



Union banka d.d. Sarajevo

**Godišnji izvještaj
Annual Report
2010**



Union banka d.d. Sarajevo



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UVODNA RIJEČ DIREKTORA



Poštovani dioničari i poslovni partneri,

Zadovoljstvo mi je saopštiti da je Union banka d.d. Sarajevo zadržala trend stabilnog poslovanja i tokom 2010. godine. Negativni efekti globalne ekonomske i finansijske krize odrazili su se i na poslovanje banaka, što je rezultat prenošenja krize s realnog na bankarski sektor. Negativni efekti su se najviše odrazili na ključnu djelatnost banaka tj. segment kreditnog poslovanja. Smanjenje kreditnih aktivnosti, pad kvaliteta kreditnog portfolia, te porast loših plasmana su imali negativnog uticaja na profitabilnost banaka.

I pored toga što je poslovala u uslovima snažne konkurencije, Banka je uspjela ostvariti zadovoljavajuće rezultate i zadržati povjerenje svojih klijenata. Ulaskom u program osiguranja depozita od 01. februara 2010. godine kod Agencije za osiguranje depozita Bosne i Hercegovine, stvorile su se pretpostavke za dalji razvoj i ravnopravno učešće Banke na bankarskom tržištu. U protekloj godini zabilježeno je povećanje bilansne sume kroz porast depozita pravnih i fizičkih lica. Likvidnost Banke, ročna i devizna struktura izvora i plasmana su takođe održavani na zadovoljavajućem nivou.

U nastojanju da svojim klijentima ponudi što kvalitetnije usluge, poduzimane su aktivnosti na uvođenju novih proizvoda. Poslujući u skladu sa usvojenom poslovnom politikom, Banka je posebnu pažnju posvetila praćenju i provođenju adekvatnih mjera u cilju efikasnog upravljanja svim bankovnim rizicima.

Izražavam iskrenu zahvalnost cijenjenim klijentima i svim poslovnim partnerima, koji poslujući sa Bankom daju značajan doprinos ukupnom poslovanju Banke i realizaciji zajedničkih ciljeva.

DIREKTOR



Esad Bektešević, dipl. ecc.

DIRECTOR'S STATEMENT

Dear Shareholders and Business Partners,

It is my pleasure to inform you that during 2010 Union banka d.d. Sarajevo kept its stability trend. The negative effects of the global financial and economic crisis had also impact on the operations of the banks, because the crisis spreading from the real to the banking sector. The negative effects had most influence on the key activities of the banks, i.e. credit operations segment. The decline in the credit activities, decrease of the credit portfolio quality and the increase of bad investments, negatively affected the profitability of the banks.

Despite a strong and respectable competitive environment in which the Bank performed its operations, the Bank succeeded to achieve satisfactory results and kept the confidence of its clients. The admission into deposit insurance program with the Agency for deposit insurance of Bosnia and Herzegovina as of February 1, 2010, provided the Bank the opportunity for an equal banking market participation and further development. During the last year the Bank achieved a growth of the total balance as a result of the increase in deposits of individuals and legal entities. The liquidity of the Bank, the term and currency structure of resources and investments, maintained at satisfactory level.

In order to offer the clients higher quality services, the Bank performed additional activities for introducing new products. The Bank continues to perform its operations in compliance with the approved business policy focussing a special attention on monitoring and applying adequate measures to ensure an efficient management of all bank risks.

Hereby I wish to extend my sincere thanks to all our respectable clients and business partners. By doing business with the Bank, they all provide a great contribution to the entire business activities of the Bank and thereby to the realization of joint goals.

DIRECTOR



Esad Bektešević, B.S.Ec.

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REVIZIJA, RAČUNOVODSTVO I KONSALTING
Sarajevo, Branilaca Sarajeva 20
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Izveštaj revizora
dioničarima Union banke d.d. Sarajevo

Izveštaj nezavisnog revizora

Obavili smo reviziju priloženih finansijskih izvještaja UNION banke d.d. Sarajevo (u daljnjem tekstu "Banka"), prikazanih na stranicama 6 do 49, koji se sastoje od bilansa stanja na dan 31. decembra 2010. godine, bilansa uspjeha, izvještaja o promjenama na kapitalu i izvještaja o novčanim tokovima za godinu koja je tada završila, te sažetog prikaza značajnih računovodstvenih politika i drugih napomena uz finansijske izvještaje.

Odgovornost Uprave za finansijske izvještaje

Uprava je odgovorna za pripremanje i fer prezentiranje priloženih finansijskih izvještaja u skladu sa Međunarodnim standardima finansijskog izvještavanja. Odgovornosti Uprave obuhvataju: dizajniranje, uspostavljanje i održavanje internih kontrola vezanih za pripremanje i fer prezentiranje finansijskih izvještaja koji ne sadrže materijalno značajne pogreške, bilo zbog prevare ili grešaka; odabir i dosljednu primjenu odgovarajućih računovodstvenih politika; te davanje razboritih računovodstvenih procjena u datim uvjetima.

Odgovornost revizora

Naša je odgovornost izraziti nezavisno mišljenje o priloženim finansijskim izvještajima na temelju naše revizije. Reviziju smo obavili u skladu sa Međunarodnim revizijskim standardima. Navedeni standardi zahtijevaju da postupamo u skladu s etičkim pravilima te da reviziju planiramo i obavimo kako bismo se u razumnoj mjeri uvjerali da finansijski izvještaji ne sadrže materijalno značajne pogreške.

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

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

Mišljenje

Po našem mišljenju, finansijski izvještaji prikazuju objektivno, u svim materijalno značajnim stavkama, finansijski položaj Banke na dan 31. decembra 2010. godine, te rezultate njenog poslovanja i promjene u novčanom toku za godinu koja je tada završila, u skladu s Međunarodnim standardima finansijskog izvještavanja („MSFI“).

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AUDIT, ACCOUNTING AND CONSULTING
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To the shareholders of Union Bank d.d., Sarajevo
Independent Auditor's Report

We have audited the accompanying financial statements of Union Bank d.d. Sarajevo ("the Bank"), set out on pages 6 to 48, which comprise the balance sheet as at 31 December 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2010, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards („IFRS“).

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Naglašavanje činjenica

Bez kvalifikovanja našeg mišljenja skrećemo pažnju na bilješku 2 u kojoj je opisano da u toku 2010. godine nisu poduzimane nikakve radnje vezane za promjene u pravnom i vlasničkom statusu Banke i na bilješku 35 u kojoj su opisane pozicije pasivnog podbilansa.


Milan Novokmet, direktor


Edin Udovčić, ovlašteni revizor



Revik d.o.o.
Sarajevo, 14. februar 2011. godine

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Emphasis of matters

Without qualifying our opinion, we draw attention to Note 2 describing that there was no any undertaken actions in 2010. related to the changes in legal and ownership status of Bank, as well as Note 35 describing passive sub-balance items.



Milan Novokmet, director and certified auditor



Edin Udovčić, certified auditor



Revik d.o.o.
Sarajevo, 14 February 2011

BILANS USPJEHA ZA GODINU KOJA JE ZAVRŠILA 31. DECEMBRA 2010.

(svi iznosi izraženi su u hiljadama KM)	2010.	2009.
Prihodi od kamata i slični prihodi	6.549	6.956
Rashodi od kamata i slični rashodi	(2.746)	(2.693)
Neto prihod od kamata	3.803	4.263
Prihodi od naknada i provizija	2.735	2.563
Rashodi od naknada i provizija	(344)	(188)
Neto prihod od naknada i provizija	2.391	2.375
Neto kursne razlike	(10)	5
Ostali prihodi iz redovnog poslovanja	11.298	5.618
Ukupni prihod neto	17.492	12.261
Rashodi redovnog poslovanja	(10.719)	(9.815)
Povećanje rezerviranja odnosno ispravka vrijednosti	(5.407)	(1.833)
Dobit prije oporezivanja	1.356	613
Porez na dobit za plaćanje	(201)	(95)
Neto dobit za godinu	1.155	518
Zarada po dionici (u KM)	0,67	0,30

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

(all amounts are expressed in thousands of KM)	2010	2009
Interest and similar income	6,549	6,956
Interest expense and similar charges	(2,746)	(2,693)
Net interest income	3,803	4,263
Fee and commission income	2,735	2,563
Fee and commission expense	(344)	(188)
Net fee and commission income	2,391	2,375
Net foreign exchange (losses)/gain	(10)	5
Other operating income	11,298	5,618
Operating income	17,492	12,261
Operating expenses	(10,719)	(9,815)
Provisions for impairment	(5,407)	(1,833)
Profit before tax	1,356	613
Income tax expense	(201)	(95)
Profit after tax	1,155	518
Earnings per share (in KM)	0.67	0.30

BILANS STANJA ZA GODINU KOJA JE ZAVRŠILA 31. DECEMBRA 2010.

(svi iznosi izraženi su u hiljadama KM)

	2010.	2009.
Sredstva		
Novčana sredstva i računi kod drugih banaka	9.394	8.033
Sredstva kod Centralne banke	51.390	29.739
Kratkoročni plasmani drugim bankama	24.087	24.696
Dugoročni plasmani drugim bankama	1.274	-
Zajmovi i avansi klijentima	59.177	62.844
Obračunate kamate i ostala sredstva	698	746
Finansijska imovina raspoloživa za prodaju	708	716
V.P. za trgovanje - fin. im. po fer vrijednosti kroz RDG	415	946
Nekretnine i oprema	20.120	19.749
Ukupna sredstva	167.263	147.469
Obaveze		
Depoziti drugih banaka	50	-
Obaveze prema depozitarima	113.842	96.515
Obračunate kamate i naknade	766	859
Ostale obaveze	1.305	1.037
Dospjele vanbilansne obaveze	1.482	1.464
Rezervisanja za potencijalne obaveze	3.232	2.170
Ukupno obaveze	120.677	102.045
Kapital		
Dionički kapital	34.098	34.098
Zadržana dobit	1.155	518
Rezerve i nenominirani kapital	11.333	10.808
Ukupno kapital	46.586	45.424
Ukupno obaveze i kapital	167.263	147.469
Potencijalne i preuzete obaveze	19.739	15.861

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2010

(all amounts are expressed in thousands of KM)

	2010	2009
Assets		
Cash and current accounts with banks	9,394	8,033
Cash with the Central Bank	51,390	29,739
Short-term placements with other banks	24,087	24,696
Long-term placements with other banks	1,274	-
Loans and advances to customers	59,177	62,844
Accrued interest and other assets	698	746
Available for sale financial assets	708	716
Financial assets designated at fair value through P&L	415	946
Property and equipment	20,120	19,749
Total assets	167,263	147,469
Liabilities		
Deposits from other banks	50	-
Amounts owed to other depositors	113,842	96,515
Accrued interest	766	859
Other liabilities	1,305	1,037
Due off balance sheet liabilities	1,482	1,464
Provisions for contingent liabilities	3,232	2,170
Total liabilities	120,677	102,045
Shareholders equity		
Share capital	34,098	34,098
Retained profits	1,155	518
Reserves and unnominated capital	11,333	10,808
Total shareholders' equity	46,586	45,424
Total liabilities and shareholders' equity	167,263	147,469
Contingencies and commitments	19,739	15,861

IZVJEŠTAJ O NOVČANOM TOKU ZA GODINU KOJA JE ZAVRŠILA 31. DECEMBRA 2010.

(svi iznosi izraženi su u hiljadama KM)

2010.

2009.

Novčani tok od poslovnih aktivnosti

Dobit prije poreza	1.356	613
Smanjenje/(povećanje) na obrač. kamata i ostalim sredstvima	48	(57)
Povećanja/(smanjenje) na obavezama po obračunatim kamata	(93)	(38)
Povećanja/(smanjenja) na ostalim obavezama	268	75
Amortizacija	855	928
Neotpisana vrijednost rashodovanih nekretnina i opreme	25	6
Kursne razlike na rezervisanjima za potencijalne obaveze	1.062	364
Neto novčani priliv od trgovačkih aktivnosti	3.521	1.891

Neto povećanje/(smanjenje) depozita drugih banaka	50	-
Neto povećanje/(smanjenje) obaveza prema drugim depozitarima	17.327	(24.661)
Dospjele vanbilansne obaveze (garancije pozvane na plaćanje)	18	(24)
Neto povećanje dugoročnih plasmana drugim bankama	(1.274)	-
Neto smanjenje/(povećanje) na zajmovima i avansima klijentima	3.667	1.066
Plaćeni porez na dobit	(201)	(95)
	19.587	(23.714)
Neto novčani (odliv)/priliv iz poslovnih aktivnosti	23.108	(21.823)

Neto novčani tok od investicijskih aktivnosti

Smanjenje dugoročnih ulaganja	8	402
Smanj./Poveć. V.P.za trgovanje - fin.im.po fer vrijednosti kroz RDG	531	(62)
Nabavka materijalne imovine	(1.251)	(269)
Neto novčani (odliv) /priliv od investicijskih aktivnosti	(712)	71

Neto novčani tok od finansijskih aktivnosti

Nerealizovana dobit od fin. im. raspoložive za prodaju	7	(410)
Neto novčani (odliv) od finansijskih aktivnosti	7	(410)
Neto povećanje/smanjenje novca i novčanih ekvivalenata	22.403	(22.162)

Novac i novčani ekvivalenti 1. januara	62.468	84.630
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Novac i novčani ekvivalenti 31. decembra	84.871	62.468
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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

(all amounts are expressed in thousands of KM)

	2010	2009
Net cash flows from operating activities		
Profit before tax	1,356	613
Decrease/(increase) in accrued interest and other assets	48	(57)
Increase/(decrease) in accrued interest payable	(93)	(38)
Increase/(decrease) in other liabilities	268	75
Depreciation	855	928
Loss on disposal of property and equipment	25	6
Foreign exchange differences on provisions for contingencies	1,062	364
Net cash inflow from trading activities	3,521	1,891
Net increase/(decrease) in deposits from other banks	50	-
Net increase/(decrease) in amounts owed to other depositors	17,327	(24,661)
Off balance sheet liabilities called for payment	18	(24)
Net increase in long-term placements with other banks	(1,274)	-
Net decrease/(increase) in loans and advances to customers	3,667	1,066
Profit tax	(201)	(95)
	<u>19,587</u>	<u>(23,714)</u>
Net cash (outflow)/inflow from operating activities	23,108	(21,823)
Net cash flow from investing activities		
Decrease of available for sale financial assets	8	402
Decrease/Increase of financial assets designated at fair value through P.&L	531	(62)
Purchase of tangible assets	(1,251)	(269)
Net cash (outflow)/inflow from investing activities	(712)	71
Net cash flow from financing activities		
Revaluation reserves (available for sale financial assets)	7	(410)
Net cash (outflow) from financing activities	7	(410)
Net increase/(decrease) in cash and cash equivalents	22,403	(22,162)
Cash and cash equivalents as at 1 January	62,468	84,630
Cash and cash equivalents as at 31 December	<u>84,871</u>	<u>62,468</u>

ORGANI UPRAVLJANJA BANKOM

NADZORNI ODBOR

ZADA GABELA	Predsjednik
TIHOMIR ĆURAK	Član
HARIS JAHIĆ	Član
HASAN DELIĆ	Član
ŽELJKA MARKOVIĆ-SEKULIĆ	Član

ODBOR ZA REVIZIJU

MIJO GRGIĆ	Predsjednik
NOVKA AGIĆ	Član
ORHIDEJA JUNUZOVIĆ	Član
MIRSAD ČOLIĆ	Član
MUNIB OVČINA	Član

INTERNA REVIZIJA

SABIRA JABLAN	Interni revizor
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UPRAVA BANKE

ESAD BEKTEŠEVIĆ	Direktor
MEMNUNA HRUSTANOVIĆ	Izvršni direktor
ALTIJANA ĆAR	Izvršni direktor
MUJO DRAGOLJ	Izvršni direktor

ZAPOSLENI

Banka je 31.12.2010. godine imala ukupno 180 zaposlenih sa slijedećom kvalifikacionom strukturom:

OPIS	2010.	%	2009.	%
Visoka stručna sprema	74	41,1	69	39,4
Viša stručna sprema	4	2,2	5	2,9
Srednja sprema	92	51,1	88	50,3
Ostali	10	5,6	13	7,4
UKUPNO	180	100,0	175	100,0

MANAGING BODIES OF THE BANK

SUPERVISORY BOARD

ZADA GABELA	President
TIHOMIR ĆURAK	Member
HARIS JAHIĆ	Member
HASAN DELIĆ	Member
ŽELJKA MARKOVIĆ-SEKULIĆ	Member

AUDIT COMMITTEE

MIJO GRGIĆ	President
NOVKA AGIĆ	Member
ORHIDEJA JUNUZOVIĆ	Member
MIRSAD ČOLIĆ	Member
MUNIB OVČINA	Member

INTERNAL AUDIT

SABIRA JABLAN	Internal auditor
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MANAGEMENT OF THE BANK

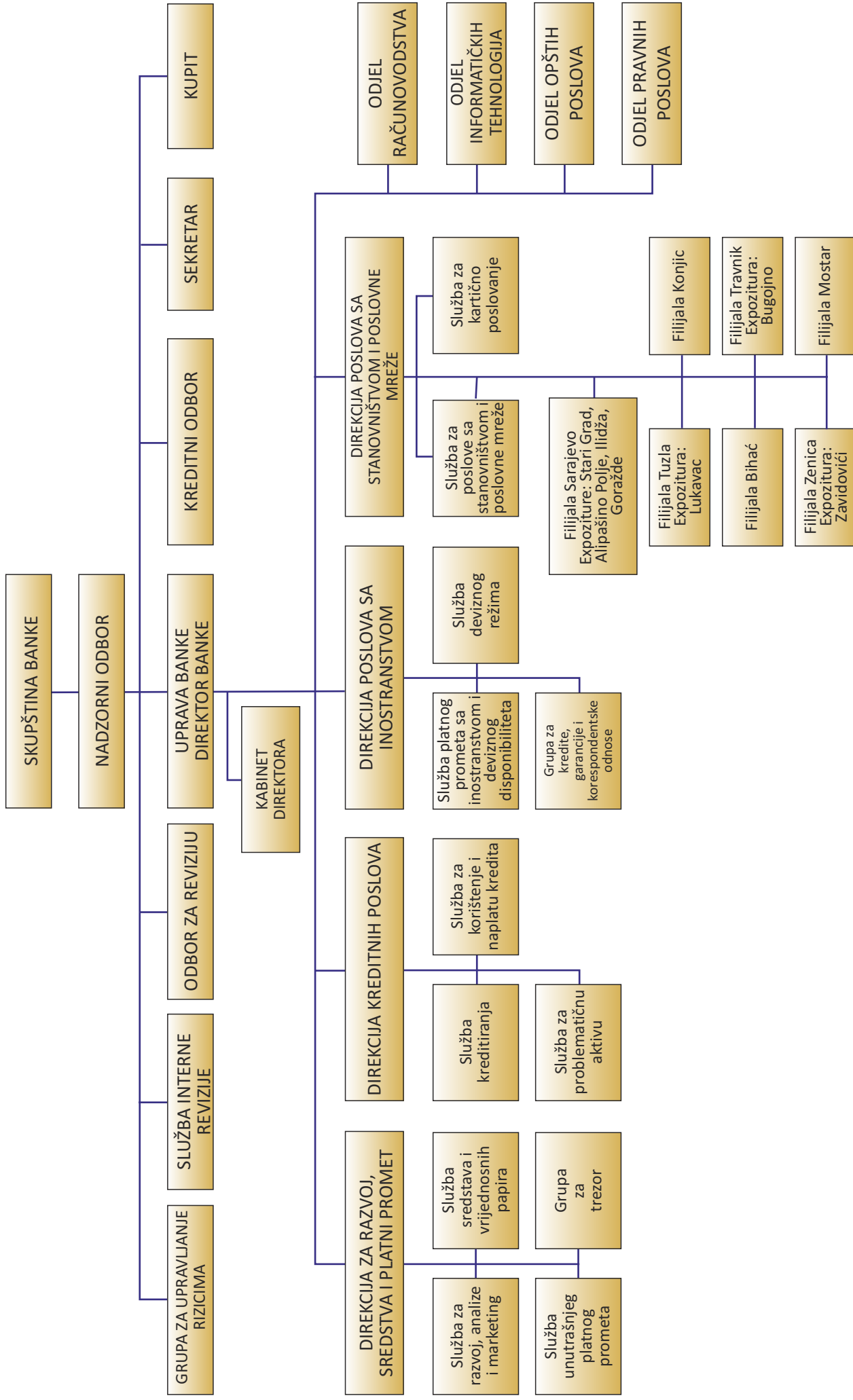
ESAD BEKTEŠEVIĆ	Director
MEMNUNA HRUSTANOVIĆ	Executive Director
ALTIJANA ĆAR	Executive Director
MUJO DRAGOLJ	Executive Director

EMPLOYEES

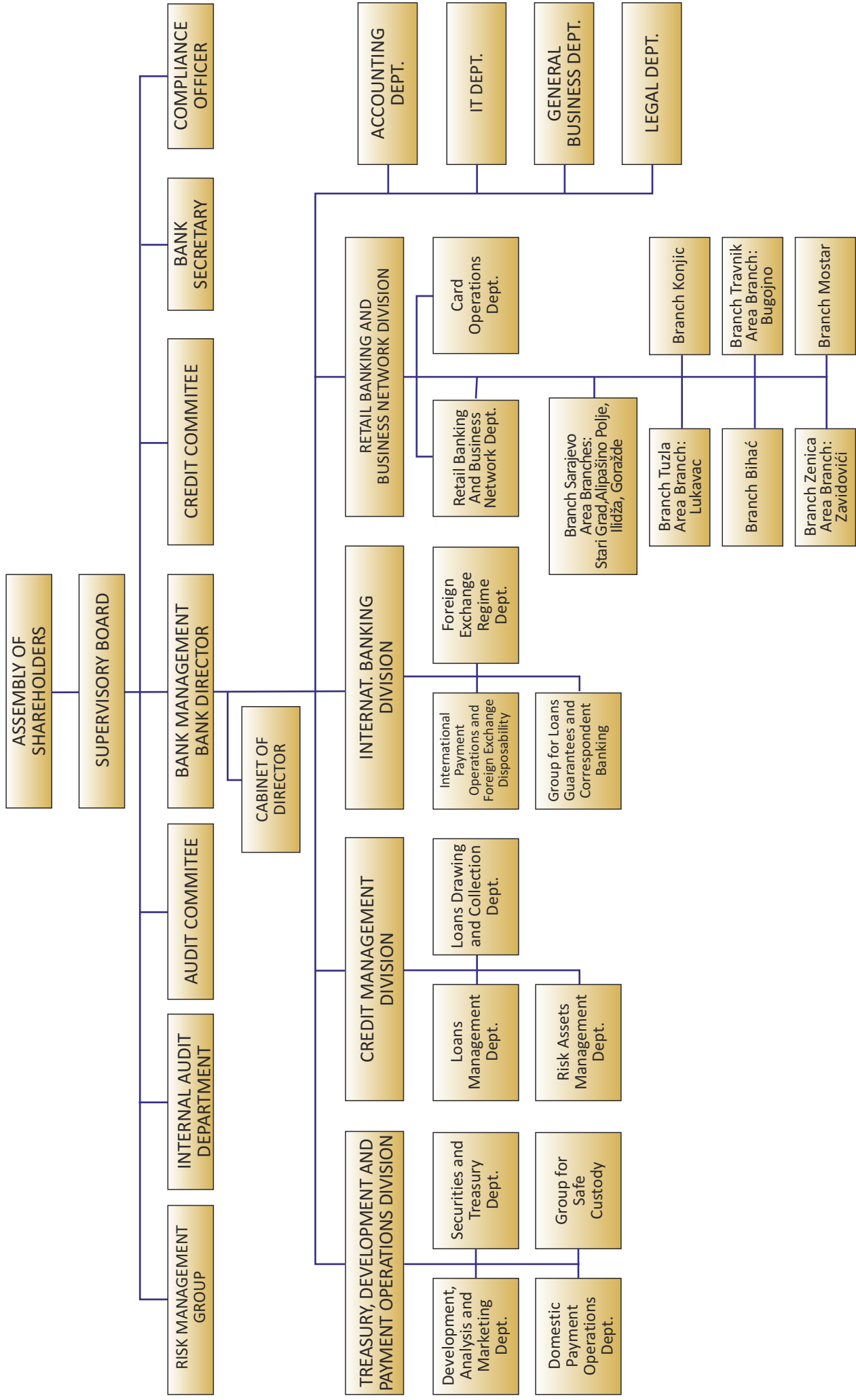
As at December 31, 2010 the total number of employees in the Bank was 180 with the following qualification structure:

DESCRIPTION	2010	%	2009	%
University degree	74	41.1	69	39.4
Two years advanced school degree	4	2.2	5	2.9
Secondary school degree	92	51.1	88	50.3
Others	10	5.6	13	7.4
TOTAL	180	100.0	175	100.0

ORGANIZACIONA ŠEMA UNION BANKE DD SARAJEVO



ORGANIZATION CHART OF UNION BANKA DD SARAJEVO



OSNOVNI POKAZATELJI

- 000 KM -

KAPITAL BANKE	2010.	2009.
KAPITAL	46.586	45.424
DIONIČKI KAPITAL	34.098	34.098
Koeficijent adekvatnosti kapitala	41,3%	40,5%
VLASNIČKA STRUKTURA		
Državni (91,44%)	31.179	31.179
Privatni (8,55%)	2.917	2.917
Strani (0,01%)	2	2
VELIČINA I POUZDANOST BANKE		
UKUPNA AKTIVA	167.263	147.469
VANBILANSNE STAVKE	19.739	15.861
BROJ ZAPOSLENIH	180	175
FINANSIJSKI REZULTAT		
UKUPAN PRIHOD	20.582	15.142
DOBIT PRIJE OPOREZIVANJA	1.356	613
NETO DOBIT	1.155	518



KEY INDICATORS

- 000 KM -

THE BANK'S EQUITY		
	2010	2009
SHAREHOLDERS' EQUITY	46,586	45,424
SHARE CAPITAL	34,098	34,098
Capital adequacy ratio	41.3%	40.5%
OWNERSHIP STRUCTURE		
State-owned (91.44%)	31,179	31,179
Private (8.55%)	2,917	2,917
Foreign (0.01%)	2	2
THE BANK'S STRENGTH AND RELIABILITY		
TOTAL ASSETS	167,263	147,469
OFF BALANCE SHEET ITEMS	19,739	15,861
NUMBER OF EMPLOYEES	180	175
FINANCIAL RESULTS		
TOTAL INCOME	20,582	15,142
PROFIT BEFORE TAX	1,356	613
NET PROFIT	1,155	518



AKTIVA BANKE

Krajem 2010. godine aktiva Banke je iznosila 167,3 mil. KM i povećana je u odnosu na prethodnu godinu za 19,8 mil. KM ili 13,4%. Od ukupne aktive na novčana sredstva i račune kod drugih banaka se odnosi 5,6%, na sredstva kod Centralne banke 30,7%, na plasmane drugim bankama 15,2%, na kredite 35,4%, na vrijednosne papire za trgovanje 0,3%, na stalna sredstva 12,0% i na ostalu aktivu 0,8%.

- 000 KM -

AKTIVA	31.12. 2010.	%	31.12. 2009.	%
1. Novčana sredstva i računi kod drugih banaka	9.394	5,6	8.033	5,5
2. Sredstva kod Centralne banke	51.390	30,7	29.739	20,2
3. Kratkoročni plasmani drugim bankama	24.087	14,4	24.696	16,7
4. Dugoročni plasmani drugim bankama	1.274	0,8	-	-
5. Kreditni plasmani	59.177	35,4	62.844	42,6
6. Vrijednosni papiri za trgovanje	415	0,3	946	0,6
7. obračunate kamate i ostala sredstva	698	0,4	746	0,5
8. Finansijska imovina raspoloživa za prodaju	708	0,4	716	0,5
9. Stalna sredstva	20.120	12,0	19.749	13,4
UKUPNO	167.263	100,0	147.469	100,0

Likvidna sredstva

Na računima kod banaka u zemlji i inostranstvu, kao i u gotovini na kraju 2010. godine Banka je raspolagala sa 84,9 mil. KM, što je u odnosu na kraj prethodne godine povećanje za 22,4 mil. KM ili 35,9%.

Koeficijent likvidnih sredstava u odnosu na depozite iznosio je 74,5%, a u odnosu na ukupnu aktivu 50,7%. Dio slobodnih novčanih sredstava oročavan je kod domaćih i inobanaka uz odgovarajuću kamatnu stopu. Kratkoročni plasmani drugim bankama iznose 24,1 mil. KM, a dugoročni 1,3 mil. KM.

Ostvareni nivo novčanih sredstava na računima Banke osiguravao je izvršavanje svih plaćanja tokom godine i bio je indikator kontinuirano visoke KM i devizne likvidnosti. Iznos sredstava na računu kod Centralne banke bio je tokom cijele godine znatno veći od propisanog nivoa obavezne rezerve.

THE BANK'S ASSETS

At the end of 2010, the Bank's assets amounted to KM 167.3 mil. and, compared with the previous year, increased by KM 19.8 mil. or 13.4%. Of the total assets 5.6% refers to cash and current accounts with banks, 30.7% to cash with the Central Bank, 15.2% to placements with other banks, 35.4% to loans, 0.3% to financial assets designated at fair value through P&L, 12.0% to fixed assets and to other assets 0.8%.

- 000 KM -

ASSETS	Dec 31, 2010	%	Dec 31, 2009	%
1. Cash and current accounts with banks	9,394	5.6	8,033	5.5
2. Cash with the Central Bank	51,390	30.7	29,739	20.2
3. Short-term placements with other banks	24,087	14.4	24,696	16.7
4. Long-term placements with other banks	1,274	0.8	-	-
5. Credit placements	59,177	35.4	62,844	42.6
6. Financial assets designated at fair value through P&L	415	0.3	946	0.6
7. Accrued interest and other assets	698	0.4	746	0.5
8. Available for sale financial assets	708	0.4	716	0.5
9. Fixed assets	20,120	12.0	19,749	13.4
TOTAL	167,263	100.0	147,469	100.0

Liquid assets

At the end of 2010, the Bank's available funds at the accounts with other banks in the country and abroad and in cash amounted to KM 84.9 mil. and, compared with end of the previous year, increased by KM 22.4 mil. or 35.9%.

The liquid assets/deposits ratio is 74.5%, and the liquid assets/total assets is 50.7%. A part of available funds was deposited with local and foreign banks at the appropriate interest rate. Short-term placements with other banks amounted to KM 24.1 mil., while long-term placements with other banks amounted to KM 1.3 mil..

The achieved level of the funds provided on the accounts with banks ensured the execution of all payments during the year and it was an indicator of a continuous high level of KM and foreign currency liquidity. During the whole year, cash amount with the Central Bank was quite higher than the required level of obligatory reserves.

Kreditni plasmani

Neto kreditni plasmani Banke iznosili su:

- 000 KM -				
OPIS	31.12. 2010.	%	31.12. 2009.	%
1. Kratkoročni krediti	29.643	50,1	32.951	52,4
- Pravnim licima	16.963	28,7	18.161	28,9
- Građanima	12.680	21,4	14.790	23,5
2. Dugoročni krediti	29.534	49,9	29.893	47,6
- Pravnim licima	19.096	32,3	17.994	28,6
- Građanima	10.438	17,6	11.899	19,0
Kreditni plasmani	59.177	100,0	62.844	100,0

U strukturi kredita na kredite pravnim licima odnosilo se 36,1 mil. KM ili 61,0%, a na kredite građanima 23,1 mil. KM ili 39,0%.

Usmjeravanje sredstava vršeno je u skladu sa poslovnom politikom, likvidnošću Banke, zahtjevima tražioca kredita i njihovom kreditnom sposobnošću.

Nekretnine i oprema

Dugotrajna imovina Banke krajem 2010. godine iznosila je 20,1 mil. KM i u odnosu na prethodnu godinu veća je za 0,4 mil. KM.

Do promjene vrijednosti ove imovine u 2010. godini je došlo zbog redovnog obračuna amortizacije u iznosu od 0,9 mil. KM, uz istovremeno povećanje vrijednosti nekretnina nabavkom novih stalnih sredstava za 1,3 mil. KM.

Credit placements

The Bank's net credit placements amounted to:

- 000 KM -

DESCRIPTION	Dec 31, 2010	%	Dec 31, 2009	%
1. Short-term loans	29,643	50.1	32,951	52.4
- Legal entities	16,963	28.7	18,161	28.9
- Citizens	12,680	21.4	14,790	23.5
2. Long-term loans	29,534	49.9	29,893	47.6
- Legal entities	19,096	32.3	17,994	28.6
- Citizens	10,438	17.6	11,899	19.0
Credit placements	59,177	100.0	62,844	100.0

In the credit structure, KM 36.1 mil. or 61.0% refers to loans to legal entities and KM 23.1 mil. or 39.0% refers to loans to citizens.

Channeling the funds was performed in compliance with the Bank's business policy, the liquidity level, the loan applicants' requests and their credit standing.

Property and equipment

At the end of the year 2010, the Bank's fixed assets amounted to KM 20.1 mil., and in relation to the previous year it increased by KM 0.4 mil.

The changes of these assets in 2010 resulted from regular depreciation of KM 0.9 mil. as well as from procurements of new fixed assets by KM 1.3 mil.

OBAVEZE I KAPITAL

Kapital

Kapital Banke 31.12.2010. godine iznosio je 46,6 mil. KM i u odnosu na stanje prethodne godine veći je za 1,2 mil. KM ili 2,6%.

U strukturi kapitala Banke najveće učešće ima dionički kapital sa 73,2%, revalorizacione rezerve i nenominirani kapital sa 24,3%, te zadržana dobit sa 2,5%, što se vidi iz slijedećeg pregleda:

- 000 KM -

OPIS	31.12. 2010.	%	31.12. 2009.	%
1. Dionički kapital	34.098	73,2	34.098	75,1
2. Zadržana dobit	1.155	2,5	518	1,1
3. Rezerve i nenominirani kapital	11.333	24,3	10.808	23,8
UKUPNO KAPITAL	46.586	100,0	45.424	100,0

Obaveze Banke

U odnosu na stanje sa 31.12.2009. godine, ukupne obaveze Banke su veće za 18,6 mil. KM ili 18,3%, što je proizašlo iz: povećanja depozita za 17,4 mil. KM, povećanja rezervisanja za potencijalne obaveze za 1,1 mil. KM i povećanja kamata i ostalih obaveza za 0,1 mil. KM.

- 000 KM -

OPIS	31.12. 2010.	%	31.12. 2009.	%
1. Depozitna sredstva	113.892	94,4	96.515	94,6
- pravnih lica	66.743	55,3	65.545	64,2
- građana	47.149	39,1	30.970	30,4
2. Kamate i ostale obaveze	2.071	1,7	1.896	1,9
3. Dospjele vanbilansne obaveze	1.482	1,2	1.464	1,4
4. Rezervisanja za potencijalne obaveze	3.232	2,7	2.170	2,1
UKUPNO	120.677	100,0	102.045	100,0

LIABILITIES AND EQUITY

Equity

The Bank's equity as at December 31, 2010 amounted to KM 46.6 mil. and in relation to the previous year it increased by KM 1.2 mil. or 2.6%.

In the Bank's equity structure the biggest items are share capital (73.2%), revaluation reserves and unnominated capital (24.3%) and retained profits (2.5%) as the following table shows:

- 000 KM -

DESCRIPTION	Dec 31, 2010	%	Dec 31, 2009	%
1. Share capital	34,098	73.2	34,098	75.1
2. Retained profits	1,155	2.5	518	1.1
3. Reserves and unnominated capital	11,333	24.3	10,808	23.8
TOTAL EQUITY	46,586	100.0	45,424	100.0

The Bank's liabilities

The total liabilities of the Bank increased by KM 18.6 mil. or 18.3% compared to December 31, 2009 arising from: deposit increase by KM 17.4 mil., increase in provisions for contingent liabilities by KM 1.1 mil., as well as increase in interest and other liabilities by KM 0.1 mil..

- 000 KM -

DESCRIPTION	Dec 31, 2010	%	Dec 31, 2009	%
1. Deposits	113,892	94.4	96,515	94.6
- legal entities	66,743	55.3	65,545	64.2
- citizens	47,149	39.1	30,970	30.4
2. Interest and other liabilities	2,071	1.7	1,896	1.9
3. Off balance sheet liabilities matured	1,482	1.2	1,464	1.4
4. Provisions for contingent liabilities	3,232	2.7	2,170	2.1
TOTAL	120,677	100.0	102,045	100.0

Najznačajniju stavku u obavezama Banke predstavljaju depozitna sredstva koja iznose 113,9 mil. KM ili 94,4% od ukupnih obaveza.

Depoziti pravnih lica povećani su za 1,2 mil. KM ili 1,8% i u ukupnim depozitima učestvuju sa 58,6%. Depoziti građana su povećani za 16,2 mil. KM i u ukupnim depozitima učestvuju sa 41,4%.

U ročnoj strukturi ukupnih depozita, na depozite po viđenju odnosi se 55,5 mil. KM ili 48,7%, a na oročene depozite 58,4 mil. KM ili 51,3%.

U valutnoj strukturi ukupnih depozita devizni depoziti učestvuju sa 33,5%, a depoziti u konvertibilnim markama sa 66,5%.

ROČNA STRUKTURA AKTIVE I PASIVE

OPIS	Aktiva		Obaveze i kapital	
		%		%
Kratkoročno	115.963	69,1	68.659	41,1
Dugoročno	51.300	30,9	98.604	58,9
UKUPNO	167.263	100,0	167.263	100,0

- 000 KM -



The most significant item in the Bank's liabilities represents deposits holding KM 113.9 mil. or 94.4% in the total liabilities.

The legal entities' deposits increased by KM 1.2 mil. or 1.8% and amount to 58.6% in the total deposits. The citizens' deposits increased by KM 16.2 mil. and amount to 41.4% in the total deposits.

In the term-structure of the total deposits, the demand deposits account for KM 55.5 mil. or 48.7%, while the term deposits account for KM 58.4 mil. or 51.3%.

In the currency-structure of the total deposits, the foreign currency deposits account for 33.5%, and the deposits in convertible marks 66.5%.

TERM-STRUCTURE OF ASSETS AND LIABILITIES

- 000 KM -

DESCRIPTION	Assets	%	Liabilities and equity	%
Short-term	115,963	69.1	68,659	41.1
Long-term	51,300	30.9	98,604	58.9
TOTAL	167,263	100.0	167,263	100.0



FINANSIJSKI REZULTAT

- 000 KM -

OPIS	2010.	2009.	INDEX
1. Prihodi po osnovu kamata	6549	6.956	94
2. Rashodi po osnovu kamata	(2.746)	(2.693)	102
3. Neto prihod – marža	3.803	4.263	89
4. Ostali prihodi	14.033	8.186	171
5. Ostali rashodi	(16.480)	(11.836)	139
6. BRUTO DOBIT	1.356	613	221

Prihodi od kamata su se smanjili za 6,0%, a prihodi od naknada i provizija i ostali prihodi su povećani za 71,0%. Sa druge strane, rashodi po osnovu kamata su ostali na istom nivou, dok su ostali rashodi povećani za 39,0%.

Na kraju godine Banka je ostvarila bruto dobit u iznosu od 1.356/h KM.



FINANCIAL RESULTS

- 000 KM -

DESCRIPTION	2010	2009	INDEX
1. Interest income	6,549	6,956	94
2. Interest expense	(2,746)	(2,693)	102
3. Net income – margin	3,803	4,263	89
4. Other income	14,033	8,186	171
5. Other expenses	(16,480)	(11,836)	139
6. GROSS PROFIT	1,356	613	221

Interest income decreased by 6.0% and fee and commission income and other income increased by 71.0%. On the other side, interest expense kept the same level, while other expenses increased by 39.0%.

At the end of the year, the Bank achieved a gross profit in the amount of KM 1,356/ thousand.



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