



Broj:
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Subject: Notice

M E D I J I M A



**FBA: Supervision of the Razvojna banka FBiH
(Development Bank of the FBiH) performance**

After the Banking Agency of the Federation of BiH (FBA) had revoked a banking license from Investicijska bank FBiH d.d. Sarajevo (all rights and liabilities of this Bank are being transferred to Razvojna bank FBiH (Development Bank of the FBiH) (which has been established as a separate financial institution), Government of the Federation of BiH, at its session held on August 6, 2008 in Sarajevo, and pursuant to the Law on Development Bank of the FBiH, passed a Decree about Criteria and Method of Supervision of the Development Bank of the Federation of BiH performance, which should regulate the minimum standards for capital management, risks management, credit risk concentration management, Bank's related entities operations, and also management of liquidity risk, foreign exchange risk and operating risk and market risks.

The above Decree should also regulate implementation and maintenance of internal control systems, internal and external audit, extent, form and substance of the Bank's activities aimed to prevent money laundering and terrorism financing, payment system operations and accrual and reporting of an effective interest rate, as well as reporting forms to be sent to the Banking Agency of the Federation of BiH, a supervisory authority of the Development Bank of the FBiH.

However, the supervision involves control of legality in the area of its performance, deeds, as well as application of rules regulating Bank's work and business policies and procedures passed by the Bank. Irregularities and weaknesses imply the performance which is conducted against regulations and conditions and activities of the Bank, representing a non-sound, instable and too risky performance, regardless of the fact whether they violated regulations, policies or procedures.

The supervision includes monitoring through reports, information and data submitted to the Banking Agency of the FBiH by the Bank in form of the prescribed reports and direct review of business books, accounting and other records at the Bank.

In case if some weaknesses and irregularities of Bank's performance are determined during the supervision process, related to violation of law provisions and requirements set by the regulations, this decision, the Agency shall, with purpose of their elimination, determine certain limits, requirements and order specific activities to prevent further deterioration of the condition and improvement of Bank's procedures in order to enhance its performance and risk management, and it shall order the Bank and responsible individuals to implement the recommended measures, within deadlines determined for their implementation.

In this regard, it has been regulated that level of the fee to be paid to the Banking Agency of the FBiH, for conducting supervision, should be determined by its Managing Board in form of a special decision, along with consultation with the Government of the FBiH.

The FBA's Information Desk