



## THE MOST CURRENT OPEN ISSUES OF COMMERCIAL BANKING IN BOSNIA AND HERZEGOVINA

# WHITE BOOK



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IN BOSNIA AND HERZEGOVINA

## WHITE BOOK

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**UBBiH**

BANKS ASSOCIATION OF BOSNIA AND HERZEGOVINA  
UDRUŽENJE BANAKA BOSNE I HERCEGOVINE  
UDRUGA BANAKA BOSNE I HERCEGOVINE  
УДРУЖЕЊЕ БАНАКА БОСНЕ И ХЕРЦЕГОВИНЕ

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**perfecta**

Sarajevo, November 2019

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## ABBREVIATIONS

**ADVANCED ES/UK** – advanced electronic signature  
**BARS** – Banking Agency of Republika Srpska  
**BD** – Brčko District  
**BiH** – Bosnia and Herzegovina  
**CBBiH** – Central Bank of Bosnia and Herzegovina  
**CNB** – Croatian National Bank  
**DCO** – diplomatic-consular office  
**EC** – European Community  
**eCHR** – European Court for Human Rights  
**eIDAS** – electronic identification, authentication and trust services  
**ES** – electronic signature  
**EU** – European Union  
**FBiH** – Federation of Bosnia and Herzegovina  
**FIA** – Financial-Intelligence Agency  
**FINA** – Financial Agency  
**FMF** – Federal Ministry of Finance  
**GDP** – gross domestic product  
**GDPR** – General Data Protection Regulation  
**HJPC** – High Judicial and Prosecutorial Council  
**IAITF** – Intermediary Agency for IT and Financial Services  
**IAS** – International Accounting Standards  
**ID&V** – Identification and Verification  
**IDDEEA** – Agency for identification documents, registers and data exchange  
**IFRS** – International Financial Reporting Standards  
**IPS** – internal payments system  
**ITA** – Indirect Taxation Authority  
**JSC** – joint-stock company

**LDI** – Law on Deposit Insurance  
**LEP** – Law on Enforcement Procedure  
**LIPS** – Law on Internal Payments System  
**LLC** – limited liability company  
**MB** – Management Board  
**QUALIFIED ES** - qualified electronic signature  
**RS** – Republika Srpska  
**SIMPLE ES** – simplified electronic signature  
**SRA** – Single Registry of Accounts  
**UBBiH** – Banks Association of Bosnia and Herzegovina  
**VAT** – Value-Added Tax



## FOREWORD

Banks Association of Bosnia and Herzegovina encompasses all the banks that do business in BiH. Through its task forces, primarily the Steering Board, it considers its obligation, right and responsibility to publicly present its first White Book.

Overall activities, from idea to implementation, have been performed under the auspices of the Steering Board of Banks Association, with active participation of all banks' representatives, as well as with maximum respect for clients and the entire social community of Bosnia and Herzegovina, for whom this project is intended.

Modern development of banking in BiH began simultaneously with the establishment of Bosnia and Herzegovina as an independent and internationally recognized state. The end of the war (1992-1995) witnessed the beginning of restoration and construction of all components of the state, including financial institutions, particularly in the sphere of banking: Central Bank of BiH, Entity banking agencies, numerous commercial banks, Deposit Insurance Agency of BiH, as well as other financial institutions.

In the first post-war years we had nothing special for the development of banking, except for desire, willingness and part of vision. We lacked modern knowledge, quality staff, money, organizational and material infrastructure, essential credible clients, adequate legislation etc. Help by international institutions was of vital significance and a true catalyst in constructing the present banking system in Bosnia and Herzegovina. Banking has traversed a painstaking, arduous though - most importantly - successful road. At present, it is the most up-to-date part of Bosnian and Herzegovinian economy and society. We have modern European and world regulations substantially aligned with the European Union. Due to the quality of their work, operations and products, banks are able to provide top-class services to their clients.



Being aware of this, and of the fact that the world and the level and kind of needs are changing increasingly fast, we must continue to strive toward continuous, meaningful and timely changes; changes where we (bankers and banking) are the subject, rather than object, which actively participates together with other subjects of economy and society in modern development trends, in a timely manner and on equal footing. Redefinition of both the philosophy of banking and its operationalization is also imminent. The fact is that no change in the world occurs abruptly and without any grounds. It is a scientific truth that all changes have their laws; however, they should be recognized in time and actively managed. Contemporary world trends, based on neoliberal capitalism and liberal democracy directly influence the banking industry. It is for this reason that international relations in the categories such as “smart power” and “soft power” should be interpreted as objectively as possible (Prof. dr.sc. Ivo Banac). “Power is the ability to influence others to get what one wants. There are three ways to achieve it: coercion (stick), purchase (carrot) and attracting or persuading. Carrot and stick are forms of hard power, while attracting and persuading are forms of soft power (Joseph D. Nye Jr.). Banking must be founded on attracting and persuading all stakeholders and relevant individuals.

From the past, we draw only positive adrenalin charges to be able to make as high-quality projections of the future as possible, while living in the present. We must be aware that the future mostly depends on what we do today – now in order to bring it about. Without the present effort, continuous rational activity, the future may remain only an unfulfilled dream.

One of the oldest pieces of advice in the world says: Know thyself! This is partly the goal of this White Book. Once again, we have to be critical and self-critical, not emotional but rather maximally objective and rational, avoid the doctrine of shock of the present and future, eliminate marketing of fear, to assess our readiness for the present and forthcoming environments of life and work: in the complexity of the dialectics of risk, with artificial intelligence, intelligent automation of business processes using robotics, machine-assisted learning etc., though also the trend of increasing social stratification, transformation of the exploited working class into the class of useless people on the Planet Earth, and conflict between globalism and anti-globalism.

All this requires continues improvement of the early warning system and adequate and usable preventive measures in the banking industry.

And how does the state of Bosnia and Herzegovina rank measured by the international institutions' criteria? In its Global Competitiveness Report for 2018, World Economic Forum in Davos ranks Bosnia and Herzegovina 91 out of a total of 140 ranked world countries.

In mid-2019, BiH credit rating was B with positive prospects according to Standard & Poors, and B3 with stable prospects according to Moody's. If political conditions in BiH do not change significantly, there will be realistic bases for downgrading this credit rating, which will affect the banking sector as well.

All macroeconomic parameters in BiH are at an absolutely low level: nominal GDP, exports, imports, export-import ratio, external and internal debt, unemployment rate, industrial production growth rate, monetary policy based on currency board, complexity of the fiscal system, volume of foreign direct investment etc.

Conditions and projections of macroeconomic indicators in the period 2017-2022 are as follows:

Description / Year	2017	2018	2019f	2020f	2021f	2022f
Nominal GDP (BAM bn)	31.3	31.8	33.6	36.5	38.6	40.9
Nominal GDP (EUR bn)	16.0	16.3	17.2	18.6	19.7	20.9
GDP per capita (EUR)	4.090	4.272	4.507	4.906	5.188	5.503
Real GDP (growth y/y %)	3.0	3.2	3.4	3.7	3.9	4.0
CPI (y/y, average %)	1.4	1.5	2.1	1.7	1.8	2.0
Trade balance (% of GDP)	- 23.9	- 26.0	- 26.3	- 23.8	- 23.2	- 22.8
FDI (% of GDP)	2.0	2.4	2.5	2.5	2.7	2.9
Public debt (% of GDP) IFM estimate	45.6	43.4	40.7	37.4	36.9	35.7
Total private sector credit (growth y/y%)	7.3	6.3	6.8	7.0	7.8	7.9

Banking sector indicators	2013	2014	2015	2016	2017	2018	Last available data	2019e
Total Assets (EUR bn)	11.8	12.3	12.8	13.3	14.4	15.8	15.9	16.6
Total Assets (in % of GDP)	86.1	87.9	87.3	87.3	90.0	94.1	89.3	93.3
Total loans (EUR bn)	8.2	8.4	8.6	8.8	9.3	10.0	10.0	10.5
Total deposits (EUR bn)	7.3	7.9	8.5	9.1	10.1	11.1	11.2	12.0
Non-performing Loans (%) - NPL	15.1	14.2	13.7	11.8	10.0	9.4	n.a.	9.1
Return on Assets (%) - ROA	-0.1	0.8	0.3	1.1	1.5	1.5	n.a.	1.5
Return on Equity (%) - ROE	-0.5	5.4	2.0	7.3	10.3	11.1	n.a.	10.5

It is important to note the following: each percent of growth on a low basis brings no significant positive breakthroughs. A positive breakthrough requires at least double growth rates compared to the present ones. Unstable political conditions in the country additionally slow down the possibilities of growth and changes which are a prerequisite for major reforms.

The banking sector of Bosnia and Herzegovina is characterized by strong concentration dominated by four banks / groups which hold almost half of the banking sector's assets (UniCredit Group, Raiffeisen Bank, Intesa Sanpaolo Bank and NLB Group). Conditions in the banking sector are improving every year. The banks' self-sustainability, security and profitability are satisfactory. The level of nonperforming loans in BiH should be viewed in two different ways. If it is compared to other countries in the region, it is among the highest. If, on the other hand, it is viewed taking into account the reality of the BiH market where banks do business, it is low and its coverage with reserves is satisfactory. It means that banks manage risks well in actual BiH conditions. Although banks' security is at a high level, it is a permanent, most serious task of all relevant bodies. In this respect, regulation and supervision of banks' operations are of particular significance. Legislation, aligned with contemporary European norms, should be an additional factor of security, of strengthening the banking system in terms of quality

and quantity. Practices and principles of the banking business in the European Union are present in the BiH market as well, through large banking groups that do business here and have a dominant market share.

Competition in BiH banking is extremely strong. Supply of banking products is considerably greater than demand, not because the banking sector is large but rather because the degree of the development of BiH is such that even so small assets are too great for it. In the forthcoming period we may expect a smaller number of banks with the possibility of far faster adjustment to new market conditions. Digitalization, entry of new large players in the market, decrease of loan margins, increase of passive interest rate and many other, so-far unknown but certain risks are part of what banks will have to take into account in the near future. In the globalized environment, the banking industry of Bosnia and Herzegovina is also part of the worldwide turmoil.

The global banking system has been both more cost-effective and more flexible over the past ten years than ever before. This fact should not deceive us and thus make us stay complacent in the so-called comfort zone. We have to exit the comfort zone in time, cross the border of fear as the biggest enemy of change. By crossing this zone we continuously enter the zone of learning, where we are ready for any possible change, whether it is positive or negative, and the way to deal with it. By crossing it, we enter the zone of growth, where we achieve our goals. Our goal is to permanently remain in the process of growth, where we achieve goals and set new ones, create new ideas, solve daily and strategic dilemmas.

Change management implies a complete framework of all activities needed to bring about positive changes. It implies simultaneous management of each individual change, and the impact of mutual dependence of all changes as a whole.

It is not a mere saying that our long-term result depends on the weakest link in the chain of whole segments of change. When we say it, we think

of managing the “chain” of our mission in the contemporary market, with the following “links”: vision + strategy + ability + incentives + resources + action plan = positive change.

For each segment of change management we seek continuous answer to the following questions:

1. Is the new **vision** sufficient to inspire the action of present and new partners and interested parties? Without a clear vision we will have confusion!
2. What is the **strategy**? Strategic positioning means performing activities differently from rivals who perform similar activities in different (better) ways.
3. Which **skills** should be strengthened among the staff and management to achieve the changes? Without necessary skills we will have anxiety.
4. Which **incentives** and measurements must be in force to achieve every goal? Lack of incentives creates resistance.
5. Which **resources** are lacking and how can one increase additional resources or achieve sustainability? Without resources we have frustration.
6. Does the **action plan** we are developing provide a clear road map for the next 3 – 5 - 10 years?
7. Will we be able to follow this action plan without obstructions?

It is clear that answers to these questions – ways of managing change – should be sought from all those who are directly or indirectly involved in our business. This is followed by the following questions which demand clear answers:

- Which needs are we solving today for our clients? Are they still worth solving?
- What are our greatest fears about the future?
- What trends do we believe will affect our business?
- What is our priority in terms of these trends?
- What are the possibilities that each trend presents?

- What threats are related to each trend?
- What will our business look like in 3 – 5 years, does it make a full use of the advantages of this trend?
- Which steps do we have to take to start in the right direction and on the right course today?

We should not lose sight of our fundamental mission led by the desire for as great growth and profit as possible. The biggest enemy of strategic development – achievement of vision is too great a desire for fast short-term growth. Any changes we want to achieve should be evolutionary, rather than revolutionary. No revolution has so far succeeded in a long term. We must be aware of the importance of the present, this moment, and the time that lies ahead, rather than tomorrow regret the lost time of yesterday. It is clear that *historia est magistra vitae*, and we should use the knowledge from the school of the past for the inevitable future. It is disastrous to imagine and dream of the future without building and achieving it right now, actively and meaningfully. It is one of the fundamental reasons for publishing this White Book.

*DIRECTOR*

*Banks Association of Bosnia and Herzegovina*

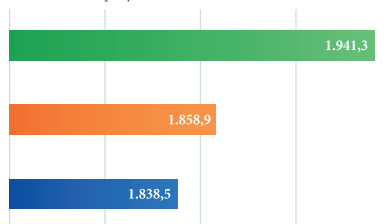
**Berislav Kutle**



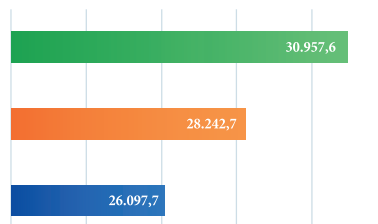
	2016	2017	2018
<b>Number of banks</b>	23	23	23
<b>Total banks' equity*</b>	1.838,5	1.858,9	1.941,3
<b>Total assets*</b>	26.097,7	28.242,7	30.957,6
<b>Total deposits*</b>	17.752,1	19.669,1	21.749,8
<b>Total loans*</b>	17.201,1	18.422,5	19.485,8
<b>Total profit*</b>	221,3	334,3	337,9
<b>Total number of employees in the banking sector</b>	9.589	9.572	9.704

\*in BAM mil

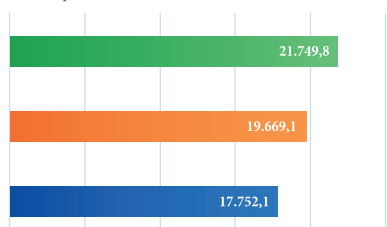
Total banks' equity (in BAM mil)



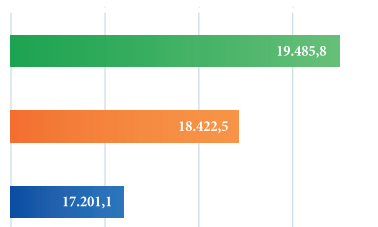
Total assets (in BAM mil)



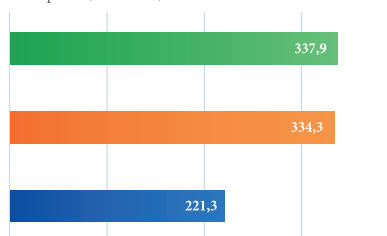
Total deposits (in BAM mil)



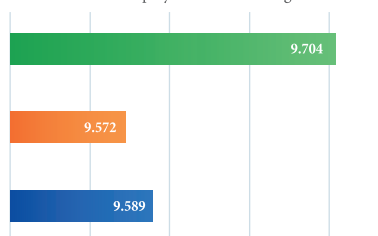
Total loans (in BAM mil)



Total profit (in BAM mil)



Total number of employees in the banking sector



■ 2016 ■ 2017 ■ 2018

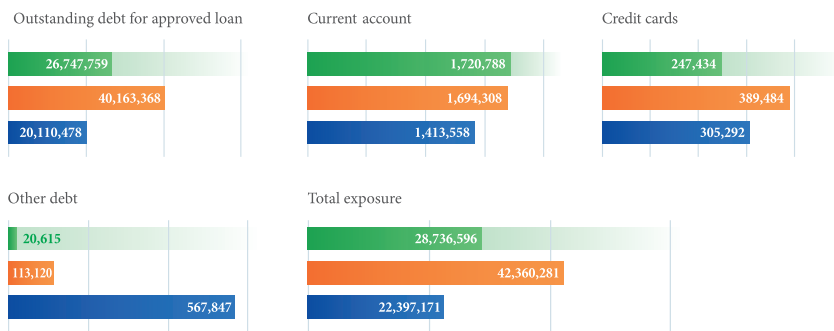
## INFOGRAPHICS

### TOTAL BANKS\*

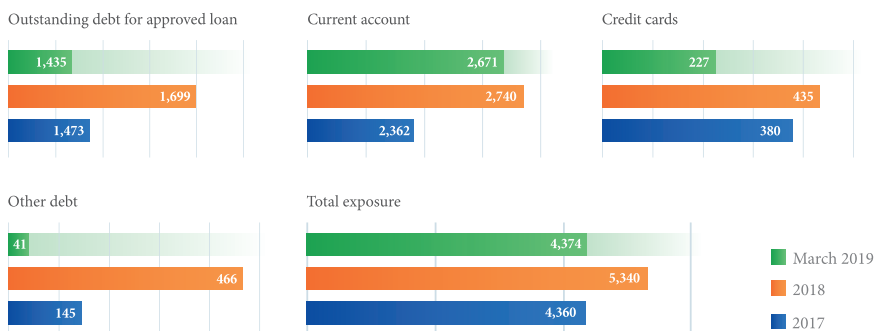
Description	2017		2018		March 2019	
	Clients who have left the country (amount in BAM)*	Total number of clients	Clients who have left the country (amount in BAM)*	Total number of clients	Clients who have left the country (amount in BAM)*	Total number of clients
Outstanding debt for approved loan	20,110,474	1,473	40,163,368	1,699	26,747,759	1,435
Current account	1,413,558	2,362	1,694,308	2,740	1,720,788	2,671
Credit cards	305,292	380	389,484	435	247,434	227
Other debt	567,847	145	113,120	466	20,615	41
<b>Total exposure</b>	<b>22,397,170</b>	<b>4,360</b>	<b>42,360,281</b>	<b>5,340</b>	<b>28,736,596</b>	<b>4,374</b>

\*according to data submitted by part of the banks (70% of total number of banks)

CLIENTS WHO HAVE LEFT THE COUNTRY (amount in BAM)



### TOTAL NUMBER OF CLIENTS

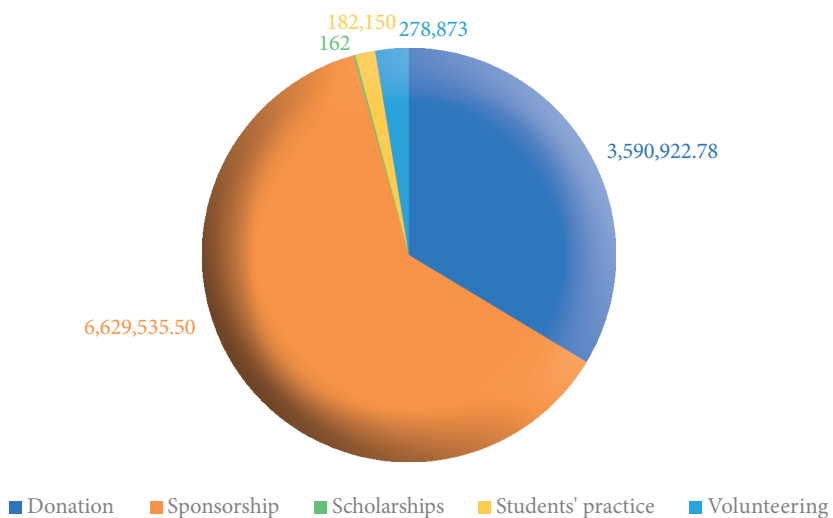




TOTAL BANKS\*

Donation (period 2015-2018)	Sponsorship (period 2015-2018)	Scholarships (period 2015-2018)	Students' practice (period 2015-2018)	Volunteering (period 2015-2018)
3,590,922.78	6,629,535.50	162	182,150	278,873

\*according to data submitted by part of the banks (70% of total number of banks)



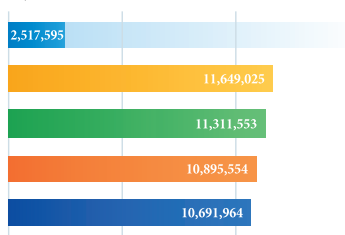
## INFOGRAPHICS

### TOTAL BANKS\*

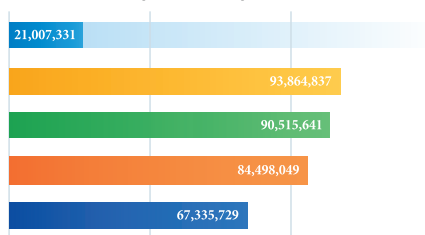
Description	2015	2016	2017	2018	March 2019
Type of tax/ contribution	Amount in BAM	Amount in BAM	Amount in BAM	Amount in BAM	Amount in BAM
<b>Payroll tax</b>	10,691,964	10,895,554	11,311,553	11,649,025	2,517,595
<b>Contributions on wage and from wage</b>	67,335,729	84,498,049	90,515,641	93,864,837	21,007,331
<b>Profit tax</b>	25,030,404	18,568,177	31,468,798	33,387,009	8,453,260
<b>Communal taxes</b>	2,131,288	2,283,224	2,391,282	2,447,763	1,282,486
<b>Total</b>	<b>105,189,384</b>	<b>116,245,004</b>	<b>135,687,274</b>	<b>141,348,633</b>	<b>33,260,672</b>

\*according to data submitted by part of the banks (70% of total number of banks)

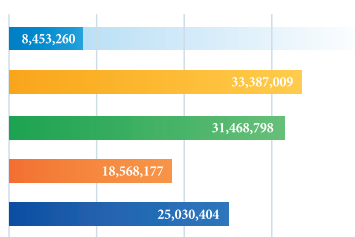
Payroll tax (Amount in BAM)



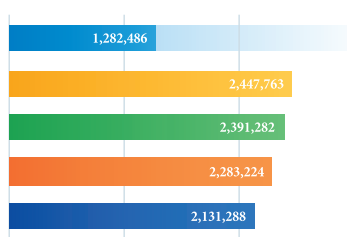
Contributions on wage and from wage (Amount in BAM)



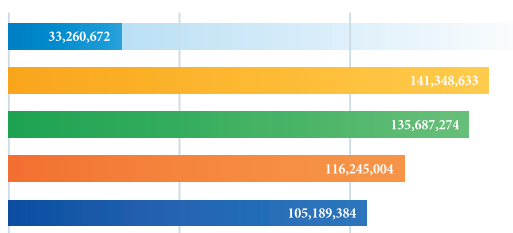
Profit tax (Amount in BAM)



Communal taxes (Amount in BAM)



Total (Amount in BAM)



■ March 2019  
■ 2018  
■ 2017  
■ 2016  
■ 2015

# INTRODUCTION

White Book of the Banks Association of Bosnia and Herzegovina is a joint effort of representatives of all banks in our country. Working in accordance with positive regulations, primarily for the benefit of their customers, as well as by fulfilling their full social responsibility, banks want to be an example of market leaders who are the catalyst of contemporary economic and overall social development.

The White Book was created in cooperation with banks' customers and employees, their experience, open questions that demand answers and the desire for the banking sector to remain in line with development trends. It is a result of special empirical research, by all banks in Bosnia and Herzegovina, and search for the most frequent and most important issues related to their business. This research and search resulted in a clear selection of what to cover by the content of this first White Book of the Banks Association of BiH. These are the following business segments:

- Digitalization
- Recovery of claims
- Foreign exchange operations
- Tax topics
- Required reserves
- Access to data kept by the Agency for identification documents, registers and data exchange
- Aligning regulations on internal payments system
- Establishment of the Register of Real Owners

Each of the listed segments is discussed through the following sections, depending on its current character: current issue, example from practice – conditions in Bosnia and Herzegovina, experiences from neighbouring countries, proposal for a possible solution and benefit for social community. The scope of content of these segments of the banking business and research analyticity is not uniform. They depend on the character of

the business segment itself and its current specific weight. This does not decrease the significance and quality of the researched segment. Since the White Book is a professional publication of pragmatic nature, it did not strive to achieve the literary purity of any official language in Bosnia and Herzegovina. It used the “universal local” language, understandable for every average citizen of this country, while respecting the authorship in writing parts of the White Book content. It is for this reason that we did not consider it necessary to have the Book language-edited. Due to possibly varied professional education of the readership, a list of abbreviations used in the presented content is provided in the beginning.

Individual and institutional authors of the texts, editors and sub-editors of the White Book, are aware of varying degree of the feasibility of the proposed possible solutions, as well as of certain methodological deficiencies. Nevertheless, the unanimous assessment of the team that prepared the White Book is that its primary task is to provide relevant information on banking in Bosnia and Herzegovina and to encourage positive professional thinking about improving the banking business in our country. The aim was not to write a scientific or academic work but rather a pragmatic book of operational use.

This is the first edition of the White Book of the Banks Association of Bosnia and Herzegovina. The desire is for it to become a traditional, periodical edition that will encourage creative thinking and contribute to practical solutions of current open issues of commercial banking in BiH. The current open issues pertaining to amendments to regulations of Entities’ banking agencies, Central Bank of Bosnia and Herzegovina and Deposit Insurance Agency of Bosnia and Herzegovina will be resolved in bilateral relations with these institutions.

We would like to use this opportunity to express sincere and great gratitude to all those who helped us with the preparation of this book in any way. We extend special thanks to authors of the texts and active members of committees of Banks Association of BiH, as well as to the current Steering Board of the Banks Association of BiH, which initiated and provided its full support to the preparation and production of this book.

Any well-intended suggestion, remark and criticism will be considered and evaluated with gratitude.

*Editorial team of the White Book*

1

# DIGITALIZATION

## 1.1. ELECTRONIC SIGNATURE

### Current issue

Application of the Law on Electronic Signature is a basic prerequisite for the digitalization and implementation of the electronic way of doing business both in the banking sector and in the entire society. At the level of Bosnia and Herzegovina, there are a number of open issues pertaining both to the legal framework and to the very implementation of electronic signature, which is coveted both by the financial sector and by the public at large.

### Example from practice – conditions in BiH

In Bosnia and Herzegovina, a certifier (issuer) of qualified electronic signatures has just been granted the licence; however, even with a certification body the application of electronic signature has its challenges, both due to the evident need for raising the awareness of and gaining the society's trust in all the advantages that the electronic signature brings compared to the personal one, and due to the legal framework that is currently not aligned with the regulations of the European Union.

Law on Electronic Signature of Bosnia and Herzegovina of 2006, which is currently in force, is not aligned with the European Union regulations. In mid-2018, Ministry of Transport and Communications initiated and proposed a new legal solution which would regulate this area according to the European Union regulations in force, but it has not yet been adopted.

Although it does not directly affect the implementation of electronic signature in BiH since the legal framework does exist, lack of a suitable solution leads to an inferior position of both the banking sector and the

entire economy and society in terms of their efficiency in performing activities compared to other countries in Europe and the surroundings.

## **Experiences from neighbouring countries**

Positive examples of the application of Law on Electronic Signature can be primarily found in the neighbouring countries, Croatia, Macedonia and Serbia. Experiences from these countries, primarily from Croatia which has perhaps advanced the most in the implementation and scope of its application, reveal that the application of electronically signing documents is continuously increasing, particularly in the banking sector, where the application of Law has found its place in distance entering into business relations, without a need to visit a bank's branch.

## **Proposal for a possible solution**

Passing the proposed Law on Electronic Identification and Trust Services for Electronic Transactions which is aligned with the EU regulations and which ensures the following:

- Equity of electronic signature with personal signature, which means that its use does not require separate consideration and amendments to individual laws and provisions that prescribe personal signature (whether the regulations have been enacted at the state or Entity level);
- Applicability in clients' daily dealings with the bank, as well as in other areas of daily life (not to be limited only to public administration); and
- Its applicability in whole BiH and relations with partners from the EU;

Activities on active promotion of the advantages of this way of concluding business relations both with the banking sector and with other business partners, even with public administration, as well as mutual cooperation of all competent institutions which will show confidence in this model of work by their active approach are an essential prerequisite for quality and comprehensive implementation.

## **Benefit for social community**

Improvement of service quality and designing new services and processed that would simplify dealings with banks for users of banking sector's services by saving the time needed for the visit to a branch that they could use for other tasks on the one hand and, on the other, allow the banking sector to find new ways and additionally increase the efficiency of operations and provide higher-quality services in line with market expectations in the 21<sup>st</sup> century.

### **1.2. ID&V (Identity and Verification) Technology**

#### **Current issue**

In the digital world where we live nowadays the immediate contact is not necessary to achieve a given interaction which, by its quality, does not lag behind the immediate contact. Video communication, and therefore video identification are no longer state-of-the-art technologies. Technological achievements that currently exist offer the possibility to identify natural persons by means of applications with a greater precision compared to the immediate contact, since systems are able to make comparison of biometric characteristics from personal documents to biometric characteristics of the other person; naturally, the data and the positive identification of the user are then stored. Unfortunately, legal solutions, even several of them, insist on the immediate contact with a client to confirm his/her identity, and recognize it as the only way to identify the client, which is totally out of line with the technology progress and development of financial services.

#### **Example from practice – conditions in BiH**

To enter into a business relationship, one should visit a bank's branch, i.e. make an immediate contact with a bank's employee so that he/she could identify the other person, i.e. confirm his/her identity. Without



the appropriate evidence that the identification has been successful, the opinion of the bank's employee who identified the other party is accepted. On the one hand, it opens area for potential manipulation and abuse since most often there is no trace or evidence of successful identification except for the given bank's employee's words. On the other, clients who – for objective reasons – do not have time, need or desire to visit a bank's branch to enter into business relationship cannot do so since the client's visit to the bank is required.

### **Experiences from neighbouring countries**

Positive experiences can be found in Serbia, where in late 2018 and early 2019 National Bank initiated a change in corresponding legal solutions that deal with this area, to allow contracting a business relationship, concluding business cooperation and sales of the bank's products without the need to visit a branch, i.e. via video identification of the user. According to the available information, the law is already being applied.

In March 2019, the National Bank of Serbia adopted the Decision on conditions and manner of establishing and verifying identity of natural persons through means of electronic communication.

### **Proposal for a possible solution**

Adoption of a legal solution that will allow the use of appropriate applications to identify a client by making video calls via electronic communication channels. The solution from neighbouring Serbia can certainly serve as the model.

### **Benefit for social community**

In the described way, banking services' users would have an additional service at their disposal, which is essentially aimed at improving the service quality and simplicity of banks' dealings with their clients, since the described technology would simplify a change of commercial bank by eliminating the need to visit a branch of another bank for entering into a business relationship. This would result in increased market competitiveness and, ultimately, in more convenient and higher-quality services of the banking sector.

# 2

## RECOVERY OF CLAIMS

# 2

## RECOVERY OF CLAIMS

### **2.1. LIMITING SALES OF CLAIMS TO OTHER BANKS OR FINANCIAL INSTITUTIONS THAT OPERATE WITH AGENCIES' LICENCE**

#### **Current issue**

Limitations and impossibility to sell claims from natural persons.

Enactment of new Laws on Banks (FBiH and RS) made it impossible to sell banks' claims to party/body that do not have the permission by the Banking Agency.

Since the debtor / natural person is already sufficiently protected by laws in force – Law on Obligations, where Article 438. provides that debtors have to be informed on the sale of claims, and Article 440. explicitly provides that they maintain the same position as in the previous obligation (it does not change), we believe that the limitation pertaining to potential buyers should be re-examined since the present solution led to decreased choice by the buyer of claim. Additionally, the bank is limited to disposing of non-performing assets by economically acceptable recovery after the reported impairment of value.

#### **Example from practice – conditions in BiH**

Legislation that regulates this area: Law on Banks of FBiH / Law on Banks of RS, Law on the Protection of Users of Financial Services.

Law on Banks of FBiH/RS:

FBiH, Art. 96, Par. 3. The bank may assign placements from loans and other services approved to users of financial services exclusively to other banks and financial organisations that have permission of the Agency.

RS Art. 116 Par. 4. The bank may assign placements from loans and other services granted to a user of banking services only to other banks or financial organizations licenced by the Agency.

Pursuant to Law on the Protection of Users of Financial Services, sale of natural persons' claims is not allowed, with the exception of claims arising from loans in the amount lesser than 400.00 KM or the amount higher than 150,000.00 KM.

Banks in the Federation were addressed by companies specializing in the purchase of claims, which intended to buy natural persons' claims in by no means negligible amount of sales price, but due to the existing regulations banks were forced to reject such buyers.

## **Experiences from neighbouring countries**

Law on Credit Institutions of the Republic of Croatia allows sales of claims with prior notification to the CNB and after the general terms from the Decision on the sale of placements have been met, which in turn do not prescribe who can or cannot be the buyer.

Among other things, the Decision provides the following:

“When concluding contracts on the sale of placements which refer to placements granted to consumers, regardless of the amount of placements, the seller shall ensure that these consumers are not put in a less favourable position with regard to consumer protection by the acquirer or a third party to which the acquirer has transferred placements or risks and benefits arising from placements than the

position that they held as debtors to the seller. The seller and the acquirer or the third party to whom placements have been further transferred shall be jointly liable for any damage to the consumer that may arise from his legally or factually less favourable position that he held as a debtor to the seller.”

There are no restrictions for the sale of natural persons’ placements.

### **Proposal for a possible solution**

Change provisions of the laws and allow the sales of claims to be made after the consent by Agency without the limitation that only another bank or financial institution supervised by the Agency can be the buyer.

Restrictions can be made in the way as to allow the Agency to withhold consent if it estimates that the buyer can affect the bank’s reputation, have a negative effect on the protection of users of financial services, etc.

For sale of natural persons’ placements, enact amended regulations same as those that pertain to the sale of legal persons’ placements.

More accurately, Article 96, Paragraph 3) of the Law on Banks of FBiH and Article 116., Paragraph 4. of the Law on Banks of RS should provide as follows:

#### **FBiH**

“The bank may assign placements from loans and other services approved to users of financial services exclusively to Companies involved in the sales of placements, with the prior consent by the Banking Agency.

Agency shall prescribe conditions that Companies involved in the sales of placements have to meet.

Agency shall not refuse to grant consent if it estimates that the sale of the placement does not have a negative effect on consumer protection.”

## RS

“The bank may assign placements from loans and other services granted to a user of banking services exclusively to Companies involved in the sales of placements, with the prior consent by the Banking Agency.

Agency shall prescribe conditions that Companies involved in the sales of placements have to meet.

Agency shall not refuse to grant consent if it estimates that the sale of the placement does not have a negative effect on consumer protection.”

Besides, define a provision in the loan agreement that contractual parties agree that the bank shall have the possibility to sell the claim to a third party or, in the case of the sale of a claim, the bank shall notify the client in advance.

## Benefit for social community

Changes in the described limitations would allow banks to dispose of non-performing assets for which they reported adequate impairment value by decreasing, i.e. selling them on economically acceptable terms, whereby banks, upon the lifted limitations, would have a larger market of customers for negotiating and collecting optimum and economically justified offers.

The benefit is manifold: the circle of potential buyers broadens, the number of legal actions decreases and the “burden on courts” is relieved, it is more frequently possible to conclude any kind of settlement between the client and the buyer of the claim (since the procedure for approving such solutions of disputes would become shorter and faster), it is a more favourable variant for clients since in practice the buyer of the claim often exempts the debtor of legal default interest, it would ensure the bank’s liquidity and the possibility to invest lending resources into new, “healthy” projects and investments, the number of the so-called “written-off” loans decreases, the number of buyers of claims in the market that the bank would deal with pursuant to the proposed amendments to the Law on Banks increases.

## **2.2. ALIGNING LAWS ON ENFORCEMENT PROCEDURE OF FBiH AND RS, SALES OF UNREGISTERED REAL ESTATE**

### **Current issue**

Possibility to institute enforcement procedure against unregistered real estate.

Enforcement against real estate is regulated by provisions of Chapter X of Law on Enforcement Procedure of the Federation of BiH and Republika Srpska (henceforth: LEP) – Enforcement for the compensation of money claims – against real estate, and is carried out by the following means (stages, actions):

1. entering a notice of enforcement order in the land registry
2. assessing the real estate value
3. sale of the real estate
4. compensation of the enforcement creditors.

The significant question for the banking sector is – how to actually carry out the enforcement against real estate that is not entered in the land registry, i.e. that is in the so-called unregistered ownership of the debtor?

Despite the fact that valid laws on enforcement procedure include provisions that regulate enforcement against real estate that are not entered in the land registry, there are numerous problems in practice in the enforcement procedure itself that are impossible to overcome.

### **Example from practice – conditions in BiH**

Legislation that regulates this area: Law on Enforcement Procedure and Real Rights Law.

Pursuant to Article 70, Paragraph 1 of Law on Enforcement Procedure, enforcement creditor is bound to enclose, with the motion to enforce

against real estate, an excerpt from the land registry as evidence that the real estate is registered as the enforcement debtor's property. This is a problem with real estate the ownership of which is not registered, and in these cases banks are not allowed to take any legitimate action.

When a piece of real estate is not registered in the land registry, the enforcement procedure proceeds as follows:

- a. Enforcement procedure against real estate that is not entered in the land registry is carried out pursuant to provisions of Chapter X of Entity Laws on Enforcement Procedure.
- b. When the enforcement creditor institutes enforcement against the debtor's real estate, he shall enclose, with the motion to enforce, evidence that the debtor is its owner or shall request the submission of evidence from the court.
- c. Enforcement creditor shall label the real estate according to data from cadastre, and if the data in the cadastre are missing, he shall indicate the location of the real estate, its name, borders and area.
- d. After the writ of execution has been rendered, in the territory where land registries do not exist or have been destroyed, or disappeared, the procedure of enforcement against real estate shall proceed after the real estate that is the subject of enforcement has been recorded in the land registry pursuant to Chapter VIII of Law on Land Registries, unless such an entry is contrary to law.
- e. Enforcement creditor shall request entry in the land registry within 15 days starting from the rendering of the writ of execution and notify the executive court about it in the defined timeframe. If the enforcement creditor does not submit the request for entry in the land registry in due time or does not notify the executive court about it in due time, the enforcement procedure shall be stopped.
- f. If entry into land registry is contrary to law, the court shall carry out an inventory of the real estate seized and call on to the inventory meeting the enforcement creditor, enforcement debtor and the person whose real estate adjoins the real estate to be seized.



- g. Minutes of the inventory are disclosed on the court's notice board.
- h. The court shall publish an announcement of the inventory in the "Official Gazette of the Federation of BiH" and in no less than two dailies distributed in the Federation, where it identifies the court that publishes the notice, the case number, names and addresses of parties, data on the real estate against which the enforcement is carried out, and the notification on the time and place of the meeting where the inventory of the real estate was made, and when the minutes of inventory were disclosed on the court's notice board. By means of this notice, the court shall invite any interested parties to notify the court, verbally or in writing, of any reasons for which the enforcement against the real estate cannot be carried out.

Due to the fact that there is a considerable number of unregistered real estates in Bosnia and Herzegovina, it is almost impossible to carry out enforcement against these properties to recover claims.

If the enforcement creditor identifies, as the subject of enforcement, a real estate which is the unregistered ownership of the debtor, i.e. which is not recorded in the land registry but only in cadastral records, the court shall, after issuing the writ of execution, proceed with the enforcement procedure in the territory where land registries have not been instituted or have been destroyed, or disappeared only when the real estate which is the subject of enforcement has been entered in the land registry.

For the enforcement creditor, the problem arises when, as the third interested party, they contact the land registry office with the request for registering ownership to the benefit of the debtor of the real estate that is the subject of enforcement, primarily because the enforcement creditor does not own any documents based on which he could have the real estate entered in the land registry, or is able to acquire them.

Another possibility to carry out enforcement against real estate that is not entered in the land registry provided for by the Law on Enforcement Procedure is the possibility to carry out an inventory of

real estate for which enforcement is proposed, though only when the enforcement creditor proves that entry in the land registry has not been made since it would be contrary to law. It is very difficult to prove this fact in practice.

## **Experiences from neighbouring countries**

Article 142. of the Law on Enforcement Procedure of the Republic of Serbia protects the creditor in the following way:

An enforcement creditor shall, when submitting a motion to enforce against immovable property, submit an excerpt from the public book evidencing that the immovable property is registered as the enforcement debtor's property, or that the debtor has the right of disposal over socially-owned immovable property.

If the right to immovable property referred to in paragraph (1) of this Article is recorded in the public book in another person's name and not that of the enforcement debtor, the enforcement creditor shall be obliged to submit a document suitable for the recordation of the enforcement debtor's ownership.

In cases referred to in paragraph (2) of this Article, recordation shall be executed ex officio by the court with which the motion to enforce was filed or, at the court's request, by the body maintaining the public book for that immovable property.

An enforcement creditor that does not have a document suitable for the recordation of enforcement debtor's ownership can file a claim requesting the recordation of the ownership to the debtor.

When the decision on recordation has become valid, the enforcement procedure shall continue.

In the Republic of Serbia, Law on Enforcement and Security ("Official Gazette of the RS", no. 106/2015, 106/2016 – authentic interpretation

and 113/2017 – authentic interpretation) includes separate provisions on enforcement procedure on immovable property that is not registered in the cadastre of immovable property.

Article 209. provides for the manner of evidencing the enforcement debtor's ownership over the immovable property in two cases:

- If the immovable property has not been entered into the cadastre of immovable property, the enforcement creditor shall enclose with the motion for enforcement the documents that are appropriate as the base for entering in the cadastre of immovable property the ownership over the immovable property in favour of the enforcement debtor. The court shall deliver without delay the submitted document to the authority in charge of the cadastre of immovable property and stay the proceedings until the ownership of the enforcement debtor has been recorded.
- If the motion for enforcement specifies as the subject of enforcement the immovable property, or a part thereof, which are not entered in the cadastre of immovable property and for which the ownership may not be registered, the enforcement creditor gives a statement that the registration of ownership is not possible and encloses it with the motion for enforcement. In this case, the court renders the writ of execution on immovable property that is in unregistered ownership of the enforcement debtor, provided that the enforcement creditor submits with, or indicates in the motion for enforcement, as the proof of unregistered ownership, the building permit issued in the name of the enforcement debtor, or if such document does not exist or is not issued in the name of the enforcement debtor – other documents which evidence unregistered ownership of the enforcement debtor.

Also, at the motion of the enforcement creditor, the court orders the enforcement debtor or another person to deliver the documents which evidence unregistered ownership of the enforcement debtor, under the threat of imposing a fine.

After the court renders the writ of execution on the unregistered immovable property owned by the enforcement debtor, in part of the conclusion on the sale of the immovable property that stipulates the sale conditions, the public enforcement officer states in particular that the immovable property is in unregistered ownership, after which it is entered into the inventory list.

The inventory of the immovable property is carried out by the public enforcement officer at the inventory meeting, to which the following parties are invited: the enforcement creditor, the enforcement debtor, persons whose immovable property borders with the immovable property and the direct holder of the immovable property if that is not the enforcement debtor. The minutes on the inventory of the immovable property, determined to be in the ownership of the enforcement debtor, have the effect of the entry of the annotation of the writ of execution in the cadastre of immovable property.

It is believed that such a solution clearly and unambiguously regulates the issue of court proceedings when an enforcement creditor files a motion for enforcement over the immovable property which is not recorded in the public book, and the registration is realistically possible. Indeed, in this situation the enforcement creditor is bound to enclose, with the motion to enforce, documents which serve as a basis for registering the immovable properties the sale of which is requested in the public book, while the court to which the motion to enforce is submitted forwards the documents to the authority in charge of keeping the public book – registry, with a request to make the recordation, and halts the further course of the procedure until the registration has been made. Documents that would be appropriate for the registration of immovable property which has not been entered into the public book include valid decision on building and occupancy permit, certified sales contract, deed of gift, life care contract, valid decision on inheritance, certified contract of exchange of immovable property, or other documents; in any case, it is important to submit the full range of documents based on which the registration can be made both of the immovable property the sale of which is proposed and of the ownership in the name of and in favour of the enforcement debtor.

If the enforcement creditor does not have at his disposal all the documents that would allow the registration of the immovable property in question, they will enclose a statement saying that the registration cannot be made. In this case, the court will render the writ of execution by selling the unregistered immovable property owned by the enforcement debtor. Before this happens, it is necessary for the enforcement creditor to submit, or for the court to obtain, upon his request, documents that could be the basis for acquiring ownership in favour of the enforcement debtor, by binding the enforcement debtor or a third person to deliver documents appropriate for registering ownership, under the threat of a fine, or by binding the authority in charge to deliver these documents.

When the court allows enforcement against the immovable property that cannot be registered in the public book, the conditions for public sale will specify that it is an unregistered property, and instead of the notice the court will carry out the inventory of such immovable property and invite, to the inventory meeting, the enforcement creditor, the enforcement debtor and the person whose immovable property borders with the immovable property. The minutes on the inventory have the effect of the entry of the enforcement and are published on the court's bulletin board.

What is not specifically regulated is the issue of enforcement against illegally constructed buildings. Actually, in the situation where there is a significant number of immovable properties which have not been legalized or are in the process of legalization with the administration authority in charge, the question arises as to whether enforcement can be carried out by sale of such properties. The view is that it can and that in this case the court should certainly, before allowing the execution, acquire certain written evidence, either from the enforcement creditor himself or from the authority in charge of the legalization procedure pertaining to the establishment of the legal status and character of such a building, i.e. resolve the issue of unregistered ownership by the enforcement debtor with respect to the building. In doing so, the court should be guided by the facts as to whether the enforcement

debtor has only submitted the request for legalization, whether the administration authority has passed a decision regarding the request, and whether the legalization procedure may have been finalized by rendering a valid writ.

The procedure has been regulated in a similar way in Article 132 of the Execution Act of the Republic of Croatia. The Act provides as follows: “If proof of ownership cannot be obtained for any reason, the execution creditor is instead obliged to indicate in the motion for execution, in place of proof of ownership, the place where the real estate is located, its name, borders and surface area. In that case the court shall make a list of attached real estate with respect to the real estate proposed in the motion for execution, and summon the execution creditor, the execution debtor and persons with whose real estate the real estate in question borders to the attachment list hearing.

Minutes about the attachment list are displayed on the court bulletin board, and the court shall publish an announcement about the attachment list in the Official Gazette, in which it shall indicate the court publishing the announcement, the number of the case, information about the parties and about the real estate on which the execution is enforced, and information as to where and when the hearing at which the real estate was listed was held, as well as when the minutes on the attachment list were displayed on the court bulletin board. In the announcement, the court shall call on all interested parties to notify the court either in writing or orally about any reasons why the execution cannot be conducted against the real estate.

The provisions of this Article shall apply in the area where there are land registers if the land register was destroyed or if the real estate is not entered in the land register, as well as in the case when the real estate is registered in the cadastre in the name of the execution debtor if the registered owner or his inheritors confirm in a statement legalised by the competent authority that the execution debtor owns the real estate that is the object of execution.”

### **Proposal for a possible solution**

Amendments to the Law on Enforcement Procedure of FBiH and Law on Enforcement Procedure of RS so that their provisions are defined in the same way as in the Republic of Serbia.

It is necessary to propose the possibility to amend the law so as to allow enforcement creditors, as stakeholders, instead of the actual owner of unregistered property, to take any steps aimed at registering the real estate as registered ownership.

Additionally, it is necessary to make amendments to a set of laws (Real Rights Law, Law on Notaries Law on Land Registries, etc.) which would provide a strict obligation and deadline for registration in land registries after the change of ownership over real estate, with appropriate penalty clauses, in order to avoid legal uncertainty and the institute of unregistered ownership as much as possible.

Amendments to Entity Laws on Enforcement Procedure should provide a solution to the case when the enforcement creditor does not have at his disposal documents based on which registration in the land registry pursuant to provisions of Law on Land Registries can be made, or if the enforcement creditor cannot prove that the registration is not possible because it is contrary to law, which is the prerequisite for the inventory of property seized. In this case, the court should be allowed to proceed with the procedure of the sale of unregistered property owned by the enforcement debtor, with the note in the conclusion of sale that the real estate is being sold in unregistered ownership and according to data from cadastral records.

In this way, Banks and other enforcement creditors would be provided with a simpler procedure of recovering their claims.

### **Benefit for social community**

Regulation and decreased abuse of land-registry records, and decrease in legal uncertainty in the area of sales of real estate.

## **2.3. RECOVERY BY MEANS OF BILL OF EXCHANGE FROM NATURAL PERSONS' ACCOUNT**

### **Current issue**

Increasingly frequent requests to recover claims by means of a bill of exchange from a natural person's account. Different court practices in protesting the bill of exchange and inefficiency. In practice, a bill of exchange as a means of enforcement for natural persons is very rarely used.

In practice, recovery from natural persons' account using a bill of exchange, as well as recovery of claims from natural persons in general, is frequently time-consuming, and in many cases almost unsuccessful due to a lack of funds in natural persons' accounts.

However, due to insufficient familiarity with the Bill of Exchange Act and inaccurate legal provisions, a lot of problems are encountered in practice related to the recovery of bill of exchange in general.

### **Example from practice – conditions in BiH**

Legislation regulating this area: Bill of Exchange Act, Law on Internal Payments System, Law on Enforcement Procedure.

Since the reformed system of forced collection in IPS does not pertain to citizens (but exclusively to legal entities and entrepreneurs who, in the new system, have to have the "main account"), the only thing offered by the Bill of Exchange Act is voluntary payment of the bill of exchange by the citizen (with or without invitation) on the day of its maturity, regardless of whether the citizen is the drawee or a guarantor.

In accordance with the above described, a bill of exchange cannot (same as before) be recovered automatically, as an order for forced collection from the citizen's/natural person's account.



The forced collection of a bill of exchange from a natural person requires court proceedings. Instituting the enforcement procedure by means of a bill of exchange is slow and inefficient, and courts' practices vary.

In order to institute the enforcement procedure by means of a bill of exchange, the bill of exchange should be submitted to the court for the protest, even bills of exchange that include the "no protest" clause. When protesting a bill of exchange, courts typically work slowly, even two years. When the court renders the protest, the enforcement procedure is instituted. The process is very slow and costly (payment of taxes on the protest bill, court taxes in the enforcement procedure, etc.) and all this make it impossible for the bank to collect the debt in a fast and efficient way. In brief, the bill of exchange as a means of enforcement for natural persons is inefficient, and is very rarely used as a means of enforcement due to the legal restrictions described above.

One of the issues in this area is that court practice has divided opinions related to protesting the bill of exchange with the "no protest" clause. Views of the court have been changing, and the currently valid view of the Supreme Court of the FBiH is that all bills of exchange, even those with the "no protest" clause should be first protested, and only then, due to the impossibility of collection, the enforcement procedure can be instituted. It is very important to note that there is no view of this issue by the Constitutional Court, as the highest instance of the guarantee of human rights and freedoms.

What is also important is that in the case that a bill of exchange is payable, i.e. before any court proceedings have been instituted, and the debtor is in default, the bank where the debtor has opened an account is bound to seize the amount equalling the level of debt. However, if the seizure is executed on the debtor's salary, the question arises as to whether it is contrary to provisions of Article 138. of LEP, which limits the enforcement on salary.

Additionally, to achieve an efficient and timely recovery of claims using a bill of exchange, the practice should be introduced that requires one

bill of exchange to be filled in by the drawee, and a separate bill of exchange to be filled in by the guarantor. The reason for this is that both the drawee and the guarantor are defined as debtors when instituting the enforcement procedure. The writ of execution is then rendered with this in mind, based on which the guarantor may raise an objection, i.e. institute civil proceedings on the grounds that not all means of recovery against the drawee have been exhausted. The court usually adopts such objections, which results in the expiration of deadlines for instituting separate proceedings against the guarantor.

### **Experience from neighbouring countries**

The Republic of Croatia uses the promissory note, which is submitted to the state institution FINA, which then transmits, to the banks, the recovery order, as well as the restraint order for natural persons' accounts.

In its Decision upon appeal AP-760/13, the Constitutional Court of Bosnia and Herzegovina does not give an explicit answer as to whether the bill of exchange with the "no protest" clause can be considered and can be an authentic document. In this Decision of the Constitutional Court on the admissibility and merits, in points 43 and 44 the court refers to court practice of courts in the Republic of Croatia and Republic of Serbia, which have provisions identical to that in the LEP of FBiH (Art. 29 i), and according to the view expressed in the rulings of these countries' courts it is evident that a bill of exchange with the "no protest" clause is an authentic document as well, while the practice of courts in Slovenia and Montenegro is somewhat different, although this decision of the Court does not provide details.

### **Proposal for a possible solution**

Allow direct recovery from a natural person's account using a bill of exchange by amending the Bill of Exchange Act and Law on Internal Payments System, both in Republika Srpska and in the Federation of BiH.

Make amendments to laws and changes of court practice pertaining to protesting the bill of exchange so that the bill of exchange with the “no protest” clause can be used to directly institute enforcement procedure (without protesting the bill of exchange, which is time-consuming).

It is reasonable to believe that it is not necessary to first protest the “no protest” bill of exchange because the protest delays the court proceeding, increases costs of the proceeding, and also because of the fact that the Law on Enforcement Procedure clearly provides that the bill of exchange is an authentic document. Practically, at the moment of the protest, funds in the natural person’s account are not seized, which means that by the time the enforcement procedure is instituted and the writ of execution becomes final the natural person has enough time to use funds in his account. This should be explicitly stated in the Bill of Exchange Act.

Bill of Exchange Act should be aligned with the provision of Article 138 of the LEP.

Bill of Exchange Act must allow the possibility for the bill of exchange to be signed by drawee and guarantor separately.

### **Benefit for Social Community**

Direct recovery using the bill exchange from natural persons’ account would mostly avoid institution of court proceedings, and thus relieve burden on courts.

The benefit is manifold: decrease in costs of the proceedings, more efficient recovery, prevention of ill-intentioned use of assets by the debtor aimed at making the recovery of claims impossible, protection of the right to assets guaranteed by the Constitution aimed at satisfying existential needs, protection of guarantor’s right and possibility to recover claims within the deadline provided by law.

## **2.4. LENGTHINESS OF COURT/ ENFORCEMENT PROCEDURE**

### **Current issue**

In their business, commercial banks face problems reflected in lengthy court / enforcement proceedings, which are particularly prominent at large courts with a greater number of cases and probably a great number of backlogs in deciding upon court cases from a previous period. It directly affects the possibility to recover outstanding pecuniary claims, periods of recovery of claims, bank's financial position etc. Besides, the long duration of court proceedings leads to various changes on the debtor's side, which can also result in additional complications related to the course of enforcement procedure and certainly slows down the forced collection process. One should also mention the effect of the duration of enforcement procedure on the status of collateral, i.e. its value, since the value of the collateral decreases, the assessed values of the subject of enforcement become outdated due to the time delay between the assessment and the moment of sale, which is particularly true of movable property due to amortization, removal from inventory and other circumstances that affect the status of subjects of enforcement and their evaluation. The similar is true of securities and other subjects of enforcement, although one should have in mind specifics of each of these subjects of enforcement, where consequences are reflected in different ways. Only a fast and simple enforcement procedure guarantees the efficient recovery of banks' outstanding claims and closure of disputable positions, which in turn has a favourable effect on banks' business performance and functioning.

### **Example from practice – conditions in BiH**

This subject matter is regulated by the Law on Enforcement Procedure of FBiH and Law on Enforcement Procedure of RS.

Although these laws on enforcement procedure provide that the enforcement procedure is urgent and that legal remedies invoked

against the writ of execution do not postpone the enforcement, it frequently happens in BiH that in enforcement procedures against debtor's movable and immovable property courts do not act pursuant to provisions of these laws. The current courts' practice is to wait for the writ to become final and then start other procedural actions such as assessment and seizure of movable property and assessment and probate sale of real estate.

Laws on Enforcement Procedure of FBiH and RS entrust court bailiffs with significant powers, such as seizure, assessment and sale of movable property, handing over and vacating real estate, etc.

However, in practice there are various problems related to the work of court bailiffs, especially when it comes to seizure and assessment of movables, as bailiffs are unqualified to make an assessment of the seized property, or generally to identify the property that should be seized, often unreasonably requiring the involvement of court experts to identify the moveable property subject to seizure and make the assessment thereof. This unnecessarily increases the costs and extends the duration of the proceedings. This is particularly evident in the enforcement procedures against industrial equipment and vehicles, where bailiffs, as a rule, seek the involvement of court experts.

Court bailiffs are often very inefficient as some of the actions are significantly delayed or even suspended in case the defendant files an objection. It should also be noted that the number of bailiffs is not adequate compared to the number of court cases. In RS it is allowed to engage contractual enforcement officers holding the same powers as the court-appointed bailiffs; however, this applies only to cases initiated in connection with the collection of utility claims and therefore the appropriateness of such a solution is debatable as it does not expedite the actions pursued by the court bailiffs related to the debt collection in commercial enforcement cases.

The procedure of forced collection from the aspect of banking sector's business interests is regulated by provisions of Entity laws on enforcement

procedure, as well as by laws which regulate the proceedings according to which courts execute forced recovery of claims based on enforcement and authentic documents, provided that it is not differently regulated by a separate law. These laws, which are part of the project of the reform of BiH judicature, achieved a certain breakthrough in terms of better legal solutions for carrying out the procedures of forced collection aimed at expediting the procedure, focus on the efficiency of collection, prevention of solutions that delayed the procedure and inappropriately protected debtors in the procedure of forced collection etc. Laws provide urgency of actions (although such a solution was defined in the previous law as well), in the sense that in the proceedings related to enforcement the court acts expeditiously handling cases in order in which they were received, unless the nature of a claim or special circumstances require a different action. The law also defines strict deadlines for court proceedings, with the requirement for courts to honour them as a rule; however, it rarely happens. This is the case with the deadline of eight days for the decision on the motion to enforce or the deadline of fifteen days for the ruling on an objection, which starts from the day of fulfilment of conditions for ruling on the objection. Other legal solutions aimed at shortening deadlines, simplifying the procedure and other provisions and solutions brought about certain improvements in the procedure of forced collection. However, it is because the previously defined deadlines can also be described as consultative since it is provided that courts, as a rule, decide within these deadlines while on the other hand there are no consequences for failure to comply with these deadlines that, as a rule, these court proceedings unnecessarily last for several years and lead to consequences described in the beginning of the section.

## **Experiences from neighbouring countries**

### **Practice in the Republic of Croatia:**

Enforcement procedure is instituted by filing a motion to enforce with the court or notary public. Based on the motion to enforce, the court or notary public renders the writ of execution and delivers it to the parties.

Parties are entitled to file an appeal against the writ of execution within eight days (in some cases within three days) starting from the day of the receipt of the writ. The appeal is filed with the court that rendered the writ of execution.

It should be noted that potential appeal does not postpone the execution of enforcement.

### **Practice in the Republic of Serbia:**

Since 1 July 2016, Serbia has been applying the new Law on Enforcement and Security, which introduced significant and numerous changes in the enforcement procedure. The most important reasons for enacting the new Law were the following: poor efficiency in enforcement procedures, a great number of initiated and unsolved cases at courts, lack of the uniform court practice, as well as creditors' (as well as debtors') dissatisfaction with systemic solutions for carrying out the enforcement.

The most important conceptual novelty of the Law is that in most cases the enforcement is not carried out by court but rather by public enforcement officer. The court has exclusive authority for conducting the enforcement only in four types of enforcement procedures: enforcement by joint sale of immovable and immovable property; enforcement of claims that involve acts, omissions or suffering; enforcement of decisions regarding family matters; and enforcement by returning an employee to work.

The most significant novelty with respect to the process of enforcement procedure is the introduction of two-instance procedure. Pursuant to the new Law, an appeal is the basic legal remedy for annulment of decisions of court or public enforcement officer. Objection as a legal remedy is preserved with a limited application and it can be filed against a writ of execution based on an authentic document and against procedural decisions rendered by the court or public enforcement officer during the proceedings. The Law extends the deadline for filing the appeal and objection to eight days (instead of the previous five working days).

The Law should contribute to the efficiency and urgency of enforcement procedure since it binds the second-instance court, when dismissing an appeal against the writ of execution, to modify the writ being appealed and resolve the case in this way. Thus, the second-instance court no longer has the possibility to annul the first-instance writ and return the case to the first-instance court for re-examination; rather, the judgment of a second-instance court is considered final.

Legislation in the area of forced collection is a permanent subject of discussion in neighbouring countries as well, with conflicts between interests of creditors' protection and allowing fast and efficient recovery on the one hand and, on the other, protectionist interest in debtors' favour, which strives to protect their position in the enforcement procedure by given legal solutions, particularly in the context of exemption from enforcement and limitation of enforcement.

Such discussions resulted in certain solutions in the neighbouring countries, such as forced collection of pecuniary claims through defined institutions such as financial agencies (Republic of Croatia) and similar ones, which in turn contributed to faster and more efficient implementation of forced collection. Although such solutions require considerable infrastructural investments and a comprehensive change of substantive legal regulations, we believe that these solutions should be considered and implemented in BiH in the near future.

### **Proposal for a possible solution**

Provisions of the Law on Enforcement Procedure pertaining to the assessment and seizure of movable property should be amended so as to provide that inventory and seizure of movable property is conducted immediately upon rendering the writ of execution, regardless of possibly invoked legal remedies. It is necessary to ensure education and specialization of court bailiffs to enable them to independently conduct seizure and assessment of movable property. In the FBiH, it is necessary to adopt a rulebook implementing the provision of Article 46.a) of the Law on Courts, which provides that court bailiffs must



have passed the professional exam. In addition, a similar provision should be included in the Law on Courts of RS and supported by similar implementing legislation. It is advisable to introduce the legal construct of private enforcement officers, who would be encouraged and trained to carry out enforcement procedures quickly and efficiently in accordance with the enforcement decisions rendered by the courts, or to significantly increase the number of court bailiffs.

Besides, it is recommended to consider options that proved to be efficient in comparative legal systems (e.g. in Croatia and Serbia), where part of the enforcement procedure, i.e. case, is conducted by separate categories of public services. In the case of Bosnia and Herzegovina, it would be the concept applied by the Republic of Croatia, where part of the competences in the enforcement procedure has been transferred to the domain of public notaries' activities. Such practice would not clash with the positive legal framework of Bosnia and Herzegovina, since the same concept is applied for procedures relating to inheritance matters. An example of the described practice proved to be an efficient instrument of relieving the burden on courts and expediting such procedures.

The followings section provides proposals related to amendments to the existing legislation which could serve as a basis for expediting the procedure of forced collection:

- Although the LEP prescribes the obligation of courts to act expeditiously, it is not the case in practice. It is necessary to clearly define deadline within which the court must complete the enforcement procedure counting from the day of receiving the motion to enforce (and in this sense also redefine provisions on deadlines for rendering decisions upon the motion to enforce, objection and appeal);
- Legally define the right of enforcement creditor who owns an enforcement or authentic document to directly submit requests for data validation to competent authorities before instituting the enforcement procedure. The authorities should provide these data to expedite the enforcement;

- In defining the authenticity of documents, it should be noted that it is a bill of exchange without protest and return invoice if these are necessary as a basis for the claim;
- Leave out of the LEP the possibility of holding a consultative meeting about defining the way of assessing the value of real estate as the subject of enforcement;
- Shorten the time period that should elapse from the publication of decision on sales on the court bulletin board to the day of the sale;
- When providing security, specify that, in case of abandoning the purchase, the resources are kept and become revenue of the budget to ensure the seriousness of the bidders who delay the enforcement procedure due to abandoning the purchase they actually never intended to make;
- Provide, in the LEP, that if no bidder appears at the auction, the court shall schedule a new auction for the sale of real estate without delay;
- Deadlines for paying the selling price can be shortened; however, it should be clearly defined that the sale is not limited to the first three bidders but rather to the last one on the list of bidders who pays the selling price, or to the enforcement creditor who is typically not bound to deposit this amount, with a prior proposal that the security is not remitted;
- Sale of real estate in the enforcement procedure can be shortened to two auctions with the redefinition of minimum prices compared to the assessed value that can be offered at the auction;
- The possibility can be considered that a legal norm clearly provides that, regardless of who is the buyer of the subject of enforcement, the enforcement creditor is considered as remunerated for the assessed value of the subject of enforcement or in another way, to prevent different practices by courts and the need to invoke legal remedies that affect the duration of procedure;

- In the case of unsuccessful seizure of movable property, it should be provided that the enforcement creditor is bound to propose a new subject and means of enforcement within one month from the action if he participated in it, or from the court notification if he has not. This is the way to avoid decisions on the three-month deadline and proposing a new seizure which, in case of failure, results in the dismissal of enforcement;
- Define deadlines for postponing the enforcement and limit the number of such requests to expedite the procedure.

### **Consequences of the implementation of amendments to legislation**

The result of amendments to legislation as defined above would certainly have a positive effect on the legal position and status of commercial banks in forced collection procedures. The amendments would allow a faster and more efficient procedure of forced collection, which would be beneficial to banks as creditors in the sense of allowing faster and more efficient recovery of claims from collaterals, the value of which would be fairly up-to-date compared to the reference value assessed within the procedure. It would close banks' disputable positions related to outstanding receivables and allow better business performance and cash flows; on the other hand, debtors could not object to this solution since over the elapsed period of time their payables are increasing due to the default interest and it becomes more difficult to fulfil them.

### **Addendum – efficient judiciary – trial in a reasonable time**

One of the fundamental principles of the Constitution of BiH is the provided right to a fair trial, i.e. right to a fair hearing in civil and criminal cases; thus, this right is protected by the Constitutional Court. The key element of the right to a fair trial is the right to finalization of proceedings within a reasonable time; it is to this part where attention should be drawn when one discusses judiciary in BiH and its effect on economy and the banking sector as constituent part of economy. It is necessary to ensure all conditions for court decisions

to be reached as fast as possible, particularly within a reasonable time, for court practice to be clear, proper, based on law and Constitution, uniform without any arbitrariness and violation of the principle of legal certainty. Besides reaching decisions within a reasonable time, it should be possible to enforce them, since it is only in this way that they make sense, i.e. ensure rights recognized to the parties.

Similar to the Law on Enforcement Procedure, the Civil Procedure Codes of RS and FBiH require courts to prevent any abuse of the parties' rights during the proceedings and to conduct the proceedings within a reasonable time, without delay and at least cost. They also require courts to handle lawsuits efficiently, in a timely manner and within strictly prescribed deadlines. This, in turn, affects parties' discipline, concentration of the proceedings, ban on the abuse of process authorities, etc. However, it frequently happens that proceedings take years, that one has to wait for a long time for enforcement of court decisions, sometimes to the point when they no longer have any meaning for the creditor in these court proceedings since the wait precludes the protection of asset positions, stable financial situation and, fairly frequently, survival in the market. The Civil Procedure Codes have been applied for a long time already and one can certainly observe certain areas that should be improved to make the procedure far faster and more efficient, which is in the interest of all participants in the obligation, i.e. parties to the proceedings. It should certainly be noted that even things that are normatively properly regulated work quite differently in practice. It certainly applies to very different, i.e. disparate court practice, which leads to legal uncertainty in initiating obligatory relations and their implementation, and in court processing of disputable requests, where even the highest-instance courts sometimes have completely opposite views on the application of law in the same or similar situations. A breakthrough was achieved by amendments to civil procedure legislation, which made it possible to submit a request for adopting general legal positions in matters for which such mechanism can be initiated, although additional steps should certainly be taken in both the normative and the practical sense.

There are certain activities, which should by all means be continued; according to available information, these are activities directed to improvement of the efficiency of the judiciary and reflected in enacting the Ordinance on time frames for handling the cases in the courts and prosecutors' offices in Bosnia and Herzegovina, the Rulebook on referential criteria for the work of judges and expert associates in BiH Courts and, previously, the 2014-2018 Action Plan for HJPC BiH and the 2014-2018 Strategic Plan of the HJPC BiH, although with an evident lack of specific sanctions in case of non-compliance with the provided criteria.

Some neighbouring countries have introduced, in their respective legal systems, legal constructs of the request for a fair trial, i.e. trial within a reasonable time by means of separate pieces of legislation. This option should certainly be considered in the context of possible proposals for amendments to BiH legislation. It is necessary to increase the responsibility of judges and their supervision by court management, clearly define sanctions for cases of non-compliance, which will in turn lead to removing inactive judges from the judiciary network and, as a general prevention measure, assign the court cases to other judges who will decide upon them within legal deadlines.

HJPC should work on further elimination of case backlogs, though not in the way that processing old cases creates sets of cases with the same qualifications out of new cases. Besides, it should employ a larger number of expert associates on processing such cases, assign cases to less burdened courts, etc. The way and organization of courts' operations should be the focus of interest and potential changes, since in this area there is certainly a space for considerable improvements of efficiency, responsibility and promptness.

### **Benefit for social community**

Alignment, i.e. changes of court practice will allow faster finalization of enforcement procedures, which will in turn create legal certainty and more favourable business climate for businesses. Introduction of the

described examples from the region would also disburden courts, which would in turn allow faster and more efficient work on other kinds of cases.

In the context of banks, regulation of this subject matter creates essential prerequisites for a significant decrease of the share of nonperforming loans through faster collection, which in turn disburdens balance sheets and opens the possibility of a greater potential for lending to economy and individuals. Additionally, better rates of recovery of claims that would ensue from faster enforcement procedures create a basis for a decrease of requests for collaterals from clients, which also has a favourable effect on lending potential.

## **2.5. INTRODUCING THE POSSIBILITY TO POSTPONE ENFORCEMENT OF FINAL JUDGMENT UNTIL THE RULING OF SUPREME COURT UPON REVISION**

### **Current issue**

Postponement of enforcement procedure, as well as the time for which the postponement can be requested affects the time, speed and efficiency of the finalization of enforcement, and thus the final recovery of claim by the enforcement creditor.

Despite this fact, it is necessary to reasonably and fairly protect all the participants in the procedure, including the enforcement creditor, debtor, and third parties defined as such by the procedural law.

Nevertheless, the Law on Enforcement Procedure of FBiH, Law on Enforcement Procedure of RS and Law on Enforcement Procedure of Brčko District of BiH fairly scantily or narrowly define conditions for the postponement of enforcement, and the time for which the enforcement may be requested. Practice has thus witnessed the possibility of lasting and irreparable damage for the creditor, which

is reflected in the fact that the enforcement is conducted based on the final court decision against which an extraordinary legal remedy has been invoked. In this case, it sometimes happens that the debtor succeeds with revision, while legal consequences of this legal success occur only after the enforcement procedure has been completed (even a year after the completion of enforcement) and the enforcement creditor has recovered the claim.

In such situations, due to the absolute limitation, the debtor does not have the possibility to file a motion for counter-enforcement and is forced to lodge a new civil procedure against the enforcement creditor, in which he will request the recovery of funds (or other subjects of enforcement) on the legal grounds of unjustified enrichment. It is only after the success in the civil procedure and expiration of the voluntary obligation fulfilment deadline in case of non-performance that he is forced to institute the enforcement procedure, only if the previous enforcement creditor has, in his ownership, assets that are appropriate for the subject of enforcement and recovery.

For the debtor, and without any fault of his, all this requires additional costs that are reflected in costs of court fees, remuneration for experts' reports, lawyers' fees (if a lawyer is hired) and ultimately the impossibility of recovery if the previous enforcement creditor does not own the assets.

One of the key and continuously highlighted problems faced by citizens and investors in Bosnia and Herzegovina is the inefficient judiciary system, which is reflected both in the duration of court proceedings and in the quality of court judgments. Complex organization of judiciary, which resulted in the establishment of a great number of first-instance and second-instance courts, and appointment criteria that do not include expertise as a prerequisite resulted in the devaluation of the quality of court practice.

It frequently happens that lower-instance courts pass a judgment with very significant, financial effects, which is later overturned and reversed

by the Supreme Court on the basis of the extraordinary legal remedy of revision. If such a court judgment that is overturned has already been enforced, a new legal relationship between the same parties is formed, now with changed roles. If the party that has recovered something based on the overturned judgment does not want or does not have assets to return the recovered subjects, a situation arises where the court, by passing an erroneous judgment, allowed unjustified enrichment to one party, while it no longer protects the injured party.

Such a situation opens the issue of responsibility of the level of authority which the court whose judgment has been overturned belongs to, for indemnification of the party injured by the decision. Indemnification would thus resolve the injustice done to the injured party but would not solve the problem of unjustified enrichment of the other party, and would open a series of other issues, such as the sufficiency of budget for such indemnifications, jeopardizing other public investments and financing etc.

The described problem is possible because there is no way to postpone the enforcement of the final court decision.

### **Example from practice – conditions in BiH**

Law on Enforcement Procedure of FBiH regulates the postponement of enforcement in Articles 60 and 61 respectively, as follows:

#### **Article 60. Postponement of enforcement on motion of an enforcement creditor**

1. If the law does not provide otherwise, enforcement may be conducted fully or partially only on the motion of an enforcement creditor if conducting the enforcement has not yet commenced. If more than one enforcement creditor participates in the enforcement procedure and only some of them request the postponement, the court shall postpone the enforcement only with respect to the given enforcement creditor.



2. If conducting of the enforcement has commenced, and the enforcement debtor has objected to postponement within the time limit set by the court, the court shall decide upon the validity of the motion to postpone.
3. If the law provides that enforcement must be requested within a stated time period, the enforcement creditor may file a motion for postponement within that period.

### **Article 61. Period of Postponement of Enforcement**

1. The court shall postpone enforcement for the period requested by the enforcement creditor or for the period which is deemed justified according to the circumstances of the case.
2. If an enforcement creditor has filed a motion to postpone the enforcement in a case where the law provides that enforcement shall be required within a prescribed time period, enforcement shall not be postponed beyond that period.

Law on Enforcement Procedure of Republika Srpska regulates postponement of enforcement in Articles 60. and 61. almost in an identical way as the Law in FBiH, except that there is paragraph (2a) added to Article 60. – highlighted in red and pertaining to the fact that an enforcement creditor may request the postponement of enforcement only once. Thus, postponement in this Entity is regulated as follows:

### **Article 60. Postponement of enforcement on motion of an enforcement creditor**

1. If the law does not provide otherwise, enforcement may be conducted fully or partially only on the motion of an enforcement creditor if conducting the enforcement has not yet commenced. If more than one enforcement creditor participates in the enforcement procedure and only some of them request the postponement, the court shall postpone the enforcement only with respect to the given enforcement creditor.
2. If conducting of the enforcement has commenced, and the enforcement debtor has objected to postponement within the

time limit set by the court, the court shall decide upon the validity of the motion to postpone.

- 2a. An enforcement creditor may file a motion to postpone the enforcement only once, within a reasonable time period, which will be assessed by the court in each actual case.
3. If the law provides that enforcement must be requested within a stated time period, the enforcement creditor may file a motion for postponement within that period.

### **Article 61. Period of Postponement of Enforcement**

1. The court shall postpone enforcement for the period requested by the enforcement creditor or for the period which is deemed justified according to the circumstances of the case.
2. If an enforcement creditor has filed a motion to postpone the enforcement in a case where the law provides that enforcement shall be required within a prescribed time period, enforcement shall not be postponed beyond that period.

Law on Enforcement Procedure of the Brčko District of BiH defines the postponement of hearing in somewhat more detail than Entity laws, in Articles 72-77., as follows:

### **Article 72. Postponement of enforcement on motion of an enforcement creditor**

1. If the law does not provide otherwise, enforcement may be conducted fully or partially only on the motion of an enforcement creditor if conducting the enforcement has not yet commenced. If more than one enforcement creditor participates in the enforcement procedure and only some of them request the postponement, the court shall postpone the enforcement only with respect to the given enforcement creditor. An enforcement creditor may file a motion to postpone the enforcement only once, within a reasonable time period, which will be assessed by the court in every actual case.

2. If conducting of the enforcement has commenced, and the enforcement debtor has objected to postponement within the time limit set by the court, the court shall decide upon the validity of the motion to postpone.
3. If the law provides that enforcement must be requested within a stated time period, the enforcement creditor may file a motion for postponement within that period.

### **Article 73. Denying the motion to postpone enforcement**

The court shall deny a motion to postpone if the enforcement creditor has not provided guarantee for the damage that the enforcement debtor or a third party may suffer due to conducting the enforcement.

### **Article 74. Postponement of enforcement based on the parties' consent**

If the enforcement creditor and enforcement debtor address the court with a consented motion to postpone the enforcement, the court shall allow the postponement without examining whether the prescribed prerequisites exist.

### **Article 75. Postponement of enforcement upon third party motion**

1. Upon a motion by a party that requested the enforcement against a given subject to be proclaimed illicit, the court shall postpone the enforcement relating to the subject, if the party proves the authenticity of their right, and proves that the enforcement would cause irreparable or hardly reparable damage, under the condition that the party institutes the civil proceedings they have been referred to within the prescribed time period.
2. In the case from paragraph 1 of this Article the court can condition the postponement of enforcement with providing guarantee, upon the enforcement creditor's proposal.

## **Article 76. Period of postponement of enforcement**

1. The court shall postpone the enforcement for the period defined by the enforcement creditor, or for a period which is deemed to be justified, having in mind the circumstances of the case.
2. If an enforcement creditor has filed a motion to postpone enforcement in a case where the law provides that enforcement shall be required in a prescribed time period, enforcement shall not be postponed beyond that period.

## **Article 77. Continuing a postponed enforcement**

1. A postponed enforcement shall be continued ex officio following the expiration of the period of postponement.
2. Upon a motion by the enforcement creditor, a postponed enforcement continues before the expiration of the time period for which it has been postponed.
3. If the enforcement creditor does not file a motion for the continuation of enforcement procedure after the deadline of thirty (30) days has expired starting from the expiration of the period for which the enforcement was postponed, the court shall terminate the enforcement.
4. It can be seen that the Law of Brčko District, in Article 75., additionally and increasingly protects the third party, though only under the condition that the party proves the authenticity of their claim, and the condition of instituting civil proceedings.

Courts and legislation do not recognize the possibility of postponing the enforcement of a final court judgment until the judgment has been rendered upon a motion for revision filed with the Supreme Court. Such a solution has proved to be inadequate and unacceptable in practice, since it leaves the possibility of abuse by dishonest persons. Indeed, it frequently happens that such persons “hide” the assets they acquired based on the overturned court judgment and that the person who had to unfoundedly pay something upon a court judgment cannot recover the amount.

There is a well-known example from practice where in only two litigations, based on second-instance judgments that were later overturned, and through the enforcement procedure, an investor had to pay several millions of BAM, which he could not recover later, when these judgments were overturned by rulings of the Supreme Court. Both judgments had a significant financial effect and as early as at the time when they were delivered it was clear that if these judgments were overturned in the revision procedure the debtor would not manage to recover what he had paid based on these court judgments. However, the legal system did not provide any legal protection in such a case. This is what happened in both cases: when judgments that were the grounds for payment were overturned, persons who became rich in an unjustified way did not want to return the funds, nor did they in the formal legal sense any longer own the assets that would allow the recovery. The reason for the impossibility of recovery in such a case can include other objective circumstances as well: the debtor is illiquid, accounts have been blocked, bankruptcy proceedings have been instituted, the debtor is not accessible to BiH authorities, etc.

This is the very situation where it would be necessary to have the possibility to postpone the enforcement of final court judgment until the Supreme Court decides upon the motion for revision. The Supreme Court is the court which, by the history of its activity and the level it has in the organization of judiciary, stands out by the founded and consistent application of regulations. For this reason it would be necessary to provide it with the possibility to postpone the enforcement of the court decision that should be re-examined through an extraordinary legal remedy, so that the occurrence of damage could be prevented if it finds that such a decision is ungrounded.

### **Experiences from neighbouring countries**

For the purpose of this analysis, procedural regulations pertaining to enforcement procedures in the neighbouring countries, more precisely in Croatia, Serbia and Montenegro, were taken into consideration.

The Republic of Croatia regulated this issue and additionally protected the enforcement debtor in the way that allows postponement of enforcement until the finalization of the procedure upon the extraordinary legal remedy (appeal and request for the repetition of proceedings). This issue is regulated by Articles 65, paragraph 1, point 1., and Article 70., paragraph (1) of Enforcement Act:

**Article 65. Postponement of enforcement on a motion of enforcement debtor**

1. Upon the motion of the enforcement debtor, the court may postpone enforcement either in part or as a whole if the enforcement debtor makes it probable that he would suffer irreparable or nearly irreparable damages as the result of enforcement, or if he makes it probable that such postponement is necessary to prevent violence:
  1. if a legal remedy has been filed against the decision based on which the enforcement was ordered.

Thus, this article uses the term “legal remedy” as a general term, without specifying whether it is a regular or extraordinary legal remedy, and it can be concluded that it includes both. Still, any dilemma is resolved in Article 70., which provides that it also includes the extraordinary legal remedy (revision and request for the repetition of proceedings).

**Article 70. Duration of postponement**

1. If enforcement is postponed because the enforcement debtor or a third party has filed a legal remedy, that is, an extraordinary legal instrument, the postponement shall last until the procedure further to such legal remedy or instrument has been finalized.

The Republic of Croatia has such a solution, which proved to be effective and necessary in practice. Such an example could be followed by practice in Bosnia and Herzegovina as well.

Serbia and Montenegro do not have a solution like Croatia, but have almost identically regulated conditions for the postponement of enforcement, which in a way provide legal protection to the enforcement debtor, and avoid permanent and inestimable detrimental consequences for him. Both the Law on Enforcement and Security of the Republic of Serbia and the Law on Enforcement and Security of the Republic of Montenegro in Article 71. regulate postponement as follows:

**Article 71. Postponement of enforcement on a motion by enforcement debtor for especially justifiable reasons**

Based on a motion of enforcement debtor, the court can, if the enforcement debtor makes it probable that conducting of the enforcement would cause irreparable or hardly reparable damage, fully or partially postpone the enforcement if:

1. at the request of enforcement debtor for annulling a decision of arbitration court on the basis of which the enforcement has been ordered the first-instance decision was rendered adopting the request;
2. at the request of enforcement debtor for cancelling the certificate of enforcement a first-instance decision was rendered adopting the request;
3. at the request of enforcement debtor for declaring the writ of enforcement null and void, a first-instance decision was rendered adopting the request;
4. a first-instance decision has been rendered finding that the enforcement is illicit.

The court may also, on the enforcement debtor's motion, fully or partially postpone the enforcement in cases when especially justifiable reasons exist, such as severe forms of health and social vulnerability.

Postponement of enforcement from paragraph 1 of this Article shall be conditioned by depositing a surety.

## Proposal for a possible solution

The proposal for a solution pertains to amendments to the Law on Enforcement Procedure in FBiH, RS and Brčko District of BiH respectively, so as to introduce the possibility for the court to postpone the enforcement on a motion by enforcement debtor, if the debtor makes it probable that conducting the enforcement would cause irreparable or hardly reparable damage, if he has invoked a regular or extraordinary legal remedy against the decision based on which the enforcement was ordered, though only under the condition that the debtor deposits a security.

Introduction of an additional condition for postponement in this case, which is reflected in depositing a security by the debtor, would prevent abuse of the possibility of postponement by the debtor in the form of delaying/prolonging the enforcement merely by invoking a regular or extraordinary legal remedy, including the revision. This would ensure equal protection of all participants in the procedure.

It is proposed that, only in justified cases, the Supreme Court should be able to order the measure of securing the postponement of enforcement until it has decided upon the filed motion for revision of the judgment which forms the grounds of enforcement, and that in such a case the Supreme Court should act speedily. The Supreme Court would order such a measure when the enforcement debtor makes probable the possibility of overturning or reversing the final judgment in the proceedings upon the motion for revision, and that there is a risk that the debtor may not be able to recover what he has paid if the motion for revision is upheld.

It would require amendments to the Law on Enforcement Procedure and Civil Procedure Code, as follows:

Proposal for amendments to the Law on Enforcement Procedure:

- a. Article 61. should be followed by Article 61.a), which provides:  
“In the proceedings upon a motion for revision, the enforcement debtor may request postponement of enforcement, whereby



the Supreme Court applies provisions of civil proceedings on ordering injunction of security measures.

- b. If the writ of postponement of enforcement is rendered, the Supreme Court shall also define the duration of postponement and deliver it ex officio to the competent executive court for implementation.
- c. Upon the receipt of the writ from paragraph 3 of this Article, the executive court shall make a conclusion postponing further enforcement and shall continue it, on the motion of enforcement creditor, upon the finality of judgment whereby the Supreme Court declares the writ of the postponement of enforcement null and void, or denies the debtor's motion for revision. The conducted enforcement actions remain in force until the continuation of enforcement procedure.
- d. If the Supreme Court upholds the motion for revision and annuls the judgment which is the basis of the motion for revision, it shall also annul the writ of enforcement, and order the termination of enforcement procedure. Upon the finality of this decision by the Supreme Court, the executive court will render a writ stating that the enforcement procedure has been suspended and thus terminate all the conducted actions."
- e. Delete paragraph 3. in Article 54.
- f. Paragraph 4. of Article 54. becomes paragraph 3, is amended and provides: "Enforcement debtor shall not exercise his claim in civil proceedings before filing a motion for counter-enforcement from paragraph 1. of this Article."

Proposal for amendments to the Civil Procedure Code:

- a. Article 239. is amended and provides as follows: "The filed motion for revision shall not delay the enforcement of a final judgment against which it is invoked, unless this Law provides otherwise."
- b. Article 268. is amended and provides as follows: "After the ruling on a statement of claim has become final the court

which would have jurisdiction to preside over the matter in the first instance shall be competent to decide on motion for security, except in the case from Article 273., paragraph 1), point 5. of this Law, when the motion for security is decided on by the Supreme Court.”

- c. In Article 273., paragraph 1), point 4) is followed by the new point 5) which provides as follows: “5) *postponement of the procedure* of enforcing a final judgment on the debtor’s motion until the rendition of the decision by the Supreme Court upon the invoked revision by the debtor;” The previous point 5) becomes point 6).
- d. In Article 280., a new paragraph 3) is added, which provides as follows: “(3) Security measure from Article 273., paragraph 1) point 5) is submitted to the Supreme Court, with the filed motion for revision or after filing the motion for revision, until the enforcement has been conducted.  
(4) The procedure of deciding on the motion for security measure from paragraph 3) of this Article is urgent and the Supreme Court shall decide upon the motion within eight days starting from the day of filing the motion, which cannot be separately appealed.  
(5) If the Supreme Court orders a security measure from Article 273., paragraph 1) point 5) it will act urgently in the process of deciding upon the motion for revision.”

## **Benefit for social community**

If the law were amended in the proposed way, the benefit for social community would be evident, in the form of a decrease of the number of court proceedings which are expensive and include both financial costs and costs in terms of usurpation of human resources – judges, experts, lawyers, and wasting of time and money of parties in the court proceedings. Besides, the solution would contribute to the efficiency of the judiciary, its rationalization and would create trust in legal certainty.

It contributes to more efficient implementation of the principle of rule of law and legal certainty, prevents unjustified enrichment and damage caused by court decisions, as well as potential leaks from the budget due to indemnification for ungrounded court decisions.

## 2.6. LEAVING THE COUNTRY

### Current issue

The right to leave the country is prescribed by a number of documents of international character, as one of basic human rights, as follows:

Article 2. of Protocol 4 with the European Convention on Human Rights provides “Everyone shall be free to leave any country, including his own.

No restrictions shall be placed on the exercise of those rights other than such as are in accordance with law and are necessary in a democratic society in the interests of national security or public safety, for the maintenance of *ordre public*, for the prevention of crime, for the protection of health and morals, or for the protection of the rights and freedoms of others. These rights may also be subject, in particular areas, to restrictions imposed in accordance with law and justified by the public interest in a democratic society.”

Article 12 paragraph (2) of the International Covenant on Civil and Political Rights provides as follows: “2. Everyone shall be free to leave any country, including his own. The above-mentioned rights shall not be subject to any restrictions except those which are provided by law, are necessary to protect national security, public order (*ordre public*), public health or morals or the rights and freedoms of others, and are consistent with the other rights recognized in the present Covenant. Obligation of the states are: to issue documents and refrain from raising obstacles for the individual who wants to leave.

Article 13, paragraph 2 of Universal Declaration of Human Rights: “Everyone shall have the right to leave any country, including his own, and to return to his country.”

It is evident that this right is included in most instruments for protecting human rights and its aim is to secure the possibility for people to move freely, as well as to leave the country where they are. States have the right to place restrictions to the right to leave; however, such restrictions must be necessary. European Court for Human Rights have a great jurisprudence in terms of this right, as well as of the freedom of movement at the local level and restrictions that states place on this right.

In BiH, an increasing number of people leave the country for economic, political or other reasons, temporarily or permanently, particularly in the period of the liberalization of visa regime, which has made it far easier to leave the country.

The question that arises is how to secure fulfilment of obligations in accordance with the conditions provided for in the contract, i.e. how to ensure repayment of the main debt and payment of interest by clients, i.e. which actions should be taken in the case of forced recovery of claims.\*

Since payments from abroad incur higher costs of money transfer, they can be an additional obstacle for paying liabilities in this way. With this in mind, if the banks want to allow voluntary payment, they should consider all the options which may ensure servicing the liabilities, such as:

- Allow payment by third parties;
- Modify the schedule of instalments so as to adjust it to the client’s capabilities;
- Others.

If there is no good will on the debtor’s side for voluntary payment of liabilities and if he leaves the territory of BiH, banks have the option

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\*See graphs on page 15

to conduct activities aimed at enforcing the collection of their claims using means of security.

Legislation pertaining to this area: Law on Permanent and Temporary Residence of Citizens of Bosnia and Herzegovina, Bill of Exchange Act, Law on Obligatory Relations and Law on Enforcement Procedure.

### **Example from practice – conditions in BiH**

If a debtor does not pay his liabilities, banks primarily take actions aimed at recovering their claims by means of out-of-court collection.

In the process of out-of-court collection, the aim is to acquire all possible information (from family members, co-debtors, guarantor etc.) including:

- Destination country / address of permanent or temporary residence (to which letters could be mailed – banks/court summons, notices, etc.)
- Contact phone number
- Period of absence
- Capability to make payments
- Other significant pieces of information

If no adequate results are achieved in the process of out-of-court activities, depending on the subject which can be used to recover the claim, court proceedings are instituted before the competent court, as follows:

If the subject of enforcement is movable or immovable property owned by the debtor who left the territory of BiH, there are no obstacles for conducting the enforcement procedure. If the address to which letters can be mailed is not known, court actions are published, which leads to additional costs of the enforcement procedure, or a temporary proxy is appointed.

If there is no subject of enforcement, the bank should procure a final and enforceable judgment before a competent court in BiH, and request its recognition in the country of the debtor's residence.

The process of the recognition of a court decision and its enforcement is conducted pursuant to relevant regulations of the given country, by lawyers who represent the bank's interests as proxies. In this case, the key pieces of information the bank should obtain to achieve its goal and to justify the costs of the procedure in another country are:

- Address of permanent or temporary residence
- Source of income (is it undeclared work, social-welfare based income etc.)
- Ownership over movable or immovable property

Some courts allow the possibility of seizing travel documents belonging to debtors. In some cases, it proved to be a safe way of recovering claims, since debtors cannot leave the territory of BiH; however, this option opens the issue of the protection of this right prescribed by documents of international character.

Additionally, there is the problem of dual citizenship, when the debtor can use the other country's documents for traveling and ultimately acquire the citizenship of the other country and renounce the citizenship of Bosnia and Herzegovina.

The procedure of the recovery of a claim if the debtor moves abroad is lengthy and cost-consuming, with an uncertain outcome, and the recovery should therefore be based on intensive activity on out-of-court collection with a strategy applicable for each individual case, such as communication with family members, modifications of payment etc.

Since based on the obtained judgments the enforcement procedure can be instituted within ten years, and in this period one can acquire the right of ownership over real estate, movable property, income (inheritance, purchases, right to pension etc.) in the territory of

BiH, it is necessary to perform periodical checks with competent registries, and in line with the findings determine the further process of enforcement.

### **Experiences from neighbouring countries**

All neighbouring countries are facing a similar problem.

The EU member states are in a somewhat better position in terms of permanent emigration to one of the EU countries, since it is a single economic area. However, in such cases costs of looking for the address and conducting the procedure are high, and activities are mostly based on conducting out-of-court actions.

With respect to the right guaranteed both by internal regulations and by international documents, in the process of restricting this right the ECHR passed the decision in the case *Gochev v. Bulgaria* of 2009 pertaining to the prohibition to leave the country rendered for the purpose of collecting a debt. The Court accepted that, in general, such a prohibition can be in accordance with Article 2. of Protocol 4 with the Convention as long as it is justified and lasts only so long as it furthered the pursued aim of guaranteeing recovery of the debts in question (paragraph 49). However, the Court found that Mr Gochev had been subjected to measures of automatic nature, with no limitation as to their scope or duration and that, therefore, they had not been justified and proportional to the legitimate interest they were supposed to achieve.

Banks from neighbouring countries as enforcement creditors basically rely upon the existing means of security and out-of-court recovery. They very rarely opt for activities out of the country borders, since in most cases these are debtors who do not have assets in a foreign country that could be the subject of enforcement and who left their country for existential reasons. Comparison of the costs and time needed for such activities to the uncertainty of the outcome leads to the question as to whether they are meaningful.

## Proposal for a possible solution

- Increase fines for natural persons who do not register with DCO pursuant to Law, and establish efficient exchange of information about them between court authorities in BiH.
- Procure agreements on the recognition of court judgments with several countries, particularly with the EU countries.
- Agency for Identification Documents of BiH keeps and maintains central records of data on BiH citizens' temporary and permanent residence. Citizens who permanently settle abroad or who stay abroad more than three months deregister, at the appropriate diplomatic-consular office, their residence in BiH and register the place of residence abroad. If they do not intend to permanently reside in the country where they are currently staying and if they have effective contacts with BiH (e.g. if they have family or family members in BiH, or a house, apartment or own an enterprise, etc.), they are not bound to deregister their residence in BiH, they can keep their ID card of BiH citizen but are bound to register the place of their temporary residence abroad with the competent diplomatic-consular office, where they receive consular and other services.
- Since the appropriate diplomatic consular mission has information on the temporary or permanent residence, legitimate creditors should have access to this information.
- Ensuring restrictions of movement pursuant to local regulations and international documents.

## Benefit for social community

Regulation of this issue is a prerequisite for the functioning of law and ensuring legal certainty of the creditor and the debtor, as well as for the protection of guarantors and co-debtors, who assume banks' claims from users who have left the country.



# 3

## FOREIGN EXCHANGE OPERATIONS

# 3

## FOREIGN EXCHANGE OPERATIONS

### 3.1. NATURAL PERSONS' INVESTMENTS ABROAD

#### Current issue

Amendments to the Law on Foreign Exchange Operations of FBiH / RS and to the Law on Foreign Trade Policy of BiH.

#### Example from practice – conditions in BiH

Discrepancy between legal provisions in Entity Laws on Foreign Exchange Operations and the Law on Foreign Trade Policy of BiH pertaining to the right to invest and investing abroad (legal and natural persons).

Entity Laws on Foreign Exchange Operations provide that: “Residents may freely make payments and transfers of capital based on acquisition, sale and liquidation of direct investments abroad without any restrictions only if the transaction is registered and carried out in accordance with foreign trade transactions law.” In the Law on Foreign Trade Operations, the term ‘resident’ includes both legal and natural persons. However, since the Law on Foreign Trade Policy of BiH sets forth only conditions for legal persons, it is impossible for residents – natural persons to make investments, which is contrary to recommendations and directives of the EU on the free movement of capital, which in turn were the motive for amendments to Entity Laws on Foreign Exchange Operations.

Entity Laws on Foreign Exchange Operations provide that Entity Governments prescribe conditions for personal and physical transfers

in foreign means of payment and local currency. Since no regulation has so far been enacted that defines the conditions for personal transfers, commercial banks are faced with problems when defining and processing orders based on personal transfers.

Due to the described discrepancy, if a natural person in BiH wants to invest, establish, buy a share or recapitalize an enterprise abroad, the process becomes more complex since various allowed options have to be found between the local investor – natural person and the seller, co-investor, or co-founder abroad.

### **Experiences from neighbouring countries**

To the best of our knowledge, there is no discrepancy between legislation in the neighbouring countries in this respect.

### **Proposal for a possible solution**

It is necessary to align BiH regulations pertaining to foreign-trade policy so as to include both natural and legal persons as subjects in the part of the text “Commercial activities abroad”.

### **Benefit for social community**

The benefit is manifold.

## **3.2. PURCHASING EQUIPMENT ABROAD WITHOUT IMPORT TO BiH**

### **Current issue**

Problems with paying for the equipment purchased abroad which will not be imported to BiH.

### **Example from practice – conditions in BiH**

#### **Article 17. of the Law on Foreign Exchange Operations of FBiH**

A resident may effect payments in order to acquire ownership over real estate abroad and pay for it by a transaction from BiH but may not purchase the equipment for the real estate and pay for it from an account in BiH, since it will not be imported in BiH.

### **Experiences from neighbouring countries**

To the best of our knowledge, there is no discrepancy in the legislation of neighbouring countries.

### **Proposal for a possible solution**

Define the possibility of executing an order when a client invests in his own real estate abroad, and provide terms and conditions for its execution.

### **Benefit for social community**

The benefit is manifold.

## **3.3. STATUS OF FOREIGN BRANCHES**

### **Current issue**

Entity Laws on Foreign Exchange Operations, Law on Foreign Trade Operations and Law on Foreign Trade Policy of BiH are inadequate for normal operation of foreign branches.

## **Example from practice – conditions in BiH**

Since the Law currently in force is not aligned with existing regulations, particularly in the part which defines the status of foreign branches, the branches have no possibility to properly and efficiently organize their operations. Foreign companies' branches that have been opened as residents and recorded in the court register (as LLC) but are not registered for foreign-trade exchange face the problem with executing foreign-currency order for payment procedure. This, in turn, leads to disparate practice of executing international payment orders in banks. Banks are responsible for executing international payment orders and are bound to check every transaction from the aspect of authenticity of documents enclosed with the payment order. Since branches are not registered with the court for conducting foreign-trade operations, it is not possible to make payments to foreign suppliers. From the aspect of permitted transactions in international payments system, transactions relating to transfer of profit to the company – founder of the branch are permitted under the condition that the branch has no outstanding payables due to public revenues. Besides problems with international clients, there is a potential operational risk of executing these transactions in any case, if insufficient attention is paid.

## **Experiences from neighbouring countries.**

To the best of our knowledge, there are no discrepancies in the legislation of neighbouring countries in this respect.

## **Proposal for a possible solution**

Enact a new Law on Foreign Trade Operations with a particular focus on defining the status of foreign branches and provide natural persons with the rights to invest abroad.

## **Benefit for social community**

The benefit is manifold.

### **3.4. EXECUTING INTERNATIONAL PAYMENT ORDERS WITHOUT ENCLOSING THE BASIS FOR PAYMENT**

#### **Current issue**

How to execute international payment order without enclosing the basis for payment?

#### **Example from practice – conditions in BiH**

Current legislation does not regulate the possibility or conditions under which commercial banks can contract, with clients, the execution of international payment orders without enclosed basis for payment, exceptionally and for certain kinds of payments (e.g. payments for ongoing work that is the result of the import of goods), and such a gap can lead to the exposure to risk arising from improper application of Entity Laws on Foreign Exchange Operations.

#### **Experiences from neighbouring countries**

Similar solutions are provided in positive legislation of the Republic of Serbia, where the Decision on Terms and Conditions of Performing Foreign Payment Transactions provides the possibility of agreeing on foreign payment without submitting a written document underlying the payment.

#### **Proposal for a possible solution**

Enact subordinate legislation which would provide more detailed terms and conditions and documentation needed for any current and capital transaction defined in Entity Laws on Foreign Exchange Operations, all aimed at uniform procedures in all banks in BiH.

#### **Benefit for social community**

The benefit is manifold.

## **3.5. INTERNATIONAL DONATIONS**

### **Current issue**

Non-existence of legislation needed for financial transactions of donations to foreign parties.

### **Example from practice – conditions in BiH**

Law on Humanitarian Activities and Humanitarian Organizations does not include provisions which provide a basis for the possibility to include a payment aimed at humanitarian aid in the framework of provisions of the Law on Foreign Exchange Operations. The non-existence of separate legislation on donations and humanitarian activity is a distinct obstacle for payments on this basis, which can ultimately result in clients' dissatisfaction and/or the exposure to risk of paying fines for executing orders contrary to legislation.

### **Experiences from neighbouring countries**

In Serbia, donations are regulated by Article 34. of the Law on Foreign Exchange Operations and, in more detail, by the Law on Donations and Humanitarian Aid.

### **Proposal for a possible solution**

Include donations and conditions for executing orders based on donations and humanitarian aid in the Law on Foreign Exchange Operations.

### **Benefit for social community**

The benefit is manifold.

### **3.6. RESTRICTIONS FOR PAYMENTS TO OTHER COUNTRIES, OUTSIDE THE COUNTRY OF THE COMPANY'S HEAD OFFICE**

#### **Current issue**

A lack of and ambiguous legislation pertaining to payments to other countries, outside the country of the company's head office.

#### **Example from practice – conditions in BiH**

##### **Article 2. of the Law on Foreign Exchange Operations of FBiH**

The competent ministry has taken the position that payments, collection and transfers may be made from a resident's head office/ residence to a non-resident's head office/ residence and vice versa. Any payment, collection or transfer of funds from a resident or non-resident's account opened in another country is contrary to legislation. Every transaction must have the legal basis in current or capital transactions as defined in Article 2. of the Law on Foreign Exchange Operations. An enquiry was sent to the Federal Ministry of Finance asking for a more accurate interpretation of relevant legal sources based on which the previously described position was taken.

#### **Experiences from neighbouring countries**

A number of countries allow residents of other countries to open a foreign-currency account abroad without restrictions. It particularly pertains to the EU member states (opening an account in another EU member state is allowed).



## **Proposal for a possible solution**

Define a possibility of executing an international payment order to a fund user's account that is not opened in the country where the enterprise is based.

## **Benefit for social community**

The benefit is manifold.

### **3.7. IMPOSSIBILITY TO PAY REMUNERATION UNDER A SERVICE CONTRACT TO AN ACCOUNT ABROAD**

#### **Current issue**

Legal vagueness pertaining to the way of paying remunerations under service contracts to an account abroad.

#### **Example from practice – conditions in BiH**

In the Federation of BiH, the competent Ministry has currently taken the position that the execution of international payment orders under service contracts is contrary to the Law on Foreign Exchange Operations. Such a position is a distinctive obstacle due to increasingly frequent situations of this kind (payment of fees to visiting professors, theatre troupes, etc.).

#### **Experiences from neighbouring countries**

In Republika Srpska, such way of payment directly to a non-resident's account abroad is allowed.

**Proposal for a possible solution**

Within the Law on Foreign Exchange Operations, define the possibility of executing international payment orders under service contracts for a service provided in BiH, with the submission of evidence of settling tax liabilities.

**Benefit for social community**

Establishment of a better business environment.

# 4

## TAX TOPICS

# 4

## TAX TOPICS

### **4.1. TREATMENT OF BUSINESS UNITS IN THE OTHER ENTITY WHICH DO NOT HAVE THE CAPACITY OF LEGAL PERSON**

#### **Current issue**

Discrepancy of methodologies for calculating recognized revenues and expenditures pursuant to Entity regulations.

#### **Example from practice – conditions in BiH**

Article 32. of the Law on Corporate Income Tax of the Federation of BiH provides following:

If during a taxation period, a company – resident of the Federation generates profit from doing business through a branch in the Republika Srpska or Brčko District, the corporate income tax that the resident has to pay in the Federation shall be reduced by the amount of tax paid or payable on that income generated in the Republika Srpska and Brčko District respectively pursuant to this Article. Reduction in corporate income tax shall not exceed the amount of profit declared pursuant to provisions pertaining to the tax base of this Law.

Article 51. of the Law on Corporate Income Tax of Republika Srpska provides following:

(1) If a taxpayer generates profit from the other Entity or Brčko District of BiH, the corporate income tax that the payer has to pay in respect

of that profit shall be reduced by the amount of tax paid or payable on that income in the other Entity or Brčko District of BiH.

(2) Reduction in corporate income tax referred to in paragraph 1 of this Article shall not exceed the amount of tax that would otherwise be paid for that amount of profit in the Republika Srpska.

Such regulations complicate filing of tax returns for banks which have established business units in other Entities, due to the discrepancy of laws and different treatment of certain revenues and expenditures, and the obligation to have accounting records and draw up balance sheets and income statements by Entities. This, in turn, leads to double taxation and preparing double tax returns for business units (according to regulations in force at the location of the bank's head office and those in force at the location of its business unit).

Article 22. of the Corporate Income Tax Law of Republika Srpska provides that expenditures based on indirect write-off of placements shall be recognized up to the amount prescribed by the Banking Agency of the Republika Srpska for B, C, D and E loan categories.

Expenditures based on indirect write-off of placements in the A category according to the BARS are not included in the calculation of the income tax base (according to the position of the Ministry of Finance of Republika Srpska).

It is necessary to align the defined way of calculation and recognition of tax revenues/expenditures with IFRS and IAS since the amount of revenue/expenditure in certain positions of tax balance is derived from reporting records rather than from bookkeeping records. In this way, it may happen that revenues or expenditures that are not recorded in books and are not a component of economic result are recognized in tax balances.

It is also necessary to align the methodology of calculating recognized revenues and expenditures so that the recognized revenues and

expenditures result exclusively from the recognition of revenues and expenditures in accordance with applicable IFRS/IAS in business records.

Law on Corporate Income Tax of the Federation BiH recognizes expenditures based on indirect write-off of placements in accordance with the relevant IFRS/IAS.

### **Experiences from neighbouring countries**

There are no such experiences in the neighbouring countries.

### **Proposal for a possible solution**

Amendments to the Corporate Income Tax Law of the RS aimed at its unification with the Law on Corporate Income Tax of the FBiH.

Consider the possibility for the Law to provide that tax return should be prepared according to the legal person/bank's head office, while the distribution of tax is made according to the principle of the business unit's income share in the total income of the legal person/bank.

### **Benefit for social community**

The level of the certainty of tax-related issues in BiH is raised, which could lead to an increase of foreign investment in the BiH economy.

## **4.2. UNEVEN PRACTICE IN PAYING VALUE-ADDED TAX**

### **Current issue**

Practice reveals different approaches to the treatment of taxing certain financial services (issuing certificates, service charges for card operations), which depend on the interpretation by the tax inspector in the field.

## **Example from practice – conditions in BiH**

Article 25. paragraph (1) point 4. of the Law on Value-Added Tax provides that the following financial services are exempt from paying VAT:

- a. the approval and management of credits, guarantees or other forms of credit insurance on the part of the creditor;
- b. services relating to the management of deposits, savings and bank accounts, conducting payment transactions, transfers, executing due liabilities, cashing cheques or other financial instruments, except for payment of debts and factoring;
- c. transactions, including securities, relating to bank notes and coins which are legal tenders in any country, except for collectors' items (coins of gold, silver and other material, bank notes which are normally not used as legal tender and coins with a numismatic value);
- d. trading in shares or other forms of participation in companies, bonds and other securities, including their issue, except for the safekeeping of securities;
- e. investment fund management;

Besides, Article 2a of the Book of Rules on the Implementation of the Law on Value Added Tax provides as follows: "Pursuant to the Law on Value Added Tax, the principle relating to the principal and ancillary supply shall be implemented. Ancillary supply shall have the same VAT treatment as the principal supply provided by the same taxpayer. The supply is deemed to be of ancillary nature compared to the principal supply if it does not constitute for clients an aim in itself but rather a prerequisite for enjoying or a means for better enjoying the principal services or goods supplied."

## **Experiences from neighbouring countries**

In the neighbouring countries, fees for card transactions and issuing certificates to clients – natural and legal persons – are exempt from calculating and paying VAT.

### **Proposal for a possible solution**

Based on the list of fees for card transactions, and the list of certificates, the Indirect Taxation Authority should provide clear instructions as to which fees for card transactions and which certificates are taxable in terms of VAT.

### **Benefit for social community**

The level of the certainty of tax-related issues in BiH is raised, which could lead to an increase of foreign investment in the BiH economy.



# 5

## REQUIRED RESERVES

# 5

## REQUIRED RESERVES

### Current issue

Required reserve is the amount of funds the banks are bound to deposit to the accounts prescribed for this purpose by the Central Bank. In the conditions of monetary regulation, in the form in which it is in force in BiH, the required reserve is the only and basic instrument of the monetary policy of CBBiH.

What is significant for the banking sector is the question – what constitutes the required reserve?

Despite the solutions of other countries' central banks, Central Bank of Bosnia and Herzegovina opted for the concept according to which the required reserve consists exclusively of cash deposits with the CBBiH.

Having in mind the fact that the required reserve mechanism provides the CBBiH with the possibility, within the current monetary policy, to regulate commercial banks' credit potential in a short term using the rate of required reserve, reasons for which banks re-examine the justification of maintaining the required reserve exclusively through cash deposits are obvious.

### Example from practice – conditions in BiH

Article 36., paragraph 2. of the Law on the Central Bank of BiH provides as follows: "Required reserves shall be maintained by way of cash holdings or by way of deposits with the Central Bank, through its head office and main units, and shall be calculated as average daily reserves over ten day periods." Similar has been defined by the Decision on Determining Required Reserves and Compensation on

the Amount of the Reserves passed by the Central Bank of BiH based on its statutory authorization.

Over the past three to five years, financial institutions have been intensely investing in debt instruments, bonds and treasury bills issued by the Government of the Federation of BiH and Republika Srpska, as well as cantonal governments, cities and municipalities. Around 7-10% of banking sector's assets is made up of the listed securities.

In case of the liquidity problem, there is no significant volume of transactions or transparent pricing in the market.

### **Experiences from neighbouring countries**

There are countries which, in their regulations, recognize state bonds as a means of the highest quality and use them for the calculation of liquidity coefficient.

Could such experiences be applied in Bosnia and Herzegovina although BiH does not have its state bonds and bonds are instead issued by Entities and lower organizational forms of state organization?

### **Proposal for a possible solution**

This article should provide: "Required reserves shall be maintained by way of cash holdings or by way of deposits with the Central Bank, through its head office and main units, or by way of securities issued by the state of BiH and Entities, and shall be calculated as average daily reserves over ten day periods."

In this way, banks themselves would create a secondary market based on repo transactions. Banks would hold far less funds above the reserve account while they would employ the larger portion, which they presently hold as security. On this basis, the external debt could to a great extent be replaced by the internal debt.

**Benefit for social community**

The level of financial sector's liquidity is raised, banks' credit potential increases and the investment portfolio expands, which will have positive effects on the GDP growth. It would be good if these views could serve as a basis for producing an appropriate projection of the size and structure of resources that would be freed in this way.

6

## ACCESS TO IDDEEA

# 6

## ACCESS TO IDDEEA

### Current issue

The valid regulations allow banks registered in Bosnia and Herzegovina (henceforward: BiH) online access to data from the records maintained by the Agency for Identification Documents, Registers and Data Exchange (henceforward: IDDEEA), though they also allow the possibility for different interpretation when it comes to the question as to whether banks in some cases have the right to access data on citizens' permanent or temporary residence and on motor vehicles in their ownership without previously acquiring consent of the person whose data are requested.

Having in mind the fact that banks resort to such an approach in cases when they cannot obtain the data from their clients, i.e. in cases when clients do not or do not regularly pay their liabilities to creditors, it is unlikely that such clients would be willing to give the consent.

### Example from practice – conditions in BiH

Article 8., paragraph 3. of the Law on the Agency for Identification Documents, Registers and Data Exchange of Bosnia and Herzegovina prescribes which registers are maintained by IDDEEA, and these registers include records of BiH citizens' temporary and permanent residence, and records of motor vehicle registration and documents needed for the registration.

Pursuant to the Law on the Protection of Personal Data, data on residence and ownership over a motor vehicle can be considered personal data and, pursuant to this law, these data enjoy special protection.

The Rulebook on Manner of Access to Registers and Data Exchange provides that IDDEEA is entitled to enable legal entities that have a legal interest to permanently access data the records of which are maintained by IDDEEA, and that such an agreement shall specify obligation of the legal entity to provide conditions for the access subject to Article 5 of the Law on Protection of Personal Data.

Article 5. of the Law on Protection of Personal Data provides that personal data can be processed only with the consent of a data subject (the person whose data are required), while Article 6. deals with the right to process personal data without the data subject's consent. It practically means that banks should obtain the consent of their clients – natural persons for access to their personal data, unless the access is included in the exemptions provided in Article 6. of the Law. The way in which these exemptions are defined leaves the possibility of different interpretations as to whether access to data on residence and ownership over motor vehicles by banks, particularly in cases when the data are collected for the recovery of a claim, can be understood as one of the prescribed exemptions.

Data on clients' residence and ownership over motor vehicles are necessary for banks in the procedures of recovering a claim, i.e. in cases when clients do not or do not regularly pay their liabilities. Therefore, it is very important not to allow different interpretations and legal uncertainty.

## **Experiences from neighbouring countries**

Before entry into force of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (henceforward: GDPR), most neighbouring countries allowed access to data in public records, while the issue of access was primarily the matter of technical capabilities and actual solutions as to in which way the access will be provided (e.g. various excerpts, online bases etc.)

Since the GDPR solution has not yet been implemented in Bosnia and Herzegovina, and since, at the moment, it cannot be predicted to what extent GDPR will be implemented and reflected on the work of individual institutions and business entities in BiH, we believe that possible amendments to the Law on Protection of Personal Data of BiH currently in force, as proposed in this paper, would not be contrary to the EU standards and to the existing legislation in force in Bosnia and Herzegovina.

### **Proposal for a possible solution**

Article 6. of the Law on Protection of Personal Data should include another explicit exemption from the obligation to obtain the data subjects' consent for processing their personal data. Alternatively, indents b) and e) could be made more accurate so as to grant, to banks, the right to obtain personal data on (potential) clients when establishing a business relationship and for the needs of the protection of their own interests if the client does not fulfil his obligations arising from the contract.

This would be the way to avoid the possibility of different interpretations of Article 6., indents b) and e) of the Law on Protection of Personal Data, and thus the legal uncertainty resulting from such different interpretations.

### **Benefit for social community**

Avoiding any doubts and different interpretations in this actual situation can have favourable effects both for banks' clients and for banks themselves.

The benefit for banks' clients who pay their liabilities on time would include the fact that the increased percentage of timely payment of liabilities would allow banks to offer more favourable business terms and conditions, due to the decreased recovery risk. The benefit for banks would be reflected in the fact that by obtaining up-to-date data on clients who do not or do not regularly pay their liabilities banks would have more possibilities to recover their claims, decrease recovery costs etc.



# 7

## ALIGNING REGULATIONS ON INTERNAL PAYMENTS SYSTEM

# 7

## ALIGNING REGULATIONS ON INTERNAL PAYMENTS SYSTEM

### 7. 1. ALIGNING LEGISLATION IN THE AREA OF PAYMENTS SYSTEM BETWEEN REPUBLIKA SRPSKA, FEDERATION OF BIH AND BRČKO DISTRICT

#### Current issue

Unaligned legislation in the area of payments system within BiH (Entities and Brčko District) results in many difficulties in daily work.

#### Example from practice – conditions in BiH

In the Brčko District, the Law on Internal Payments System has not been enacted, and there is no legislation relating to the obligation to report data in the single registry of accounts (IAITF and FIA), although these pieces of legislation are in force in Entities.

Daily banking operations are facing misunderstandings and unequal position of business entities in the area of payments system depending on where in BiH they registered their head office.

Law on Internal Payments System and subordinate legislation define the issue of the type of account, main account and the obligation to register in the SRA with IAITF or FIA depending on the Entity where the account was opened, and therefore banks have no legal obligation to require from clients to determine the type of account pursuant to Entity laws, since these laws explicitly provide that they relate only to the banks and clients in this Entity.

In the Brčko District of BiH, Entity Laws on Internal Payments System cannot be applied, and therefore all the debtor's accounts still cannot be blocked. Brčko District of BiH has the Law on Taxation Authority of Brčko District of BiH (Official Gazette of Brčko District of BiH number 3/02, 42/04, 8/06, 3/07, 19/07, 33/07 and 2/08), Law on Enforcement Procedure of Brčko District of BiH (Official Gazette of Brčko District of BiH number 50/11), and Law on Financial Operations (Official Gazette of Brčko District of BiH number 5/01 and 19/07); however, these laws are not aligned with Entity laws, which again results in banks' different actions with respect to orders for forced collection.

### **Experiences from neighbouring countries**

Neighbouring countries do not have this problem.

### **Proposal for a possible solution**

We propose alignment of legislation in the area of payments system (domestic and international) in the Brčko District with legislation in Entities (which is fairly aligned), which would in turn align regulations in entire BiH. This would bring business entities in equal position in the area of payments system, regardless of where their business is registered, and payment orders for forced collection would be executed in the same way, pursuant to the Law on Internal Payments System.

Enact the Law on Internal Payments System of BD BiH.

### **Benefit for social community**

Business entities registered in the Brčko District contest the banks' obligation to report their data in IAITF and FIA because there is no such regulation in the BD as opposed to the Entities. In this way, a business entity can avoid blocking of its accounts and continue to do business irrespective of legal provisions in Entities.

## **7.2. AMENDMENTS TO LAW ON INTERNAL PAYMENTS SYSTEM SO AS TO ALLOW ACTIVITIES RELATING TO FORCED COLLECTION TO BE CONDUCTED IN OTHER INSTITUTIONS (FIA/IAITF ETC.)**

### **Current issue**

Creating legal prerequisites for the possibility to perform activities relating to the forced collection from accounts of banks' clients in favour of their creditors by public institutions (FIA/IAITF, CBBiH etc.).

### **Example from practice – conditions in BiH**

In the Law on Banks, execution of forced collection is not included in activities performed by banks.

### **Experiences from neighbouring countries**

In the neighbouring countries, forced collections are executed either by national / central banks or by public institutions (not by commercial banks).

### **Proposal for a possible solution**

Creating legal prerequisites for allowing activities relating to forced collection to be performed by public institutions rather than by banks. Banks should be allowed to choose if they want to perform these activities themselves or delegate them to public institutions, though without treating these activities as externalization.

### **Benefit for social community**

The benefit is manifold.

### **7.3. OBLIGATION TO PAY PUBLIC REVENUES EXCLUSIVELY THROUGH MAIN ACCOUNTS**

#### **Current issue**

Paying public revenues should be based on equal legal norms throughout BiH.

#### **Example from practice – conditions in BiH**

Legal provision pursuant to which all payments of public revenues (which are not compulsory) must also be made through the main account proved to be problematic. Application of such a legal provision in the operations of participants in the payments system results in multiple and far-reaching negative effects on business of both a certain number of banks and of companies that do business through banks, primarily because such an interpretation and application of the Law is contrary to: 1) fundamental rights guaranteed by Protocol 1 to the European Convention on the Protection of Human Rights and Fundamental Freedoms (right to the peaceful enjoyment of one's possessions); 2) Constitution of BiH (protection of private ownership and improvement of market economy), since unjustified restrictions on the payment of public revenues through the main account prevent the business entity to make use of their assets; 3) obligation to apply other provisions of the Law on Internal Payments System – consequential to Articles 17. and 22. of the Law, banks are bound to receive and execute properly filled-in orders for which there are sufficient funds available on the account – potential bank's liability for damages. Besides, the Law allows monopoly / violation of the Law on Competition, Constitution etc. It also opens the risk of claims for damages to BiH/FBiH due to violations of international agreements ensuring adequate business conditions, including the obligations taken in the Stabilization and Association Agreement with the EU.

The disputable provision and interpretations resulted in solutions in the Law on Contributions, which provide that payments of public revenues/taxes and contributions should be made exclusively from the main account – with all the risks and problems listed above.

### **Experiences from neighbouring countries**

FBiH is unique in terms of such a solution – restriction / interpretation of both the Law on Internal Payments System and Law on Contributions.

### **Proposal for a possible solution**

Alignment of regulations with regulations in RS, and fulfilling the true purpose of the introduction of main account – improvement of forced collection.

### **Benefit for social community**

This way of operation is not convenient either for clients or for banks. A better business environment should be created.

# 8

## ESTABLISHMENT OF THE REGISTER OF REAL OWNERS

# 8

## ESTABLISHMENT OF THE REGISTER OF REAL OWNERS

### **Current issue**

As one of the international standards in the area of the prevention of money laundering and financing terrorist activities, there is the obligation in Bosnia and Herzegovina to determine and establish the identity of or beneficial/real owner, provided by Article 16. of the Law on Prevention of the Money Laundering and Financing Terrorist Activities (“Official Gazette of BiH”, number 47/14 and 46/16). This article provides that the identity of the real/beneficial owner of a client is established through access to originals and verified documents from the court registry or other public records, as well as through direct access to court or other public registries. In the case of impossibility to establish the identity of real/beneficial owner, Article 8. of the Law on Prevention of Money Laundering and Financing Terrorist Activities provides the obligation for banks or other liable persons to decline or discontinue a business relationship and refuse to make a transaction, as well to inform the Financial-Intelligence Department on the suspicious transaction.

There is an evident deficiency in the availability of authentic public register for establishing the real/beneficial owner in associations and foundations registered with competent ministries of justice at the level of BiH, Entities, cantons and BD, which would be eliminated by establishing a unified “Register of Associations and Foundations” at the level of BiH which would, among other things, collect data on persons authorized for representation and members of management bodies, as well as on their founders.

### **Example from practice – conditions in BiH**

The current practice in Bosnia and Herzegovina is to use the following publicly available registers for the verification of real/beneficial



owners, besides inspection of original and verified documents from court register or another public register such as “Register of Securities of FBiH” and “Central Register of Securities of RS”:

- **“Register of Business Entities of BiH”**  
<http://bizreg.pravosudje.ba/pls/apex/f?p=183:20:3151897932074563>
- **“IAITF – Register of Business Entities of Republika Srpska”**  
<http://www.apif.net/index.php/registri/2014-05-12-12-15-31.html>
- **“Register of Securities of FBiH”**  
<http://www.rvp.ba/Section2/SubSection1/Default.aspx>
- **“Central Registry of Securities JSC of RS”**  
<http://www.crhovrs.org/>
- **“Register of Associations and Foundations”**  
[http://www.mpr.gov.ba/organizacija\\_nadleznosti/uprava/registracije/udruzenja/default.aspx?id=2647&langTag=bs-BA](http://www.mpr.gov.ba/organizacija_nadleznosti/uprava/registracije/udruzenja/default.aspx?id=2647&langTag=bs-BA)

The deficiency of these five listed registers is that “online” inspection of any of them cannot be used as authentic, since they are not up-to-date, the data are not uniform, and the basic deficiency is that liable persons cannot print an excerpt or download data they can use as an authentic document, which will prove that they identified the client in a proper manner.

## Experiences from neighbouring countries

Pursuant to the Fourth Directive of the European Union, EU member states were bound to establish state/national registers of beneficial/real owners. The Republic of Croatia has done so by adopting the Ordinance on the Register of Real Owners (Official Gazette, number 53/19), whereby it established the Register of Real Owners as an electronic database and prescribed, for all legal persons, the manner and deadlines for the entry of data on real owners in the Register. All the EU member states have similar experiences.

### **Proposal for a possible solution**

Some of possible solutions include the establishment of the Register of Real Owners at the level of Bosnia and Herzegovina, which would be held in the Central Bank of BiH, and which would interact/exchange data with the SRA. The alternative would be to establish Registers of Real Owners at the Entity level, which would be maintained by the Intermediary Agency for IT and Financial Services – IAITF and Financial-Intelligence Agency – FIA, respectively. This Register would be filled with data submitted by business entities themselves, and controllers and institutions would be granted access to it. However, it would entail some operational difficulties in daily practice.

### **Benefit for social community**

This would raise the level of BiH compliance with international standards on preventing money laundering and financing terrorist activities, reinforce the credibility of BiH on the international level, create legal certainty among controllers and business entities, increase transparency and the possibility of control by authorities in charge of enforcing the law.

# 9

## ADDENDA

List of all banks and UBBiH  
with basic characteristics

## Addiko Bank



**Sanela Pašić**

*President of the Management Board*

<b>Bank name</b>	<b>Addiko Bank d.d. Sarajevo</b>	
<b>Address</b>	Trg solidarnosti 12, 71 000 Sarajevo	
<b>Phone</b>	+387 33 755 730	
<b>Fax</b>	-	
<b>Web</b>	www.addiko-fbih.ba	
<b>Email</b>	info.fbih@addiko.com	
<b>Bank management</b>	<p><b>Sanela Pašić</b>, President of the Board  <b>Belma Sekavić-Bandić</b>, Member of the Board  <b>Selma Omić</b>, Member of the Board</p> <p><b>Hans Lotter</b>, Chairman of the Board  <b>Biljana Rabitsch</b>, Member of the Board  <b>Razvan Munteanu</b>, Member of the Board  <b>Damir Karamehmedović</b>, Member of the Board  <b>Meliha Pvlakić</b>, Member of the Board</p>	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	393	381
<b>Number of branches</b>	38	38
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	892.276	951.877
<b>Total deposits</b>	654.352	709.094
<b>Total loans</b>	590.692	617.816
<b>Total equity</b>	204.223	211.590

## Addiko Bank



**Mario Ivanković**

*President of the Management Board*

<b>Bank name</b>	<b>Addiko Bank a.d. Banja Luka</b>	
<b>Address</b>	Aleja Svetog Save br. 13, 78 000 Banja Luka	
<b>Phone</b>	+387 51 336 510	
<b>Fax</b>	+387 51 336 518	
<b>Web</b>	www.addiko-rs.ba	
<b>Email</b>	info.rs.ba@addiko.com	
<b>Bank management</b>	<p><b>Mario Ivanković</b>, President of the Board  <b>Boštjan Pečenko</b>, Member of the Board  <b>Žaklina Dimitrijević</b>, Member of the Board</p> <p><b>Hans Lotter</b>, Chairman of the Board  <b>Biljana Rabitsch</b>, Member of the Board  <b>Razvan Munteanu</b>, Member of the Board  <b>Damir Karamehmedović</b>, Member of the Board  <b>Meliha Pvlakić</b>, Member of the Board</p>	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	372	384
<b>Number of branches</b>	33	34
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	797.227	799.605
<b>Total deposits</b>	569.607	567.974
<b>Total loans</b>	587.456	610.686
<b>Total equity</b>	154.461	158.786

**Samir Mustafić***President of the Management Board*

<b>Bank name</b>	<b>Asa Banka d.d. Sarajevo</b>	
<b>Address</b>	Trg međunarodnog prijateljstva 25, 71000 Sarajevo	
<b>Phone</b>	+387 33 586 870	
<b>Fax</b>	+387 33 586 880	
<b>Web</b>	www.asabanka.ba	
<b>Email</b>	info@asabanka.ba	
<b>Bank management</b>	<b>Samir Mustafić</b> , President of the Board <b>Edina Vuk</b> , Member of the Board <b>Davor Tomić</b> , Member of the Board  <b>Eldin Hadžiselimović</b> , Chairman of the Board <b>Samir Redžepović</b> , Member of the Board <b>Sead Aganspahić</b> , Member of the Board <b>Ibrahim Fazlić</b> , Member of the Board <b>Arif Brkić</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	216	215
<b>Number of branches</b>	20	20
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	496.159	495.586
<b>Total deposits</b>	424.840	416.771
<b>Total loans</b>	345.360	357.751
<b>Total equity</b>	62.298	64.583



**Amer Bukvić**  
*President of the Management Board*

<b>Bank name</b>	<b>Bosna Bank International d.d. Sarajevo</b>	
<b>Address</b>	Trg djece Sarajeva bb, 71000 Sarajevo	
<b>Phone</b>	+387 33 275 198	
<b>Fax</b>	+387 33 203 122	
<b>Web</b>	www.bbi.ba	
<b>Email</b>	info@bbi.ba	
<b>Bank management</b>	<b>Amer Bukvić</b> , President of the Board <b>Emir Čehajić</b> , Member of the Board <b>Emina Šišić</b> , Member of the Board  <b>Abdul Aziz Ahmed Al Mheiri</b> , Chairman of the Board <b>Abdulla Al Shehhi</b> , Deputy Chairman of the Board <b>Muhammed Umair Husain</b> , Member of the Board <b>Sharol Razar</b> , Member of the Board <b>Kamil Gokhan Bozkurt</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	429	447
<b>Number of branches</b>	34	35
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	1.001.085	1.152.600
<b>Total deposits</b>	735.640	875.216
<b>Total loans</b>	703.054	749.946
<b>Total equity</b>	144.327	149.078

**Almir Krkalić***President of the Management Board*

<b>Bank name</b>	<b>Intesa Sanpaolo Banka d.d. Bosna i Hercegovina</b>	
<b>Address</b>	Obala Kulina bana 9A, 71 000 Sarajevo	
<b>Phone</b>	+387 33 497 555	
<b>Fax</b>	+378 33 497 572	
<b>Web</b>	www.intesasanpaolobanka.ba	
<b>Email</b>	info@intesasanpaolobanka.ba	
<b>Bank management</b>	<b>Almir Krkalić</b> , President of the Board <b>Amir Termiz</b> , Member of the Board <b>Edin Izmirlija</b> , Member of the Board  <b>Alessio Cioni</b> , Chairman of the Board <b>Ivan Krolo</b> , Member of the Board <b>Gianluca Tiani</b> , Member of the Board <b>Andrea Fazzolari</b> , Member of the Board <b>Miroslav Halužan</b> , Member of the Board <b>Alden Bajgorić</b> , Member of the Board <b>Massimo Lanza</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	562	564
<b>Number of branches</b>	5	5
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	2.071.313	2.214.250
<b>Total deposits</b>	1.550.514	1.683.994
<b>Total loans</b>	1.463.897	1.566.046
<b>Total equity</b>	275.620	295.686





**Snežana Vujnić**  
*Bank Director*

<b>Bank name</b>	<b>Investiciono-razvojna banka Republike Srpske</b>	
<b>Address</b>	Vidovdanska br. 2, 78 000 Banja Luka	
<b>Phone</b>	+387 51 334 700	
<b>Fax</b>	+387 51 334 709	
<b>Web</b>	www.irbrs.org	
<b>Email</b>	info@irbrs.org	
<b>Bank management</b>	<b>Snežana Vujnić</b> , Bank Director <b>Ivan Vidović</b> , CEO <b>Dragana Tučić</b> , CEO  <b>Nada Mirjanić Gluvić</b> , Chairwoman of the Board <b>Nebojša Lukić</b> , Member of the Board <b>Ilija J. Džombić</b> , Member of the Board <b>Mirjana Ostojić</b> , Member of the Board <b>Miloš Vukosavljević</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	114	111
<b>Number of branches</b>	-	-
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	2.164.919	2.057.955
<b>Total deposits</b>	-	
<b>Total loans</b>	708.127	722.088
<b>Total equity</b>	1.918.280	1.900.435

**Hasan Porčić***President of the Management Board*

<b>Bank name</b>	<b>Komercijalno-Investiciona banka d.d.</b>	
<b>Address</b>	Velika Kladuša, Tone Hrovata bb	
<b>Phone</b>	+387 37 771 253	
<b>Fax</b>	+387 37 772 416	
<b>Web</b>	www.kib-banka.com.ba	
<b>Email</b>	kibbanka@bih.net.ba	
<b>Bank management</b>	<b>Porčić Hasan</b> , President of the Board <b>Hodalović Almir</b> , Member of the Board <b>Murčić Mersima</b> , Member of the Board  <b>Hadžalić Eveldin</b> , Chairman of the Board <b>Miljković Elvedin</b> , Member of the Board <b>Jušić Besima</b> , Member of the Board <b>Zulić Šaban</b> , Member of the Board <b>Dizdarević Haris</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	77	76
<b>Number of branches</b>	4	4
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	109.300	104.659
<b>Total deposits</b>	74.260	68.887
<b>Total loans</b>	55.607	55.431
<b>Total equity</b>	25.798	28.306



**dr Boško Mekinjić**  
*President of the Management Board*

<b>Bank name</b>	<b>Komercijalna banka a.d. Banja Luka</b>	
<b>Address</b>	Jevrejska 69, 78 000 Banja Luka	
<b>Phone</b>	+387 51 244 700	
<b>Fax</b>	+387 51 244 710	
<b>Web</b>	www.kombank-bl.com	
<b>Email</b>	office@kombank-bl.com	
<b>Bank management</b>	<b>dr Boško Mekinjić</b> , President of the Board <b>mr Dragana Vujičić Stefanović</b> , Member of the Board <b>Siniša Smiljanić</b> , Member of the Board  <b>Vladimir Medan</b> , Chairman of the Board <b>Miroslav Perić</b> , Member of the Board <b>Una Sikimić</b> , Member of the Board <b>Dejan Mikerević</b> , Member of the Board <b>Veselin Kotur</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	159	159
<b>Number of branches</b>	19	19
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	460.111	472.114
<b>Total deposits</b>	364.038	365.279
<b>Total loans</b>	280.986	293.872
<b>Total equity</b>	65.162	66.259

**Bojan Luburić***President of the Management Board*

<b>Bank name</b>	<b>MF banka a.d. Banja Luka</b>	
<b>Address</b>	Aleja Svetog Save 61, 78 000 Banja Luka	
<b>Phone</b>	+387 51 240 300	
<b>Fax</b>	+387 51 232 091	
<b>Web</b>	www.mfbanka.com	
<b>Email</b>	office@mfbanka.com	
<b>Bank management</b>	<b>Bojan Luburić</b> , President of the Board <b>Sandra Lonco</b> , Member of the Board <b>Dragan Đurić</b> , Member of the Board  <b>Aleksandar Kremenović</b> , Chairman of the Board <b>Mladen Bosnić</b> , Member of the Board <b>Srećko Bogunović</b> , Member of the Board <b>Dželila Hadžović</b> , Member of the Board <b>Frieder Wohrmann</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	210	212
<b>Number of branches</b>	23	23
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	404.242	458.851
<b>Total deposits</b>	315.564	354.968
<b>Total loans</b>	302.042	328.119
<b>Total equity</b>	55.606	60.180



**Ružica Janković**  
*President of the Management Board*

<b>Bank name</b>	Naša banka a.d. Bijeljina	
<b>Address</b>	Karađorđeva 1, Bijeljina, 76300 Bijeljina	
<b>Phone</b>	+387 55 232 300	
<b>Fax</b>	+387 55 232 301	
<b>Web</b>	www.nasa-banka.com	
<b>Email</b>	office@nasa-banka.com	
<b>Bank management</b>	<b>Ružica Janković</b> , President of the Board <b>Petar Lazić</b> , Member of the Board <b>Aleksandar Blagojević</b> , Member of the Board  <b>Rodoljub Golubović</b> , Chairman of the Board <b>Vladislav Vojinović</b> , Member of the Board <b>Vanja Čosović</b> , Member of the Board <b>Nenad Zlatanović</b> , Member of the Board <b>Anka Bulatović</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	189	188
<b>Number of branches</b>	6	6
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	179.728	185.387
<b>Total deposits</b>	140.293	147.236
<b>Total loans</b>	107.933	102.695
<b>Total equity</b>	18.226	18.551


**NLB Banka**

Za sve što dolazi.


**Radovan Bajić**
*President of the Management Board*

<b>Bank name</b>	<b>NLB Banka a.d. Banja Luka</b>	
<b>Address</b>	Milana Tepića 4, 78 000 Banja Luka	
<b>Phone</b>	0800 50 510 +387 51 248 588	
<b>Fax</b>	+387 51 221 623	
<b>Web</b>	www.nlb-rs.ba	
<b>Email</b>	helpdesk@nlb-rs.ba	
<b>Bank management</b>	<b>Radovan Bajić</b> , President of the Board <b>Marjana Usenik</b> , Member of the Board <b>Dragan Injac</b> , Member of the Board	
<b>Bank Supervisory Board</b>	<b>Blaž Brodnjak</b> , Chairman of the Board <b>Boštjan Kovač</b> , Deputy Chairman of the Board <b>Ayda Šebić</b> , Member of the Board <b>Dragan Kovačević</b> , Member of the Board <b>Igor Zalar</b> , Member of the Board	
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	476	478
<b>Number of branches</b>	10	8
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	1.417.958	1.495.158
<b>Total deposits</b>	1.129.511	1.180.805
<b>Total loans</b>	753.689	767.359
<b>Total equity</b>	172.914	155.538



**Lidija Žigić**

*President of the Management Board*

<b>Bank name</b>	NLB Banka d.d., Sarajevo	
<b>Address</b>	Džidžikovac 1, 71000 Sarajevo	
<b>Phone</b>	+387 33 720 349	
<b>Fax</b>	+387 35 302 806	
<b>Web</b>	www.nlb.ba	
<b>Email</b>	info@nlb.ba	
<b>Bank management</b>	<b>Lidija Žigić</b> , President of the Board <b>Denis Hasanić</b> , Member of the Board <b>Jure Peljhan</b> , Member of the Board	
<b>Bank Supervisory Board</b>	<b>Blaž Brodnjak</b> , Chairman of the Board <b>Boštjan Kovač</b> , Deputy Chairman of the Board <b>Igor Zalar</b> , Member of the Board <b>Ayda Šebić</b> , Member of the Board <b>Dragan Kovačević</b> , Member of the Board	
	31.12.2018.	30.06.2019.
<b>Number of employees</b>	455	446
<b>Number of branches</b>	9	8
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	1.155.624	1.196.123
<b>Total deposits</b>	940.562	967.200
<b>Total loans</b>	768.372	822.719
<b>Total equity</b>	149.969	144.781

**mr Srđan Kondić***President of the Management Board*

<b>Bank name</b>	<b>Nova banka AD Banja Luka</b>	
<b>Address</b>	Kralja Alfonsa XIII 37A , 78 000 Banja Luka	
<b>Phone</b>	+387 51 333 300	
<b>Fax</b>	+387 51 217 256	
<b>Web</b>	www.novabanka.com	
<b>Email</b>	office@novabanka.com	
<b>Bank management</b>	<b>Mr Srđan Kondić</b> , President of the Board <b>Igor Jovičić</b> , Deputy President of the Board <b>Jasna Zrilić</b> , Member of the Board / CEO  <b>Goran Radanović</b> , Chairman of the Board <b>Ljupko Miletić</b> , Deputy Chairman of the Board <b>Prof. dr Branko Krsmanović</b> , Independent Member of the Board <b>Avram Milenković</b> , Independent Member of the Board <b>Miroslav Lazarević</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	703	704
<b>Number of branches</b>	12	12
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	1.952.016	2.033.082
<b>Total deposits</b>	1.520.333	1.564.656
<b>Total loans</b>	1.299.474	1.344.468
<b>Total equity</b>	154.612	161.770





PRIVREDNA  
BANKA  
SARAJEVO



**Hamid Pršeš**

*President of the Management Board*

<b>Bank name</b>	<b>Privredna banka Sarajevo d.d. Sarajevo</b>	
<b>Address</b>	Obala Kulina bana br. 18, 71 000 Sarajevo	
<b>Phone</b>	+387 33 258 521	
<b>Fax</b>	+378 33 278 550	
<b>Web</b>	www.pbs.ba	
<b>Email</b>	info@pbs.ba	
<b>Bank management</b>	<p><b>Pršeš Hamid</b>, President of the Board  <b>Jusičić-Musa Bedina</b>, Member of the Board  <b>Kreštalica Edin</b>, Member of the Board  <b>Džabija Kemal</b>, Member of the Board</p> <p><b>Šunje Aziz</b>, Chairman of the Board  <b>Abdić Ademir</b>, Member of the Board  <b>Badnjević Almir</b>, Member of the Board  <b>Rajić Zdravko</b>, Member of the Board  <b>Siner Mehmet</b>, Member of the Board</p>	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	163	161
<b>Number of branches</b>	6	6
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	484.340	499.878
<b>Total deposits</b>	385.771	399.326
<b>Total loans</b>	275.688	299.872
<b>Total equity</b>	54.270	55.339


**ProCredit Bank**

**Edin Hrnjica**
*President of the Management Board*

<b>Bank name</b>	<b>ProCredit Bank d.d.</b>	
<b>Address</b>	Franca Lebara bb, 71000 Sarajevo	
<b>Phone</b>	+387 33 250 950	
<b>Fax</b>	+387 33 250 971	
<b>Web</b>	www.procreditbank.ba	
<b>Email</b>	info@procreditbank.ba	
<b>Bank management</b>	<b>Edin Hrnjica</b> , President of the Board <b>Amir Salkanović</b> , Member of the Board <b>Vladimir Rajić</b> , Member of the Board <b>Amel Agić</b> , Member of the Board	
<b>Bank Supervisory Board</b>	<b>Gian Marco Felice</b> , Chairman of the Board <b>Igor Anić</b> , Member of the Board <b>Natia Tkhilaishvili</b> , Member of the Board <b>Aida Soko</b> , Member of the Board <b>Wolfgang Bertelsmeier</b> , Member of the Board	
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	147	136
<b>Number of branches</b>	6	6
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	500.527	519.289
<b>Total deposits</b>	251.299	245.703
<b>Total loans</b>	379.047	393.376
<b>Total equity</b>	50.664	50.114



**Raiffeisen  
BANK**



**Karlheinz Dobnigg**

*President of the Management Board*

<b>Bank name</b>	<b>Raiffeisen BANK d.d. Bosna i Hercegovina</b>	
<b>Address</b>	Zmaja od Bosne bb, 71 000 Sarajevo	
<b>Phone</b>	+387 33 755 010	
<b>Fax</b>	+387 33 213 851	
<b>Web</b>	www.raiffeisenbank.ba	
<b>Email</b>	info.rbbh@raiffeisengroup.ba	
<b>Bank management</b>	<p><b>Karlheinz Dobnigg</b>, President of the Board  <b>Mirha Hasanbegović</b>, Member of the Board  <b>Maida Zahirović Salom</b>, Member of the Board  <b>Heribert Fernau</b>, Member of the Board  <b>Ante Odak</b>, Member of the Board</p> <p><b>Peter Jacenko</b>, Chairman of the Board  <b>Sabine Zucker</b>, Deputy Chairman  <b>Johannes Kellner</b>, Member of the Board  <b>Elisabeth Geyer-Schall</b>, Member of the Board  <b>Markus Kirchmair</b>, Member of the Board  <b>Zinka Grbo</b>, Member of the Board  <b>Jasmina Selimović</b>, Member of the Board</p>	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	1.389	1.401
<b>Number of branches</b>	99	100
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	4.414.419	4.689.834
<b>Total deposits</b>	3.599.676	3.793.258
<b>Total loans</b>	2.608.323	2.710.341
<b>Total equity</b>	251.640	251.640

**Salko Selman***President of the Management Board*

<b>Bank name</b>	<b>Razvojna banka Federacije Bosne i Hercegovine</b>	
<b>Address</b>	Igmanska 1, 71000 Sarajevo	
<b>Phone</b>	+387 33 724 900	
<b>Fax</b>	+387 33 611 232	
<b>Web</b>	www.rbfbih.ba	
<b>Email</b>	info@rbfbih.ba	
<b>Bank management</b>	<b>Salko Selman</b> , President of the Board <b>mr.sc. Marijan Oršolić</b> , Vice-President of the Board <b>Dalibor Milinković</b> , Member of the Board <b>Senija Bubić</b> , Member of the Board <b>dr.sc. Mersiha Slipičević</b> , Member of the Board	
<b>Bank Supervisory Board</b>	<b>dr.sc. Igor Živko</b> , Chairman of the Board <b>dr.sc. Božo Vukoja</b> , Member of the Board <b>Zvonko Landeka</b> , Member of the Board <b>Asim Omanić</b> , Member of the Board <b>Amir Avdić</b> , Member of the Board <b>dr.sc. Edin Bandić</b> , Member of the Board	
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	115	112
<b>Number of branches</b>	6	6
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	325.892	304.277
<b>Total deposits</b>	142.116	118.723
<b>Total loans</b>	235.917	226.218
<b>Total equity</b>	168.912	169.012



**Aleksandar Kesić**  
*President of the Management Board*

<b>Bank name</b>	<b>„Sberbank“ a.d. Banja Luka</b>	
<b>Address</b>	Jevrejska 71, 78 000 Banja Luka	
<b>Phone</b>	+387 51 241 100	
<b>Fax</b>	+387 51 213 391	
<b>Web</b>	www.sberbankbl.ba	
<b>Email</b>	info@sberbankbl.ba	
<b>Bank management</b>	<b>Aleskandar Kesić</b> , President of the Board <b>Sandro Mihajlović</b> , Member of the Board <b>Slobodan Zrilić</b> , Member of the Board  <b>Alexander Witte</b> , Chairman of the Board <b>Petar Grujić</b> , Member of the Board <b>Ilka Willius</b> , Member of the Board <b>Stevan Dimitrijević</b> , Member of the Board <b>Stephan Franz Dertnig</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	413	422
<b>Number of branches</b>	28	28
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	879.208	918.026
<b>Total deposits</b>	685.147	712.562
<b>Total loans</b>	623.367	624.157
<b>Total equity</b>	125.88	130.423

**Jasmin Spahić***President of the Management Board*

<b>Bank name</b>	<b>Sberbank BH d.d. Sarajevo</b>	
<b>Address</b>	Fra Anđela Zvizdovića 1, 71 000 Sarajevo	
<b>Phone</b>	+387 33 294 700	
<b>Fax</b>	+387 33 295 603	
<b>Web</b>	www.sberbank.ba	
<b>Email</b>	info@sberbank.ba	
<b>Bank management</b>	<b>Jasmin Spahić</b> , President of the Board <b>Enver Lemeš</b> , Member of the Board <b>Jasmina Dobrača</b> , Member of the Board  <b>Arndt Nikolai Röchling</b> , Chairman of the Board <b>Aleksei Mikhailov</b> , Deputy Chairman of the Board <b>Ermin Nuhic</b> , Member of the Board <b>Elvir Ćizmić</b> , Member of the Board <b>Wolfgang Errath</b> , Member of the Board <b>Rainer Schamberger</b> , Member of the Board <b>Cosette Kuhs</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	440	444
<b>Number of branches</b>	32	32
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	1.437.085	1.471.576
<b>Total deposits</b>	1.204.780	1.231.095
<b>Total loans</b>	995.047	1.049.340
<b>Total equity</b>	174.350	177.504



**Sanel Kusturica**

*President of the Management Board*

<b>Bank name</b>	<b>Sparkasse Bank dd BiH</b>	
<b>Address</b>	Zmaja od Bosne 7, 71 000 Sarajevo	
<b>Phone</b>	+387 33 280 300	
<b>Fax</b>	+387 33 280 230	
<b>Web</b>	www.sparkasse.ba	
<b>Email</b>	Info@sparkasse.ba	
<b>Bank management</b>	<p><b>Sanel Kusturica</b>, President of the Board  <b>Nedim Alihidžić</b>, Member of the Board  <b>Amir Softić</b>, Member of the Board</p> <p><b>Gerhard Maier</b>, Chairman of the Board  <b>Renate Ferlitz</b>, Member of the Board  <b>Maximilian Clary und Aldringen</b>, Member of the Board  <b>Ismeta Čardaković</b>, Member of the Board  <b>Željko Šain</b>, Member of the Board</p>	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	522	527
<b>Number of branches</b>	9/40	9/40
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	1.466.857	1.560.462
<b>Total deposits</b>	1.187.703	1.260.326
<b>Total loans</b>	1.042.599	1.087.712
<b>Total equity</b>	197.431	212.332

**Gordan Pehar***President of the Management Board*

<b>Bank name</b>	<b>UniCredit Bank a.d. Banja Luka</b>	
<b>Address</b>	Marije Bursać 7, 78 000 Banja Luka	
<b>Phone</b>	+387 51 243 201	
<b>Fax</b>	+387 51 212 830	
<b>Web</b>	www.unicreditbank-bl.ba	
<b>Email</b>	recitenam@unicreditgroup.ba	
<b>Bank management</b>	<b>Gordan Pehar</b> , President of the Board <b>Siniša Adžić</b> , Member of the Board <b>Nevena Nikše</b> , Member of the Board <b>Sladan Stanić</b> , Member of the Board <b>Tsvetelin Petyov Minchev</b> , Member of the Board	
<b>Bank Supervisory Board</b>	<b>Pasquale Giamboi</b> , Chairman of the Board <b>Laura-Kristina Orlić</b> , Deputy Chairperson <b>Daniel Svoboda</b> , Member of the Board <b>Zoran Vasiljević</b> , Member of the Board <b>Perica Rajčević</b> , Member of the Board	
	31.12.2018.	30.06.2019.
<b>Number of employees</b>	441	443
<b>Number of branches</b>	31 filijala i 5 agencija	36 filijala
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	1 664 372	1 571 050
<b>Total deposits</b>	1 330 780	1 231 572
<b>Total loans</b>	1 007 467	1 028 753
<b>Total equity</b>	218 675	226 094





**Dalibor Ćubela**

*President of the Management Board*

<b>Bank name</b>	<b>UniCredit Bank d.d.</b>	
<b>Address</b>	Kardinala Stepinca bb, 88 000 Mostar	
<b>Phone</b>	+387 36 312 112	
<b>Fax</b>	+387 36 356 227	
<b>Web</b>	www.unicredit.ba	
<b>Email</b>	info@unicreditgroup.ba	
<b>Bank management</b>	<p><b>Dalibor Ćubela</b>, President of the Board  <b>Slaven Rukavina</b>, Member of the Board  <b>Igor Bilandžija</b>, Member of the Board  <b>Amina Mahmutović</b>, Member of the Board  <b>Matteo Consalvi</b>, Member of the Board</p>	
<b>Bank Supervisory Board</b>	<p><b>Miljenko Živaljić</b>, Chairman of the Board  <b>Claudio Cesario</b>, Deputy Chairman  <b>Nikolaus Maximilian Linarić</b>, Member of the Board  <b>Eugen Paić Karega</b>, Member of the Board  <b>Helmut Franz Haller</b>, Member of the Board  <b>Danimir Gulín</b>, Independent Member  <b>Dražena Gašpar</b>, Independent Member</p>	
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	1.250	1.248
<b>Number of branches</b>	75	75
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	5.970.379	6.160.187
<b>Total deposits</b>	4.959.922	5.070.618
<b>Total loans</b>	3.904.729	3.968.703
<b>Total equity</b>	796.087	865.229



**Vedran Hadžiahmetović**  
*President of the Management Board*

<b>Bank name</b>	<b>Union Banka d.d. Sarajevo</b>	
<b>Address</b>	Hamdije Kreševljakovića 19, 71 000 Sarajevo	
<b>Phone</b>	+387 33 561 000	
<b>Fax</b>	+387 33 219 201	
<b>Web</b>	www.unionbank.ba	
<b>Email</b>	info@unionbank.ba	
<b>Bank management</b>	<b>Vedran Hadžiahmetović</b> , President of the Board <b>Leon Begić</b> , Member of the Board <b>Edin Mujagić</b> , Member of the Board  <b>Maja Letica</b> , Chairwoman of the Board <b>Haris Jahić</b> , Member of the Board <b>Dražena Pavlović-Tunjić</b> , Member of the Board <b>Hadžigrahić Aida</b> , Member of the Board <b>Alihodžić Advija</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	195	195
<b>Number of branches</b>	14	14
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	775.490	775.022
<b>Total deposits</b>	699.804	684.427
<b>Total loans</b>	210.942	227.908
<b>Total equity</b>	61.488	61.242

**VAKUFСКА BANKA**



**Denis Čivgin**

*President of the Management Board*

<b>Bank name</b>	<b>Vakufska Banka d.d. Sarajevo</b>	
<b>Address</b>	Maršala Tita 13, 71 000 Sarajevo	
<b>Phone</b>	+387 33 280 101	
<b>Fax</b>	+387 33 226 381	
<b>Web</b>	www.vakuba.ba	
<b>Email</b>	vakufska@vakuba.ba	
<b>Bank management</b>	<b>Denis Čivgin</b> , President of the Board <b>Emir Bektešević</b> , Member of the Board <b>Adnan Bogunić</b> , Member of the Board  <b>Sead Hadžimusić</b> , Chairman of the Board <b>Mustafa Bibić</b> , Member of the Board <b>Almir Jazvin</b> , Member of the Board <b>Goran Papić</b> , Member of the Board <b>Nedžad Polić</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	172	172
<b>Number of branches</b>	4/19	4/19
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	308.336	305.138
<b>Total deposits</b>	267.403	262.721
<b>Total loans</b>	209.388	213.837
<b>Total equity</b>	30.075	30.774

**Yusuf Dilaver***President of the Management Board*

<b>Bank name</b>	<b>ZiraatBank BH d.d.</b>	
<b>Address</b>	Zmaja od Bosne 47C, Sarajevo	
<b>Phone</b>	+387 33 955 015	
<b>Fax</b>	+387 33 525 712	
<b>Web</b>	www.ziraatbank.ba	
<b>Email</b>	informacije@ziraatbank.ba	
<b>Bank management</b>	<b>Yusuf Dilaver</b> , President of the Board <b>Uğur Özyiğit</b> , Member of the Board <b>Mirela Šuman</b> , Member of the Board  <b>Mehmet Cengiz Gögebakan</b> , Chairman of the Board <b>Tahir Demirkıran</b> , Deputy Chairman <b>Taha Çakmak</b> , Member of the Board <b>Yaşar Yılmaz</b> , Member of the Board <b>Enes Ališković</b> , Member of the Board	
<b>Bank Supervisory Board</b>		
	<b>31.12.2018.</b>	<b>30.06.2019.</b>
<b>Number of employees</b>	332	313
<b>Number of branches</b>	32	32
<b>Basic balance data in 000 BAM</b>		
<b>Total assets</b>	1.014.880	989.984
<b>Total deposits</b>	667.961	637.750
<b>Total loans</b>	728.077	756.504
<b>Total equity</b>	171.800	173.045

# UBBiH

BANKS ASSOCIATION OF  
BOSNIA AND HERZEGOVINA



**Berislav Kutle**  
*Director*

Association name	<b>Banks Association of Bosnia and Herzegovina</b>
Address	Fra Anđela Zvizdovića 1/10, 71 000 Sarajevo Aleja Svetog Save 7a, 78000 Banja Luka
Phone	+387 33 296 501
Fax	+387 33 296 509
Web	<a href="http://www.ubbih.ba">www.ubbih.ba</a>
Email	<a href="mailto:info@ubbih.ba">info@ubbih.ba</a>
Director	<b>Berislav Kutle</b>
Steering Board of UBBiH	<b>Boško Mekinjić</b> , President of the Board <b>Dalibor Ćubela</b> , Vice-President of the Board <b>Sanela Pašić</b> , Vice-President of the Board <b>Karlheinz Dobnigg</b> , Member of the Board <b>Srdan Kondić</b> , Member of the Board <b>Edin Hrnjica</b> , Member of the Board <b>Aleksandar Kesić</b> , Member of the Board
Number of banks - members of UBBiH	24
Number of employees as of 31 December 2018	4
Temporary Committees of UBBiH	Committee for Legislation Committee for Payments Committee for Risk Measurement and Management Committee for E-banking and Card Operations Committee for Internal Audit Committee for Physical Security Anti-money Laundering Committee Committee for Money and Capital Markets Committee for Accounting and Taxes Committee for Marketing and Communications Committee for IT Security