equal 14.6%.

Share Premium

Share premium is BAM 8,070 thousand as of December 31, 2017 and 2016 pertains to the positive difference between the value of shares paid in and their nominal (par) value.

Reserves from Profit

Reserves from profit were formed in accordance with the legislation of the Republic of Srpska and the Bank's Statute amounting to BAM 8,073 thousand as of December 31, 2017.

Regulatory Reserves for Estimated Credit Losses

Regulatory reserves for estimated credit losses were formed in accordance with the Decision on the Amendment to the Decision on the Minimum Standards for Credit Risk Management and Classification of Bank Assets enacted by BARS. Reserves for estimated credit losses represent reserves that the Bank is required to make upon assessment of the asset quality and upon asset classification in the minimum amount as prescribed by the Decision taking into account already formed impairment allowances of the balance sheet assets and provisions for losses per off-balance sheet items. Under the Amended Decision on the Minimum Standards for Credit Risk Management and Classification of Bank Assets, as from December 31, 2013, banks were no longer required to cover the shortfall regulatory reserves for credit losses. Based on the Decision on the Minimum Standards for Bank Capital Management and Capital Protection, the shortfall credit loss reserves as per the regulatory requirement represents a capital deductible item.

As of December 31, 2017, the Bank's reserves for estimated credit losses amounted to BAM 4,274 thousand (December 31, 2016: BAM 4,274 thousand) relating to the regulatory reserves for credit losses made in January 1, 2010 in accordance with the amended accounting regulations of the Republic of Srpska and BARS.

Retained Earnings

As of December 31, 2017 the Bank's retained earnings amounted to BAM 9,783 thousand, including the prior years' retained earnings of BAM 1 thousand and current year's net profit of BAM 9,782 thousand.

Under the Decision of the Bank's Shareholder Assembly dated March 29, 2017 the Bank distributed the net profit for FY 2016 in the amount of BAM 13,072 thousand to legal reserve in the amount of BAM 654 thousand, dividend payment to the shareholders for tax payment purposes in the amount of BAM 1,242 thousand and 21st share issue of BAM 11,176 thousand.

Revaluation Reserves

As of December 31, 2017 the Bank's revaluation reserves amounted to BAM 643 thousand and arose from the fair market value adjustment of securities available for sale.

28. 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.

	<u>2017.</u>	<u>2016.</u>
Neto dobit koja se odnosi na vlasnike običnih akcija Banke	9.782	13.072
Ponderisani prosječni broj običnih akcija	120.732	110.514
Zarada po akciji	<u>0,08</u>	<u>0,12</u>

29. VANBILANSNA AKTIVA / PASIVA

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:

	<i>31. decembar</i> <i>2017.</i> <i>000 BAM</i>	<i>31. decembar</i> <i>2016.</i> <i>000 BAM</i>
Plative garancije	60.527	60.129
Činidbene garancije	137.913	165.502
Nepokriveni nostro akreditivi	147	410
Neopozive kreditne obaveze	<u>89.285</u>	<u>87.138</u>
Ukupno	<u>287.872</u>	<u>313.179</u>

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.

28. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to the Bank's ordinary share holders by the weighted average number of share outstanding during the reporting period.

	2017	2016
Net profit attributable to the Bank's ordinary share holders	9,782	13,072
Weighted average number of share outstanding	120,732	110,514
Earnings per share	0.08	0.12

29. OFF-BALANCE SHEET ITEMS

In order to meet various financial needs of its clients, the Bank approves different types of guarantees and assumes other commitments and contingent liabilities. Although such liabilities are not recognized on balance sheet (within the statement of financial position), they contain credit risk and are therefore included in the overall Bank's risk.

The total balance of the Bank's contingent liabilities is broken down below:

	<i>December 31,</i> <i>2017</i> <i>BAM '000</i>	<i>December 31,</i> <i>2016</i> <i>BAM '000</i>
Payment guarantees	60,527	60,129
Performance guarantees	137,913	165,502
Unsecured letters of credit	147	410
Irrevocable credit commitments	89,285	87,138
Total	287,872	313,179

Guarantees and other commitments and contingent liabilities

Letters of credit and guarantees obligate the Bank to make payments to the beneficiaries if the required conditions are met. Guarantees and stand-by letters of credit expose the Bank to the same type of risk as loans.

Irrevocable Commitments

Irrevocable commitments relate to the undrawn loans approved and revolving loans (credit cards and overdrafts). Irrevocable commitments usually have fixed expiry dates or other expiry-related contractual terms. As those liabilities may expiry before draw-down by the customer, the total amount agreed does not necessarily represent the future cash outflows.

However, contingent credit losses are below the total unused amount (commitment) because the largest portion of the liabilities are contingent ad dependent on the fulfillment of certain criteria by the customer. The Bank monitors maturities of the unused loans approved since long-term commitments bear higher credit risk than the short-term ones.

30. 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.

Vrijednost sudskih sporova za 45 predmeta koji se vode protiv Banke na dan 31.12.2017. godine iznose 4.742 hiljade BAM (2016: 6.471 hiljada BAM). Uprava Banke procjenjuje da neće nastati materijalno značajni gubici po osnovu ishoda sudskih sporova koji su u toku.

Za sva utužena potraživanja protiv pravnih i fizičkih lica Banka je procijenila odgovarajuća rezervisanja na teret rezultata poslovanja u tekućoj i prethodnim godinama. Na dan 31. decembra 2017. godine rezervisanja za obezbjeđenje od potencijalnih gubitaka po ovom osnovu iznose 91 hiljada BAM (2016: 305 hiljada BAM).

Banka u kontinuitetu prati pravne rizike, te procjenjuje očekivane troškove pravnih postupaka po osnovu kojih formira odgovarajuća rezervisanja.

31. ODNOSI SA POVEZANIM STRANAMA

U skladu sa Međunarodnim računovodstvenim standardom (MRS) 24, lica povezana sa Bankom i ključni menadžemnt Banke čine:

<i>MRS 24.19</i>	<i>Naziv</i>	<i>Opis</i>
MRS 24.19 (a)	Matični subjekti	Banka nije imala matične subjekte
MRS 24.19 (b)	Subjekti sa zajedničkom kontrolom ili značajnim utjecajem nad subjektom	Nova Leasing a.d. Banjaluka
MRS 24.19 (c)(d)(e)	Zavisni subjekti; pridruženi subjekti; zajednički poduhvati u kojima je subjekt učesnik u zajedničkim poduhvatima	Banka nije imala zavisne, pridružene subjekte i zajedničke poduhvate u kojima je subjekt učesnik u zajedničkim poduhvatima
MRS 24.19 (f)	Ključno upravljačko osoblje subjekta ili njegovog matičnog subjekta	Članovi Nadzornog odbora i Uprave Banke, te lica povezana sa navedenim članovima
MRS 24.19 (g)	Ostala povezana lica	Ostali mali akcionari

Stanja na kraju godine i efekti transakcija sa članovima Uprave, Nadzornog odbora i ostalim ključnim osobljem i njima povezanim stranama, kao i sa ostalim povezanim licima navedenim u tabeli iznad su prikazani u sljedećim tabelama:

30. LITIGATION

Legal suits are common due to the nature of the banking business. The Bank has therefore established a protocol for litigation management. Based on the analyses of the claims and legal advice, the Bank assesses the amounts of losses contingent on the legal suits in progress, the Bank makes provisions for negative effects that may arise from the outcome of the legal suits, i.e., negative effects on the Bank's financial position.

The total value of 45 lawsuits filed against the Bank as of December 31, 2017 amounted to BAM 4,742 thousand (2016: BAM 6,471 thousand). The Bank's management anticipated that no materially significant losses will be incurred on the outcome of the ongoing legal suits filed against the Bank.

On the other hand, for all receivables claimed before court in cases against entities and individuals the Bank assessed and made appropriate provisions and charged them against current and prior years' retained earnings. As of December 31, 2017 provisions for potential losses in this respect amounted to BAM 91 thousand (2016: BAM 305 thousand).

The Bank monitors legal risks on an ongoing basis and estimates litigation costs. Based on such estimates, the Bank makes adequate provisions.

31. RELATED PARTY TRANSACTIONS

In accordance with International Accounting Standard (IAS) 24, the Bank's related parties and key management personnel are:

<i>IAS 24.19</i>	<i>Name</i>	<i>Description</i>
IAS 24.19 (a)	Parent entities	The Bank had no parent entity
IAS 24.19 (b)	Entities with common control or significant influence over the reporting entity	Nova Leasing a.d. Banjaluka
IAS 24.19 (c)(d)(e)	Subsidiaries, associates, joint ventures where the reporting entity participates in the joint ventures	The Bank had no subsidiaries, associates or joint ventures
IAS 24.19 (f)	Key management personnel of the reporting entity or its parent entity	Members of the Supervisory and Management Boards of the Bank and entities/individual related to the Board members
IAS 24.19 (g)	Other related parties	Other minor shareholders

Year-end balances of receivables and liabilities and effects of the Bank's transactions with the members of the Management Board, Supervisory Board and other key management personnel and their related parties and other related parties as stated above are provided in the following tables:

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE FINANSIJSKE IZVJEŠTAJE

Bilans stanja za godinu koja se završava 31. decembra 2017. godine

	<i>Subjekti sa zajedničkom kontrolom MRS 24, 19. (b) 000 BAM</i>	<i>Ključni menadžment MRS 24, 19. (f) 000 BAM</i>	<i>Ostala povezana lica MRS 24, 19. (g) 000 BAM</i>	<i>Ukupno 000 BAM</i>
AKTIVA				
Kredit i dospjela potraživanja po kreditima	58	20.693	59.919	80.670
Ostala potraživanja i AVR	4	126	2.855	2.985
Poslovna aktiva	62	20.819	62.774	83.655
Vanbilans- neopozive obaveze	-	1.405	4.445	5.850
Vanbilans- potencijalne obaveze	-	12.969	48.865	61.834
Vanbilansna aktiva	-	14.374	53.310	67.684
UKUPNA AKTIVA	62	35.193	116.084	151.339
PASIVA				
Obaveze				
Depoziti komitenata	-	8.510	33.898	42.408
Ostale obaveze i PVR	-	543	620	1.163
Poslovna pasiva	-	9.053	34.518	43.571
Vanbilans- neopozive obaveze	-	1.405	4.445	5.850
Vanbilans- potencijalne obaveze	-	12.969	48.865	61.834
Vanbilansna pasiva	-	14.374	53.310	67.684
UKUPNA PASIVA	-	23.427	87.828	111.255

Bilans stanja za godinu koja se završava 31. decembra 2016. godine

	<i>Subjekti sa zajedničkom kontrolom MRS 24, 19. (b) 000 BAM</i>	<i>Ključni menadžment MRS 24, 19. (f) 000 BAM</i>	<i>Ostala povezana lica MRS 24, 19. (g) 000 BAM</i>	<i>Ukupno 000 BAM</i>
AKTIVA				
Kredit i dospjela potraživanja po kreditima	58	21.152	60.776	81.986
Ostala potraživanja i AVR	3	244	1.290	1.537
Poslovna aktiva	61	21.396	62.066	83.523
Vanbilans- neopozive obaveze	-	2.459	4.272	6.731
Vanbilans- potencijalne obaveze	-	10.251	66.620	76.871
Vanbilansna aktiva	-	12.710	70.892	83.602
UKUPNA AKTIVA	61	34.106	132.958	167.125
PASIVA				
Obaveze				
Depoziti komitenata	-	17.055	31.865	48.920
Ostale obaveze i PVR	-	774	11	785
Poslovna pasiva	-	17.829	31.876	49.705
Vanbilans- neopozive obaveze	-	2.459	4.272	6.731
Vanbilans- potencijalne obaveze	-	10.251	66.620	76.871
Vanbilansna pasiva	-	12.710	70.892	83.602
UKUPNA PASIVA	-	30.539	102.768	133.307

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

Assets and liabilities as of December 31, 2017

	<i>Entities under joint control IASS 24, 19 (b) BAM '000</i>	<i>Key management 24, 19 (f) BAM '000</i>	<i>Other related parties MRS 24, 19 (g) BAM '000</i>	<i>Total BAM '000</i>
ASSETS				
Loans and receivables due from customers	58	20,693	59,919	80,670
Other receivables and prepayments	4	126	2,855	2,985
Operating assets	62	20,819	62,774	83,655
Off-balance sheet – irrevocable commitments	-	1,405	4,445	5,850
Off-balance sheet – contingent liabilities	-	12,969	48,865	61,834
Off-balance sheet items	-	14,374	53,310	67,684
TOTAL ASSETS	62	35,193	116,084	151,339
PASIVA				
LIABILITIES				
Deposits due to customers	-	8,510	33,898	42,408
Other liabilities and accruals	-	543	620	1,163
Operating liabilities	-	9,053	34,518	43,571
Off-balance sheet – irrevocable commitments	-	1,405	4,445	5,850
Off-balance sheet – contingent liabilities	-	12,969	48,865	61,834
Off-balance sheet items	-	14,374	53,310	67,684
TOTAL LIABILITIES	-	23,427	87,828	111,255

Assets and liabilities as of December 31, 2016

	<i>Entities under joint control IASS 24, 19 (b) BAM '000</i>	<i>Key management 24, 19 (f) BAM '000</i>	<i>Other related parties MRS 24, 19 (g) BAM '000</i>	<i>Total BAM '000</i>
ASSETS				
Loans and receivables due from customers	58	21,152	60,776	81,986
Other receivables and prepayments	3	244	1,290	1,537
Operating assets	61	21,396	62,066	83,523
Off-balance sheet – irrevocable commitments	-	2,459	4,272	6,731
Off-balance sheet – contingent liabilities	-	10,251	66,620	76,871
Off-balance sheet items	-	12,710	70,892	83,602
TOTAL ASSETS	61	34,106	132,958	167,125
PASIVA				
LIABILITIES				
Deposits due to customers	-	17,055	31,865	48,920
Other liabilities and accruals	-	774	11	785
Operating liabilities	-	17,829	31,876	49,705
Off-balance sheet – irrevocable commitments	-	2,459	4,272	6,731
Off-balance sheet – contingent liabilities	-	10,251	66,620	76,871
Off-balance sheet items	-	12,710	70,892	83,602
TOTAL LIABILITIES	-	30,539	102,768	133,307

Bilans uspjeha poslovne 2017. godine

	<i>Subjekti sa zajedničkom kontrolom MRS24, 19. (b)</i>	<i>Ključni menadžment MRS 24, 19. (f)</i>	<i>Ostala povezana lica MRS 24, 19. (g)</i>	<i>Ukupno</i>
	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>
Prihodi od kamata	1	1.253	3.668	4.922
Rashodi od kamata	-	(212)	(554)	(766)
Neto prihodi od kamata	1	1.041	3.114	4.156
Prihodi od naknada i provizija	-	471	1.707	2.178
Ostali poslovni prihodi	-	236	3.982	4.218
Ostali operativni i rashodi iz poslovanja	-	(207)	(4.644)	(4.851)
Dobit tekuće godine	1	1.541	4.159	5.701

Bilans uspjeha poslovne 2016. godine

	<i>Subjekti sa zajedničkom kontrolom MRS24, 19. (b)</i>	<i>Ključni menadžment MRS 24, 19. (f)</i>	<i>Ostala povezana lica MRS 24, 19. (g)</i>	<i>Ukupno</i>
	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>
Prihodi od kamata	4	1.543	4.404	5.951
Rashodi od kamata	-	(232)	(804)	(1.036)
Neto prihodi od kamata	4	1.311	3.600	4.915
Prihodi od naknada i provizija	-	556	1.972	2.528
Ostali poslovni prihodi	-	246	1.361	1.607
Ostali operativni i rashodi iz poslovanja	(1)	(108)	(1.438)	(1.547)
Dobit tekuće godine	3	2.005	5.495	7.503

U okviru redovnih transakcija obavljaju se transakcije sa povezanim licima po fer tržišnim uslovima za koje Banka procjenjuje da nema rizika od transfernih cijena.

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

Income statement for FY 2017

	<i>Entities under joint control IASS 24, 19 (b) BAM '000</i>	<i>Key management 24, 19 (f) BAM '000</i>	<i>Other related parties MRS 24, 19 (g) BAM '000</i>	<i>Total BAM '000</i>
Interest income	1	1,253	3,668	4,922
Interest expenses	-	(212)	(554)	(766)
Net interest income	1	1,041	3,114	4,156
Fee and commission income	-	471	1,707	2,178
Other operating income	-	236	3,982	4,218
Operating and other expenses	-	(207)	(4,644)	(4,851)
Profit for the year	1	1,541	4,159	5,701

Income statement for FY 2016

	<i>Entities under joint control IASS 24, 19 (b) BAM '000</i>	<i>Key management 24, 19 (f) BAM '000</i>	<i>Other related parties MRS 24, 19 (g) BAM '000</i>	<i>Total BAM '000</i>
Interest income	4	1,543	4,404	5,951
Interest expenses	-	(232)	(804)	(1,036)
Net interest income	4	1,311	3,600	4,915
Fee and commission income	-	556	1,972	2,528
Other operating income	-	246	1,361	1,607
Operating and other expenses	(1)	(108)	(1,438)	(1,547)
Profit for the year	3	2,005	5,495	7,503

In the normal course of business the Bank performs transactions with related parties at arm's length conditions, for which the Bank assesses that are not exposed to the transfer pricing risk.

32. PORESKE RIZICI

Obzirom da Banka posluje na teritoriji cijele Bosne i Hercegovine (oba entiteta i Brčko Distrikt BiH) u obavezi je da primjenjuje zakone iz oblasti poreza koji važe u sve tri jurisdikcije. Porezi koji se plaćaju obuhvataju porez na dobit i porez na dohodak. U regulativi koja se primjenjuje u poreskim jurisdikcijama postoji različitost u primjeni, dok su propisi kojima se vrši implementacija ovih zakona često nejasni ili ne postoje. Shodno tome, u pogledu pitanja vezanih za poreske zakone postoji ograničen broj slučajeva koji se mogu koristiti kao primjer. Često postoje razlike u mišljenju između državnih i entitetskih ministarstava i institucija u vezi sa pravnom implementacijom zakonskih odredbi što može dovesti do neizvjesnosti i sukoba interesa.

Poreske prijave, zajedno sa drugim oblastima zakonskog regulisanja (na primjer, pitanja carina i devizne kontrole) su predmet pregleda i kontrole od više ovlašćenih organa kojima je zakonom omogućeno propisivanje strogih kazni i zateznih kamata.

U skladu sa Zakonom o Poreskoj upravi RS, period zastarjelosti poreskih obaveza je pet godina, što znači da poreske vlasti imaju pravo da odrede plaćanje neizmirenih obaveza u roku od pet godina od trenutka kada je obaveza nastala. Kao rezultat toga transakcije koje se odnose na obračune i plaćanja obaveza po porezima mogu biti osporene od strane poreskih vlasti i Banci može biti određen dodatni iznos poreza, kazni i kamata. Ove činjenice utiču da poreski rizik u Republici Srpskoj, Federaciji Bosne i Hercegovine i Brčko Distrikta budu značajniji od onih u zemljama sa razvijenim poreskim sistemom.

33. OPERATIVNI ZAKUP

Operativni zakup se odnosi na zakup poslovnica od pravnih i fizičkih lica, kao i na zakup po osnovu prostora za ugradnju bankomata.

Buduća ukupna očekivana plaćanja po osnovu operativnog lizinga u slučajevima kada se Banka javlja kao zakupac prikazana su u narednoj tabeli:

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Do 1 godine	3.539	4.077
Između 1 i 5 godina	10.379	13.052
Preko 5 godina	3.312	6.599
Ukupno	17.230	23.728

Buduće ukupne očekivane naplate po osnovu ugovorenih kada se Banka javlja kao zakupodavac prikazana su u narednoj tabeli:

	<i>Godina koja se završava 31. decembra</i>	
	<i>2017.</i>	<i>2016.</i>
	<i>000 BAM</i>	<i>000 BAM</i>
Do 1 godine	519	558
Između 1 i 5 godina	58	494
Preko 5 godina	-	-
Ukupno	577	1.052

32. TAXATION RISKS

Given that the Bank operates in the entire territory of Bosnia and Herzegovina (both BH Entities and Brčko District), the Bank is required to observe the tax legislation effective in all three jurisdictions. Taxes payable include corporate income tax and payroll (personal income) tax. There are differences among the respective jurisdictions' regulations and the regulations defining the implementation of these laws are often unclear or non-existent. Hence, few precedents with regard to tax issues have been established in the Republic of Srpska, Federation of BH and Brčko District. Often, contrary opinions pertaining to legal interpretations exist both among, and within, governmental ministries and organizations, thus creating uncertainties and areas of legal contention.

Tax returns, along with other legal compliance matters (e.g., customs and currency control matters) are subject to the review and investigation by a number of authorities that are legally enabled to impose extremely severe fines, penalties and interest charges.

Tax Administration of the Republic of Srpska, expiration period of the tax liability is five years. This virtually means that tax authorities could determine payment of outstanding liabilities in the period of five years from the origination of the liability. The aforescribed situation creates tax risks in the Republic of Srpska, Federation of BH and Brčko District that are substantially more significant than those typically existing in countries with more developed tax systems.

33. OPERATING LEASE ARRANGEMENTS

Operating lease arrangements relate to the lease of business premises for the Bank's branches from legal entities and individuals and lease of spaces for installation of ATMs.

Total future minimum lease payments to be settled per operating lease contracts where the Bank is the lessee are presented below:

	Year Ended December 31,	
	2017	2016
	BAM '000	BAM '000
Up to 1 year	3,539	4,077
From 1 to 5 years	10,379	13,052
Over 5 years	3,312	6,599
Total	17,230	23,728

Total future minimum lease payments to be collected per operating lease contracts where the Bank is the lessor are presented below:

	Year Ended December 31,	
	2017	2016
	BAM '000	BAM '000
Up to 1 year	519	558
From 1 to 5 years	58	494
Over 5 years	-	-
Total	577	1,052

34. MAKROEKONOMSKO OKRUŽENJE

Privredni rast Republike Srpske se ogleda u BDP koji je u prvom polugodištu 2017. godine imao pozitivnu stopu rasta od 1,8% (Q1 = 1,9% i Q2 = 1,7%). Najveći doprinos ovom rastu imao je realni rast u prerađivačkoj industriji što ukazuje na rast privredne aktivnosti. Raspoloživi podaci za 2017. godinu ukazuju na nastavak rasta potrošnje, kao i većeg rasta izvoza u odnosu na uvoz, tako da se očekuje trend pozitivnog kretanja i u narednom periodu, što će imati pozitivan doprinos rastu BDP-a. Prosječna neto plata u Republici Srpskoj u periodu januar – avgust 2017. godine iznosila je 830 BAM i procjenjuje se da će se zadržati na istom nivou do kraja 2017. godine.

Poslovanje banaka se odvijalo u uslovima otežanog poslovanja u realnom sektoru, što se odrazilo i na stanje i perspektive bankarskog sektora, dok je kreditna izloženost i dalje dominantna. U prvoj polovini 2017. godine kreditna aktivnost bankarskog sektora i ulaganja u hartije od vrijednosti za trgovanje su bile u porastu. Ukupni kapital i depoziti zabilježili su rast, dok su obaveze banaka po uzetim kreditima u opadanju u odnosu na kraj 2016. godine. Trend rasta depozita građana je i dalje prisutan, a u okviru istih štednja građana je takođe zabilježila rast u odnosu na stanje krajem prethodne godine. Na nivou bankarskog sektora iskazan je pozitivan finansijski rezultat. Na osnovu gore navedenog može se zaključiti da je bankarski sektor tokom 2017. godine u cijelosti stabilan i adekvatno kapitalizovan, a likvidnost i profitabilnost na zadovoljavajućem nivou.

U cilju obezbjeđenja stabilnosti i sigurnosti bankarskog sistema i zaštite deponenata krajem 2016. godine donesen je Zakon o bankama Republike Srpske (a koji je stupio na snagu u krajem januara 2017. godine), dok je tokom 2017. godine donošen niz drugih podzakonskih akata kojima su uvedeni strožiji bonitetni zahtjevi bankarskog poslovanja i uređen postupak restrukturiranja banaka. Ova zakonska rješenja trebala bi da doprinesu značajnijem smanjenju nekvalitetnih kredita, koji predstavljaju jedan od ključnih rizika bankarskog sektora. Ovi problemi u narednom periodu u cjelokupnom bankarskom sektoru mogu značajno uticati na slabljenje kapitalne osnove banaka ukoliko se nastave negativni trendovi u kvalitetu aktive i pogoršanju naplativosti kredita.

U skladu sa gore navedenim izmjenama, Banka će u cilju unaprjeđenja kvaliteta poslovanja i održavanja stabilnosti, u narednom period svoje aktivnosti usmjeriti na:

- oprežno i kvalitetno poslovanje i kapitalno jačanje,
- kontrolu nivoa dospjelih potraživanja, a posebno nekvalitetnih kredita, te dodatne aktivnosti za efikasniju naplatu i unapređenje sistema ranog prepoznavanja pogoršanja kvaliteta kreditnog portfolija,
- unaprjeđenju sistemu upravljanja rizicima, posebno kreditnim i rizikom likvidnosti, i
- uspostavljanju i unaprjeđenju stress testova na moguće scenarije kriznih situacija i njihov uticaj na poslovanje banke, a posebno kapital, kreditni rizik i rizik likvidnosti.

35. FINANSIJSKI INSTRUMENTI

35.1. 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. Proces 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 obavješćavanje 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:

34. MACROECONOMIC ENVIRONMENT

The economic growth of the Republic of Srpska is reflected in GDP, which in the first half of 2017 had a positive growth rate of 1.8% (Q1 = 1.9% and Q2 = 1.7%). The highest contribution to the said GDP growth was that of the real growth in the processing industry, which is indicative of the economic activity growth. The available data for 2017 suggest that consumption increase continued, as well as increase of exports that was higher than that of imports, so that the positive trends are expected to continue in the forthcoming period as well, which will result in positive contribution to GDP growth. The average net salary paid in the Republic of Srpska over the period from January to August 2017 amounted to BAM 830 and it was estimated to remain at the same level up to the end of 2017.

Banking operations were carried out in the conditions of difficult business operations in the real sector, which was reflected on the banking sector condition and prospects, with remaining predominant credit exposure. In the first half of 2017, the banking sector's crediting (lending) activity and investments in trading securities were on the rise. The total capital and deposits recorded increases, while the banks' borrowings decreased compared to 2016 year-end. The growing trend in retail deposits continued, with retail savings deposits growing compared to the previous year-end. The Republic of Srpska reported positive aggregate financial result for 2017. Based on the foregoing, it may be concluded that the overall banking sector was stable during 2017 and adequately capitalized, with liquidity and profitability at satisfactory levels.

For ensuring stability and security of the banking system and protection of the depositors the Law on Banks of the Republic of Srpska was enacted at the end of 2016 (which became effective at the end of January 2017), while during 2017 a series of bylaws and other regulations were passed to introduce stricter credit rating requirements for banking operations and define the process of bank restructuring. These regulations ought to contribute to more significant decrease of non-performing loans as a key risk to the banking sector. The said problems may give significant rise to weakening of the banks' capital base over the ensuing period if the negative trends in respect of the asset quality and loan recoverability should continue.

In accordance with the said changes introduced by the newly enacted regulations, in order to improve the quality of its business operations and maintain stability, in the forthcoming period the Bank will focus its activities on the following:

- Prudent and high-quality business operations and capital strengthening;
- Control of the receivables past due, particularly NPLs and additional activities for more efficient collection and improvement to the early warning system for loan portfolio quality deterioration;
- Improvements to the risk management system, particularly credit risk and liquidity risk management; and
- Set-up and improvement of stress testing for probable crisis scenarios and their impact on the Bank's operations, particularly on its capital, credit risk and liquidity.

35. FINANCIAL INSTRUMENTS

35.1. Introduction

The basic prerequisite for successful banking business is risk management, which includes the process of an ongoing identification, measurement, monitoring, definition, assessment and limiting of risks and application of other types of controls and supervision. The risk management processes are vital to the profitable operations of the Bank and each individual at the Bank is, within his/her remit and scope of work, responsible for risk exposure and risk management. The Bank is primarily exposed to the credit risk, liquidity risk and market risks. In addition, the Bank monitors operational risks, exposure risk (exposure to a single entity or a group of related entities), risk of the Bank's investments in other entities and own fixed assets, as well as country risk (effects of the risk relating to the country of origin of the person/entity the Bank is exposed to). Such risk management system enables timely and complete reporting to the Bank's governing bodies on all the risks that arise or may arise, and allows adequate and timely response to those risks.

The independent risk management process does not include business risks encompassing changes in the environment, technology and industry. The Bank monitors these risks through the strategic planning process.

The following Bank's units/bodes have key roles in risk management:

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 procesa upravljanja rizicima u Banci.

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 kontrolu rizika,
- za upravljanje kreditnim rizikom,
- za upravljanje operativnim rizicima,
- za upravljanje tržišnim rizikom i
- za identifikaciju rizika za fizička lica.

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 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 Odjeljenje 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 dospelja.

The Bank's Supervisory Board and Management Board

The Bank's Supervisory Board and Management Board are responsible for the overall comprehensive approach to risk management and for definition of the risk management strategy and principles. These Boards make decision based on the proposals of the Asset and Liability Management Committee and other Bank's relevant bodies. The Supervisory Board's decision on the risk level acceptable to the Bank or "risk appetite" defines the basic parameters (limits) for different risk types.

The Asset and Liability Management Committee (ALCO)

The Asset and Liability Management Committee (ALCO) is responsible for development of the risk management strategy and implementation of the risk principles, frameworks, policies and limits. ALCO is in charge of the fundamental risk findings as well as for monitoring of the relevant decisions on all risk types. By monitoring the risk trends per risk type, ALCO proposes measures for their improvement.

The Audit Committee

The Audit Committee is responsible for monitoring the overall risk management process throughout the Bank.

The Internal Audit Department

The Internal Audit Department monitors the risk management process throughout the Bank. The Department examines the adequacy of procedures and the Bank's compliance with the adopted policies and procedures, the manner of risk management and efficiency of the established internal audit system. The Internal Audit Department discusses its results with the Bank's Management Board and reports to the Audit Committee and the Supervisory Board of its findings and recommendations, and, in accordance with its platform and activity plan, controls functioning of the internal audit inspections planned within the Bank's organizational units.

Risk Management

The Bank has the Risk Management Division organized with the following departments within it:

- Risk Control Department,
- Credit Risk Management Department,
- Operational Risk Management Department,
- Market Risk Management Department, and
- Retail Risk Identification Department.

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 within the Bank, including monitoring of risks according to the defined limits, as well as complete coverage of risks in the system of risk measurement and reporting.

In implementation of the credit policy, the Bank adheres to certain principles set up in its business and crediting policies, thus protecting itself from excessive credit risk exposure. The Credit Risk Management Department is in charge of the credit risk management at the level of individual transactions, while the Risk Control Department, in addition to its other activities, deals with the credit risk of the entire loan portfolio.

Within the Risk Management Division, there is a Market Risk Management Department organized for liquidity risk management, foreign exchange risk management and interest rate risk management. The Bank's liquidity, as its ability to discharge its liabilities as these fall due, depends primarily on the Bank's asset and liability structure, i.e., maturity matching of inflows and outflows of funds. The minimum standards for development and implementation of the liquidity management policy are defined within limits set forth by the Supervisory Board's Decision on the Acceptable Risk Level and the Bank's Business Plan, ensuring the Bank's ability to settle all its liabilities when these fall due in full and without delay.

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.

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 portfolija. Shodno tome, Banka kontroliše i upravlja identifikovanim koncentracijama kreditnog rizika.

35.2. 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 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, 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 portfolija 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.

In order to manage the liquidity risk, the Bank performs activities ensuring matching of the assets and liabilities, both on-balance and off-balance sheet, i.e., their cash flows (inflows and outflows) and continuously monitors and plans future cash flows taking into account changes in the operating, economic and other conditions of the Bank's business environment. As part of the liquidity risk management, the Bank performs stress testing to identify potential liquidity gaps that may arise in certain periods (for certain maturity buckets) per: outflow of deposits, inability of conversion of portions of assets into liquid assets, increase cash outflows, and the like. The Bank identifies accordingly potential additional sources of financing to cover the arising liquidity gaps.

Risk Management and Reporting Systems

Bank risks are measured using a method that reflects the expected losses that may be incurred under the normal circumstances, and unexpected losses which represent the ultimate loss estimates based on statistical models. Models rely on the probability derived from the historical data, adjusted to reflect the current economic environment. The Bank also uses the method of the worst scenarios that could occur as a result of extreme events that are unlikely to happen.

Risk monitoring and control are based on the policies, procedures, and defined limits. The limits reflect the Bank's strategy and market environment as well as the level of risks the Bank is ready to accept. The information collected from all the Bank's activities are examined and processed in order to identify, assess and control risks. Such information is presented to the Bank's Management and Supervisory Boards. Those reports to the management include information on the overall credit exposure, loan forecasts, deviations from the set limits, market risk measurement, liquidity ratios, etc.

Credit risk concentrations may arise when a number of the Bank's customers are involved in similar business activities, or operate in the same geographic region, or have similar economic characteristics, so that their ability to settle liabilities toward the Bank is expected to be under the influence of the similar changes of economic or other nature. Risk concentration is indicative of the relative sensitivity of the Bank's performance to the changes affecting a particular industry or geographic region.

In order to avoid excessive risk concentrations, the Bank's policies and procedures include specific guidelines for developing and maintaining a diversified portfolio. Identified credit risk concentrations are controlled and managed accordingly.

35.2. Credit Risk

Credit risk is a risk of one party failing to meet its contractual obligations thus causing the other party to suffer a financial loss. Credit risk exposure, manifested as the Bank's inability to collect loans and other receivables with relating interest within agreed deadlines, is continuously monitored by the Bank through analyses of the financial situation and performance of the borrowers, the loan collectability (daily, monthly and quarterly monitoring), control of the eligible uses of loan funds and assessment of the loan portfolio risk level.

In implementation of the credit policy, the Bank adheres to certain principles set up in its business and crediting policies, thus protecting itself from excessive credit risk exposure. The Credit Risk Management Department is in charge of the credit risk management at the level of individual transactions, while the Risk Control Department, in addition to its other activities, deals with the credit risk of the entire loan portfolio.

The above said Credit Risk Management Departments is continuously developed, and its main activities are establishment, monitoring and control of implementation of the adopted policy, rules and guidelines in all crediting business segments, risk identification in the loan approval process through monitoring of departures from the set standards for loan approval process, realistic assessment of the borrower credit quality, adequate collateral valuation/appraisal, risk restriction in terms of set-up limits and acceptable risk levels per segment, taking adequate measures for protection of the loan portfolio from negative movements and alignment of the crediting activities with the level of risk assumed. The process of loan quality monitoring enables the Bank to estimate potential losses as a result of the risks the Bank is exposed to and to take remedial measures.

The Bank's objective is to approve and disburse low risk-level loans to the greatest extent possible in accordance with the crediting policy and credit risk management system using the defined risk assessment models.

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.

	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
AKTIVA		
Novčana sredstva i računi depozita kod depozitnih institucija	172.105	208.300
Obavezna rezerva kod Centralne Banke	158.628	147.912
Finansijska imovina raspoloživa za prodaju	188.235	124.171
Plasmani drugim bankama	2.056	1.629
Kreditni i dospjela potraživanja po kreditima	1.243.640	1.110.356
Ostala potraživanja i AVR	58.890	55.422
Ukupno	1.823.554	1.647.790
Potencijalne obaveze	198.587	226.041
Neopozive obaveze	89.285	87.138
Ukupno	287.872	313.179
Ukupna izloženost riziku	2.111.426	1.960.969

U slučaju finansijskih instrumenata vrednovanih 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.

Credit Risk Related Risks

The Bank issues guarantees and letters of credit to its customers, based on which it has contingent obligations to make payments in favor of third parties. Accordingly, the Bank is exposed to risks related to the credit risk, which can be mitigated by the same control processes and procedures used for the credit risk.

Loan Concentration Risk

Concentration risk is a risk of a financial loss arising from the Bank's large exposure to a particular group of borrowers. Credit risk concentration arises when a significant number of borrowers belong to the same industry or the same geographic region, or have similar economic characteristics, which may influence their settlement of liabilities to the Bank in instances of changes in the economic, political or other circumstances that affect them in the same manner. In order to develop and maintain a safer loan portfolio and minimize the concentration risk, safety measures are determined by definition of the maximum exposure levels and credit limits and by regular monitoring of the set limits.

a) Maximum credit risk exposure without taking into account collaterals and other credit enhancements

The table below shows the maximum credit risk exposure for the Bank's asset and liability components. The maximum exposure is shown in the net amounts, not taking into account the effects of risk decrease through collateral and other risk hedging instruments.

	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
ASSETS		
Cash and balances held with banks and other financial institutions	172,105	208,300
Obligatory reserve held with the Central Bank	158,628	147,912
Financial assets available for sale	188,235	124,171
Loans and receivables due from banks and other financial institutions	2,056	1,629
Loans and receivables due from customers	1,243,640	1,110,356
Other assets, receivables and prepayments	58,890	55,422
Total	1,823,554	1,647,790
 Contingent liabilities	 198,587	 226,041
Irrevocable commitments	89,285	87,138
Total	287,872	313,179
Total credit risk exposure	2,111,426	1,960,969

For financial instruments measured at fair value, the above presented amounts represent the current credit risk exposure but not the maximum risk exposure that may arise in the future as a result of changes in their fair values.

Details on the maximum credit risk exposure for each class of financial instruments will be disclosed in the respective notes on the specific financial instruments.

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 2017. godine iznosi 30.606 hiljada BAM (31. decembar 2016. godine: 32.148 hiljada BAM).

Finansijska sredstva Banke prije uzimanja u obzir sredstava obezbjeđenja i ostalih sredstava zaštite od kreditnog rizika mogu se analizirati kroz sljedeća geografska područja:

31. decembra 2017. godine	Novčana sredstva i računi	depozita kod depozitnih institucija	Obavezna rezerva kod Centralne Banke	Finansijska imovina raspoloživa za prodaju	Plasmani drugim bankama	Kredit i dospjela potraživanja po kreditima	Ostala potraživanja i AVR	Potencijalne i neopozive obaveze	Ukupno
	000 BAM	000 BAM	000 BAM	000 BAM	000 BAM	000 BAM	000 BAM	000 BAM	000 BAM
Bosna i Hercegovina	157.482		158.628	188.235	2.056	1.243.640	58.890	287.872	2.096.803
Evropska Unija	7.914		-	-	-	-	-	-	7.914
Ostalo	6.709		-	-	-	-	-	-	6.709
Ukupno	172.105		158.628	188.235	2.056	1.243.640	58.890	287.872	2.111.426

31. decembra 2016. godine	Novčana sredstva i računi	depozita kod depozitnih institucija	Obavezna rezerva kod Centralne Banke	Finansijska imovina raspoloživa za prodaju	Plasmani drugim bankama	Kredit i dospjela potraživanja po kreditima	Ostala potraživanja i AVR	Potencijalne i neopozive obaveze	Ukupno
	000 BAM	000 BAM	000 BAM	000 BAM	000 BAM	000 BAM	000 BAM	000 BAM	000 BAM
Bosna i Hercegovina	106.589		147.912	124.171	1.629	1.110.356	55.422	313.179	1.859.258
Evropska Unija	101.236		-	-	-	-	-	-	101.236
Ostalo	475		-	-	-	-	-	-	475
Ukupno	208.300		147.912	124.171	1.629	1.110.356	55.422	313.179	1.960.969

b) Risk concentration at maximum credit risk exposure

Risk concentration is managed by setting limits to the credit exposures to individual borrowers, geographic regions and industries. As of December 31, 2017, the maximum credit risk exposure to a single borrower amounted to BAM 30,606 thousand (December 31, 2016: BAM 32,148 thousand).

The Bank's financial assets before taking into account the effects of collaterals and other credit enhancements can be broken down per the following geographic regions:

December 31, 2017	Cash and balances held with banks and other financial institutions BAM '000	Obligatory reserve held with the Central Bank BAM '000	Financial assets available for sale BAM '000	Loans and receivables due from banks and other financial institutions BAM '000	Loans and receivables due from customers BAM '000	Other assets, receivables and prepayments BAM '000	Contingent liabilities and irrevocable commitments BAM '000	Total BAM '000
Bosnia and Herzegovina	157,482	158,628	188,235	2,056	1,243,640	58,890	287,872	2,096,803
European Union	7,914	-	-	-	-	-	-	7,914
Other	6,709	-	-	-	-	-	-	6,709
Total	172,105	158,628	188,235	2,056	1,243,640	58,890	287,872	2,111,426
December 31, 2016	Cash and balances held with banks and other financial institutions BAM '000	Obligatory reserve held with the Central Bank BAM '000	Financial assets available for sale BAM '000	Loans and receivables due from banks and other financial institutions BAM '000	Loans and receivables due from customers BAM '000	Other assets, receivables and prepayments BAM '000	Contingent liabilities and irrevocable commitments BAM '000	Total BAM '000
Bosnia and Herzegovina	106,589	147,912	124,171	1,629	1,110,356	55,422	313,179	1,859,258
European Union	101,236	-	-	-	-	-	-	101,236
Other	475	-	-	-	-	-	-	475
Total	208,300	147,912	124,171	1,629	1,110,356	55,422	313,179	1,960,969

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE FINANSIJSKE IZVJEŠTAJE

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 2017. i 2016. godine prikazana je u sljedećoj tabeli:

<i>Neto maksimalna izloženost</i>	<i>31. decembar 2017. 000 BAM</i>	<i>31. decembar 2016. 000 BAM</i>
Stanovništvo	482.449	439.598
Prerađivačka industrija	230.998	209.488
Trgovina	239.329	271.284
Finansijske usluge	33.903	26.409
Poljoprivreda, šumarstvo, vodoprivreda	64.086	35.716
Građevinarstvo	126.207	110.882
Transport	46.980	47.659
Usluge, ugostiteljstvo i turizam	26.689	24.491
Trgovina nekretninama	16.705	23.701
Vlada i državni organi	361.503	280.863
Banke i finansijske institucije	338.110	360.027
Ostalo	144.467	130.851
Ukupno	2.111.426	1.960.969

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.

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:

<i>u 000 BAM</i>	<i>Nedospjeli i neobezvredeni</i>			<i>Dospjeli ali ne pojedinačno obezvrijeđeni</i>	<i>Pojedinačno obezvrijeđeni</i>	<i>UKUPNO 31.12.2017.</i>
	<i>Visok stepen</i>	<i>Standardni stepen</i>	<i>Substandardni stepen</i>			
Plasmani bankama	2.056	-	-	-	-	2.056
Plasmani klijentima	1.105.554	36.483	8.538	3.823	89.242	1.243.640

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

The table below presents the breakdown of the Bank's credit risk exposure per industry, before taking into account before taking into account the effects of collaterals and other credit enhancements, as of December 31, 2017 and 2016:

<i>Maximum exposure, net</i>	<i>December 31, 2017 BAM '000</i>	<i>December 31, 2016 BAM '000</i>
Retail customers	482,449	439,598
Processing industry	230,998	209,488
Trade	239,329	271,284
Financial services	33,903	26,409
Agriculture, forestry, water supply	64,086	35,716
Construction industry	126,207	110,882
Transport	46,980	47,659
Services, hospitality and tourism	26,689	24,491
Real estate trade	16,705	23,701
Government and state agencies	361,503	280,863
Banks and financial institutions	338,110	360,027
Other	144,467	130,851
Total	2,111,426	1,960,969

Collaterals 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 issued by insurance companies and banks, pledge and mortgage liens instituted over movable and immovable assets and sureties.

The Bank monitors the market values of collaterals on an ongoing basis and, if necessary, demands additional collateral in the loan approval phase as well as during the loan repayment term. in accordance with the internally adopted methodology, during the loan term, the Bank periodically assesses the market values of collaterals and adjusts impairment allowance thereof accordingly.

c) Financial asset quality per asset class

The Bank manages the financial asset quality using the internal classification based on the regulations of the Banking Agency of the Republic of Srpska. The table below presents the quality of loans per asset type within the Bank's statement of financial position based on the Bank's credit rating system:

<i>BAM '000</i>	<i>Not matured and unimpaired</i>			<i>Matured but not individually impaired</i>	<i>Individually impaired</i>	<i>Total at December 31, 2017</i>
	<i>High quality</i>	<i>Standard quality</i>	<i>Substandard quality</i>			
Loans due from banks	2,056	-	-	-	-	2,056
Loans due from customers	1,105,554	36,483	8,538	3,823	89,242	1,243,640

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE FINANSIJSKE IZVJEŠTAJE

000 BAM	Nedospjeli i neobezvredeni			Dospjeli ali ne pojedinačno obezvrjeđeni	Pojedinačno obezvrjeđeni	UKUPNO 31.12.2016.
	Visok stepen	Standardni stepen	Substandardni stepen			
Plasmani bankama	1.629	-	-	-	-	1.629
Plasmani klijentima	937.969	119.484	8.232	5.658	39.013	1.110.356

Dospjeli ali neobezvrjeđeni plasmani na dan 31. decembra 2017. i 31. decembra 2016. godine:

Pozicije bilansa stanja	Do 30 dana 000 BAM	31 do 60 dana 000 BAM	61 do 90 dana 000 BAM	Više od 90 dana 000 BAM	UKUPNO 31.12.2017.
Plasmani stanovništvu	279	74	73	2.103	2.529
Korporativni plasmani	581	236	47	430	1.294
Ukupna finansijska sredstva	860	310	120	2.533	3.823

Pozicije bilansa stanja	Do 30 dana 000 BAM	31 do 60 dana 000 BAM	61 do 90 dana 000 BAM	Više od 90 dana 000 BAM	UKUPNO 31.12.2016.
Plasmani stanovništvu	416	92	98	2.411	3.017
Korporativni plasmani	577	584	85	1.395	2.641
Ukupna finansijska sredstva	993	676	183	3.806	5.658

Procjena obezvrjeđenja po MRS 39

Kriterijumi koje Banka koristi da utvrdi da li postoje objektivni dokazi o obezvrjeđenju 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 obezvrjeđenja na dva nivoa, individualnom i grupnom.

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

<i>BAM '000</i>	Not matured and unimpaired			Matured but not individually impaired	Individually impaired	Total at December 31, 2016
	High quality	Standard quality	Substandard quality			
Loans due from banks	1,629	-	-	-	-	1,629
Loans due from customers	937,969	119,484	8,232	5,658	39,013	1,110,356

Matured (past due) but unimpaired loans as of December 31, 2017 and 2016:

Statement of financial position items	Up to 30 days past due BAM '000	31 to 60 days past due BAM '000	61 to 90 days past due BAM '000	Over 90 days past due BAM '000	Total at December 31, 2017
Retail loans	279	74	73	2,103	2,529
Corporate loans	581	236	47	430	1,294
Total loans	860	310	120	2,533	3,823

Statement of financial position items	Up to 30 days past due BAM '000	31 to 60 days past due BAM '000	61 to 90 days past due BAM '000	Over 90 days past due BAM '000	Total at December 31, 2016
Retail loans	416	92	98	2,411	3,017
Corporate loans	577	584	85	1,395	2,641
Total loans	993	676	183	3,806	5,658

Impairment Assessment under IAS 39

The Bank relies on the following criteria in assessing whether there is objective evidence of impairment: default or delinquency in interest or principal payments; indications that a borrower is experiencing significant financial difficulty, including the probability that the borrower will undergo bankruptcy or other financial reorganization; and observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears in liability settlement or economic conditions that correlate with defaults. The Bank assesses impairment at the individual and collective (group) levels.

Pojedinačno procjenjivanje ispravke vrijednosti

U skladu sa prihvaćenom internom metodologijom Banka prvo sprovodi pojedinačna procjenjivanja da uvidi da li postoje objektivni dokazi o obezvrjeđenju 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 procjenjivanje ispravke vrijednosti. Procjena obezvrjeđenja 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 obezvrjeđenja 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 migracija 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.

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 izloženosti, 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 procijenjene 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.

Individual Impairment Allowance Assessment

In accordance with its internally adopted methodology, the Bank first assesses individually whether objective evidence of impairment exists for each financial asset that is individually significant, and then individually or collectively for financial assets that are not individually significant. Individual impairment assessment is based on the expected time of collection, amount to be collected and sources of full or partial collection. Assets subject to individual impairment assessment and for which impairment losses are recognized are not included in the collective impairment assessment. Impairment assessment is made at each reporting date unless unforeseen circumstances arise that require closer attention and more frequent assessment.

NPL portfolio is subject to the individual impairment assessment – the loans above the exposure amount defined by the Bank as a significant amount, while NPL portfolio with individual loan exposures below the significant amount is subject to impairment assessment at the average impairment allowance rates calculated based on the sample obtained from the individual assessment of exposures.

Collective Impairment Allowance Assessment

For purposes of group (collective) impairment assessment, financial assets are grouped on the basis of the Bank's internal classification system that takes into account credit risk characteristics such as: loan type, collateral type, past-due receivables, number of days in arrears (past due) and other relevant factors. For collective impairment allowance assessment of corporate loans, a migration matrix is formed for analysis of the total number of loans that had a performing status in the previous period and migrated in the current period from categories A and B to categories C, D and E or were repaid.

Impairment allowance assessment of retail loans is performed based on the migration matrices formed per product group taking into account days past due as the basic criterion. A matrix for each group is formed based on identification of the loan facilities that migrated in the current period from one to another past-due interval (bucket) compared to the initial (comparative) period or were repaid. Based on such migrations and the number of loan facilities repaid, PD and LGD parameters are computed as the basis for calculation of impairment allowance rates for each past due bucket. These rates are then applied to the borrower's on-balance sheet exposure.

Impairment of the Bank's off-balance sheet exposures is assessed at the borrower level by applying the average impairment allowance rate used for on-balance sheet exposures. If a client has a single on-balance sheet exposure facility, the same rate will be applied to the client's off-balance sheet exposure. In the event that a client has multiple on-balance sheet exposure facilities, the average of the rates used for those facilities will be applied to the off-balance sheet exposures. If a client has no on-balance sheet exposure, the minimum percentage rate applicable to the performing loans under the rules of the Banking Agency of the Republic of Srpska shall be used. Upon impairment allowance calculation, credit conversion factors applied in that all the off-balance sheet exposures other than payment guarantees are weighted by the risk factor of 0.5.

Reserves for Credit Losses

For retail and corporate loans the Bank also calculate reserves for estimated credit losses in accordance with BARS regulations, i.e., the Decision on the Minimum Standards for Credit Risk Management and Classification of Bank Assets and its Amendments.

Under the Decision, reserves for credit losses represent reserves, or provisions, that the Bank is required to make upon assessment of the asset quality and upon asset classification according to the criteria defined by the said Decision, taking into account already made impairment allowances of balance-sheet assets and provisions for losses per off-balance sheet items under the Bank's internally adopted methodology. As from December 31, 2013, pursuant to the Amendments to the Decision on the Minimum Standards for Credit Risk Management and Classification of Bank Assets, the Bank has no longer under the obligation to use the current year's profit for absorption of the shortfall reserve as per the regulatory requirement. In accordance with the Decision on the Minimum Standards for Capital Management and Capital Preservation, the shortfall reserve for credit losses as per regulatory requirement represents an item deductible from the Bank's capital.

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 2017. godine, bruto restrukturirani krediti i plasmani iznose ukupno 140.105 hiljada BAM i isti su klasifikovani u skladu sa Odlukom o minimalnim standardima za upravljanje kreditnim rizikom i klasifikaciju aktive banaka, te Odlukom 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 2016. godine restrukturirani krediti su iznosili 70.558 hiljade BAM.

35.3. 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.

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 u kojim posluje Banka.

Banka redovno planira potrebe za likvidnim sredstvima uključujući i identifikaciju poznatih (očekivanih) i vanrednih (ne-očekivanih) novčanih odliva, te moguću strategiju za upravljanje aktivom i pasivom koja osigurava sposobnost Banke da ostvaruje, odnosno raspolaze novčanim prilivima koji su u svakom trenutku adekvatni njenim tekućim potrebama.

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 zahtijevani 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 dopijevaju 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 dospelja istih.

Banka na dan 31. decembra 2017. godine ima veću dopijevajuću pasivu u odnosu na aktivu, kumulativno u periodu do godinu dana, u iznosu od 339.590 hiljada BAM (na dan 31. decembra 2016. godine u iznosu od 190.286 hiljada BAM). Porast je uslovljen trendom velikog rasta depozita po viđenju, iz razloga porasta broja klijenata i povećanja poslovanja preko Nove banke. Rukovodstvo Banke primjenom redovnih stress testova redovno analizira tekuću likvidnost, uzimajući u obzir strukturu i diverzifikaciju izvora finansiranja. Obzirom da se banka dominantno finansira iz depozita stanovništva koji imaju nisku stopu fluktuacije, smatra se da likvidnost banke u ovom ročnom razredu neće biti ugrožena. Banka konstantno održava visoku stopu likvidnosti, u cilju stvaranja zaštitnog buffera za potrebe likvidnih odliva. Banka takođe održava i visok nivo finansijske imovine raspoložive za prodaju, kao dodatnu likvidnosnu rezervu.

Restructured Loans

A restructured loan is a loan or another receivable that is refinanced, rescheduled or otherwise converted, i.e., a loan with modified initially agreed terms due to the borrower's inability to make repayment in line with initially agreed repayment terms and schedule because of its difficulties in business operations and deterioration of the financial situation. As of December 31, 2017, the Bank's gross restructured loans totaling BAM 140,105 thousand were classified in accordance with the Decision on the Minimum Standards for Credit Risk Management and Classification of Bank Assets, the Decision on the Provisional Measures for Rescheduling of the Retail and Corporate Borrowings from Banks and the Decision on the Provisional Measures for Borrowings of the Clients Threatened by Natural Disasters. As of December 31, 2016, the Bank's restructured loans totaled BAM 70,558 thousand.

35.3. Liquidity Risk

Liquidity risk represents a risk that the Bank will not be able to settle its financial liabilities fully and without any delay. In order to minimize or restrict this risk, the Bank makes diversification of its sources of financing through its assets and liability management system, by monitoring liquidity and future cash flows on a daily basis.

For the purpose of liquidity risk management, the Bank performs activities to ensure maturity matching of its assets and liabilities and on-balance sheet and off-balance sheet items, i.e., its cash flows (inflows and outflows) and continuously monitors and plans future cash flows taking into account changes in operating, economic and other conditions the Bank is operating in .

The Bank regularly plans required liquid assets, including identification of the known (expected) and extraordinary (unexpected) cash outflows, and possible strategy for asset and liability management ensuring the Bank's ability to realize and dispose with cash inflows that are at all times adequate and appropriate for the Bank's needs.

The Bank maintains a portfolio comprised of highly liquid securities and diversified assets that are easily convertible to cash in instances of unforeseen adverse fluctuations. The Bank also maintains the required level of the obligatory reserves in accordance with the requirements of the Central Bank of BH, and the required assets held with foreign banks to meet the client needs. In addition, in accordance with its liquidity risk management policy, the Bank obtains additional sources of financing it may use for liquidity maintenance purposes.

In accordance with the legislative framework and the Bank's internally prescribed limits and enacted policies and procedures, the Bank manages the maturity matching by projecting cash flows, monitoring levels and concentration of deposits within maturity buckets of up to 3 months and up to a year, considering the probability of outflows (stress tests), inflow of new deposits, by making projections of loans and receivables for the period observed and recoveries of previously approved loans. The Bank does not expect that all contingent liabilities and irrevocable commitments will be called on (drawn) before their maturities expire.

As of December 31, 2017 the Bank had cumulative liabilities matured in excess of assets within the maturity bucket of up to a year, in the amount of BAM 339.590 thousand (December 31, 2016: BAM 190,286 thousand). The increase in these liabilities was a result of the growing trend of demand deposits due to the increased number of clients and operations of the Bank. Through regular stress testing, the Bank's management assesses the Bank's current liquidity, taking into accounts the structure and diversification of the sources of financing. Given that the Bank is predominantly financed from retail deposits with low fluctuation, it is believed that the Bank's liquidity in this maturity bucket will not be compromised. The Bank constantly maintains high liquidity ratios in order to create a liquidity buffer for liquidity outflows. The Bank also maintains a high level of financial assets available for sale as additional liquidity reserves.

Tabela ispod prikazuje knjigovodstvenu vrijednost imovine i obaveza na osnovu očekivanog odliva po finansijskim obavezama, projektovan od strane Banke, na dan 31. decembra 2017. godine:

31. decembar 2017.	Do 1 mjesec 000 BAM	Od 1 do 3 mjeseca 000 BAM	Od 3 do 12 mjeseci 000 BAM	Od 1 do 5 godina 000 BAM	Preko 5 godina 000 BAM	Ukupno 000 BAM
AKTIVA						
Novčana sredstva i računi depozita kod depozitnih institucija	172.105	-	-	-	-	172.105
Obavezna rezerva kod Centralne Banke	158.628	-	-	-	-	158.628
Finansijska imovina raspoloživa za prodaju	185.794	-	-	129	2.312	188.235
Plasmani drugim bankama	179	-	1.721	156	-	2.056
Kredit i dospjela potraživanja po kreditima	42.030	52.970	229.398	579.773	339.469	1.243.640
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	52.536	52.536
Nematerijalna ulaganja	-	-	-	-	3.916	3.916
Ostala potraživanja i AVR	24.219	826	23.502	10.343	-	58.890
Odložena poreska sredstva	-	-	60	-	-	60
Ukupno aktiva	582.955	53.796	254.681	590.401	398.233	1.880.066
Obaveze						
Depoziti komitenata	463.823	139.137	573.996	286.334	14.049	1.477.339
Obaveze po uzetim kreditima	2.296	4.481	19.560	89.335	60.214	175.886
Rezervisanja na stavke vanbilansa	476	512	2.145	995	39	4.167
Ostale obaveze i PVR	5.686	565	18.249	2.554	806	27.860
Subordinirani dug (dopunski kapital)	-	32	64	22.560	15.041	37.697
Kapital i rezerve	-	-	-	-	157.117	157.117
Ukupno obaveze	472.281	144.727	614.014	401.778	247.266	1.880.066
Neto izloženost riziku likvidnosti na dan						
31. decembar 2017. godine	110.674	-90.931	-359.333	188.623	150.967	-

The table below presents the carrying value of the Bank's assets and liabilities based on the expected outflows per financial liabilities projected by the Bank as of December 31, 2017:

December 31, 2017	Within a month BAM '000	1 – 3 months BAM '000	3 – 12 months BAM '000	1 – 5 years BAM '000	Over 5 years BAM '000	Total BAM '000
ASSETS						
Cash and balances held with banks and other financial institutions	172,105	-	-	-	-	172,105
Obligatory reserve held with the Central Bank	158,628	-	-	-	-	158,628
Financial assets available for sale	185,794	-	-	129	2,312	188,235
Loans and receivables due from banks and other financial institutions	179	-	1,721	156	-	2,056
Loans and receivables due from customers	42,030	52,970	229,398	579,773	339,469	1,243,640
Property, plant, equipment and investment property	-	-	-	-	52,536	52,536
Intangible assets	-	-	-	-	3,916	3,916
Other assets, receivables and prepayments	24,219	826	23,502	10,343	-	58,890
Deferred tax assets	-	-	60	-	-	60
Total assets	582,955	53,796	254,681	590,401	398,233	1,880,066
Liabilities						
Deposits due to customers	463,823	139,137	573,996	286,334	14,049	1,477,339
Borrowings	2,296	4,481	19,560	89,335	60,214	175,886
Provisions for off-balance sheet items	476	512	2,145	995	39	4,167
Other liabilities and accruals	5,686	565	18,249	2,554	806	27,860
Subordinated debt (supplementary capital)	-	32	64	22,560	15,041	37,697
Equity and reserves	-	-	-	-	157,117	157,117
Total liabilities and equity	472,281	144,727	614,014	401,778	247,266	1,880,066
Net liquidity risk exposure at December 31, 2017	110,674	-90,931	-359,333	188,623	150,967	-

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:

31. decembar 2016.	Do 1 mjesec 000 BAM	Do 3 mjeseca 000 BAM	Od 3 do 12 mjeseci 000 BAM	Od 1 do 5 godina 000 BAM	Preko 5 godina 000 BAM	Ukupno 000 BAM
AKTIVA						
Novčana sredstva i računi depozita kod depozitnih institucija	208.300	-	-	-	-	208.300
Obavezna rezerva kod Centralne Banke	147.912	-	-	-	-	147.912
Finansijska imovina raspoloživa za prodaju	122.792	-	-	165	1.214	124.171
Plasmani drugim bankama	162	-	1.467	-	-	1.629
Kredit i dospjela potraživanja po kreditima	59.535	51.634	242.302	518.479	238.406	1.110.356
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	55.853	55.853
Nematerijalna ulaganja	-	-	-	-	3.835	3.835
Ostala potraživanja i AVR	22.869	1.690	18.045	12.778	40	55.422
Odložena poreska sredstva	-	-	60	-	-	60
Ukupno aktiva	561.570	53.324	261.874	531.422	299.348	1.707.538
Obaveze						
Depoziti komitenata	339.715	113.361	560.697	313.621	3.402	1.330.796
Obaveze po uzetim kreditima	1.606	4.339	18.545	77.214	56.329	158.033
Rezervisanja na stavke vanbilansa	161	403	1.283	822	18	2.687
Ostale obaveze i PVR	8.655	567	17.594	2.383	694	29.893
Subordinirani dug (dopunski kapital)	-	32	96	15.137	22.560	37.825
Kapital i rezerve	-	-	-	-	148.304	148.304
Ukupno obaveze	350.137	118.702	598.215	409.177	231.307	1.707.538
Neto izloženost riziku likvidnosti na dan						
31. decembar 2016. godine	211.433	-65.378	-336.341	122.245	68.041	-

The table below presents the carrying value of the Bank's assets and liabilities based on the expected outflows per financial liabilities projected by the Bank as of December 31, 2016:

December 31, 2016	Within a month BAM '000	1 - 3 months BAM '000	3 - 12 months BAM '000	1 - 5 years BAM '000	Over 5 years BAM '000	Total BAM '000
ASSETS						
Cash and balances held with banks and other financial institutions	208,300	-	-	-	-	208,300
Obligatory reserve held with the Central Bank	147,912	-	-	-	-	147,912
Financial assets available for sale	122,792	-	-	165	1,214	124,171
Loans and receivables due from banks and other financial institutions	162	-	1,467	-	-	1,629
Loans and receivables due from customers	59,535	51,634	242,302	518,479	238,406	1,110,356
Property, plant, equipment and investment property	-	-	-	-	55,853	55,853
Intangible assets	-	-	-	-	3,835	3,835
Other assets, receivables and prepayments	22,869	1,690	18,045	12,778	40	55,422
Deferred tax assets	-	-	60	-	-	60
Total assets	561,570	53,324	261,874	531,422	299,348	1,707,538
Liabilities						
Deposits due to customers	339,715	113,361	560,697	313,621	3,402	1,330,796
Borrowings	1,606	4,339	18,545	77,214	56,329	158,033
Provisions for off-balance sheet items	161	403	1,283	822	18	2,687
Other liabilities and accruals	8,655	567	17,594	2,383	694	29,893
Subordinated debt (supplementary capital)	-	32	96	15,137	22,560	37,825
Equity and reserves	-	-	-	-	148,304	148,304
Total liabilities and equity	350,137	118,702	598,215	409,177	231,307	1,707,538
Net liquidity risk exposure at December 31, 2016	211,433	-65,378	-336,341	122,245	68,041	-

Sljedeća tabela pokazuje potencijalne i preuzete neopozive obaveze Banke prema ugovorenim rokovima dospjeća na dan 31. decembra 2017. i 2016. godine:

31. decembar 2017.	<i>Do 1 mjesec</i> <i>000 BAM</i>	<i>Od 1 do 3</i> <i>mjeseca</i> <i>000 BAM</i>	<i>Od 3 do 12</i> <i>mjeseci</i> <i>000 BAM</i>	<i>Od 1 do 5</i> <i>godina</i> <i>000 BAM</i>	<i>Preko 5</i> <i>godina</i> <i>000 BAM</i>	<i>Ukupno</i> <i>000 BAM</i>
Potencijalne obaveze	9.637	57.536	69.844	60.220	1.350	198.587
Preuzete obaveze	6.355	6.919	38.050	32.352	5.609	89.285
Ukupno	15.992	64.455	107.894	92.572	6.959	287.872
31. decembar 2016.	<i>Do 1 mjesec</i> <i>000 BAM</i>	<i>Od 1 do 3</i> <i>mjeseca</i> <i>000 BAM</i>	<i>Od 3 do 12</i> <i>mjeseci</i> <i>000 BAM</i>	<i>Od 1 do 5</i> <i>godina</i> <i>000 BAM</i>	<i>Preko 5</i> <i>godina</i> <i>000 BAM</i>	<i>Ukupno</i> <i>000 BAM</i>
Potencijalne obaveze	11.607	19.878	98.599	94.081	1.876	226.041
Preuzete obaveze	1.610	7.392	44.013	34.123	0	87.138
Ukupno	13.217	27.270	142.612	128.204	1.876	313.179

Banka ne očekuje da će sve potencijalne i preuzete neopozive obaveze biti povučene prije isteka roka dospjeća istih.

35.4. 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 promjenljive 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.

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

The following table presents the Bank's contingent liabilities and irrevocable commitments according to the contractually defined maturities as of December 31, 2017 and 2016:

December 31, 2017	<i>Within a month BAM '000</i>	<i>1 – 3 months BAM '000</i>	<i>3 – 12 months BAM '000</i>	<i>1 – 5 years BAM '000</i>	<i>Over 5 years BAM '000</i>	<i>Total BAM '000</i>
Contingent liabilities	9,637	57,536	69,844	60,220	1,350	198,587
Commitments	6,355	6,919	38,050	32,352	5,609	89,285
Total	15,992	64,455	107,894	92,572	6,959	287,872

December 31, 2016	<i>Within a month BAM '000</i>	<i>1 – 3 months BAM '000</i>	<i>3 – 12 months BAM '000</i>	<i>1 – 5 years BAM '000</i>	<i>Over 5 years BAM '000</i>	<i>Total BAM '000</i>
Contingent liabilities	11,607	19,878	98,599	94,081	1,876	226,041
Commitments	1,610	7,392	44,013	34,123	0	87,138
Total	13,217	27,270	142,612	128,204	1,876	313,179

The Bank does not expect that all the contingent liabilities and commitments will be called upon (drawn) before their maturity periods expire.

35.4. Market Risk

Market risk is a risk that the fair values and expected cash flows of the financial instruments will fluctuate due to changes in the market variables such as interest rates and foreign exchange rates.

The Bank's market risk management is defined by the policies approved by the Bank's Supervisory Board that are in line with the overall risk management strategy. Within the Risk Management Division the Bank organized the Market Risk Management Department for managing market risks. Its work primarily entails monitoring of the market risks according to the set limits as well as monitoring of the risks arising from the introduction of new products and complex transactions.

Interest Rate Risk

The interest rate risk arises due to effects of the changes in interest rates on the future cash flows or fair values of the financial instruments. The Bank's business policy defines principles for contracting, calculating and collecting interest on loans and other receivables (lending interest) as well as principles based on which the Bank calculates and pays interest on deposits, borrowings and other received funds (borrowing interest).

The interest rate is defined based on the maturity amount, purpose, source, currency and other parameters. All interest rates are determined on an annual level, except in instances where otherwise designated. In accordance with the product type, sources of financing, maturities and amounts, the Bank negotiates and agrees on the fixed or variable lending and borrowing interest rates.

For the purpose of interest rate risk management, the Bank analyzes its sensitive assets and liabilities through stress testing, determines interest gaps and defines measures for maintaining the interest rate risk at the level acceptable to the Bank.

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE FINANSIJSKE IZVJEŠTAJE

Sljedeće tabele prikazuju izloženost Banke riziku promjene kamatne stope na dan 31. decembra 2017. i 31. decembra 2016. godine. Sredstva i obaveze Banke su kategorizovane ranijim od datuma određivanja cijene (re-pricing date) ili datumu dospjeća:

31. decembar 2017.	<i>Do 1 mjesec</i>	<i>Do 3 mjeseca</i>	<i>Od 3 do 12 mjeseci</i>	<i>Od 1 do 5 godina</i>	<i>Preko 5 godina</i>	<i>Nekama tonosno</i>	<i>Ukupno</i>
	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>
AKTIVA							
Novčana sredstva i računi depozita kod depozitnih institucija	114.465	-	-	-	-	57.640	172.105
Obavezna rezerva kod Centralne Banke	-	-	-	-	-	158.628	158.628
Finansijska imovina raspoloživa za prodaju	185.794	-	-	-	-	2.441	188.235
Plasmani drugim bankama	179	-	1.721	156	-	-	2.056
Kredit i dospjela potraživanja po kreditima	42.030	52.970	229.398	579.773	339.469	-	1.243.640
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	-	52.536	52.536
Nematerijalna ulaganja	-	-	-	-	-	3.916	3.916
Ostala potraživanja i AVR	8.744	799	7.041	-	-	42.306	58.890
Odložena poreska sredstva	-	-	-	-	-	60	60
Ukupno aktiva	351.212	53.769	238.160	579.929	339.469	317.527	1.880.066
Obaveze							
Depoziti komitenata	323.757	130.869	526.959	272.675	13.352	209.727	1.477.339
Obaveze po uzetim kreditima	2.296	4.481	19.560	89.335	60.214	-	175.886
Rezervisanja na stavke vanbilansa	-	-	-	-	-	4.167	4.167
Ostale obaveze i PVR	819	-	9.482	-	-	17.559	27.860
Subordinirani dug (dopunski kapital)	-	32	64	22.560	15.041	-	37.697
Kapital i rezerve	-	-	-	-	-	157.117	157.117
Ukupno obaveze	326.872	135.382	556.065	384.570	88.607	388.570	1.880.066
Neto izloženost kamatnom riziku na dan 31. decembar 2017. godine	24.340	(81.613)	(317.905)	195.359	250.862	(71.043)	-

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

The following tables present the Bank's exposure to the interest rate risk as of December 31, 2017 and 2016. The Bank's assets and liabilities are categorized according to the earlier of the repricing date and the maturity date.

December 31, 2017	Within a month BAM '000	1 – 3 months BAM '000	3 – 12 months BAM '000	1 – 5 years BAM '000	Over 5 years BAM '000	Non-interest bearing BAM '000	Total BAM '000
ASSETS							
Cash and balances held with banks and other financial institutions	114,465	-	-	-	-	57,640	172,105
Obligatory reserve held with the Central Bank	-	-	-	-	-	158,628	158,628
Financial assets available for sale	185,794	-	-	-	-	2,441	188,235
Loans and receivables due from banks and other financial institutions	179	-	1,721	156	-	-	2,056
Loans and receivables due from customers	42,030	52,970	229,398	579,773	339,469	-	1,243,640
Property, plant, equipment and investment property	-	-	-	-	-	52,536	52,536
Intangible assets	-	-	-	-	-	3,916	3,916
Other assets, receivables and prepayments	8,744	799	7,041	-	-	42,306	58,890
Deferred tax assets	-	-	-	-	-	60	60
Total assets	351,212	53,769	238,160	579,929	339,469	317,527	1,880,066
Liabilities							
Deposits due to customers	323,757	130,869	526,959	272,675	13,352	209,727	1,477,339
Borrowings	2,296	4,481	19,560	89,335	60,214	-	175,886
Provisions for off-balance sheet items	-	-	-	-	-	4,167	4,167
Other liabilities and accruals	819	-	9,482	-	-	17,559	27,860
Subordinated debt (supplementary capital)	-	32	64	22,560	15,041	-	37,697
Equity and reserves	-	-	-	-	-	157,117	157,117
Total liabilities and equity	326,872	135,382	556,065	384,570	88,607	388,570	1,880,066
Net interest rate risk exposure at December 31, 2017	24,340	(81,613)	(317,905)	195,359	250,862	(71,043)	-

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE FINANSIJSKE IZVJEŠTAJE

31. decembar 2016.	<i>Do 1 mjesec</i>	<i>Do 3 mjeseca</i>	<i>Od 3 do 12 mjeseci</i>	<i>Od 1 do 5 godina</i>	<i>Preko 5 godina</i>	<i>Nekama tonosno</i>	<i>Ukupno</i>
	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>	<i>000 BAM</i>
AKTIVA							
Novčana sredstva i računi depozita kod depozitnih institucija	159.839	-	-	-	-	48.461	208.300
Obavezna rezerva kod Centralne Banke	-	-	-	-	-	147.912	147.912
Finansijska imovina raspoloživa za prodaju	122.726	-	-	-	-	1.445	124.171
Plasmani drugim bankama	162	-	1.467	-	-	-	1.629
Kredit i dospjela potraživanja po kreditima	59.534	51.634	242.302	518.479	238.407	-	1.110.356
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	-	55.853	55.853
Nematerijalna ulaganja	-	-	-	-	-	3.835	3.835
Ostala potraživanja i AVR	8.311	933	8.022	-	-	38.156	55.422
Odložena poreska sredstva	-	-	-	-	-	60	60
Ukupno aktiva	350.572	52.567	251.791	518.479	238.407	295.722	1.707.538
Obaveze							
Depoziti komitenata	227.794	105.878	515.887	300.736	2.799	177.702	1.330.796
Obaveze po uzetim kreditima	1.606	4.339	18.545	77.214	56.329	-	158.033
Rezervisanja na stavke vanbilansa	-	-	-	-	-	2.687	2.687
Ostale obaveze i PVR	1.479	-	10.351	-	-	18.063	29.893
Subordinirani dug (dopunski kapital)	-	32	96	15.137	22.560	-	37.825
Kapital i rezerve	-	-	-	-	-	148.304	148.304
Ukupno obaveze	230.879	110.249	544.879	393.087	81.688	346.756	1.707.538
Neto izloženost kamatnom riziku na dan 31. decembar 2016. godine	119.693	(57.682)	(293.088)	125.392	156.719	(51.034)	-

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.

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016	<i>Within a month BAM '000</i>	<i>1 – 3 months BAM '000</i>	<i>3 – 12 months BAM '000</i>	<i>1 – 5 years BAM '000</i>	<i>Over 5 years BAM '000</i>	<i>Non-interest bearing BAM '000</i>	<i>Total BAM '000</i>
ASSETS							
Cash and balances held with banks and other financial institutions	159,839	-	-	-	-	48,461	208,300
Obligatory reserve held with the Central Bank	-	-	-	-	-	147,912	147,912
Financial assets available for sale	122,726	-	-	-	-	1,445	124,171
Loans and receivables due from banks and other financial institutions	162	-	1,467	-	-	-	1,629
Loans and receivables due from customers	59,534	51,634	242,302	518,479	238,407	-	1,110,356
Property, plant, equipment and investment property	-	-	-	-	-	55,853	55,853
Intangible assets	-	-	-	-	-	3,835	3,835
Other assets, receivables and prepayments	8,311	933	8,022	-	-	38,156	55,422
Deferred tax assets	-	-	-	-	-	60	60
Total assets	350,572	52,567	251,791	518,479	238,407	295,722	1,707,538
Liabilities							
Deposits due to customers	227,794	105,878	515,887	300,736	2,799	177,702	1,330,796
Borrowings	1,606	4,339	18,545	77,214	56,329	-	158,033
Provisions for off-balance sheet items	-	-	-	-	-	2,687	2,687
Other liabilities and accruals	1,479	-	10,351	-	-	18,063	29,893
Subordinated debt (supplementary capital)	-	32	96	15,137	22,560	-	37,825
Equity and reserves	-	-	-	-	-	148,304	148,304
Total liabilities and equity	230,879	110,249	544,879	393,087	81,688	346,756	1,707,538
Net interest rate risk exposure at December 31, 2016	119,693	(57,682)	(293,088)	125,392	156,719	(51,034)	-

Given that its interest-bearing financial assets and financial liabilities are not primarily based on variable interest rates, the Bank believes that sensitivity of its income and expenses to changes in the market interest rates is not significant.

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 2017. godine i 31. decembra 2016. godine.

	Povećanje je (smanjenje) u procentnim poenima 2017.	Osjetljivost prihoda i rashoda 2017.	Povećanje (smanjenje) u procentnim poenima 2016.	Osjetljivost prihoda i rashoda 2016.
		000 BAM		000 BAM
EUR	0,5%(0,5%)	(1.125)/1.125	0,5%(0,5%)	(9)/9
USD	0,5%(0,5%)	(9)/9	0,5%(0,5%)	4/(4)
BAM	0,5%(0,5%)	132/(132)	0,5%(0,5%)	2.187/(2.187)

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 kreditnim 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 aplikativnih 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 2017. godine i 31. decembra 2016. godine. Analiza pokazuje eventualni efekat realno moguće promjene deviznog kursa između BAM 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 2017. 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 „currency board aranžmanom“ (1 EUR =1,95583 BAM).

	Promjene u deviznom kursu (%) 2017.	Efekat na bilans uspjeha 2017.	Promjene u deviznom kursu (%) 2016.	Efekat na bilans uspjeha 2016.
		000 BAM		000 BAM
CHF	(8,23%)	(6,58)	0,89%	2,94
USD	(12,11%)	(10,41)	3,28%	0,984

The following table presents the sensitivity of the Bank's profit or loss to the changes in interest rates with all other variables constant, i.e. unchanged. The sensitivity of the Bank's profit or loss represents the effect of assumed changes in the interest rates on the Bank's profit or loss for the period arising from the variable interest rates as of December 31, 2017 and 2016.

	Increase (decrease) in percentage points 2017	Income and expense sensitivity 2017 BAM '000	Increase (decrease) in percentage points 2016	Income and expense sensitivity 2016 BAM '000
EUR	0.5%(0.5%)	(1,125)/1,125	0.5%(0.5%)	(9)/9
USD	0.5%(0.5%)	(9)/9	0.5%(0.5%)	4/(4)
BAM	0.5%(0.5%)	132/(132)	0.5%(0.5%)	2,187/(2,187)

Foreign Exchange Risk

Foreign exchange risk is a risk of changes in the values of the Bank's financial instruments due to changes in foreign exchange rates. For the foreign exchange risk management the Bank uses the contemporary Thomson Reuters information server to obtain timely information about market trends or credit ratings of the countries it cooperates with, based on which the Bank makes changes on the foreign currency funds management in order to minimize or disperse the risk. The foreign currency position is managed on a daily basis with the support of several application systems that provide the real-time information on all foreign currency transactions performed within the Bank, which could affect the risk of the open positions. The Bank then undertakes protective measures accordingly and maintains the risk at the level acceptable to the Bank.

The following table presets currencies of the Bank's exposures as of December 31, 2017 and 2016 - USD and CHF. The analysis illustrates the possible effect of a reasonably anticipated change in the exchange rates of BAM to the said currencies, with all other variables remaining constant. The positive amounts in the table represent potential increases in the Bank's profit or loss or its capital.

As of December 31, 2017, the Bank had moderate exposure in EUR but was not exposed to the foreign exchange risk since the value of BAM is pegged to EUR, i.e., the BAM to EUR exchange rate is fixed, given that since 1997 the Central Bank of BH has maintained the monetary stability according to the Currency Board Arrangement (EUR 1 = BAM 1,95583).

	Changes in FX rates (%) 2017	Impact on the profit or loss 2017 BAM '000	Changes in FX rates (%) 2016	Impact on the profit or loss 2016 BAM '000
CHF	(8.23%)	(6,58)	0.89%	2,94
USD	(12.11%)	(10,41)	3.28%	0,984

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE FINANSIJSKE IZVJEŠTAJE

Sljedeća tabela prikazuje izloženost Banke deviznom riziku na dan 31. decembra 2017. godine. U tabeli su uključena sredstva i obaveze po njihovim knjigovodstvenim vrijednostima:

31. decembar 2017.	EUR	USD	CHF	Ostale	Ukupno	Ukupno u	
	000 BAM	000 BAM	000 BAM	valute	u stranoj	domaćoj	Ukupno
				000 BAM	valuti	valuti	000 BAM
AKTIVA							
Novčana sredstva i računi depozita kod depozitnih institucija	31.481	6.908	11.779	3.991	54.159	117.946	172.105
Obavezna rezerva kod Centralne Banke	-	-	-	-	-	158.628	158.628
Finansijska imovina raspoloživa za prodaju	31	5.002	-	-	5.033	183.202	188.235
Plasmani drugim bankama	1.960	27	-	-	1.987	69	2.056
Kredit i dospjela potraživanja po kreditima	1.151.460	-	-	-	1.151.460	92.180	1.243.640
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	-	52.536	52.536
Nematerijalna ulaganja	-	-	-	-	-	3.916	3.916
Ostala potraživanja i AVR	10.421	2.179	-	2	12.602	46.288	58.890
Odložena poreska sredstva	-	-	-	-	-	60	60
Ukupno aktiva	1.195.353	14.116	11.779	3.993	1.225.241	654.825	1.880.066
OBAVEZE							
Depoziti komitenata	981.383	13.398	8.938	2.210	1.005.929	471.410	1.477.339
Obaveze po uzetim kreditima	175.886	-	-	-	175.886	-	175.886
Rezervisanja na stavke vanbilansa	-	-	-	-	-	4.167	4.167
Ostale obaveze i PVR	10.654	605	56	82	11.397	16.463	27.860
Subordinirani dug (dopunski kapital)	37.697	-	-	-	37.697	-	37.697
Kapital i rezerve	-	-	-	-	-	157.117	157.117
Ukupno obaveze	1.205.620	14.003	8.994	2.292	1.230.909	649.157	1.880.066
Neto izloženost kamatnom riziku na dan 31. decembar 2017. godine	(10.267)	113	2.785	1.701	(5.668)	5.668	-

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

The following table presents the Bank's foreign exchange risk exposure at December 31, 2017, with assets and liabilities stated at carrying values:

December 31, 2017	EUR	USD	CHF	Other currencies	Total FX	Total BAM	Total
	BAM '000	BAM '000	BAM '000	BAM '000	BAM '000	BAM '000	BAM '000
ASSETS							
Cash and balances held with banks and other financial institutions	31,481	6,908	11,779	3,991	54,159	117,946	172,105
Obligatory reserve held with the Central Bank	-	-	-	-	-	158,628	158,628
Financial assets available for sale	31	5,002	-	-	5,033	183,202	188,235
Loans and receivables due from banks and other financial institutions	1,960	27	-	-	1,987	69	2,056
Loans and receivables due from customers	1,151,460	-	-	-	1,151,460	92,180	1,243,640
Property, plant, equipment and investment property	-	-	-	-	-	52,536	52,536
Intangible assets	-	-	-	-	-	3,916	3,916
Other assets, receivables and prepayments	10,421	2,179	-	2	12,602	46,288	58,890
Deferred tax assets	-	-	-	-	-	60	60
Total assets	1,195,353	14,116	11,779	3,993	1,225,241	654,825	1,880,066
Liabilities							
Deposits due to customers	981,383	13,398	8,938	2,210	1,005,929	471,410	1,477,339
Borrowings	175,886	-	-	-	175,886	-	175,886
Provisions for off-balance sheet items	-	-	-	-	-	4,167	4,167
Other liabilities and accruals	10,654	605	56	82	11,397	16,463	27,860
Subordinated debt (supplementary capital)	37,697	-	-	-	37,697	-	37,697
Equity and reserves	-	-	-	-	-	157,117	157,117
Total liabilities and equity	1,205,620	14,003	8,994	2,292	1,230,909	649,157	1,880,066
Net interest risk exposure at December 31, 2017	(10,267)	113	2,785	1,701	(5,668)	5,668	-

NOVA BANKA A.D. BANJA LUKA
NAPOMENE UZ POJEDINAČNE 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:

31. decembar 2016.	EUR 000 BAM	USD 000 BAM	CHF 000 BAM	Ostale valute 000 BAM	<i>Ukupno u stranoj valuti 000 BAM</i>	<i>Ukupno u domaćoj valuti 000 BAM</i>	<i>Ukupno 000 BAM</i>
AKTIVA							
Novčana sredstva i računi depozita kod depozitnih institucija	102.745	15.518	8.934	4.040	131.237	77.063	208.300
Obavezna rezerva kod Centralne Banke	-	-	-	-	-	147.912	147.912
Finansijska imovina raspoloživa za prodaju	31	3.883	-	-	3.914	120.257	124.171
Plasmani drugim bankama	1.532	37	-	-	1.569	60	1.629
Kredit i dospjela potraživanja po kreditima	980.611	-	-	-	980.611	129.745	1.110.356
Osnovna sredstva i ulaganja u nekretnine	-	-	-	-	-	55.853	55.853
Nematerijalna ulaganja	-	-	-	-	-	3.835	3.835
Ostala potraživanja i AVR	11.793	2.477	1	-	14.271	41.151	55.422
Odložena poreska sredstva	-	-	-	-	-	60	60
Ukupno aktiva	1.096.712	21.915	8.935	4.040	1.131.602	575.936	1.707.538
OBAVEZE							
Depoziti komitenata	918.876	21.753	8.553	1.998	951.180	379.616	1.330.796
Obaveze po uzetim kreditima	158.033	-	-	-	158.033	-	158.033
Rezervisanja na stavke vanbilansa	-	-	-	-	-	2.687	2.687
Ostale obaveze i PVR	5.946	132	50	6	6.134	23.759	29.893
Subordinirani dug (dopunski kapital)	37.825	-	-	-	37.825	-	37.825
Kapital i rezerve	-	-	-	-	-	148.304	148.304
Ukupno obaveze	1.120.680	21.885	8.603	2.004	1.153.172	554.366	1.707.538
Neto izloženost kamatnom riziku na dan 31. decembar 2016. godine	(23.968)	30	332	2.036	(21.570)	21.570	-

NOVA BANKA A.D. BANJA LUKA
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

The following table presents the Bank's foreign exchange risk exposure at December 31, 2016, with assets and liabilities stated at carrying values:

December 31, 2016	EUR	USD	CHF	Other currencies	Total FX	Total BAM	Total
	BAM '000	BAM '000	BAM '000	BAM '000	BAM '000	BAM '000	BAM '000
ASSETS							
Cash and balances held with banks and other financial institutions	102,745	15,518	8,934	4,040	131,237	77,063	208,300
Obligatory reserve held with the Central Bank	-	-	-	-	-	147,912	147,912
Financial assets available for sale	31	3,883	-	-	3,914	120,257	124,171
Loans and receivables due from banks and other financial institutions	1,532	37	-	-	1,569	60	1,629
Loans and receivables due from customers	980,611	-	-	-	980,611	129,745	1,110,356
Property, plant, equipment and investment property	-	-	-	-	-	55,853	55,853
Intangible assets	-	-	-	-	-	3,835	3,835
Other assets, receivables and prepayments	11,793	2,477	1	-	14,271	41,151	55,422
Deferred tax assets	-	-	-	-	-	60	60
Total assets	1,096,712	21,915	8,935	4,040	1,131,602	575,936	1,707,538
Liabilities							
Deposits due to customers	918,876	21,753	8,553	1,998	951,180	379,616	1,330,796
Borrowings	158,033	-	-	-	158,033	-	158,033
Provisions for off-balance sheet items	-	-	-	-	-	2,687	2,687
Other liabilities and accruals	5,946	132	50	6	6,134	23,759	29,893
Subordinated debt (supplementary capital)	37,825	-	-	-	37,825	-	37,825
Equity and reserves	-	-	-	-	-	148,304	148,304
Total liabilities and equity	1,120,680	21,885	8,603	2,004	1,153,172	554,366	1,707,538
Net interest risk exposure at December 31, 2016	(23,968)	30	332	2,036	(21,570)	21,570	-

35.5. 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 istom, 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 sertifikovala sopstveni sistem upravljanja informacionom sigurnosti po međunarodnom standardu ISO 27000, a u 2016. godini 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 međunarodno priznatim okvirom - ISO 27000.

35.6. Rizik zemlje

Pod rizikom koji se odnosi na zemlju porijekla lica prema kome je Banka izložena podrazumijevaju 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 Sektor 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.

35.7. 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 obezbijedi mogućnost dugoročnog nastavka poslovanja uz obezbjeđenje prinosa akcionarima i koristi drugim zainteresovanim stranama,
- da obezbijedi 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 BAM 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 1.346.661 hiljada BAM sa stanjem na dan 31. decembra 2017. godine.

35.5. Operational Risk

Operational risk is the risk of the adverse effects on the Bank's financial result and capital due to failures in the information systems, human error, fraud or unforeseen external events. In case of failure of controls, the operational risk may compromise the Bank's reputation, it may legal consequences or cause financial losses to the Bank. The Bank cannot eliminate all operational risks, but by introducing a rigorous control framework and through monitoring of and responding to the potential risks, the Bank is able to manage such risks. Controls include effective segregation of duties, access, authorizations and harmonization of procedures, staff training and monitoring process, including the internal audit.

The Bank manages operational risks based on the collected data on the losses incurred and harmful events and by monitoring key operational risk indicators upon making decisions on business transactions. The operational risk management results are reported to the Bank's Management Board.

The Bank monitors operational risk events on a daily basis by means of a set of the key risk indicators (KRI), physical security risk assessments, information security assessment according to ISO 27000 Standard, and health hazards in accordance with the Law on Protection at Work. For operational risk assessment per business line self-assessment questionnaires (CRSA) are used.

For efficient operational risk management, the Bank uses software for recording operational risk losses and incidents, which enables more efficient creation of databases and monitoring of trends with a view to timely decision making and creation of a long-term basis for an advanced operational risk management model.

By drawing on its own knowhow, without engaging external consultants, in 2014 the Bank certified its own system for information safety management under ISO 27000, and in 2016, a regular annual inspection was conducted by TUV Austria. Thus the Bank demonstrated that it manages the portion of operational risks relating to IT implementation in accordance with the internationally recognized framework - ISO 27000.

35.6. Country Risk

Country risk is the risk relating to the country of origin of the entities/persons the Bank is exposed to, i.e., a risk of negative effects on the Bank's financial performance and capital due to the Bank's inability to collect receivables due from non-residents for reasons resulting from political, economic and social circumstances prevailing in the country of origin of such entities/persons.

The Bank extends the major portion of its loans to customer in the Republic of Srpska and is exposed to country risk per a portion of funds that may at times be placed with foreign banks up to the prescribed limits.

The Bank's risk Management Division has designed a methodology for limiting funds placed with other banks. Based on the analyses performed, the Treasury Division prepares a proposal according to which, depending on the risk assessment, the Risk Management Division sets limits which are adopted by the Bank's ALCO.

The Bank minimizes the country risk through its policy for depositing funds abroad, primarily in the form of short-term deposits placed with first-class foreign banks.

35.7. Capital Management

The Bank's objectives in capital management relate not only to the compliance with the regulations of the Banking Agency of the Republic of Srpska in respect of the capital structure and capital adequacy maintenance but to:

- maintenance of the Bank's ability to continue the business operations so that it could ensure return to shareholders and benefits for other stakeholders; and
- maintenance of a strong capital basis to support the development of its business activities, as well.

The Bank constantly monitors its capital structure, capital adequacy ratio and maintenance of the legally prescribed limits for capital items. The law on Banks and BARS regulations prescribe the minimum amount of the Bank's capital of BAM 15 million and the minimum capital adequacy ratio of 12%.

In accordance with the Decision on the Minimum Standards for Bank Capital Management and Capital Protection of BARS, the amount of general reserves within supplementary capital should amount to 1.25% of the total weighted risk of BAM 1,346,661 thousand as of December 31, 2017.

U sljedećoj tabeli je prikazana struktura ukupnog kapitala Banke na dan 31. decembra 2017. i 2016. godine, kao i stopa adekvatnosti kapitala u skladu sa propisima Agencije za bankarstvo Republike Srpske:

	2017. 000 BAM	2016. 000 BAM
Regulatorni kapital		
- Osnovni kapital	138.442	126.693
- Dopunski kapital	55.230	53.838
Odbitne stavke	(6.330)	(6.616)
Ukupno kapital	187.342	173.915
Rizik ponderisane aktive i kreditnih ekvivalenata	1.243.657	1.154.870
Ponderisan operativni rizik	103.004	96.606
Ukupno ponderisani rizici	1.346.661	1.251.476
Adekvatnost kapitala na 31. decembar	13,91%	13,90%

Koeficijent adekvatnosti kapitala od 13,9% je bez uključene neto dobiti tekuće godine. Koeficijent adekvatnosti kapitala sa uključenom neto dobiti tekuće godine nakon revidiranja će iznositi 14,6%.

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.

35.8. 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 dospelja (do 3 mjeseca) predpostavlja se da su knjigovodstvene vrijednosti aproksimativno jednake njihovoj fer vrijednosti. Ova predpostavka se takođe odnosi na depozite po viđenju, štedne depozite bez roka dospelja 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 dospelja.

The following table present the structure of the Bank's total capital as of December 31, 2017 and 2016 and the capital adequacy rate in accordance with BARS regulations:

	2017 BAM '000	2016 BAM '000
Regulatory capital		
- Core capital	138,442	126,693
- Supplementary capital	55,230	53,838
Deductible items	(6,330)	(6,616)
Total capital	187,342	173,915
Risk-weighted assets and off-balance sheet items	1,243,657	1,154,870
Weighted operational risk	103,004	96,606
Total risks weighted	1,346,661	1,251,476
Capital adequacy ratio as at December 31	13.91%	13.90%

As of December 31, 2017, the Bank's capital adequacy ratio was 13.9% before added net profit for the year 2017. With added net profit for the year 2017 after audit, the capital adequacy ratio will equal 14.6%.

In accordance with the Republic of Srpska regulations, the Bank's capital comprised:

- the core capital, which includes common stock shares and share premium, legal and other reserves and prior years' retained earnings less intangible assets; and
- supplementary capital, which includes the amount of general reserves estimated losses on assets assessed as good assets, and the amount of subordinated debt up to the 50% of the core capital amount.

35.8. Fair Value of Financial Assets and Liabilities

It is the Bank's policy to disclose the 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 from their recorded amounts. In the opinion of the Bank's management, the carrying amounts of the financial assets and liabilities reported in the accompanying financial statements are the most valid and useful reporting values under the present market conditions.

Financial instruments with fair values approximate to their carrying values

For highly liquid financial assets and liabilities with short-term maturities (up to 3 months) it is assumed that their carrying values approximate their fair values. This assumption is also used for demand deposits, savings deposits without specified maturity and financial instruments at variable interest rates (subject to repricing).

Financial instruments measured at other than fair value (at fixed interest rates)

Fair value of financial assets and liabilities at fixed interest rates carried at amortized cost is assessed by comparing the market interest rates upon initial recognition to the current interest rates prevailing on the market for financial instruments with similar characteristics. For financial instruments where no market prices are available, the Bank uses the discounted cash flow model based on the yield curve of the current interest rate applicable over the period remaining to the maturity date.

Finansijski instrumenti vrednovani po fer vrijednosti

Finansijski instrumenti, kao što su hartije od vrijednosti raspoložive za prodaju, se vrednuju po fer vrijednosti baziranoj na dostupnim tržišnim informacijama, odnosno korišćenjem kotirane tržišne cijene na dan izvještavanja.

31. decembar 2017. godine

	Nivo 1	Nivo 2	Nivo 3	BAM hiljada Ukupno
Finansijski instrumenti kojima se trguje				
Akcije javnih i drugih preduzeća u domaćoj valuti	208	-	-	208
Akcije drugih preduzeća u stranoj valuti	5.002	-	-	5.002
Akcije nebankarskih finansijskih organizacija	59	-	-	59
Ukupno finansijski instrumenti kojima se trguje	5.269	-	-	5.269
Finansijski instrumenti namijenjeni prodaji /hartije od vrijednosti raspoložive za prodaju				
Obveznice Republike Srpske	5.996	174.528	-	180.524
Ukupno Finansijski instrumenti kojima se trguje	11.265	174.528	-	185.793

31. decembar 2016. godine

	Nivo 1	Nivo 2	Nivo 3	BAM hiljada Ukupno
Finansijski instrumenti kojima se trguje				
Akcije javnih i drugih preduzeća u domaćoj valuti	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 namijenjeni prodaji /hartije od vrijednosti raspoložive za prodaju				
Obveznice Republike Srpske	7.148	111.529	-	118.677
Ukupno Finansijski instrumenti kojima se trguje	11.263	111.529	-	122.792

Financial instruments measured at other than fair value

Financial instruments such as available-for-sale securities are measured at fair value based on the available market data, i.e., using the quoted market prices as of the reporting date.

December 31, 2017

	Level 1	Level 2	Level 3	BAM '000 Total
Financial instruments held for trading				
Corporate and public company shares in BAM	208	-	-	208
Corporate shares in foreign currencies	5,002	-	-	5,002
Shares of non-banking financial institutions	59	-	-	59
Total financial instruments held for trading	<u>5,269</u>	<u>-</u>	<u>-</u>	<u>5,269</u>
Financial instruments available for sale				
Bonds issued by the Republic of Srpska	5,996	174,528	-	180,524
Total trading financial instruments	<u>11,265</u>	<u>174,528</u>	<u>-</u>	<u>185,793</u>

December 31, 2016

	Level 1	Level 2	Level 3	BAM '000 Total
Financial instruments held for trading				
Corporate and public company shares in BAM	201	-	-	201
Corporate shares in foreign currencies	3,884	-	-	3,884
Shares of non-banking financial institutions	30	-	-	30
Total financial instruments held for trading	<u>4,115</u>	<u>-</u>	<u>-</u>	<u>4,115</u>
Financial instruments available for sale				
Bonds issued by the Republic of Srpska	7,148	111,529	-	118,677
Total trading financial instruments	<u>11,263</u>	<u>111,529</u>	<u>-</u>	<u>122,792</u>

36. DEVIZNI KURSEVI

Zvanični kursevi koji su korišćeni za kursiranje bilansnih pozicija denominiranih u stranoj valuti na 31. decembar 2017. i 2016. godine u Konvertibilnu marku (BAM) su bili sljedeći:

31. decembar	2017.	2016.
EUR	1,95583	1,95583
USD	1,63081	1,85545
CHF	1,67136	1,82124

37. DOGAĐAJI POSLIJE DANA BILANSIRANJA

Nije bilo značajnih događaja poslije datuma izvještavanja koji bi zahtjevali prilagođavanje ili objelodanjivanje u napomenama uz finansijske izvještaje Banke za 2017. godinu.

Potpisano u ime Nove banke a.d. Banja Luka:



Dr Milan Radović
Predsjednik Uprave Banke

36. EXCHANGE RATES

The official exchange rates for major currencies as of December 31, 2017 and 2016 used in the translation of statement of financial position components denominated in foreign currencies into BAM were as follows:

December 31,	2017	2016
EUR	1.95583	1.95583
USD	1.63081	1.85545
CHF	1.67136	1.82124

37. EVENTS AFTER THE REPORTING PERIOD

Since the reporting date there have been no significant events that would require adjustments to or disclosures in the notes to the Bank's financial statements for 2017.

Signed on behalf of Nova banka a.d. Banja Luka by:



Milan Radović, Ph.D.
Chairman of the Management Board

