

Based on Article 21 of the Law on Microcredit Organizations of Republika Srpska ("Official Gazette of Republika Srpska", No. 64/06), Article 10, Paragraph 2, Point "b" of the Law on Banking Agency of Republika Srpska – revised text ("Official Gazette of Republika Srpska", No. 67/07) and Article 15, Paragraph 1, Line 11 of the Statute of the Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska ", No. 67/04), on its session held on December 4, 2007, the Management Board of the Banking Agency of Republika Srpska, p a s s e d

**DECISION  
ON OTHER REQUIREMENTS  
FOR BUSINESS OPERATION OF MICROCREDIT ORGANIZATION**

**Article 1**

This Decision sets out in more details other requirements for business operation of a microcredit organization (hereinafter: MCO) which were not stipulated or precisely defined by the law or other decisions of the Banking Agency of Republika Srpska (hereinafter: the Agency).

**Article 2**

In the sense of Article 4 of the Decision on Definition of Persons Related to Microcredit Organization and Minimum Standards for Operation of Microcredit Organization with Related Persons (hereinafter: the Decision) the term "mutually related or joint investment" shall mean a relationship of two or more persons who have together, directly or indirectly, more than 25% of ownership in capital of any legal person, with or without voting right, apart from the subject MCO, and if they act mutually in agreement with a goal to influence both policy and decision making in such a legal person.

In the sense of Article 4 of the Decision, the term "significant ownership interest" shall mean a relationship of one legal or physical person, who independently, or in agreement with one or more than one legal or physical persons:

- a) Owns, directly or indirectly, at least 10% of ownership in capital of other legal persons, or
- b) Has a capability to exercise a significant influence over the management or policies of such a legal person, under an agreement or in any other way.

**Article 3**

Transaction with a related person shall be understand as a transaction with a third party if the funds used in the transaction were transferred to a related person or utilized by the related person to generate profit.

MCO shall identify and keep records (register) on related persons.

**Article 4**

MCO is obligated to keep records on funds donated treating the funds as donated capital condition of which shall be reported to the Agency.

MCO is obligated to obtain, in writing, donor's point of view related to the status of funds donated before registration of the MCO in the court register of business associations or the court register of citizens' associations, as well as related to the treatment of funds donated and belonging surplus of income over expense accrued.

If the MCO is not objectively able (in case of the donor's bankruptcy/liquidation or similar) to obtain the donor's point of view, the capital donated shall be understood as donated funds increased by surplus of income over expense accrued as of the date of acquiring the status of a legal person as a microcredit association or microcredit foundation, that is as of the date of entering the court register of business associations or the court register of citizens' associations.

The donated capital from Paragraphs 2 and 3 of this Article must be verified by an external auditor.

Proportionally to its share in the total capital of the microcredit association the capital donated shall participate in distribution of profit generated, and the belonging share of profit shall be added to the donated capital to be used in further extending of micro-credits.

MCO, which is in possession of donated capital, shall manage such capital as a conscious housekeeper in compliance with the law, agreement on donation and the donor's position, and regulation of the Agency and enactments of the MCO.

#### **Article 5**

In case of investment and transfer of assets from one MCO to another, it is necessary that such an MCO submits to the Agency additionally to the request for approval including documentation from the Decision on Requirements and Procedure for Issuing Microcredit Operating Permit Granted to Microcredit Organizations, Organizational Units of Microcredit Organizations from Federation BiH, District Brcko, and Foreign Microcredit Organization in Republika Srpska, also an audited financial statement of the MCO, which in the moment of submitting is not older than 6 (six) months, and description of methods based on which value and allocation has been established for the assets being transferred, as well as for the assets acquired, especially related to the value of assets invested and the assets acquired by any other person in that moment. Also, the creditor's consent for the transfer of assets shall be attached.

The Agency shall have the discretionary right to evaluate the methods based on which value of the investment planned and of assets and liabilities transferred has been established. In case of suspicion in the actual value established the Agency may employ another external auditor to perform a new evaluation, charging the MCO for the expense.

#### **Article 6**

This Decision shall become effective on the eight day from the day of its being published in the "Official Gazette of Republika Srpska".

UO number: 35/07  
December 4, 2007  
Banja Luka

CHAIRWOMAN OF THE  
MANAGEMENT BOARD  
Mirjana Jacimovic  
/signed/

