

BANKING AGENCY OF
REPUBLIKA SRPSKA
BANJA LUKA

REPORT

ON CONDITION OF BANKING SYSTEM OF REPUBLIKA SRPSKA
FOR THE 1ST HALF OF THE YEAR 2000

Banja Luka, May 2000

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I INTRODUCTION

Banking Agency of Republika Srpska was established under the Law on Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska" number 10/98), with a basic goal to improve and support a sound and stable banking system in Republika Srpska.

The "Bank Supervision Basle Committee" issues basic principles and standards of banking operation accepted in almost the whole world. The essence of the principles has been built into our Law on Banks and the Law on Banking Agency of Republika Srpska, except for the principle on personal and institutional protection of examiners.

This deficiency was corrected on May 22, 2000 when the High Representative for Bosnia and Herzegovina issued the "Decision on Modifications and Amendments to the Law on Banking Agency of Republika Srpska".

The efforts endeavored by the Agency up to now were directed to establishment of a regulatory framework to enable banks to operate independently under market principles and to take responsibility for possible risks. On the other hand this is to enable the Banking Agency to supervise banks' operation reviewing their liquidity and solvency on both individual and consolidated basis for the banking system as a whole. The objective is to detect and prevent exposure of the banking system to possible risks in the future as well as to provide for banks' operational compliance with legal provisions. That is why, ever since its establishment the Agency has been working on preparation and issuance of an overall legal regulation to support banking system restructuring. The most important was the Law on Banks (July 15, 1999) accompanied by a number of Decisions issued by the Managing Board of the Banking Agency of Republika Srpska in March and December 1999. The Decisions defining in more detail provisions framed by the Law on Banks are the following:

1. Decision on Bank Supervision,
2. Decision on Minimum Standards for Banks' Liquidity Risk Management,
3. Decision on Minimum Standards for Banks' Internal and External Audit,
4. Decision on Minimum Standards for Banks' Internal Control,
5. Decision on Minimum Standards for Documenting Lending Activities of Banks,
6. Decision on Non-Performing Clients,
7. Decision on Conditions and Criteria for Issuance of Banking License to Banks,
8. Decision on Format and Contents of Banks' Reports Submitted to the Banking Agency of Republika Srpska,
9. Decision on Conditions under which a Bank is Considered Insolvent,
10. Decision on Minimum Standards for Banks' Operation with Related Persons,
11. Decision on Minimum Standards for Banks' Capital Management,
12. Decision on Minimum Standards for Banks' Risk Concentration Management,
13. Decision on Minimum Standards for Banks' Credit Risk Management and Asset Classification,
14. Decision on Minimum Standards for Banks' Foreign Currency Risk Management,
15. Decision on Minimum Scope, Format and Contents of Scheduling of and Reporting on Economic-Financial Audit of Banks.

Data generated by these Decisions together with the newly designed banks' reports have been used for the first time in compiling such a Report. Also, the Agency has issued a number of Instructions on how the above Decisions are to be applied.

The Agency has also participated in issuing a set of legal provisions related to bank privatization process.

After the Law on Modifications and Amendments to the Law on Payment Transactions was issued (July 15, 1999), the Agency Managing Board issued the Decision on Minimum Standards to be met by Banks in Performing Internal Payments. That was actually the beginning of a reform of the payment system in Republika Srpska, enabling commercial banks to perform internal payments once they are licensed by the Agency.

Additionally to implementation of newly introduced accounting standards and balance sheets, a big change was in presenting balance sheets without showing those items which are to be taken over by the state, as provided by the Law on Opening Balance Sheet. That means that items of passive and neutral sub-balances are not to be included in banks balance sheets giving a more realistic picture of the banking system as a whole.

II BUSINESS OPERATION OF BANKS IN REPUBLIKA SRPSKA

1. GENERAL DATA

During the first half of the year of the year 2000 seventeen banks plus the Post Office Savings (Postanska stedionica) were operating in Republika Srpska. In the first half of the year the bankruptcy proceedings related to the Gold banka a.d. Banja Luka was started since the bank's license had been revoked at the end of 1999.

Based on the balance sheet data related to the ownership structure as of March 30, 1999 ten banks and Postanska stedionica were state-owned while seven banks were privately owned, indicating that banks' owners have not been changed since none of the state-owned banks has started the privatization process.

Capital Structure of Banks Involved in the Process of Privatization

BANK	CAPITAL OWNERSHIP in %			
	State	Co-operative	Private	Total
Kristal banka a.d. Banja Luka	75.55	4.84	19.61	100
Banjalucka banka a.d. Banja Luka	93.5	3.0	3.5	100
Privredna banka a.d. Gradiska	74.2	20.4	5.4	100
Privredna banka a.d. Brcko	100.0			100
PBS a.d. Srpsko Sarajevo	85.0	1.0	14.0	100
Privredna banka a.d. Doboј	90.0	4.0	6.0	100
Prijedorska banka a.d. Prijedor	96.0		4.0	100
Postanska stedionica a.d. Banja Luka	100.0			100
Semberska banka a.d. Bijeljina	90.28	6.80	2.92	100
Agroprom banka a.d. Banja Luka	65.0	15.38	19.62	100
Razvoјna banka a.d. Banja Luka	100.0			100

In the course of the first quarter of this year, the Ministry of Finance has approved opening balance sheets of another three state-owned banks, after which the Banking Agency has made an assessment of solvency and issued Solvency Certificates.

In the first half of 2000 and in accordance with the Law on the Banking Agency, the Agency has issued banking license to a newly founded bank and a foreign branch office, respectively, and two permanent banking licenses to already existing banks that have met required standards. The Agency also issued the following consents and approvals:

- sixteen consents on Bank Statute modifications,
- ten consents on external auditor selection and appointment,
- one authorization for operation abroad (foreign currency payments),
- two approvals on share issuance,
- one approval on appointment of provisional administrator,
- one approval on significant share of bank capital,
- three approvals on agreements,
- two approvals on appointments of bank general manager,
- three approvals for opening bank branch offices.

It should be pointed out that up to June 30, 2000, the Agency issued four licenses for low risk payment operations, and three licenses for medium risk payment operations.

Activities related to issuance of payment operation licenses are performed based on banks' applications submitted and in accordance with fullfiled requirements stipulated by the Decision.

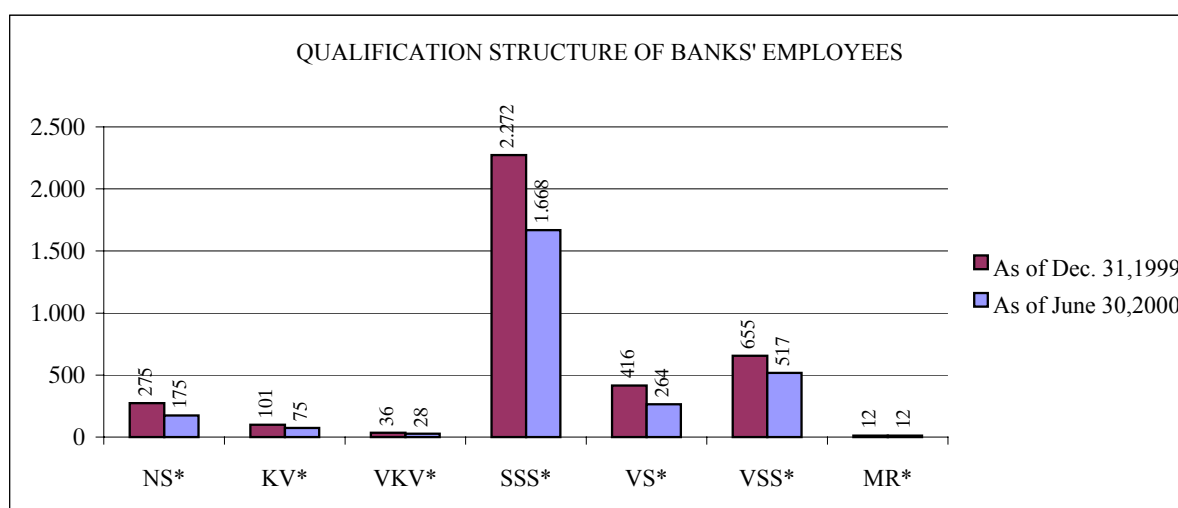
1.1. Staff

As of June 30, 2000 the total number of banks' employees was 2,739 with the following qualification structure:

Qualification Structure of Banks' Employees

No.	Qualification	As of December 31, 1999	%	As of June 30, 2000	%	Index 2000/99
1*	Non-Skilled	275	7.30	175	6.39	64
2*	Skilled	101	2.68	75	2.74	74
3*	Highly Skilled	36	0.96	28	1.02	78
4*	Secondary					
5*	School	2272	60.31	1668	60.90	73
6*	2-year College	416	11.04	264	9.64	63
7*	College Degree	655	17.39	517	18.88	79
	M. Sc.	12	0.32	12	0.44	100
	UKUPNO:	3767	100.00	2739	100.00	73

In the first half of 2000 the number of employees decreased by 1,048 or by 27%, which mostly resulted from separation of Payment Bureau from Razvojna banka. It should be pointed out, however, that employees having secondary school education still prevail, 61%, while there is only 18% of employees with a college degree. A college degree is mostly required now, due to the increasing complexity of banking business. Majority of state owned banks are overstaffed having an unsatisfactory qualification structure of employees.



As of June 30, 2000, out of the total number of banks' employees, banks with majority state-owned capital employed 95%, and private banks employed the remaining 5%, as it is seen in the following table:

BANKS	NUMBER OF EMPLOYEES				INDEX
	As of 31.12.1999	Structure %	As of 30.06.2000	Structure %	
State-owned banks	3651	97	2589	95	71
Private banks	116	3	150	5	129
TOTAL:	3.767	100	2.739	100	73
Number of banks	17		18		

Relationships between amount of assets in banks and their number of employees and ownership structure, respectively, can be seen in the following table:

As of June 30, 2000

BANKS	NUMBER OF EMPLOYEES	ASSETS (KM MILLION)	ASSETS PER EMPLOYEE
State-owned banks	2589	537	0.21
Private banks	150	90	0.60
TOTAL:	2739	627	0,23
Number of banks	18		

2. FINANCIAL INDICATORS OF BANKS' OPERATION

Supervision of banks' operation as one of the basic tasks of the Agency has been performed by on-site examinations and off-site monitoring based on banks' reports submitted to the Agency, which are the following:

1. Banks' Balance Sheets submitted monthly with additional attachments for three-month periods as scheduled by the Agency presenting data on banks' cash funds, loans, deposits and off-balance sheet items;
2. Reports on banks' capital, asset classification and risks in operation;
3. Reports on banks' operation results submitted on three-month basis (Income Statement and Cash Flow).

In addition to this, all available data and information submitted under special Agency's requests are taken into consideration in order to follow and analyze operation of banks in Republika Srpska on a high quality level. After adoption of the new Law on Accounting, an inclination to start fully implementing International Accounting Standards with newly designed chart of accounts in accounting record keeping and reporting has prevailed in accounting practice in Republika Srpska. The official date for such an implementation is January 1, 2000. Therefore, the Agency prepared drafts for new reporting forms to be submitted in such a manner and within such deadlines as stipulated by pertaining Decisions and Instructions starting officially on January 1, 2000. **Balance sheets are not analyzed any more to show those items that are to be taken over by the state, as provided by the Law on Opening Balance Sheets. That means that items of passive and neutral sub-balances are not to be included in banks balance sheets, i.e. only active items of balance sheets of banks are to be analyzed.**

2.1. Balance Sheet

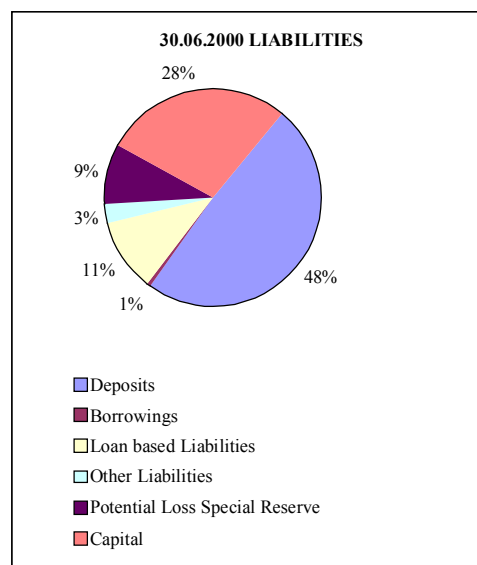
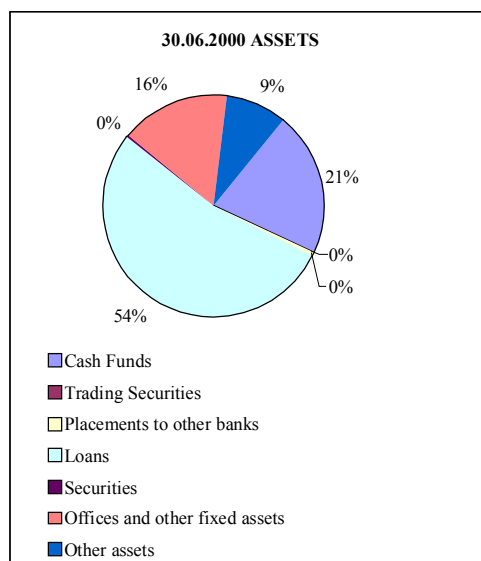
As of March 31, 2000 banks' total assets amounted to KM 713.8 million, out of which KM 527.5 million was balance sheet and KM 186.3 million was off-balance sheet assets. The structure of assets and liabilities of banks in Republika Srpska is shown in the following table:

Banks' Balance Sheet

thousand KM

No.	DESCRIPTION	AMOUNT (thousand KM)				INDEX
		31.12.1999		30.06.2000		
		Amount	%	Amount	%	
1	2	3	4	5	6	7=5/3
ASSETS:						
1.	Cash Funds	146,901	24	130,868	21	89
2.	Trading Securities	0	0	0	0	0
3.	Placements to other banks	5,100	1	2,698	0	53
4.	Loans	293,768	49	334,144	53	114
5.	Securities	3,102	1	1,757	0	57
6.	Offices and other fixed assets	98,447	16	101,238	16	103
7.	Other assets	57,435	9	55,779	9	97
8.	TOTAL ASSETS	604,753	100	626,484	100	104
9.	Active Off-Balance Sheet	121,276		248,742		205
10.	TOTAL ASSETS (8+9)	726,029	100	875,226	100	121
LIABILITIES:						
11.	Deposits	269,223	45	304,744	49	113
12.	Borrowings	5,530	1	4,112	1	74
13.	Loan based Liabilities	58,783	10	66,524	11	113
14.	Other Liabilities	26,040	4	17,199	3	66
15.	Special Reserves for Potential Loss	71,378	12	57,581	9	81
16.	Capital	173,799	29	176,324	28	101
17.	TOTAL LIABILITIES AND CAPITAL	604,753	100	626,484	100	104
18.	Active Off-Balance Sheet	121,276		248,742		205
19.	TOTAL LIABILITIES (17+18)	726,029		875,226		121

The asset structure shows a decline in cash funds from 24% to 21%, while loan amount have increased by 4%, indicating a positive trend in developing lending activities as a banks' basic business operation.



The Banks' Balance Sheet Structure is still unsatisfactory due to a considerable amount of inactive assets and an increase in due loan payables.

Total off-balance sheet assets amounted to KM 186.3 million and was increased by 54% in comparison to the end of the previous year, because of an intensive guarantee issuance and uncovered letters of credit by a state-owned bank.

During the war and even in the post war period saving deposits were reduced to a symbolic amount. That type of money stayed usually at the banks' accounts for a very short period of time, and banks used that resource mostly to pay salaries and retirement allowances. Amounts and structure of new citizens' saving deposits can be seen from the following table:

Review of New Citizens' Savings at Banks in Republika Srpska

- thousand KM -

No.	DESCRIPTION	31.12.1999	%	30.06.2000	%	INDEX 2000/1999
1.	ON DEMAND					
	1. Dinars	3,961	13.0	0	0.0	0
	2. KM	14,895	48.9	17,429	51.4	117
	3. Foreign Currency	9,961	32.7	13,353	39.4	134
	TOTAL: 1	28,817	94.6	30,782	90.8	107
2.	TIME DEPOSITS					
	1. Dinars	1	0.0	0	0.0	0
	2. KM	254	0.8	47	0.1	19
	3. Foreign Currency	1,384	4.5	3,076	9.1	222
	TOTAL: 2	1,639	5.4	3,123	9.2	191
3.	TOTAL (1+2)	30,456	100.0	33,905	100.0	111

In the first half of 2000 new citizens' savings deposits showed a slightly rising trend, actually by 11% or by KM 3.5 million in comparison to the end of 1999. It should be also pointed out that the increase was recorded in private banks, changing the capital structure in favour of private banks, as shown in the following table:

New Citizens' Savings

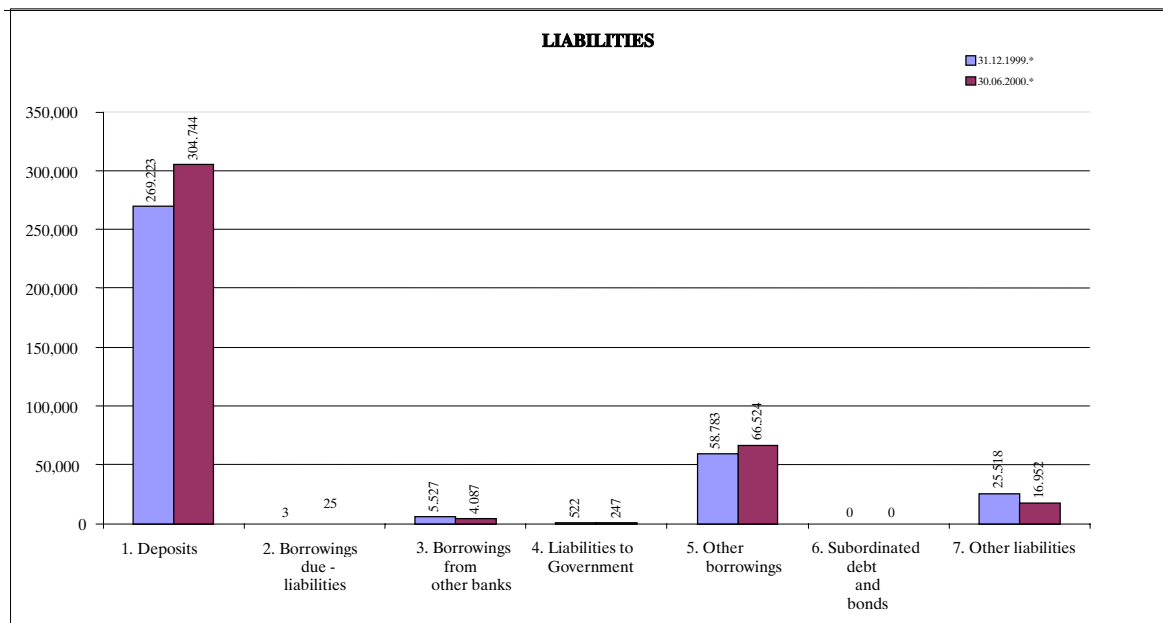
thousand KM

	31.12.1999	%	30.06.2000	%	Index 2000/1999
State-Owned Banks	26,418	87	27,511	81	104.1
Private Banks	4,038	13	6,394	19	158.3
TOTAL:	30,456	100	33,905	100	111.3

Until citizens' savings return to banks, which would represent a growth of quality deposits in banks, it will not be possible to establish a stable banking industry to support overall economy growth in Republika Srpska.

2.1.1. Banks' Liabilities

The following graph is showing the structure of liabilities, that is liability and capital, in the banks' balance sheet as of June 30, 2000:



In the structure of liabilities above, the liability share is 72%, and capital share 28%. The item, which is constantly present in resources, that is in banks' liabilities, is deposits on demand representing the only additional resource for lending except for capital. That is an indication of extremely poor liabilities.

Amounts related to cash funds and deposit accounts are shown in the following review:

Cash Funds and Deposit Accounts at Depository Institutions

(thousand KM)

DESCRIPTION / PERIOD	31.12.1999	%	31.03.2000	%	INDEX 2000/1999
KM					
1. Cash Funds	6,652	4.5	4,414	4.1	66
2. Giro account at SPP (reserve account at CB BH)	38,877	26.5	16,736	15.7	43
3. Deposit Accounts at Depository Institutions in BH	5,138	3.5	3,115	2.9	61
4. Deposit Accounts at Depository Institutions Abroad	0	0.0	0	0.0	0
5. Funds being Collected	9	0.0	97	0.1	1078
6. Unpaid debt	0	0.0	431	0.4	0
7. T O T A L :	50,676	34.5	24,793	23.2	49
FOREIGN CURRENCY					
1. Cash Funds	47,285	32.2	32,272	30.2	68
2. Giro accounts at SPP (reserve account at CB BH)	22	0.0	57	0.1	259
3. Deposit Accounts at Depository Institutions in BH	5,777	3.9	7,060	6.6	122
4. Deposit Accounts at Depository Institutions Abroad	35,276	24.0	34,623	32.4	98
5. Funds being Collected	7,339	5.0	7,439	7.0	101
6. Unpaid Debt	526	0.4	601	0.6	114
7. T O T A L :	96,225	65.5	82,052	76.8	85
GRAND TOTAL :	146,901	100.0	106,845	100.0	73

Such a drastic decrease of cash funds and deposits had a negative impact on the already low liquidity growth rate in banks in Republika Srpska. The Banks' Liquidity significantly deteriorated in the first half of 2000, and almost all of the banks were having problems in maintaining their current liquidity. The main reason for such illiquidity is the poor condition of borrowers, i.e. a difficult economic situation.

Liquidity ratios are shown in the following table:

No.	Ratios	31.12.1999	30.06.2000
1.	ST ASSETS/ ST LIABILITIES	103.81	99.83
2.	ST ASSETS/ TOTAL ASSETS	53.35	55.43
3.	ST LIABILITIES / TOTAL ASSETS	51.40	55.53
4.	NET ST LIABILITIES/ TOTAL ASSETS	0.00	0.09
5.	NET LOANS/ DEPOSITS	90.36	98.31
6.	NET LOANS AND L/C FINANCIAL COMMITMENTS / TOTAL ASSETS	44.03	58.43

2.1.2. ASSET QUALITY

Asset quality is rated in accordance with the Decision on minimum standards for banks' credit risk management and asset classification. Each bank rates its own assets on three-month basis and submits the report to the Agency. Also, the Agency's examiners during bank examination officially rate assets of each bank, as well as bank auditors in the course of final audit statement. It should be pointed out, that foreign currency loans, i.e. items of passive sub-balance are not included in the report on asset classification for the first half of the year, giving a completely different picture on banks' asset quality and level.

RS banks' total loan structure per sectors can be seen from the following table:

(thousand KM)

No.	DESCRIPTION/PERIOD	31.12.1999	%	30.06.2000	%	INDEX 2000/1999
1.	Government Institutions	1,157	0	0	0	0
2.	Public Enterprises	14,996	5	74,897	22	499
3.	Private Enterprises and Associations	252,903	86	202,942	61	80
4.	Non-Profit Institutions	428	0	9,048	3	2.114
5.	Banking Institutions	962	0	6,050	2	629
6.	Not-Banking Financial Institutions	853	0	73	0	9
7.	Citizens	10,056	3	8,919	3	89
8.	Other	12,413	4	32,215	10	260
9.	T O T A L:	293,768	100	334,144	100	114

The loan structure was changed in the first quarter. Actually, there was a significant increase of loans to public enterprises, and a significant decrease to private companies. It should be noted, however, that statements of some banks on public enterprises' loans as of December 31, 1999 related such loans to other sectors, giving an unrealistic statement on loan structure in basic sectors.

However, analyzing banks' loans it is necessary to point out large amounts and increase of receivables amounting to KM 33.7 million as of June 30, 2000. That is an increase of 64% compared to the end of the last year. Amounts and structure of due receivables can be seen from the following table:

(thousand KM)

No.	DESCRIPTION/PERIOD	31.12.1999	%	30.06.2000	%	INDEX 2000/1999
1.	Government Institutions	290	1	0	0	0
2.	Public Enterprises	5	0	3,204	10	64080
3.	Private Companies and Associations	18,351	89	27,614	82	150
4.	Non-Profit Institutions	3	0	526	2	17533
5.	Banking Institution	446	2	0	0	0
6.	Non-Banking Financial Institutions	0	0	0	0	0
7.	Citizens	1,037	5	8	0	1
8.	Other	423	2	2,362	7	558
9.	T O T A L:	20,555	100	33,714	100	164

Banks' lending activities were mostly directed to supporting private companies and associations, a field where banks could be exposed to the highest degree of risk.

Loans to citizens represent a total amount of both short-term and long-term loans to citizens, and, according to banking practice, this type of loans do not generate a high risk. Loans to citizens are approved from foreign credit lines, since banks have not created a deposit base as a source of funding loans.

The following review of structure of loans and reserves for loan losses is given in order to provide a more complete picture on structure of loans approved by banks, and their amounts at state-owned and private banks:

(thousand KM)

DESCRIPTION	Loans				Reserves for loan losses			
	31.12.1999.		30.06.2000.		31.12.1999.		30.06.2000.	
	Amount	%	Amount	%	Amount	%	Amount	%
State Banks	265,996	91	296,972	89	48,409	96	31,398	91
Private Banks	27,772	9	37,172	11	2,097	4	3,165	9
TOTAL:	293,768	100	334,144	100	50,506	100	34,563	100

Amounts and structure of classified balance sheet and off-balance sheet assets can be seen from the following table:

Assets Classified
as of June 30, 2000

(thousand KM)

BALANCE SHEET AND OFF-BALANCE SHEET ASSET ITEMS	31.12. 1999	30.06.2000	INDEX 2000/1999
1. Short-Term Loans	178,810	223,233	125
2. Long-Term Loans	87,625	78,399	89
3. Other Placements	5,962	4,441	74
4. Accrued Interest	37,183	36,631	99
5. Due Receivables	33,085	35,653	108
6. Guarantee Paid receivables	80	2,477	3096
7. Other Assets	47,034	33,655	72
8. TOTAL OF BALANCE SHEET ASSET ITEMS:	389,779	414,489	106
9.a) Guarantee Payable	51,128	67,869	133
9.b) Performance Guarantees	40,994	58,909	144
10. Uncovered Letters of Credit	22,644	64,859	286
11. Irrevocable Loan Commitments	116	99	85
12. Other Potential Liabilities	917	2,068	226
13. TOTAL OF OFF-BALANCE SHEET ASSET ITEMS:	115,799	193,804	167
14. TOTAL OF BALANCE AND OFF-BALANCE SHEET ASSET ITEMS (8 + 13)	505,578	608,293	120
15. General Loan Risk and Potential Loan Losses (No. 14 X % loss)	64,549	67,738	105
16. Already Established General Reserves (A) and Special Reserves (B,C,D,E)	77,530	64,969	84
17. PLUS Established Reserves (+)(Amount) (No. 16. – No. 15.)	17,647	7,984	45
MINUS Established Reserves (-)(Amount) (No. 15. – No. 16.)	4,666	10,753	230
UNCLASSIFIED ACTIVE ASSETS	220,450	266,934	121

Total classified assets as of June 30, 2000, amounted to KM 608.3 million, and were actually increased by 20% when compared with the previous year-end. Out of the total amount, balance sheet assets amounted to KM 414.5 million, and off-balance sheet assets were KM 193.8 million, having an extremely high rate of increase, of 67%, compared with the previous year. Such a raise resulted mostly from increased number of issued guarantees and not-covered letters of credit at one state bank.

However, asset quality rating must be seen in a direct relationship with the amount and percentage of poor quality assets (which was classified as "C", "D" and "E" categories) making a part of total balance sheet and off-balance sheet risk assets. Also, it is to be seen as related to the structure of potential loan losses per categories of classification.

The following table is showing classification of banks' balance sheet and off-balance sheet assets as of June 30, 2000:

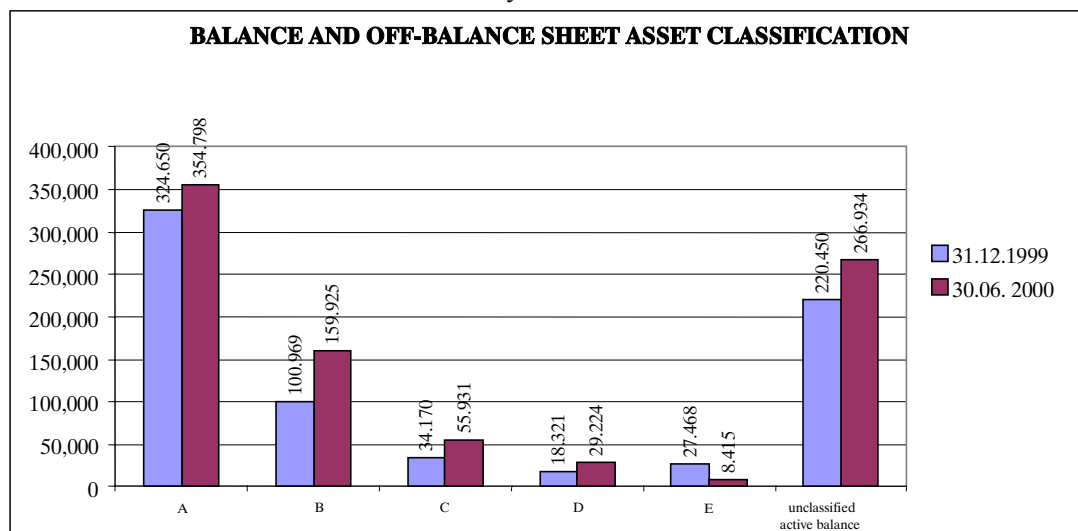
Asset Classification as of June 30, 2000

(thousand KM)						
BALANCE SHEET AND OFF-BALANCE SHEET ASSET ITEMS	A	B	C	D	E	TOTAL
1. Short-Term Loans	115.673	71.045	27.149	7.430	1.936	223.233
2. Long-Term Loans	41.804	25.309	6.912	4.084	290	78.399
3. Other Placements	3.617	495	161	168	0	4.441
4. Accrued Interest	3.803	13.318	7.072	9.150	3.288	36.631
5. Receivables Due	6.621	10.280	8.590	7.482	2.680	35.653
6. Paid Guarantee Receivables	198	1.001	909	346	23	2.477
7. Other Assets	32.569	882	18	88	98	33.655
8. TOTAL OF BALANCE SHEET ASSET ITEMS:	204.285	122.330	50.811	28.748	8.315	414.489
9.a) Guarantee Payable	43.600	20.713	3.250	206	100	67.869
9.b) Performance Guarantees	49.099	8.216	1.324	270	0	58.909
10. Uncovered Letters of Credit	55.647	8.666	546	0	0	64.859
11. Irrevocable Loan Commitments	99	0	0	0	0	99
12. Other Potential Liabilities	2.068	0	0	0	0	2.068
13. TOTAL OF OFF-BALANCE SHEET ITEMS:	150.513	37.595	5.120	476	100	193.804
14. TOTAL BALANCE AND OFF-BALANCE SHEET ITEMS (8 + 13)	354.798	159.925	55.931	29.224	8.415	608.293
15. General Loan Risk and Potential Loan Loss (No. 14 X % Loss)	7.084	19.791	17.296	15.152	8.415	67.738
16. Already Established General Reserve (A) and Special Reserve (B,C,D,E)	7.851	18.830	14.424	16.186	7.678	64.969
17. PLUS Established Reserve (+)(Amount) (No. 16 - No. 15)	1.885	3.489	1.325	1.285	0	7.984
MINUS Established Reserve -(Amount) (No. 15 - No. 16)	1.118	4.450	4.197	251	737	10.753
UNCLASSIFIED ACTIVE ASSETS						266.934

Comparative Summary of Classification

(thousand KM)					
Classification Category	31.12.1999	%	30.06.2000	%	INDEX 1999/2000
A	324,650	44.7	354,798	40.5	109
B	100,969	13.9	159,925	18.3	158
C	34,170	4.7	55,931	6.4	164
D	18,321	2.5	29,224	3.3	160
E	27,468	3.8	8,415	1.0	31
unclassified active balance sheet	220,450	30.4	266,934	30.5	121
TOTAL:	726,028	100.0	875,227	100.0	121
Potential Gen. Reserve for Poten. Loan Loss (A)	6,465		7,084		110
Already Established General Reserve (A)	6,153		7,851		128
Balance for A:	312		-767		
Poten. Spec. Reserve for Poten. Loan Loss (B-E)	58,084		60,654		104
Already Established Special Reserve (B-E)	71,377		57,118		80
Balance for (B-E):	-13,293		3,536		

The largest share in the classification structure is made up of the category "A", which was increased by 9% compared to the previous year. The category "B" has also a significant share in the structure and was increased by 58%. Categories "C" and "D" also show a considerable increase of 60% and 64%, respectively. All that means that asset quality has further deteriorated. It should be noted that Already Established General Reserve and Special Reserve for Potential Loan Losses have not reached the amount required. It is especially important to point out that classification made by the Agency's examiners during bank examination is stricter than the one made by the bank itself.



Asset Quality Ratio

No.	Ratios	31.12.1999	30.06.2000
1.	MATURED LOANS / TOTAL LOANS	7.00	10.09
2.	MATURED LOANS / POTENTIAL LOSS RESERVE	28.80	58.55
3.	DUE LOANS / TOTAL CAPITAL	11.58	18.51
4.	CLASSIFIED ASSETS / TOTAL CAPITAL	284.74	334.00
5.	POTENTIAL LOAN LOSS RESERVE / TOTAL LOANS	24.30	17.23
6.	TOTAL RISK ASSETS / TOTAL ASSETS	76.06	86.53

Previously made statement on unsatisfactory banks' asset quality and insufficient potential loan loss reserve is still valid.

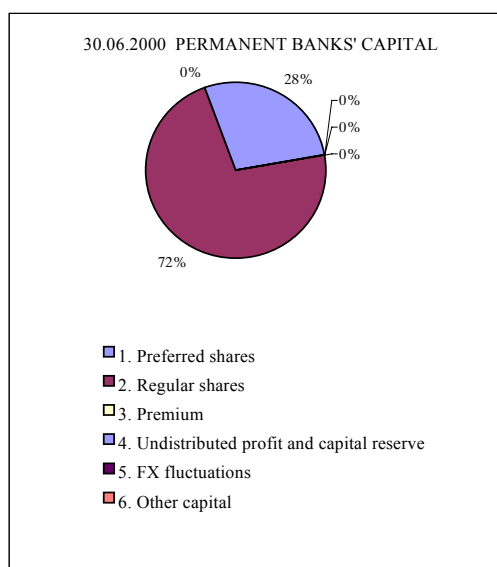
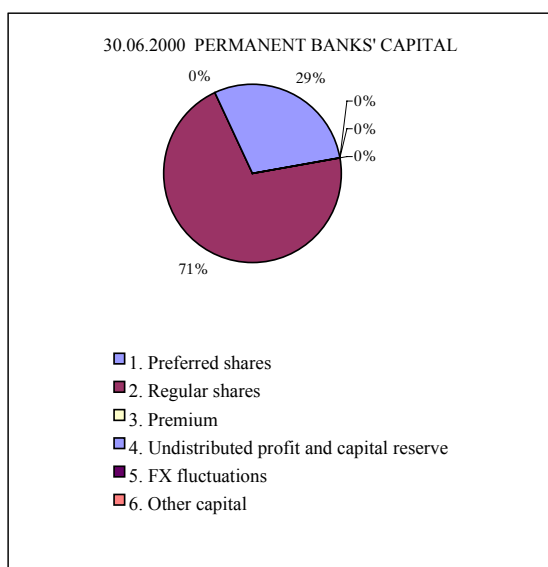
2.1.3. Capital

As of June 30, 2000 total capital in banks amounted to KM 176.3 million. Total capital has increased by KM 2.6 million or by 1% in comparison to the previous year. Amounts and structure of capital are shown in the following table:

Statement of Capital Structure

(thousand KM)

	31.12.1999	%	30.06.2000	%	INDEX 2000/1999
CORE CAPITAL	165,858	93.4	171,224	94.0	103
ADDITIONAL CAPITAL	11,699	6.6	10,902	6.0	93
TOTAL CAPITAL	177,557	100.0	182,126	100.0	103
LOSS	3,756		5,803		
TOTAL CAPITAL	173,801		176,323		101
Minus Established Reserves	4,666		10,753		
Other	1,256		1,256		
AMOUNT OF BANKS' NET-CAPITAL	167,879		164,314		98

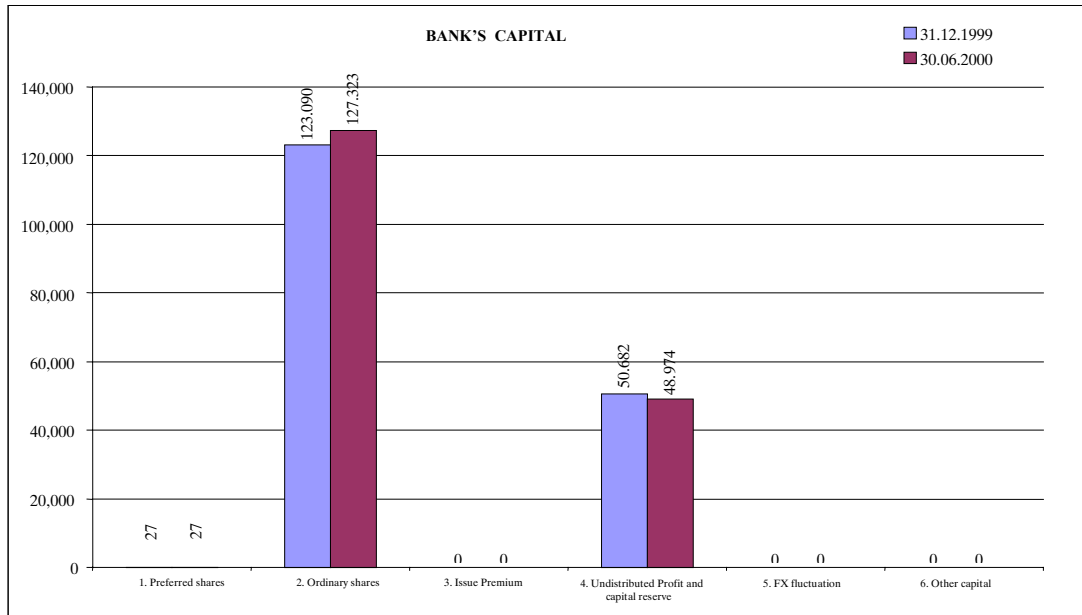


Although three private banks increased their capital and a new bank paid in its founding capital, total banks' capital amount increased only slightly since, at the same time, few state-owned banks had to cover their neutral and passive balance sheets from their respective capital.

Also, items to be deducted from capital increased significantly due to an increase of general loan risk and potential loan loss, where banks have not established general and special reserve for loan loss. An item, which should be mentioned, is the amount of uncovered loss from previous years (KM 3.1 million), and especially loss from the first half of the year 2000 in an amount of KM 2.8 million.

The following table gives structure and trend of capital in banks of Republika Srpska: (thousand KM)

BANKS	31.12.1999		30.06.2000		INDEX
	Amount	%	Amount	%	
State-Owned Banks	96,253	78	91,241	72	95
Private Banks	26,865	22	36,109	28	134
TOTAL:	123,118	100	127,350	100	103



A significant indicator for capital analysis is capital adequacy rate, which under current requirement should be minimum 8%. Average capital adequacy, as a ratio of net capital and total risk assets, amounted to 30.3% on June 30, 2000. The requirement related to capital all banks have met adequacy, and it ranged from 11.3% to 83.1%. Such high capital adequacy is found in newly founded banks due to their low lending activity, which also means low assets, while in state-owned banks reason for that is removal of neutral and passive balance sheet.

This analysis was based on capital adequacy reported by banks themselves, while final ratio of each bank's capital adequacy will be determined by on-site examination.

Relative ratios are given in the following table:

Capital Ratios

No.	Ratios	31.12.1999	30.06.2000
1.	NET CAPITAL/ TOTAL ASSETS	27.76	26.23
2.	SHAREHOLDERS' CAPITAL/ TOTAL ASSETS	20.36	20.33
3.	CORE CAPITAL/ TOTAL RISK ASSETS	36.06	31.58
4.	TOTAL CAPITAL/ TOTAL RISK ASSETS	38.60	33.60
5.	NET LOANS/ TOTAL CAPITAL	137.01	164.49
6.	PROFIT/ SHAREHOLDERS' CAPITAL	8.74	5.24

In accordance with data reported by banks as of June 30, 2000 there are still one private and three state-owned banks that have not met the legal requirement for net capital which should amount to KM 5 million.

2.2. INCOME STATEMENT

In the first half of the year 2000 total banks' income amounted to KM 55.9 million, and total expense KM 55.4 million. The balance of KM 482 thousand indicates to a very low profitability of our banks. Amounts and structure of income is shown in the following table:

Banks' Income Statement

DESCRIPTION/PERIOD	(thousand KM)				
	31.12.1999.*	%	30.06.2000	%	INDEX 2000/1999
1. INTEREST INCOME AND EXPENSE					
a) Interest and Similar Income	72,426	35	30,071	54	42
b) Operating Income	132,735	65	25,855	46	19
2. TOTAL INCOME (1.a + 1.b)	205,161	100	55,926	100	27
3. EXPENSE					
a) Interest and Similar Expense	30,122		7,065		
b) Operating and Direct Expenses	36,807	22	20,807	43	57
c) Operating Expenses	129,605	78	27,572	57	21
4. TOTAL EXPENSE (3.a + 3.b + 3.v)	196,534	100	55,444	100	28
5. PROFIT BEFORE TAX	10,761		3,337		31
6. LOSS	2,133		2,855		134
7. TAX	782		286		37
8. NET-PROFIT	9,994		3,051		31

* Razvojn Bank Income Statement of both SPP and Razvojn Bank Income Statements

Positive financial results for the first half of 2000 were reported by 14 banks in a total amount of KM 3.3 million, and 2 banks reported loss in a total amount of KM 2.8 million, while two banks had equal amounts of income and expense. It can be seen from the table that loss has significantly increased, mostly generated at one state-owned bank. The structure of income shows that fee income was very high compared to interest income. In the first half of this year this ratio started changing in favor of interest income, indicating an increase in lending activities.

The following table is showing the most important ratios for assessment of banks' profitability and efficiency:

Earning Ratios

No.	Ratios	31.12.1999	30.06.2000
1.	TOTAL INCOME/ TOTAL ASSETS	33.92	17.85
2.	TOTAL INCOME/ TOTAL CAPITAL	115.55	61.41
3.	TOTAL EXPENSE/ TOTAL ASSETS	32.50	17.70
4.	INTEREST INCOME/ TOTAL ASSETS	11.98	9.60
5.	INTEREST EXPENSE / TOTAL ASSETS	4.98	2.26
6.	NET INTEREST INCOME/ TOTAL ASSETS	7.00	7.34
7.	NET INTEREST INCOME/ TOTAL CAPITAL	23.83	25.26
8.	FEES / TOTAL ASSETS	2.51	2.11
9.	MATERIAL EXPENSE AND GROSS EARNINGS/TOTAL ASSETS	21.43	8.80
10.	NON-INTEREST-BEARING EXPENSE/ TOTAL ASSETS	27.52	15.44
11.	PROFIT BEFORE TAX / TOTAL ASSETS	1.78	1.07

It is immediately noticed that almost all relative indicators of profitability are lower in the first half of 2000 if compared to December 31, 1999. However, it should be pointed out

that financial reports were prepared as temporary. Also, all banks have not applied the Decision on minimum standards for banks' credit risk management and asset classification. Namely, they have not established loan loss reserves in an amount of calculated loan loss, debiting expenses, which would result in an even more negative income statement for banks.

As a conclusion, it can be stated that profitability of banks in Republika Srpska is poor with a tendency of a decrease.

III CONCLUSION

In the first half of the year 2000 banks' total balance sheet assets (after removing passive and neutral sub-balance) amounted to KM 626.5 million.

Although, compared to the first quarter of the year, assets increased by KM 100 million, it is still too small, and it will be necessary to work intensely to restore depositors' confidence into banking system in the future period.

New citizens' savings, in an amount of KM 33.9 million, were larger by 52% than in the first quarter. That is an encouraging indicator, but the absolute amount of savings is still too low to stimulate development of banking system.

Making very successful preparations for bank privatization, the state has taken over a debt in an amount of KM 2.176 billion (frozen foreign currency deposits and loans), which was a very significant step in stabilizing banking system and creating prerequisites to restore confidence in banks. However, in order to complete this phase of the reform it is necessary to privatize state-owned capital in banks as soon as possible and issue the Law on Settlement of Obligations based on Frozen Foreign Currency Citizens' Savings and the Law on deposit Insurance.

Although there have been some positive moves forward, banking system of Republika Srpska is still in a difficult situation.

Basic characteristics are the following:

- Total balance sheet assets of KM 626.5 million is extremely low, though it is higher by 4% compared to the end of the previous year. Off-balance sheet assets of KM 248 million is too high compared to balance sheet assets, and compared to the previous year have increased by 105%. Last year asset quality of banks in Republika Srpska was rated unsatisfactory, and applying stricter criteria in rating risk assets in this period, the asset quality was rated even lower, resulting in risk assets being larger by KM 82.4 million or 18%.
- Total capital amounted to KM 176.3 million and is larger by 1% if compared to the end of the previous year. That was a result of increased shareholders' capital at three private banks due to adjustments to net capital of KM 5 million required by the law, and founding of a new bank. However, this increase of capital is not proportional to additional capitalization due to coverage of neutral and passive sub-balance by few state-owned banks. At this time one private and three state-owned banks do not meet legal requirement for net capital amount of KM 5 million.
- Profitability of banks in Republika Srpska is disturbingly low, which will influence their liquidity and capitalization in the future period.
- Total income amounted to KM 55.9 million, which is only 27% of the last year income. Balance between income and expense in an amount of KM 482.000 is a symbolic one, while two banks reported loss in a total amount of KM 2.8 million.

Taking into consideration numerous difficulties, it is necessary to continue the reform of banking industry in the following directions:

- Bank privatization process should be accelerated and, preferably, completed by mid-next-year. This process has significantly improved in all state-owned banks giving realistic possibilities for its successful completion.
- Banks should continue to take over internal payment operations, which would significantly influence their profitability, liquidity, re-establishment of confidence and general promotion of banks. The Central Bank of Bosnia and Herzegovina has been undertaking important activities in that area.
- Continue implementation of new Decisions issued by the Banking Agency with an objective to adjust operations of our banks to international standards.
- Insist on meeting all legal requirements related to banks' capital.
- Work on re-establishment of confidence in banks, where it would be necessary to issue the Law on Deposit Insurance and the Law on Settlement of Obligations based on Frozen Foreign Currency Citizens' Savings, as soon as possible.

A T T A C H M E N T S

Attachment no. 1	General Data on RS Banks
Attachment no. 2	Banks' Active Balance Sheet
Attachment no. 3	Income Statement
Attachment no. 4	Comparative Summary on Capital and Capital Adequacy
Attachment no. 5	Information on Banks' Employees

LIST OF BANKS
as of June 30, 2000

No.	BANK	LOCATION	ADDRESS	DIRECTOR	PHONE	FAX	30.06.2000 (thousand KM)			NUMBER OF EMPLOYEES
							ASSETS	CAPITAL	PROFIT	
1.	Banjalucka banka	Banja Luka	M.Bursac 7	Momcilo Poparic	051/212-140	212-830	110,740	27,340	-2,481	666
2.	Agroprom banka	Banja Luka	Knjaza Milosa 19	Miroslav Soldat	051/303-611	314-181	41,685	11,556	462	80
3.	Privredna banka	Gradiska	Vidovdanska bb	Momir Hrvacanin	051/813-333	813-205	10,872	6,065	2	93
4.	Kristal banka	Banja Luka	I.F.Jukica 9	Ljubomir Klincov	051/212-930	212-878	165,953	32,901	560	384
5.	Privredna banka	Doboj	Svetog Save 1	Rodoljub Milovanovic	053/241-544	241-662	21,129	13,664	21	166
6.	Prijedorska banka	Prijedor	Vozda Karadjordja 9	Mladen Kovacevic	052/212-311	211-840	14,690	5,334	286	218
7.	Semberska banka	Bijeljina	Karadjordjeva 3	Cvijetin Nikic	054/471-588	472-247	16,052	5,286	45	140
8.	Razvojna banka	Banja Luka	Bana Milosavljevica 4	Ranko Travar	051/212-012	217-575	89,393	21,509	956	311
9.	VB banka	Banja Luka	K.Petra Karadjordjevica 103	Radovan Bajic	051/212-678	212-078	13,817	5,946	449	30
10.	Privredna banka	Brcko	M.Aganovica 2	Nada Pavlovic	054/204-222	204-055	6,008	1,537	0	40
11.	Nova banka	Bijeljina	Svetog Save 46	Milorad Andzic	054/471-094	401-410	15,160	7,093	2	43
12.	West banka	Laktasi	Karadjordjeva bb	Ranko Karapetrovic	051/832-174	832-042	4,820	3,306	22	3
13.	Privredna banka Sarajavo	Pale	Dobroslava Jevtica 14	Mile Matic	057/786-809	786-805	53,538	10,897	22	439
14.	Ekvator banka	Banja Luka	M.Bursac 2	Dragoslav Jovanovic	051/217-920	211-757	18,508	5,189	24	19
15.	Bobar banka	Bijeljina	Filipa Visnjica 211	Dragan Radumilo	054/472-490	472-898	8,010	5,761	179	15
16.	Zepter komerc banka	Banja Luka	Brace Mazar 68	Milenko Vracar	051/215-755	215-771	24,433	5,283	21	32
17.	Postanska Stedionica	Banja Luka	Karadjordjevica 61	Vlada Vasiljevic	051/211-433	211-555	6,559	2,657	-374	52
18.	Balkan Investment Bank	Banja Luka	Krajiskih brigada 2	Andrius Globus	051/216-285	211-445	5,117	5,000	0	8
UKUPNO:							626,484	176,324	196	2.739

BANKS' ACTIVE BALANCE SHEET

(thousand KM)

DESCRIPTION/PERIOD	31.12.1999	%	30.06.2000	%	INDEX 2000/1999
1. Cash funds and deposit accounts at depository institutions (1.a.+1.b.)	146,901	24.0	130,868	21.0	89
1.1. Cash and non-interest bearing deposit accounts	118,241	20.0	83,806	13.0	71
1.2. Interest-bearing deposit accounts	28,660	5.0	47,062	8.0	164
2. Trading Securities	0	0.0	0	0.0	0
3. Placements to other banks	5,100	1.0	2,698	0.0	53
4. Loans, leasing and receivables due (4.a.+4.b.+4.c.)	293,768	49.0	334,144	53.0	114
4.a. Loans	273,213	45.0	300,105	48.0	110
4.b. Leasing receivables	0	0.0	325	0.0	0
4.c. Loan and leasing receivables due	20,555	3.0	33,714	5.0	164
5. Securities held up to maturity	3,102	1.0	1,757	0.0	57
6. Office space and other fixed assets	98,447	16.0	101,238	16.0	103
7. Other immovables	1,172	0.0	1,049	0.0	90
8. Investments in non-consolidated related companies	1,896	0.0	1,951	0.0	103
9. Other assets (9b)	54,367	9.0	52,779	8.0	97
TOTAL (1 to 9)	604,753	100.0	626,484	98.0	104
10. MINUS: Reserves for potential losses (10.a.+10.b.)	71,378	13.0	57,581	10.0	81
11. TOTAL ASSETS: (1.to 9.-10.)	533,375		568,903		107
11.a. Active off-balance sheet	121,276		248,742		205
TOTAL ASSETS (11.+11.a)	654,651		817,645		125
12. Deposits (12.a.+12.b.)	269,223	50.0	304,744	54.0	113
12.a. Interest-bearing deposits	114,094	21.0	144,213	25.0	126
12.b. Non-interest bearing deposits	155,129	29.0	160,531	28.0	103
13. Borrowings – obligations due (13.a.+13.b.)	3	0.0	25	0.0	833
13.a. Obligations due, not paid	3	0.0	25	0.0	833
13.b. Off-balance sheet obligations not paid-called for repayment	0	0.0	0	0.0	0
14. Borrowings from other banks	5,527	1.0	4,087	1.0	74
15. Obligations to Government	522	0.0	247	0.0	47
16. Obligations based on loans and other borrowings (16.a.+16.b.)	58,783	11.0	66,524	12.0	113
16.a. remaining maturity up to one year	35,735	7.0	42,180	7.0	118
16.b. remaining maturity over one year	23,048	4.0	24,344	4.0	106
17. Subordinated debt and subordinated bonds	0	0.0	0	0.0	0
18. Other obligations (18.b.)	25,518	5.0	16,952	3.0	66
19. TOTAL LIABILITIES (12 to 18)	359,576	67.0	392,579	70.0	109
20. Permanent preferred shares	27	0.0	27	0.0	100
21. Regular shares	123,090	23.0	127,323	24.0	103
22. Premium (22.a.+22.b.)	0	0.0	0	0.0	0
22.a. on permanent preferred akcije	0	0.0	0	0.0	0
22.b. on regular shares	0	0.0	0	0.0	0
23. Undistributed profit and capital reserves	50,682	10.0	48,974	9.0	97
24. Foreign Exchange Fluctuations	0	0.0	0	0.0	0
25. Other capital	0	0.0	0	0.0	0
26. TOTAL CAPITAL: (20. To 25.)	173,799	33.0	176,324	33.0	101
27. TOTAL LIABILITIES AND CAPITAL: (19. + 26.)	533,375	100.0	568,903	103.0	107
28.a. Active off-balance sheet	121,276		248,742		205
TOTAL LIABILITIES (27.+28.a)	654,651		817,645		125

INCOME STATEMENT

(thousand KM)

DESCRIPTION/PERIOD	31.12.1999*	%	30.06.2000	%	INDEX 2000/1999
1. INTEREST INCOME AND EXPENSE					
a) Interest income and similar income					
1) Interest bearing deposit accounts at depository institutions	13,281	18.3	276	0.9	2
2) Placements to other banks	6,180	8.5	5,631	18.7	91
3) Loans and leasing operations	34,926	48.2	22,064	73.4	63
4) Securities held up to maturity	18	0.0	0	0.0	0
5) Other companies' shares owned by banks	6	0.0	0	0.0	0
6) Paid off-balance sheet obligation receivables	0	0.0	0	0.0	0
7) Other interest income and similar income	18,015	24.9	2,100	7.0	12
8) TOTAL INTEREST INCOME AND OTHER INCOME (1 to 7)	72,426	100.0	30,071	100.0	42
b) Interest expense and similar expense					
1) Deposits	1,421	4.7	703	10.0	49
2) Borrowings from other banks	1,000	3.3	352	5.0	35
3) Borrowings – due obligations	579	1.9	0	0.0	0
4) Loan and other borrowing obligations	9,383	31.1	354	5.0	4
5) Subordinated debt and subordinated bonds	0	0.0	0	0.0	0
6) Other interest expense and similar expense	17,739	58.9	5,656	80.1	32
7) TOTAL INTEREST EXPENSE AND SIMILAR EXPENSE (1 to 6)	30,122	100.0	7,065	100.0	23
c) NET INTEREST AND SIMILAR INCOME a.8)-b.7)	42,304		23,006		54
2. OPERATING INCOME					
a) Foreign currency operation income	16,124	12.1	8,722	34.0	54
b) Loan fees	8,949	6.7	2,217	9.0	25
c) Off-balance sheet operation fees	1,097	0.8	445	2.0	41
d) Service fees	5,105	3.8	3,962	15.0	78
e) Trading operation income	22	0.0	52	0.0	236
f) Other operating income	101,439	76.4	10,457	40.0	10
g) TOTAL OPERATING INCOME (a to f)	132,735	100.0	25,855	100.0	19
3. NON-INTEREST BEARING EXPENSE					
a) Operating and direct expense					
1) Reserves for general loan risk and potential loan and other losses	29,498	80.1	17,000	81.7	58
2) Other operating and direct expenses	7,309	19.9	3,807	18.3	52
3) TOTAL OPERATING AND DIRECT EXPENSES 1) + 2)	36,807	100.0	20,807	100.0	57
b) Operating expenses					
1) Salaries and contributions	33,770	26.1	11,931	43.0	35
2) Office space, other fixed assets and overheads	48,648	38.0	11,943	43.0	25
3) Other operating expenses	47,187	36.0	3,698	13.0	8
4) TOTAL OPERATING EXPENSES (1 to 3)	129,605	100.1	27,572	99.0	21
c) TOTAL NON-INTEREST BEARING EXPENSES a.3) + b.4)	166,412		48,379		29
4. PROFIT BEFORE TAX 1.c)+2.g)-3.c)	10,761		3,337		31
5. LOSS 1.c) + 2.g) - 3.c)	2,133		2,855		134
6. TAX	782		286		37
7. NET-PROFIT 4. - 6.	9,994		3,051		31

**CAPITAL AND CAPITAL ADEQUACY
COMPARATIVE SUMMARY**

(thousand KM)

DESCRIPTION/PERIOD		31.12.1999	30.06.2000
1.	CORE CAPITAL OF BANKS		
1.1.	Equity capital based on nominal values and amounts of regular and preferred non-cumulative shares issued against cash fund payments into shareholders' capital:	109,166	117,471
1.2.	Equity capital based on nominal amounts of regular and preferred non-cumulative shares issued against immovables and rights invested into shareholders' capital:	13,952	9,879
1.3.	Premiums collected for share payments:	0	0
1.4.	General reserves required (reserves required by the law):	26,339	25,818
1.5.	Other reserves which are not taken into account when rating asset quality:	14,282	15,177
1.6.	Retained – undistributed profit from previous years:	2,119	2,879
1.	AMOUNT OF CORE CAPITAL:	165,858	171,224
2.	ADDITIONAL CAPITAL OF BANKS		
2.1.	Equity capital based on nominal amounts of permanent preferred cumulative shares issued against cash fund payments into shareholders' capital:	0	0
2.2.	Equity capital based on nominal amounts of permanent preferred cumulative shares issued against immovables and rights invested into shareholders' capital:	0	0
2.3.	General reserves for loan loss coverage for bank's assets rated as category A – Pass:	6,153	7,851
2.4.	Accrued profit in the current year:	5,496	3,051
2.5.	Amount of profit for which BA-RS issued Decision on Temporary Suspension of Distribution:	50	0
2.6.	Amount of subordinated debt maximum 50% of amount of Core Capital:	0	0
2.7.	Amount of hybrid i.e. convertible items-instruments of capital maximum 50% of amount of Core Capital:	0	0
2.8.	Amount of items-commitments of a permanent character without obligation to be repaid:	0	0
2.	AMOUNT OF ADDITIONAL CAPITAL:	11,699	10,902
3.	ITEMS TO BE DEDUCTED FROM BANKS' CAPITAL		
3.1.	Portion of general credit risk and potential loan losses for which bank has not established General and Special reserves for loan losses:	4,666	10,753
3.2.	Uncovered losses carried over from previous years:	1,608	2,948
3.3.	Current Year Loss:	2,148	2,855
3.4.	Bookkeeping value of bank's owned (vault) shares:	0	0
3.5.	Nominal amount of shares issued against investments from bank's loans, up to not-repaid amount of the loan, i.e not-repaid portion of the loan:	0	0
3.6.	Part of invested shareholders' capital, which represents, according to BA-RS, received, but overstated value:	0	0
3.7.	Intangible property: patents, licenses, concession, investments in: marketing, commercial name, trade mark, goodwill and similar:	0	0
3.8.	Bank's investments in capital of other legal entities exceeding 5% of the bank's core capital:	1,256	1,256
3.9.	Receivables from shareholders having a significant voting right in the bank, which receivables are based on the bank's approvals contrary to provisions of the Law, BA-RS and the bank's business policy:	0	0
3.10.	Bank's large risk exposure related to shareholders having a significant voting right in the bank, which exposure has not been previously approved by the BA-RS:	0	0
3.	ITEMS TO BE DEDUCTED FROM BANKS' CAPITAL:	9,678	17,812
4-A.	BANKS' NET-CAPITAL:	167,879	164,314
B.	RISK WEIGHTED ASSETS AND LOAN EQUIVALENTS:	459,955	542,110
C.	NET-CAPITAL RATE:	36.5	30.3

TOTAL NUMBER AND QUALIFICATION STRUCTURE
OF BANKS' EMPLOYEES
AS OF JUNE 30, 2000

No.	BANKS	QUALIFICATION STRUCTURE							TOTAL	%
		NS*	KV*	VKV*	SSS*	VS*	VSS*	MR*		
1	Banjalucka banka B.Luka	30	29	7	415	82	102	1	666	24.32
2	Agroprom banka B.Luka	3	1	1	42	9	24	0	80	2.92
3	Privredna banka Gradiska	6	1	0	58	6	22	0	93	3.40
4	Kristal banka B. Luka	29	3	5	243	23	81	0	384	14.02
5	Privredna banka Dobož	16	2	1	105	16	25	1	166	6.06
6	Prijedorska banka Prijedor	14	3	3	158	18	22	0	218	7.96
7	Semberska banka Bijeljina	12	7	1	85	10	24	1	140	5.11
8	Razvojna banka B.Luka**	25	22	8	152	24	78	2	311	11.35
9	VB banka Banja Luka	1	0	0	13	3	13	0	30	1.10
10	Privredna banka Brcko	5	3	0	16	4	12	0	40	1.46
11	Nova banka Bijeljina	1	2	0	8	11	20	1	43	1.57
12	West banka Laktasi	0	0	0	1	1	1	0	3	0.11
13	PBS a.d. S.Sarajevo	27	1	2	298	45	65	1	439	16.03
14	Ekvator banka B.Luka	0	0	0	13	1	4	1	19	0.69
15	Bobar banka Bijeljina	0	0	0	10	0	5	0	15	0.55
16	Zepter-komerc. banka B. Luka	1	1	0	15	4	11	0	32	1.17
17	Postanska sted. B. Luka	5	0	0	31	7	7	2	52	1.90
18	Balkan Investment Bank	0	0	0	5	0	1	2	8	0.29
TOTAL:		175	75	28	1.668	264	517	12	2.739	100.00
%		6.39	2.74	1.02	60.90	9.64	18.88	0.44	100.00	

**Decrease in number of Razvojna Bank's employees is due to separation of SPP from the bank.

- NS* - Not-skilled
- KV* - Skilled
- VKV* - Highly skilled
- SSS* - Secondary school diploma
- VS* - Two-year post-secondary school qualifications
- VSS* - College education
- MR* - Master of Science