BOSNIA AND HERZEGOVINA
FEDERATION OF BOSNIA AND HERZEGOVINA
BANKING AGENCY OF FEDERATION BOSNIA AND HERZEGOVINA

Number:
Sarajevo, November 12th, 2004

MEDIA REPRESENTATIVES

Subject: Public Statement

BANKING AGENCY OF THE FBiH

Operating license revoked from Gospodarska Bank Mostar

Today (12th of November 204), Banking Agency of FBiH has revoked the operating license from Gospodarska Bank dd Mostar and initiated a process of its liquidation. Agency decided to take this action based on a proposal of the provisional administrator of Gospodarska Bank dd Mostar and the decision of the FBiH Ministry of Finance on opening the liquidation process in this state-owned bank. Mr. Senad Kazazic was appointed as liquidation administrator

Provisional administration in Gospodarska Bank Mostar was intriduced at the end of September 1999 due to its illiquidity caused by poor collection of receivables. Aside from that, it failed to meet certain other requirements prescribed by the Law on Banks (level of capital) and the bank needed to be privatized as well. During the term of provisional administration, actions were taken to find partners interested in sale, merger, acquisition or additional capitalization of the bank. A public call for bids of potential interested parties was published in the BiH and Croatian media and ten banks in BiH and one in Croatia was approached directly in relation to this proposal. Unfortunately, despite of numerous contacts and negotiations, there were no specific results. In the mean time, bank stopped with its active operations. Practically, bank does not meet minimum legal requirements for it to operate and the privatization process hasn't moved from its beginning.

Within seven days upon receiving the decision on his appointment, Liquidation administrator will publish a public call to all bank's creditors to register their claims to be settled out of the liquidation assets of the bank. It is been estimated that liquidation assets to be established will be sufficient to settle bank's outstanding obligations, except for payments based on shareholder's capital.

By revoking the license from Gospodarska Bank Mostar, 24 banks will remain in the banking system of FBiH, out of which five are under provisional administration - Poštanska Bank, Ljubljanjska Bank, Privredna Bank Sarajevo and Una Bank Bihać and Hercegovačka Bank Mostar.

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