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TO THE MEDIA

Subject: Public Announcement

***The reaction of the Banking Agency of the F BiH on the latest events in Post Bank BH
Poštanska bank BiH d.d. Sarajevo***

The Banking Agency of the Federation of Bosnia and Herzegovina, due to the nature of its operations, does not have a habit to, in this manner, contact or communicate with the clients, but due to the correct, objective and truthful informing we decided to in this manner refer to the public and all the interested and contacted parties.

Primarily, we emphasize that Postbank BH Poštanska bank d.d. Sarajevo is in a private, mostly foreign ownership. We underline this, as there has been an attempt in an unsigned document by the syndicate or part of the syndicate, as well as by the minority owners, to try to insinuate that the Agency is working against everything which in its title carries the name of Bosnia and Herzegovina. We note, at least five more banks in its title carry the name of our country.

Provisional administration was introduced in the bank on two occasions in 2003, and 2010, first time because of lack of implementation of the legal requirements for capital and per request of, at the time, majority owner, that is, based on the conclusion of the Government of F BiH and the Decision by the Ministry of Finance of F BiH. Therefore, it is not correct that the provisional administration in 2003 was introduced into a successful Bank, but into a Bank which did not fulfill the core minimum of the regulatory conditions for performing the banking operations as well per request of the its owner at the time.

The second time the provisional administration was introduced also due to lack of compliance with the regulatory requirements for capital, as the Bank, due to the performance with losses, had brought it under the legal minimum, as well as due to the management crises, as the entire management submitted resignations.

Here we note that in our examinations we observed and deduced problems in the Bank's performance and ordered their corrections, especially in regard to the additional capital. However, the Bank did not implement those orders.

In regard to the credit and all other policies, especially the management and governance, they are the task and responsibility of the owner, supervisory board, management, as well as the employees in the Bank. It is not part of Agency's mission nor it is allowed to manage a bank, (if that was the case it would need to manage all 18 banks in the Federation of BiH), but it

performs the supervision of the performance and issues orders for correction of determined irregularities and violations in performance, and sanctions them in accordance with the law.

In regard to the too large number of employees, and later loss of 85 job positions, in addition to employment being a responsibility of the management, the public needs to know that the majority part of the employees of the Bank, through the court, obtained enormous payment of salary differences in regard to the collective contracts without realized business results (before the implementation of the PA), around 5 million KM (which will increase when other employees are included) which have to be paid directly against the shareholders of the Bank, and subsequently threatened would be the deposits of depositors and our companies. Therefore, those employees were, not just for the bank, but for themselves as well cutting the branch they were sitting on, and not the Agency.

The opening of the Bank's liquidation process is a result of not only the request of the current majority owner of the Bank, for which he has a full legal right and by Law prescribed obligations, but the protection of savers and depositors of the Bank. Unacceptable is the attempt of an individual, employee or members of a syndicate organization of the Bank to with court executive orders collect funds before a priority list prescribed by the law, and damaging the savers and depositors which with trust in the Bank and its employees invested their money, and finally that would as well be endured by all the shareholders of the Bank.

In regard to the request of the potential investor, FAM fund, for obtaining significant voting right (ownership) of over 66,7%, which was not the best, but the only bidding party at the last public bid for the additional capitalization of the Bank, we emphasize that it did not meet the elementary conditions to obtain the consent for a majority owner of the Bank, among other, due to the following reasons:

1. It never submitted its registration, nor evidence that it is registered for business investments;
2. Is not in compliance with the law in the country of origin and does not have a license to perform investment operations.
3. Based on the submitted documents, the country of origin are the British Virgin Islands, and not Switzerland, where it does not have registered any organizational unit, not to mention a head office, which we verified with the supervisory institution in Switzerland;
4. The submitted financial reports are not audited in compliance with the international standards for external audit, which is obligatory in accordance with our regulations;
5. The submitted reports do not present their financial capability to perform the capitalization in the proposed amount of 19.000.000 KM, since the aggregate balance sheet, precisely all the assets are around 16 million KM, nor did they submit relevant evidence that they own the funds reported in the balance sheet. Also, they did not secure adequate information about the origin of „19.000.000 KM“ which is needed for protection and prevention of money laundering;
6. The majority part of the management and the governance of FAM fund does not dispose with necessary business experience and
7. Although supplemented several times, the documentation for issuing the consent by the Agency has never been completed, in the manner and content required by the regulations to issue the consent.

Finally, we conclude that in compliance with its regulatory mission the Agency is operating in the best interest of Bosnia and Herzegovina, Federation of Bosnia and Herzegovina, banking system, banks individually, their clients, and especially savers and depositors as well as all the citizens of our country, which is evident from the condition and soundness of the banking system of the Federation of BiH.

PUBLIC RELATIONS OFFICE