

Pursuant to Article 5, Paragraph 1, Item b, Article 20, Paragraph 2, Item b, and Article 37 of the Law on Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska", No.: 59/13 and 4/17) and Article 6, Paragraph 1, Item b and Article 19, Paragraph 1, Item b of the Statute of the Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska", No.: 63/17), the Management Board of the Banking Agency of Republika Srpska, on its 45th session held on 28 December, 2017, adopted the following

DECISION

ON CONDITIONS AND PROCEDURE FOR ISSUING LICENSES, APPROVALS AND CONSENTS TO BANKS OPERATING IN REPUBLIKA SRPSKA

CHAPTER I

GENERAL PROVISIONS

Article 1

- (1) This Decision defines in more detail the procedures and conditions for issuing licenses, consents and approvals by the Banking Agency of Republika Srpska (hereinafter: Agency), refusing applications for licenses, consents and approvals, and revoking licenses, consents and approvals issued by the Agency to the banks headquartered on the territory of Republika Srpska (hereinafter: bank) and to banks headquartered outside the territory of Republika Srpska, but operating in the Republika Srpska.
- (2) The main objective of this decision is to establish general criteria in the exercise of the Agency's legal competencies in making its decisions and rulings regarding the issuance and revocation of licenses, consents and approvals to the banks operating in Republika Srpska.
- (3) The requests that banks submit to the Agency relate to:
 - 1) issuance of a bank license, pursuant to Art. 14–18 of the Law on Banks of Republika Srpska ("Official Gazette of Republika Srpska" No. 04/17, hereinafter: Law),
 - 2) approval for the establishment of an organizational unit of a bank in Republika Srpska, the Federation of Bosnia and Herzegovina, the Brcko District of Bosnia and Herzegovina and outside Bosnia and Herzegovina, pursuant to Article 20 of the Law;
 - 3) approval for the operation of the organizational unit of the bank with its headquarters in the Federation of Bosnia and Herzegovina and the Brcko District of Bosnia and Herzegovina in Republika Srpska, pursuant to Article 21 of the Law;
 - 4) issuing of approval to the bank for opening a representative office outside of Republika Srpska, pursuant to Art. 24 and 25 of the Law,

- 5) issuing of approval to the bank headquartered outside of Republika Srpska to open a representative office in Republika Srpska, pursuant to Art. 24 and 25 of the Law,
- 6) prior consent to the Bank's Statute, pursuant to Article 13 of the Law;
- 7) issuance of approval for status change of the bank, pursuant to Art. 32 and 33 of the Law,
- 8) prior consent to acquire qualifying holding in the bank, pursuant to Art. 41–45. of the Law,
- 9) subsequent consent to acquire qualifying holding in the bank, pursuant to Article 46 of the Law,
- 10) prior consent to include the current year's profit in the item of Common Equity Tier 1 before making a formal decision, pursuant to Article 6 of the Decision on the calculation of bank capital ("Official Gazette of Republika Srpska", No. 74/17 and 114/17),
- 11) prior consent for the inclusion of equity instruments in the items of bank's Common Equity Tier 1, pursuant to Article 6 of the Decision on the calculation of bank capital,
- 12) prior consent for the inclusion of equity instruments in the items of bank's AT 1 capital, pursuant to Article 6 of the Decision on the calculation of bank capital,
- 13) prior consent for the inclusion of equity instruments in the items of bank's Tier 2 capital, pursuant to Article 6 of the Decision on the calculation of bank capital,
- 14) prior consent for the repayment of equity instruments or subordinated debt before maturity, pursuant to Article 22, paragraph 2, item 10 of the Decision on the calculation of bank capital,
- 15) prior consent to perform the function of a member of the supervisory board in the bank, pursuant to Article 61 of the Law,
- 16) prior consent to perform the function of a member of the management of the bank, pursuant to Article 70 of the Law,
- 17) prior consent to procure under Article 85 of the Law,
- 18) prior consent for the purchase and sale of placements pursuant to Article 116 of the Law,
- 19) prior consent for the purchase and sale of a materially significant amount of placements pursuant to Article 116 of the Law,
- 20) prior consent for the direct or indirect holding of a bank in another legal entity and a subsidiary of that legal entity and the total net worth of all the bank's shares in other legal entities and subsidiaries of those legal entities, pursuant to Article 111 of the Law,
- 21) prior consent to reduce the capital or change the capital structure of the bank by repurchasing its own shares, pursuant to Article 39 of the Law,
- 22) prior approval for the selection of the consolidation method, pursuant to Article 7, Paragraph 3 of the Decision on requirements on a consolidated basis for banking group ("Official Gazette of Republika Srpska", No. 89/17),
- 23) prior consent to exclude data on a subordinated member of a banking group from the consolidated financial statement, pursuant to Article 166 of the Law,
- 24) prior approval for the appointment of an external auditor of the bank to perform the audit of the financial statements, the regular audit for the needs of the Agency and the audit of the financial statements in the event of a status change, pursuant to Article 169 of the Law,
- 25) prior approval to appoint an external auditor to audit the information system, pursuant to Article 12 of the Decision on minimum standards of information system management in banks ("Official Gazette of Republika Srpska", No. 116/17),

- 26) approval for the issue of shares, conversion of priority shares into ordinary shares and opinion on the issue of other types of securities, pursuant to Article 35 of the Law,
 - 27) prior consent to establish or acquire ownership in a subsidiary of a bank, pursuant to Article 217 of the Law,
 - 28) issuing of consent for the voluntary liquidation of a bank, pursuant to Article 260 of the Law and
 - 29) issuing a prior consent for the sale of assets and liabilities of the bank or the merger of the bank in enforced liquidation, pursuant to Article 267 of the Law.
- (4) Applications may be submitted by domestic and foreign natural and legal persons, depending on the type of license, consent or approval.
 - (5) The documents to be submitted with the application must be in the original or certified copy, and the statute and decision on establishment must be in the form of notarized documents.
 - (6) In the case of bank acts, the same must be in original or certified copy, adopted, signed or certified by the competent authorities of the bank or persons.
 - (7) If a bank submits an act in a foreign language, it must submit with it an officially certified translation into one of the languages in official use in Republika Srpska.
 - (8) Upon submission of the request, the Agency shall process it, including compliance of the request and the accompanying documentation with laws and other regulations, and analysis of the documentation, and may:
 - 1) engage in conversation with representatives of the bank or founder,
 - 2) carry out on-site inspection and / or
 - 3) request verification and / or confirmation of financial information based on current and prior condition.
 - (9) The Agency decides on the request by means of a ruling. The applicant is required to pay the fee for issuing of the ruling, as determined by the conclusion.
 - (10) In the event that not all required documents or information have been provided with the request, the Agency may request from the applicant to provide additional documents or information. The same must be submitted within the time limit set by the Agency. If the requested documents or information are not filed within the specified deadline, the Agency will dismiss the request with a conclusion as disorderly.
 - (11) The ruling referred to in paragraph 9 of this Article is final.

CHAPTER II

ISSUANCE, REJECTION OF ISSUANCE AND REVOCATION OF LICENSE,

APPROVALS AND CONSENTS

1. Banking license

1.1. Issuance of a banking license

Article 2

- (1) The conditions that must be fulfilled for the Agency to issue a license for a bank to operate are stipulated in Article 14 of the Law on Banks of Republika Srpska (hereinafter: Law).
- (2) The bank's founders submit to the Agency a license application and attach with the application:
 - 1) list of the founders of the bank, their identification data (for natural persons certified photocopy of ID card or passport, for legal persons certified photocopy of registration decision) and data on business reputation, financial and property status (for natural persons: data on overall financial status, and for legal persons: audited financial statements for the last three years) and the nominal amount and percentage of shares belonging to the shareholders,
 - 2) documentation establishing the direct or indirect ownership of the natural or legal persons of the acquirers of the qualifying holding, including their amounts, and, if there are no acquirers of the qualifying holding, data on the 20 largest shareholders of the bank,
 - 3) information on the controlling interest or ownership of the acquirers of qualifying holding in other companies,
 - 4) documentation on the eligibility of founders with qualifying holding in the bank, if such holding exists,
 - 5) the founding act of the bank signed by all founders and the statute of the bank containing the elements stipulated by Articles 12, i.e. 13 of the Law, in the form of a notarized document,
 - 6) clear and undoubted evidence of the origin of the founding capital,
 - 7) statement of founding capital,
 - 8) data and evidence on the fulfillment of the conditions of persons proposed for members of the supervisory board and the management of the bank in accordance with this Decision and the Law,
 - 9) information on the initial assessment of the persons proposed for members of the supervisory board and management by the founders, with the explanation and results of the assessment,
 - 10) a plan of bank operations for the first four years, which must contain the planned scope of operations that the bank intends to develop during that period, and general strategy of the bank, expected target market, the projections of the balance sheet and income statement and the projection of cash flows,
 - 11) proposal of strategy and policies for capital and risk management,

- 12) proposal act on organization and systematization of the bank, with documentation on technical and personnel qualifications,
 - 13) a detailed description of the organization of accounting, information system and internal control systems in the bank,
 - 14) a proposal for a remuneration policy that is consistent with the operations being performed and that guarantees appropriate and effective risk management,
 - 15) the consent of the competent regulatory authority that the bank or other person in the financial sector outside of Republika Srpska is the founder of the bank,
 - 16) the consent of the competent authority of the country of origin in which the founders are seated or domiciled, which gives consent for the investment of capital into the bank, if such consent is envisaged by the regulations of that country, and
 - 17) information about the regulatory body of the founder (name, seat, business operations).
- (3) The Agency may, prior to deciding on the application for a bank operating license issuance, request any information necessary to evaluate the application.
 - (4) The founders of the bank must have an adequate business reputation and possess sufficient financial capacity, given the proposed size of the bank and the type of its activities, which is evaluated in each case by the Agency.
 - (5) The provisions of Paragraph 4 of this Article shall also apply to any owner of a significant interest in a legal person if that legal person is the founder of the bank.
 - (6) The Agency shall issue a ruling on issuing a bank operating license upon the request of the founder of the bank within 60 days from the date of receipt of a duly requested application.
 - (7) If the application contains formal deficiencies that prevent it from acting, or if the request is incomprehensible or incomplete, the Agency shall request the bank's founder to remedy the deficiencies within six months from the date of application submission.
 - (8) If the bank's founder remedies the deficiencies within the time allowed, the application shall be deemed as in order.
 - (9) If the bank's founder fails to remedy the deficiencies within the deadline, the Agency shall dismiss the application as unorderedly.
 - (10) The Agency is obliged to complete the procedure for deciding on the application for a operating license within one year from the day of receipt of the application.
 - (11) The Bank is obliged to submit certified copies of the registration to the Agency with the Republika Srpska Securities Commission, the register of economic entities and the Central Register of Securities within 15 days from the day of each individual subscription.

1.1.1. Founding capital statements

Article 3

- (1) The application for issuing a license for the bank shall be accompanied by notarized statements of the amount and method of payment of the founding capital, i.e. evidence that purpose funds have been provided and specifically dedicated for the founding capital of the newly established bank.
- (2) Statements by the domestic or foreign founder must:
 - 1) be given individually,
 - 2) have the date and signature of the founder, and if the founder is a legal entity, they must have a seal,
 - 3) contain the exact amount of the founder's stake in the money
 - 4) and contain the statement of the founder that it will pay the founder's contribution within 7 days from the date of notification of the Agency on the positive resolution of the application.
The payment is made to a special account of the Agency, opened at the Central Bank of BiH.
- (3) The founders also enclose a statement of the stake in property and rights, which will serve directly and exclusively for banking affairs, i.e. bank's business function (building, office space, computer equipment and similar assets). The stake in property and rights is expressed in money, so the founders enclose with this statement an act on the valuation of the property and rights performed by an authorized person in Republika Srpska. In the case of real estate, it must not be encumbered with a mortgage, as evidenced by a certificate from the competent authority. The founder's statement must be signed with an indication that within 15 days of the bank's registration with the competent registration court it will initiate the procedure of transfer to the bank the ownership of the real estate, that is, the procedure of transfer with the competent authority of securities representing its founding stake, and proof about above mentioned shall be submitted the to the Agency. If the founder is a legal entity, the signature on the statement must be stamped.
- (4) If the bank did not acquire ownership of the property which the founder was obliged to bring in as a founding investment, the bank founder must pay in cash the value of those properties, which the bank must return to it.
- (5) In case the founder's stake is represented by the securities, the statement shall be accompanied by a report on the audit of the annual settlement for the previous year of the issuer of securities, prepared by a certified external auditor. The amount of the founding stake that constitutes of securities is determined on basis of their market value at the date of payment of the cash portion of the bank's founding stake.

1.1.2. Bank operation plan and projection

Article 4

- (1) The founders are required to submit to the Agency a business plan for the first four years of the bank's operation, which includes:
 - 1) objectives and tasks of the bank,
 - 2) market analysis,
 - 3) information on proposed types of clients and services,
 - 4) an assessment of the resources needed to achieve the bank's objectives in terms of market conditions,
 - 5) financial plan, which must include initial capitalization, projected income and expenses and other relevant information that will reflect the bank's ability to operate profitably, increase capital to the extent sufficient for the projected activities, including projections of balance sheets and income statement and cash flows,
 - 6) plan of proposed markets for banking service performance,
 - 7) plan of necessary staff with the proposal of organization and systematization of jobs, with indication of required qualification structure and work experience,
 - 8) information on the technical competence of the bank to perform the tasks specified in the contract or the decision on establishment and the statute. The bank is required to provide evidence that it meets the technical qualifications, which include:
 1. documentation showing the manner of providing business premises (ownership, concession free of charge or lease for an indefinite or fixed term, with proof that the lessor owns the business premises),
 2. act of the competent authority that the business premises correspond to the purpose for providing banking services,
 3. documentation proving the manner in which the equipment in the bank was secured (ownership, concession free of charge or leasing for an indefinite or fixed term),
 4. specification of computer equipment and application software and
 5. a procedure describing how assets are protected (physical asset protection, data protection, etc.).
- (2) The business plan must be accompanied by:
 - 1) analysis of factors taken into account in the assessment of capital adequacy, including:
 1. establishment costs,
 2. expected earnings,
 3. the appropriate structure of the governing bodies in accordance with the intended size of the bank and the eligibility of qualifying holding acquirers, with adequate evidence,
 4. expected risks related to assets and liabilities,
 5. stake in property and rights expressed in money and
 6. the possibility of providing additional capital when the need arises and
 - 2) information on the appropriate system of management of risk to which the bank may be exposed in its operations (credit risk, operational risk, market risk, liquidity risk, interest rate risk in the banking book, etc.).

1.2. Rejection of a bank license application

Article 5

- (1) The Agency shall reject the application for a bank license in the following cases:
 - 1) if the conditions are not fulfilled and the documentation for issuance of the operating license stipulated by the Law and this Decision has not been submitted,
 - 2) if the founders provided false and untrue information or did not provide the information requested by the Agency in the decision-making process,
 - 3) if the documentation and other data show that the organization of the bank was not foreseen in accordance with the Law, or that the conditions for the bank's business operations envisaged by the Law or regulations adopted pursuant to it were not provided,
 - 4) if the amount of paid-up founding capital stipulated by the Law has not been previously paid into the Agency's account with the Central Bank of Bosnia and Herzegovina under the conditions stipulated by the Agency,
 - 5) if the performance of the supervisory function of the Agency may be hindered or impeded by the relatedness of the bank with other legal or natural persons seated, or domiciled in another country, or if there are other reasons due to which it is not possible to exercise the supervisory function of the Agency in accordance with the Law,
 - 6) if the financial position or business reputation of one of the founders is unsatisfactory,
 - 7) if the laws or regulations of the country of the bank's founder in any way prevent or impede the exercise of the supervisory function of the Agency,
 - 8) if there is a lack of confidence or professional qualification for any of the proposed candidates for membership of the supervisory board or management of the bank or
 - 9) in other cases, when the Agency determines that the conditions for issuing a bank license have not been fulfilled.
- (2) It is considered that there is an unsatisfactory financial condition of one of the founders in the following cases:
 - 1) if the obligations of the founder exceed its assets, whether or not the bankruptcy proceedings have been initiated,
 - 2) if the total amount of the founder's liabilities could pose a significant risk to the bank's stability,
 - 3) if the submitted financial data indicate that the founder would not be able to maintain the stipulated level of capital adequacy, or
 - 4) if there are other facts that indicate financial danger to the bank and / or the depositors of the bank as a consequence of possible acting by the founder.
- (3) It is considered that one of the founders does not have a proper business reputation in the following cases:
 - 1) if the founding natural person is convicted of a criminal offense or economic offense in the field of economic and financial crime within a period of 5 years from the day the judgment becomes final, excluding the time of serving a prison sentence,

- 2) if the founding natural person was a member of the governing body, management or internal auditor of the bank to which the Agency or other competent authority has introduced a provisional administration, liquidation or bankruptcy proceedings have been initiated, for a period of 1 year prior to the introduction of such measures, or
 - 3) if the founding natural person was a member of the governing body or management body in the legal entity in which the bankruptcy procedure was initiated within a period of 1 year before the introduction of such measure.
- (4) It is considered that there is a lack of appropriate business reputation or professional qualifications in one of the proposed candidates for the member of the supervisory board or management of the bank if the Agency determines that one of them:
- 1) was previously a member of the governing body, management or internal auditor of the bank to which the Agency or other competent authority has introduced a provisional administration, liquidation or bankruptcy proceedings have been initiated, for a period of 1 year prior to the introduction of such measures,
 - 2) was previously a member of the governing body or management body in the legal entity in which the bankruptcy procedure was initiated within a period of 1 year before the introduction of such measure,
 - 3) was convicted of a criminal offense or economic offense in the field of economic and financial crime within a period of 5 years from the day the judgment becomes final, excluding the time of serving a prison sentence or
 - 4) previous business or private conduct included facts indicating that such person could not be expected to be successful in performing business operations.

1.3. Revocation of banking license

Article 6

- (1) The Agency shall revoke the bank's operating license in the following cases:
- 1) if the license is issued on the basis of incorrect or false documentation or data that is essential for the bank's business operations,
 - 2) based on the adopted written report and the proposal of the interim bank manager,
 - 3) if the reasons for initiating the liquidation or bankruptcy proceedings against the bank have arisen,
 - 4) if the assets and liabilities of the bank in the resolution procedure have been transferred by means of applying resolution instruments, and if the transfer has been judged to have achieved the objectives of the resolution,
 - 5) if, after initiating the resolution procedure, it is assessed that the resolution objectives cannot be achieved,
 - 6) if the bank ceases to conduct banking business for more than six months, unless ordered to do so by the Agency or
 - 7) if the bank is insolvent, unless a decision is made on bank resolution.

- (2) The Agency may revoke a bank's operating license in the following cases:
- 1) if the bank does not comply with the measures ordered by the Agency by its ruling,
 - 2) if the amount of the bank's capital and reserves becomes lower than the required amount determined in accordance with the Law and the Agency's by-laws,
 - 3) if the bank fails to pay the Agency a calculated fee,
 - 4) if the bank does not pay the insurance premium and does not fulfill other financial obligations based on deposit insurance scheme, in accordance with the law governing deposit insurance in banks of Bosnia and Herzegovina, and upon the proposal of the Deposit Insurance Agency of Bosnia and Herzegovina,
 - 5) if the bank failed to provide the Agency or other authorized body with the ability to supervise, control or audit the bank,
 - 6) if the bank cannot be expected to continue to fulfill its obligations to creditors, and in particular if it no longer provides security for the assets entrusted to it, especially in terms of the payment of deposits,
 - 7) if the bank does not have an established management system in the manner stipulated by the Law and the Agency's by-laws,
 - 8) if the bank does not meet the requirements regarding the procedure for internal assessment of capital adequacy and liquidity in accordance with the Agency's by-laws,
 - 9) if the bank repeatedly fails to fulfill the obligation of timely and accurate reporting to the Agency in a period of three years,
 - 10) if the bank does not meet technical, organizational, personnel and other conditions for conducting banking operations,
 - 11) if the bank does not provide to the Agency information on the fulfillment of obligations related to capital ratios, large exposure, liquidity, leverage ratio, or the data provided is incorrect or incomplete,
 - 12) if the bank repeatedly or continuously fails to meet the liquidity requirements,
 - 13) if the bank acts contrary to the provisions of the Law regarding limitations on bank risk exposures,
 - 14) if the bank does not publicly disclose information and data of the bank business operations stipulated by the Law or the published data is incorrect or incomplete,
 - 15) if the bank has been convicted of a criminal offense of money laundering and financing of terrorist activities or has been convicted of a serious breach of the law governing the prevention of money laundering and terrorist financing,
 - 16) if the bank allows one or more non-compliant persons to have the status of a member of the bank's supervisory board or management, or
 - 17) if the bank no longer fulfills other conditions under which the bank's operating license has been issued.
- (3) From the day of revocation of the banking license, the bank is prohibited from performing the tasks specified in the Law, except for the activities performed by the liquidator or bankruptcy administrator in accordance with the Law and other laws governing bankruptcy and liquidation proceedings in the process of liquidation or bankruptcy of the bank.

2. Approval for the establishment, i.e. operations of organizational units

2.1. Approval for the establishment of an organizational unit of a bank in Republika Srpska, the Federation of Bosnia and Herzegovina, the Brcko District of Bosnia and Herzegovina and outside of Bosnia and Herzegovina

Article 7

- (1) A bank may establish an organizational unit in Republika Srpska (branches as core business units and lower organizational units dependent on the branch, such as branch offices, counters, agencies, etc., which do not have the capacity of a legal entity, and perform all or part of the operations that may be performed by the bank in accordance with the Law) with the approval of the Agency.
- (2) Prior to the request for the establishment of an organizational unit on the territory of Republika Srpska, the bank shall submit to the Agency for its opinion of a study on the economic justification for establishing an organizational part of the bank. The study must contain a business plan for a period of at least three years from the day the organizational part starts working with the financial indicators and their impact on the results of the bank's operations, the amount of possible investments in that organizational part, IT equipment and connection with the bank, as well as the staff plan that will be employed in that organizational part of the bank (number and qualification structure).
- (3) The Bank shall submit to the Agency a request for issuance of an approval for the establishment of an organizational unit on the territory of Republika Srpska after receiving a positive opinion on the study, with which it shall enclose:
 - 1) the decision of the competent management body on the establishment of an organizational part of the bank indicating the activities that this part of the bank will perform,
 - 2) a statement that the bank will provide effective asset protection in the new organizational part in accordance with the provisions of the Decision on the Bank's Internal Control System ("Official Gazette of Republika Srpska", No. 89/17),
 - 3) a statement that the bank will ensure the implementation of the provisions of the Law on Prevention of Money Laundering and Financing of Terrorist Activities in the new organizational part ("Official Gazette of BiH", No. 47/14 and 46/16),
 - 4) the decision of the competent authority on the appointment of the manager of the organizational unit of the bank with an indication of their competences, as well as evidence on their qualifications, citizenship and work experience, and
 - 5) proof on secured office space (proof of ownership or lease agreement for a definite or indefinite period, with the proof that the lessor owns the business premises).
- (4) The Agency shall issue a ruling on the request for the establishment of an organizational unit of the bank on the territory of Republika Srpska within 30 days from the day of receipt of the application with complete documentation.

- (5) Upon entry in the register of business entities of the organizational unit, the bank is obliged to submit to the Agency a certified photocopy of the decision thereof within 15 days from the date of registration.
- (6) The bank is obliged to seek a prior approval of the Agency for any changes related to the organizational parts referred to in paragraph 1 of this Article, with the submission of documentation in accordance with the Agency's by-laws, except for documentation which is not changed and which the Agency already possesses.
- (7) The bank shall submit to the Agency a request for the establishment of an organizational unit in the Federation of Bosnia and Herzegovina or the Brcko District of Bosnia and Herzegovina.
- (8) The bank shall submit to the Agency the documentation referred to in Paragraphs 2 and 3 of this Article with the request for the establishment of an organizational unit on the territory of the Federation of Bosnia and Herzegovina or the Brcko District.
- (9) The Agency shall issue a ruling on the request from the previous Paragraph within 30 days from the day of receipt of the request with complete documentation.
- (10) The bank is obliged to contact the regulatory authority of the Federation of Bosnia and Herzegovina, or Brcko District in further procedure, along with the application of the regulations of the Federation of Bosnia and Herzegovina and Brcko District respectively, for obtaining the approval of that authority.
- (11) The bank is obliged to submit to the Agency a Ruling approving the establishment of an organizational unit issued by the regulatory body of the Federation of Bosnia and Herzegovina, or the Brcko District, as well as a certified photocopy of the entry in the register of business entities of the established organizational unit within 15 days from the date of approval.
- (12) The bank, together with the request for the establishment of an organizational unit outside the territory of Bosnia and Herzegovina, shall submit to the Agency the documentation referred to in Paragraphs 2 and 3 of this Article, as well as the permit of the competent authority of Republika Srpska for the transfer of funds abroad, for the purpose of establishing an organizational unit.
- (13) The Agency shall issue a ruling on the request referred to in the previous Paragraph within 30 days from the date of receipt of the complete and orderly request.
- (14) The bank is obliged to contact the competent authority of the country in which it establishes the organizational unit in the further procedure and to apply the regulations of that country.
- (15) The bank shall be obliged to submit to the Agency a ruling approving the establishment of an organizational unit issued by the competent authority from the previous Paragraph of this Article and a certified photocopy of the act of the competent authority on the entry of the organizational unit into the records of the country in which the organizational unit was established, within 15 days from the date of registration.

2.2. Approval for the operations of the organizational unit of the bank with headquarters in the Federation of Bosnia and Herzegovina and the Brcko District of Bosnia and Herzegovina in the Republika Srpska

Article 8

- (1) Bank seated in the Federation of Bosnia and Herzegovina or the Brcko District of Bosnia and Herzegovina, with a request for approval to operate an organizational unit (branches and lower organizational units dependent on the branch, such as branch offices, counters, agencies, etc.) in Republika Srpska, shall deliver to the Agency the following:
 - 1) the ruling of the competent body of the bank to establish an organizational unit with the name, address and activities that it will perform in that organizational unit,
 - 2) a license for the bank establishing an organizational unit issued by the competent regulatory authority,
 - 3) the act of the competent regulatory authority approving the establishment of an organizational unit in Republika Srpska,
 - 4) certified statement of the bank on assuming responsibility for all obligations that will arise in the business operations of the organizational unit,
 - 5) a study on the economic justification for establishing an organizational unit,
 - 6) business plan of the organizational unit, indicating the type of business and organizational structure,
 - 7) a statement that the bank will provide in the organizational part effective protection of assets in accordance with the provisions of the Decision on bank's internal control system,
 - 8) decision of the competent body of the bank on the appointment of the person who is responsible for the operations and authorized to represent the organizational unit with an indication of his/her competences and evidence on compliance with the stipulated conditions and
 - 9) proof on secured office space.
- (2) The person responsible for the operations and authorized to represent the organizational unit is obliged to reside on the territory of Republika Srpska or Bosnia and Herzegovina and to have an established employment relationship in accordance with the law governing employment relations in Republika Srpska.
- (3) The bank referred to in Paragraph 1 of this Article shall request a prior approval of the Agency for any changes related to organizational units established in Republika Srpska, with the submission of documentation in accordance with the Agency's by-laws, except for documentation that is not changed and already in possession of the Agency.
- (4) The Agency shall issue a ruling on the request referred to in Paragraphs 1 and 3 of this Article within 30 days from the day of receipt of the complete and orderly request.

2.3. Rejection of the application for the establishment, i.e. operations of the organizational unit

Article 9

The Agency shall reject the application for the approval for establishing the organizational part of the bank referred to in Article 7 of this Decision and the authorization for operating the organizational part referred to in Article 8 of this Decision in the following cases:

- 1) if the conditions for issuing the license for the establishment or operations of the organizational unit provided for by the Law and this Decision are not fulfilled,
- 2) if incorrect and untrue information has been provided or the information requested by the Agency in the decision-making process has not been provided,
- 3) if the performance of the supervisory function of the Agency in relation to the tasks performed by the organizational part could be difficult or hindered, or
- 4) in other cases when the Agency determines that the conditions for issuing the approval for the establishment or operations of the organizational unit have not been fulfilled.

3. Consent to open a representative office

3.1. Issuing consent to a bank to open a representative office outside of Republika Srpska

Article 10

- (1) The bank may establish a representative office outside of Republika Srpska.
- (2) The bank shall submit to the Agency a request for consent for opening a representative office outside of Republika Srpska, with the following:
 - 1) act of the competent body of the bank on the establishment of a representative office,
 - 2) name and seat of the representative office,
 - 3) representative work program for at least two years,
 - 4) proof on secured office space,
 - 5) data on employees,
 - 6) a list of persons responsible for the operations and representation of the representative office,
 - 7) the powers of the persons responsible for the operations and representation of the representative office and
 - 8) certified statement on assuming responsibility for all obligations arising from the business operations of the representative office.
- (3) The Agency shall issue a ruling on the request referred to in the previous Paragraph within 30 days from the date of receipt of the complete and orderly request.
- (4) The bank shall be obliged to submit to the Agency an act on the registration of the representative office in the records of the competent authority if such entry is provided for by the regulations of that country, within 15 days from the date of registration.
- (5) The representative office does not have the capacity of a legal entity, nor can it perform banking activities.

- (6) The Agency shall withdraw consent from the representative office if it operates contrary to the provisions of the previous Paragraph of this Article.

3.2. Issuing consent to a bank seated outside of Republika Srpska to establish a representative office in Republika Srpska

Article 11

- (1) A bank headquartered outside of Republika Srpska may establish a representative office in Republika Srpska.
- (2) A bank headquartered outside of Republika Srpska shall submit to the Agency an application for issuance of consent to open a representative office in Republika Srpska, to which it shall enclose:
- 1) information on the name, legal status and headquarters of the parent bank establishing the representative office,
 - 2) statute or other relevant act,
 - 3) audited annual financial statements for the last three years,
 - 4) operating license of the bank establishing the representative office, issued by the regulatory body,
 - 5) court or other register extract,
 - 6) act of the competent body of the bank on the establishment of a representative office,
 - 7) act of the competent regulatory authority approving the establishment of a bank representative office,
 - 8) name and seat of the representative office,
 - 9) representative work program for at least two years,
 - 10) proof on secured office space,
 - 11) data on employees,
 - 12) a list of persons responsible for the operations and representation of the representative office,
 - 13) the powers of the persons responsible for the operations and representation of the representative office and
 - 14) certified statement of assuming responsibility for all obligations arising from the business of the representative office.
- (3) The Agency shall issue a ruling on the request referred to in Paragraph 2 of this Article within 30 days from the date of receipt of a valid request.
- (4) The bank representative office referred to in Paragraph 2 of this Article shall submit to the Agency a certified photocopy of the act of registration with the competent authority in Republika Srpska, within 15 days from the date of registration.
- (5) The representative office does not have the capacity of a legal entity, nor can it perform banking activities.
- (6) The Agency shall withdraw consent from the representative office if it operates contrary to the provisions of the previous Paragraph of this Article.

4. Prior consent for the bank's statute

Article 12

- (1) The Agency shall issue its prior consent to the bank's statute, i.e. amendments to the bank's statute, which may not enter into force before the Agency's consent has been submitted.
- (2) Elements of the bank statute are prescribed by Article 13 of the Law.
- (3) The bank shall submit to the Agency the statute and / or amendments to the statute in the form of a notarized document and the decision on amendments to the statute, adopted by the general assembly of the bank, with the request for issuance of a prior consent to the statute and for its amendments.
- (4) The Agency shall issue a ruling on the request for the issuance of a prior consent to the statute or amendments to the bank's statute within 30 days from the date of receipt of the complete and orderly request.
- (5) The bank is obliged to submit to the Agency the records of changes resulting from the amendments to the statute, with Republika Srpska Securities Commission, the Register of Business Entities and the Central Registry of Securities within 15 days from the day of each individual registration.

5. Approval for bank status change

5.1. Issuance of bank status change approval

Article 13

- (1) A bank that intends to make a status change is required to obtain a status change approval from the Agency.
- (2) In addition to the application for approval of the status change, the bank shall submit:
 - 1) draft status change agreement,
 - 2) study on the economic justification of the status change with the decisions of the Assembly on the adoption of the draft status change agreement,
 - 3) written reports of the management and supervisory board of the bank on the status change of the bank and the competent bodies of all companies participating in the status change,

- 4) the report of the audit firm on the performed audit of the status change,
 - 5) the consolidated balance sheet and income statement of the merging banks, that is, the balance sheet and income statement of the bank separating part of its assets and liabilities, according to the data from the month preceding the filing of the request,
 - 6) proposal for members of the governing bodies of a bank / banks created by a status change with the documentation stipulated in Articles 26 and 28 of this Decision,
 - 7) an independent auditor's report on the methods used to determine the stock exchange ratio in accordance with Article 377 of the Company Law.
The audit firm that compiles this report may not be the same as the one that compiles the report referred to in Item 4 of this Paragraph and
 - 8) business plan of the bank or banks created by the status change.
- (3) In the event that a temporary manager is appointed at the bank, he/she may, in the report, propose the merger or acquisition of a bank with another bank or another entity as one of the measures. In this case, the interim administrator shall make the study and the decision on behalf of that bank.
 - (4) In the event that a liquidator is appointed at the bank, it may propose, as one of his/her measures, the merger of the bank in liquidation with another bank or another entity. In that case, the liquidator shall make the study and the decision on behalf of that bank.
 - (5) The request with the documentation referred to in Paragraph 2 of this Article shall be submitted by the bank to the Agency no later than 60 days before the meeting of the bank Assembly at which it will be decided thereof.
 - (6) The registration of a bank status change in the register of business entities cannot be made without the approval of the Agency for status change.
 - (7) If a status change creates a new legal entity that intends to perform banking operations, that person is obliged to obtain a license from the Agency before entering the status change in the register of business entities.
 - (8) The issuance of a bank operating license resulting from the implementation of the status changes referred to in Paragraph 1 of this Article shall be subject to the provisions of Article 2 of this Decision on issuing a bank operating license.
 - (9) The Agency shall issue a ruling on the issuance of approval of the status changes within 60 days from the date of receipt of the valid request.

5.2. Rejection of an application for approval of a bank's status changes

Article 14

The Agency may reject an application for approval of a bank's status changes in the following cases:

- 1) if status changes are not justified and may impair the security and stability of the business of one of the banks and do not ensure sound and secure bank management after the status change,
- 2) if status changes can have a negative impact on the financial sector as a whole,
- 3) if status changes can lead to a distortion of market competition,
- 4) if status changes lead to an increase in the qualifying holding in the bank and the holding of the bank in other legal entities contrary to the provisions of the Law,
- 5) if the applicant submits information that is incorrect or does not comply with the requirements prescribed by the Agency or refuses to supply the requested information,
- 6) if status changes in any way prevent or impede the successful exercise of the Agency's supervision function,
- 7) if the bank created by the status change does not meet the requirements stipulated for the minimum capital level and envisaged business operation standards,
- 8) if there is a lack of competence and experience of the proposed members of the bank management resulting from a status change, which may endanger the interests of that bank or its depositors,
- 9) if a person who was a member of the governing body, management or internal auditor of the bank to whom a temporary administration was instituted by the Agency or other competent authority is proposed as a member of the governing body of the bank by a status change, a liquidation or bankruptcy procedure has been initiated within 1 year before the introduction of these measures,
- 10) if a person who was a member of the governing body or management in a legal entity initiating bankruptcy proceedings for a period of 1 year prior to the introduction of such a measure is proposed as a member of the governing body of the bank by a status change,
- 11) if a person who has been convicted of a criminal offense or economic offense in the field of economic and financial crime has been proposed as a member of the governing body of a bank by a status change, for a period of 5 years from the day the judgment becomes final, excluding the time of serving imprisonment,
- 12) if there are other reasons that could jeopardize the safe operation of the bank resulting from the status change or
- 13) if other conditions stipulated by the Agency's by-laws are not fulfilled.

6. Consent to obtain qualifying holding

6.1. Prior approval to obtain qualifying holding in the bank

- (1) A legal or natural person or joint ventures that intend to acquire shares, on the basis of which, individually or together, directly or indirectly, they would acquire qualifying holding in the bank, are obliged to submit to the Agency a written request for a prior approval.
- (2) A person acquiring a qualifying holding in the bank shall be obligated to obtain a prior approval of the Agency for every subsequent direct or indirect increase in the capital interest or voting rights, resulting in acquiring or exceeding 20 percent, 30 percent and 50 percent of the capital interest or voting rights in the bank.
- (3) For the purpose of acquiring the qualifying holding referred to in Paragraphs 1 and 2 of this Article, the following persons shall be deemed to act as one acquirer:
 - 1) one person controls or has a direct or indirect holding in the capital or voting rights of another person of at least 20%,
 - 2) two or more persons are controlled by a third party,
 - 3) most members of the governing and management bodies, at two or more legal entities, are the same persons,
 - 4) two or more persons are family members or
 - 5) two or more persons, by contract, agreement or informally, jointly carry out business activities to a considerable extent.
- (4) For the purpose of acquiring the holding referred to in Paragraphs 1 and 2 of this Article, a person shall act as one acquirer with another person and when there is no connection referred to in Paragraph 3 of this Article, but each such person shall act as one acquirer with a same third person, and in one of the ways set out in Paragraph 3, Items 1–5 of this Article.
- (5) Upon request for issuance of a prior consent for the acquisition of qualifying holding, the Agency shall, within two working days from the date of receipt of the request, issue to the applicant a written acknowledgment of receipt of the request.
- (6) The Agency shall issue a ruling on the request referred to in Paragraph 5 of this Article within 60 days from the date of receipt of the complete and duly submitted request.
- (7) If the Agency determines in the decision-making process that the request for qualifying holding is not duly submitted, it shall request in writing from the applicant the additional documentation necessary to resolve the request and set a deadline for supplementing the request no later than 20 days from the date of receipt of the letter from the Agency.
- (8) The Agency may extend the deadline for supplementing the application referred to in Paragraph 7 of this Article by 30 days if the applicant is domiciled or seated in another country or if such person is not subject to the Agency's supervision.
- (9) If the applicant for the acquisition of qualifying holding does not remedy the deficiencies within the time limit set by the Agency, the Agency shall dismiss the application as unorderedly.
- (10) A person who has obtained a prior approval of the Agency referred to in Paragraphs 1 and 2 of this Article shall be obliged to acquire a qualifying holding in the bank within one year from the date of issuing the ruling on giving a prior approval and to inform the Agency thereof within 15 days from the date of acquisition.
- (11) Approval to acquire qualifying holding shall cease to be valid at the expiry of the time limit for acquisition referred to in Paragraph 10 of this Article, and the person who has obtained the approval and has not started or has not completed the acquisition up to the level of holding for

which it has obtained consent is obliged to obtain a new approval if it intends to continue the acquisition.

- (12) A person with a qualifying holding in the bank who intends to sell or otherwise reduce the holding in the capital or voting rights in the bank, below the level of holding from Paragraphs 1 and 2 of this Article, for which has obtained the approval of the Agency, shall immediately inform the Agency of its intention.

6.1.1. Eligibility criteria for acquiring qualifying holding

Article 16

- (1) In the process of deciding whether to grant a prior approval to obtain qualifying holding, the Agency shall particularly assess the applicant's suitability and financial standing, its management skills and influence on the bank based on the following criteria:
- 1) the relevant business reputation, which is valued in relation to financial and operating activities of the acquirer, the facts whether the acquirer's property was bankrupt or whether the acquirer, as a natural person, was in managerial positions in a bank or other legal entity at the time when bankruptcy proceedings were opened against it,
 - 2) whether the acquirer has been convicted of a criminal offense against an unconditional sentence of imprisonment, or has been convicted of a criminal offense and economic offense in the field of economic and financial crime, or is it being sued for such offenses, rendering it ineligible to acquire qualifying holding,
 - 3) assessment of the managerial skills, knowledge and skills of the acquirer of the qualifying holding, as well as the appropriate business reputation, appropriate professional skills and experience of the person who, upon acquiring the qualifying holding, will propose the applicant to run the bank's business operations,
 - 4) the financial condition of the applicant and its impact on the bank's business operations if consent is issued,
 - 5) indicators that may be relevant to assessing the applicant's impact on risk management at the bank,
 - 6) the existence of reasonable grounds for suspecting, in accordance with the regulations on the prevention of money laundering and terrorist financing, and in the relation with the acquisition of qualifying holding, money laundering or terrorist financing may be conducted or intended to be carried out, or that acquisition may have the effect of increasing the risk of money laundering or terrorist financing and
 - 7) the ability of a bank to meet the conditions stipulated by the Law and by-laws, and in particular whether the group of which the bank is to become a member has an ownership structure that allows for effective supervision and exchange of information between

competent authorities and determining the division of responsibilities between competent authorities.

- (2) Prior to reaching a decision to grant a prior approval for acquisition of qualifying holding, the Agency shall consult the relevant regulatory and other authorities if the applicant is:
- 1) bank or other person in the financial sector and
 - 2) a person who is the parent company of that bank or other person in the financial sector.

6.1.2. Documentation accompanying the application for acquisition of qualifying holding in the bank

Article 17

- (1) Natural and legal persons, with the application for issuance of approval for acquisition or increase of qualifying holding in the bank over 20%, 30% and 50% of share in the bank's capital or in the total number of voting shares of the bank, shall submit to the Agency:
- 1) legal persons - court registration,
 - 2) natural persons - a certified copy of an identity card or passport,
 - 3) legal persons - information about their business operations in the last three financial years (balance sheets and income statement audited by an external auditor), the last semi-annual report, statement that bankruptcy proceedings have not been opened against the applicant's property,
 - 4) natural persons - evidence from the records of the competent authorities whether the candidate has been sentenced to a fine, measure or misdemeanor sanction for acts referred to in Item 15 and 16 of the Questionnaire, within a period of 5 years from the date of the verdict's validity, excluding the time of serving the prison sentence, as well as evidence of whether judicial proceedings are being conducted against the candidate (criminal or misdemeanor for the offenses referred to in Items 15 and 16 of the Questionnaire) . The proof cannot be more than 3 months old,
 - 5) natural persons and legal persons - proof on origin of money for purchase of holding,
 - 6) legal basis for acquisition or increase of significant ownership interest (purchase and sale contract, etc.),
 - 7) evidence on ownership in other legal persons,
 - 8) statement on indebtedness with other banks and their amount and
 - 9) evidence on competence and experience for natural person, so as not to jeopardize the interests of the bank or its depositors.

6.2. Rejection of application for acquisition of qualifying holding in the bank

Article 18

The Agency shall reject the application for issuing an approval for acquisition of qualifying holding in the following cases:

- 1) if the applicant does not meet the criteria for assessment of eligibility and financial status stipulated by Article 44 of the Law and Article 16, Paragraph 1 of this Decision,
- 2) if the acquisition of qualifying holding exceeds the limits referred to in Article 43 of the Law,
- 3) if it is not possible to determine the origin of the funds with which the applicant intends to acquire qualify holding and
- 4) if the acquisition results in a concentration of participants in the financial market that significantly prevents, restricts or distorts market competition, primarily by creating or strengthening a dominant position in the financial market.

6.3. Subsequent approval to acquire qualifying holding in the bank

Article 19

- (1) A person may, without the Agency's prior approval, acquire a qualifying holding referred to in Article 15, Paragraph 1 and 2 of this Decision if the bank shares were acquired by inheritance, legal succession or other acquisition independent of the will of the acquirer.
- (2) The person referred to in Paragraph 1 of this Article is obliged to submit to the Agency within 30 days from the date of acquiring the qualifying holding the application for issuing approval for acquisition or to inform the Agency that it has decreased the share in the bank.
- (3) The Agency shall decide on the request referred to in Paragraph 2 of this Article within the time limit and in the manner stipulated in Article 15 and Article 16 of this Decision.

6.4. Revocation of a consent and expiry of validity of the approval for acquiring qualifying holding in the bank

Article 20

The Agency may revoke the consent for acquisition of qualifying holding in the following cases:

- 1) if the acquirer of the qualifying holding has obtained the consent by providing false or incorrect information,
- 2) if the acquirer of the qualifying holding exercises its rights in a manner that jeopardizes the stable operations of the bank,
- 3) if it assesses that the acquirer of the qualifying holding no longer fulfills the criteria laid down in Article 16 of this Decision,
- 4) if the person who has obtained the consent for acquiring a qualifying holding within the time limit referred to in Article 15, Paragraph 10 of this Decision does not acquire a share of at

- least 10% of the share in the capital, i.e. voting rights in the bank, when the consent ceases to be valid as a whole,
- 5) if a person with a qualifying holding of at least 10% of the share in the capital, i.e. voting rights in the bank, does not fully acquire the share for which the consent was issued within the time limit referred to in Article 15, Paragraph 10 of this Decision, and the consent is valid only in the part that the acquirer has acquired, and ceases to be valid in the remaining part for which the consent has been obtained,
 - 6) if a person who holds a qualifying holding by selling shares or otherwise reduces its holding below the amount for which it has obtained a prior consent, and the amount of the share is not reduced below 10%, then the consent remains in force for the portion of the share that the person has on the expiry date referred to in Article 15, Paragraph 10 of this Decision.

7. Consent to be included in capital items

7.1. Prior consent to include current year profit into CET 1 capital items before making a formal decision

Article 21

- (1) In order to obtain a prior consent for the inclusion of current year profit in the items of CET 1 capital - retained earnings before making a formal decision in accordance with Article 6, Paragraph 3 of the Decision on calculating capital of banks, along with the request the bank shall submit to the Agency the following documentation:
 - 1) draft decision of the Bank's General Meeting on profit distribution,
 - 2) audited financial statements and
 - 3) statement of the bank that the amount of profit included in the CET1 capital item is reduced by any foreseeable expenses or dividends, stating these costs and dividends.
- (2) The Agency shall make a ruling on the request for inclusion of current year profit in the items of CET 1 capital, and before making a formal decision, within 30 days from the receipt of the request with complete documentation.

7.2. Prior consent to include capital instruments in the bank's CET 1 capital items

Article 22

- (1) In order to obtain a prior consent for the inclusion of capital instruments in CET 1 capital items, the bank shall, along with the request, submit to the Agency the following documentation:
 - 1) the decision of the bank's General Assembly on the inclusion of capital instruments in the CET 1 capital items of the bank,

- 2) an issue prospectus which must contain the elements referred to in Article 7 of the Decision on the calculation of banks' capital,
 - 3) proof that capital instruments have been issued and paid in,
 - 4) a statement by the bank that the instrument is not subject to any contractual or other agreements that enhance the subordinated claim status of the instruments in the event of bankruptcy or liquidation,
 - 5) statement of the bank that the capital instruments are not collateralized or covered by a guarantee that improves the subordinated claim status by the bank or its subsidiaries, the parent company of the bank or its subsidiaries, the parent financial holding company of the bank or its subsidiaries, a mixed holding company or its subsidiaries companies, a mixed financial holding company or its subsidiaries and any company closely related to the above entities and
 - 6) a statement from the bank that it did not directly or indirectly fund the purchase of the instruments.
- (2) The Agency shall issue a ruling on the request for inclusion of capital instruments in the CET 1 capital items within 30 days from the receipt of the request with complete documentation.
 - (3) The bank shall submit the ruling of the Securities Commission of Republika Srpska to the Agency within 15 days from the day of delivery.

7.3. Prior consent for the inclusion of capital instruments in the bank's AT1 capital items

Article 23

- (1) In order to obtain a prior consent for the inclusion of capital instruments in AT1 capital items, the bank shall submit to the Agency the following documentation:
 - 1) the decision of the bank's general assembly on inclusion of capital instruments in the AT1 capital items,
 - 2) the issue prospectus, which must contain the elements referred to in Article 16 of the Decision on the calculation of banks' capital,
 - 3) proof that capital instruments have been issued and paid in,
 - 4) a statement by the bank that the capital instruments have not been purchased by the bank or its subsidiary and a company in which the bank holds a direct or indirect holding, through control of 20% or more of the voting rights or capital of that company,
 - 5) a statement of the bank that it did not directly or indirectly fund the purchase of the instruments,
 - 6) a statement of the bank that capital instruments are not collateralized or covered by a guarantee that improves the subordinated claim status by the bank or its subsidiaries, the parent company of the bank or its subsidiaries, the parent financial holding company of the bank or its subsidiaries, a mixed holding company or its subsidiaries, a mixed financial holding company or its subsidiaries and any company closely related to the entities listed above, and

- 7) a statement of the bank that the capital instruments are not subject to any contractual or other agreements that improve the subordinated status of claim status based on the capital instruments in case of the bank's insolvency or liquidation.
- (2) The Agency shall issue a ruling on the request for inclusion of capital instruments in the AT1 capital items within 30 days from the receipt of the request with complete documentation.
- (3) The bank shall submit the ruling of the Securities Commission of Republika Srpska to the Agency within 15 days from the day of delivery.

7.4. Prior consent for the inclusion of capital instruments or subordinated debt in the bank's Tier2 capital items

Article 24

- (1) In order to obtain a prior consent for the inclusion of capital instruments or subordinated debt in the bank's Tier2 capital items, the bank shall submit to the Agency the following:
 - 1) the decision of the bank's general assembly on the inclusion of capital instruments or subordinated debt in the bank's Tier2 capital items,
 - 2) the issue prospectus, which must include the elements referred to in Article 22 of the Decision on the calculation of banks' capital or the contract for the purchase of capital instruments or the loan agreement for subordinated debt,
 - 3) proof that capital instruments or subordinated debt have been received and fully paid,
 - 4) a statement by the bank that the capital instruments or subordinated debt have not been purchased by the bank or its subsidiaries, a company in which the bank holds a direct or indirect ownership holding through control of 20% or more of the voting rights or capital of that company,
 - 5) a statement of the bank that it did not directly or indirectly fund the purchase of the instruments or subordinated debt and
 - 6) a statement by the bank that capital instruments or subordinated debts are not collateralized or covered by a guarantee that improves the subordinated claim status by the bank or its subsidiaries, the parent company of the bank or its subsidiaries, the parent financial holding company of the bank or its subsidiaries, a mixed holding company or its subsidiaries, a mixed financial holding company or its subsidiaries and any company closely related to the above entities.
- (2) The Agency shall issue a ruling on a request for inclusion of capital instruments or subordinated debts in the bank's Tier2 capital items within 30 days of receipt of the request with complete documentation.
- (3) The bank shall submit the ruling of the Securities Commission of Republika Srpska to the Agency within 15 days from the day of delivery.

8. Prior consent for the repayment of capital instruments or subordinated debt before maturity

Article 25

- (1) The bank will submit the following documentation to the Agency with the request for consent for the repayment of capital instruments or subordinated debt before maturity:
 - 1) signed and certified contract between the bank and the creditor, which shows the maturity of debt or capital instruments,
 - 2) evidence on how much the debt has been reduced - repaid and
 - 3) analysis of the impact of prepayment on a bank's financial position.
- (2) The Agency shall issue a decision on issuing approval for repayment of equity instruments or subordinated debt before maturity within 30 days from the day of receipt of the request with complete documentation.

9. Consent to perform the function of member of the bank body

9.1. Prior consent to perform the function of a member of the supervisory board at the bank

Article 26

- (1) A member of the bank's supervisory board may be the sole person who has obtained a prior consent of the Agency to perform the function of a member of the supervisory board at that bank.
- (2) Candidates for the members of the supervisory board must meet the requirements laid down in Article 59 of the Law.
- (3) The members of the supervisory board of the bank as a whole must have the necessary professional knowledge, ability and experience to independently and on their own supervise the operations of the bank and the work of the bank's management, and at least one half of the candidates for members of the supervisory board must possess specific knowledge and experience in the field necessary for the successful operations of the bank (working in banking, financial organizations, etc.). Otherwise, the Agency will reject the bank's request in whole or individually for the prior consent for candidates for supervisory board members. In cases where individual consent is refused, the Agency shall order the submission of candidates' proposals for the election of a new member of the supervisory board within 30 days from the date of submission of the ruling on rejecting the request.
- (4) The reference areas for proving the appropriate knowledge of the candidates for a member of the bank's supervisory board referred to in Paragraph 3 of this Article are:
 - 1) financial markets,
 - 2) regulatory framework and stipulated standards of business operations of banks and other financial institutions,

- 3) strategic planning and knowledge of the bank's business strategy or its business plan and its execution,
 - 4) risk management (identification, measurement, i.e. assessment, monitoring, control and reporting on key risks), including the responsibilities of the individual member of the bank body in that process,
 - 5) managing, supervising and controlling the operations of the bank and other financial institutions,
 - 6) financial planning and reporting, accounting, auditing, analysis and control in banks and similar financial institutions; and
 - 7) continuous professional development / training stipulated in Item 5 of the Questionnaire, in the areas referred to in this Paragraph.
- (5) A candidate for the supervisory board member has the appropriate qualifications if, in addition to meeting the requirements of Paragraph 4 of this Article, he / she possesses a higher education of the first cycle (evaluated with 240 ECTS credits) or the second or the third cycle of the Bologna study system or holds a diploma obtained abroad that is equivalent to a higher education diploma obtained in BiH. Applicants who have graduated from outside BiH are required to submit proof on the initiation of a diploma nostrification or a diploma nostrification. The diploma nostrification procedure must be completed no later than 6 months from the date of obtaining the consent of the Agency, and proof on the above shall be submitted to the Agency within 15 days of the date of nostrification.
- (6) The bank shall submit to the Agency the request for issuing a prior consent for the election of candidates for members of the supervisory board, the proposal of the members of the supervisory board prepared for the general assembly of the bank, and for each candidate the following documentation:
- 1) identification document (certified copy of ID card or passport for foreign nationals),
 - 2) evidence on the candidate's educational background / expertise,
 - 3) accurate brief overview of professional activities and relevant practical experience of at least 5 years (experience in the management or supervisory board of a bank or other financial institution, work in supervisory and regulatory bodies for banks or other financial institutions, experience gained through years of academic work, work in public administration bodies at key senior management positions with high levels of independence, long-standing management of organizational units or organizational parts (networks) in banks or other financial institutions, experience of advisers to the management of a bank or financial institution, management of financial affairs in other large-scale companies, etc.),
 - 4) the assessment of the candidate conducted by the bank, which was considered by the supervisory board in the supervision of the policies and procedures for the evaluation of the members of the bank's bodies, with the explanation of the evaluation procedure and its results,
 - 5) the written statement of the candidate on the acceptance of the application,
 - 6) completed Questionnaire in the form specified in the Questionnaire in Annex 1,
 - 7) evidence from the records of the competent authorities whether the candidate has been sentenced to a fine, measure or misdemeanor sanction for the offenses referred to in Items

- 15 and 16 of the Questionnaire, as well as evidence of whether a candidate is being tried (criminal or misdemeanor for the offenses referred to in Items 15 and 16 of the Questionnaire). The proof cannot be more than 3 months old. The agency will also take into account information on warnings and misdemeanors from its records,
- 8) recommendations of direct superiors for the last 3 years, and if not submitted, state the reasons for non-submission,
 - 9) statement of the candidate that he/she was not authorized to represent, that is, a member of the governing or management body, or an internal auditor at the bank on the day of revocation of the operating license to the bank or 1 year before that day, or on the day of introduction of temporary or special management at the bank by the Agency or other competent authority, unless that person by his/her acting and activities has influenced or could not influence the fulfillment of the conditions for revoking the operating license to the bank, or the introduction of temporary or special administration, which is evaluated by the Agency,
 - 10) statement of the candidate that he/she was not a member of the management or governing body in the legal entity in which the bankruptcy procedure was initiated for a period of 1 year prior to the introduction of such measure,
 - 11) proof on direct or indirect ownership of the candidate in another bank or legal entity, or a statement that he/she is not the owner; in the case of indirect ownership, indicate the person who is the direct owner,
 - 12) proof on participation in the governing bodies of another legal entity, or a statement that he/she is not in such membership,
 - 13) proof that he/she is not a member of the management board, that is, the executive director or a member of the management or supervisory board of the subsidiary (statement),
 - 14) proof that he/she is not a member of the management or executive director of another capital company in whose supervisory or management board there is the member of the management or executive director of the company (statement),
 - 15) proof that he/she is not a member of the supervisory or management board of more than five capital companies or institutions (statement),
 - 16) a statement that there is no conflict of interest, and if any, to be explained, as well as the circumstances that may result in a conflict of interest from the relationship of the candidates for members of the supervisory board with the bank or its subsidiary, and as a result of his/her election, and
 - 17) statement that he/she is not an employee of a bank or other bank in BiH, nor a procurator of that or another bank in BiH, nor is he/she engaged on any other basis by the banks.
- (7) After completing the processing of the application and the attached documentation, the Agency may conduct an interview with the proposed candidates who meet the requirements based on the attached documentation for the members of the supervisory board. The interview will evaluate the candidates' qualifications and experience, knowledge of banking regulations and their vision of the bank.

- (8) The bank shall submit the application for issuance of consent referred to in Paragraph 1 of this Article at least three months before the expiration of the term of office of the supervisory board member.
- (9) The Agency may also obtain the information referred to in Paragraph 4 of this Article from the competent authorities.
- (10) A natural person or an authorized representative of a legal person may not be the chairman or member of the supervisory board of several banks at the same time, unless that natural or legal person owns more than 50% of the shares in each of these banks.
- (11) One person may be a member of the supervisory board of up to two banks in Bosnia and Herzegovina.
- (12) The bank is obliged to inform the Agency immediately and not later than three days after the termination of the mandate of the supervisory board member and state the reasons for termination of the mandate.
- (13) The Agency shall issue a ruling on the request for issuing a prior consent for the members of the supervisory board within 30 days from the day of submission of the application with complete documentation.

9.1.1. Rejection of the application for issuance of a prior consent to perform the function of a member of the supervisory board at the bank and withdrawal of the consent to a member of the supervisory board of the bank

Article 27

- (1) The Agency shall reject the request for a prior consent to exercise the function of a member of the supervisory board if it considers that:
 - 1) the candidate does not meet the requirements for a member of the supervisory board stipulated by Article 59 of the Law or
 - 2) data and information annexed to the request or otherwise collected in the process of deciding upon prior consent to exercise the function of a member of the supervisory board indicate that the candidate is not eligible.
- (2) If the Agency rejects the application for the prior consent for performing the function of a member of the supervisory board, the bank may not submit the repeated application for the issuance of a prior consent for the same person until the reasons stated in the Agency's ruling for which the consent was refused are not eliminated.
- (3) In case of changes of supervisory board members during their term of office, the bank shall submit to the Agency a request for a prior consent for the election of a new candidate for supervisory board member, and shall enclose with it the documentation necessary for issuing such consent, as well as the decision on the dismissal of the former supervisory board member, explaining dilutions.

- (4) The new member of the supervisory board referred to in Paragraph 3 of this Article shall be elected for the period until the expiration of the term of office of the member of the supervisory board whose term of office has expired or has been terminated.
- (5) When dismissing a member of the supervisory board, the bank is obliged to simultaneously, at the latest 30 days from the day of his / her dismissal, submit to the Agency a request for a prior consent for a new candidate with complete documentation.
- (6) The Agency shall revoke the consent to perform the function of a member of the supervisory board in the following cases:
 - 1) if the supervisory board member has obtained the consent on the basis of false or incorrect documentation or false information that is essential for the performance of the function of the supervisory board member,
 - 2) if the supervisory board member no longer fulfills the requirements for a member of the bank's supervisory board in accordance with Article 59 of the Law,
 - 3) if the supervisory board member violates the provisions of the Law governing the powers and responsibilities, powers and duties of members of the supervisory board,
 - 4) if the Agency appoints a temporary or special administrator or
 - 5) if the person does not take up the position of a member of the supervisory board within six months from the date of the Agency's issuance of consent.
- (7) For the purpose of carrying out the procedure referred to in Paragraph 6 of this Article, the Agency shall control the members of the supervisory board to the extent and in such a manner which enable the verification of the existence of facts and circumstances referred to in Paragraph 6 of this Article.
- (8) If the Agency revokes the consent to perform the function of a member of the supervisory board, the bank's General Meeting shall immediately decide on the dismissal of the member of the supervisory board and submit a request for the prior consent for a new candidate.

9.1.2. Prior consent to perform the function of a member of the management board at the bank

Article 28

- (1) Only a person who has obtained a prior consent of the Agency to perform the function of a member of the Management Board at that bank may be appointed as a member of the bank's management board.
- (2) A candidate for a member of the bank's management board must meet the requirements laid down in Article 69 of the Law.
- (3) A member of the bank's management board may be a person who fulfills the following conditions at any time:
 - 1) has a proper business reputation,
 - 2) higher education of the first cycle (which is assessed with 240 ECTS credits) or the second or third cycle of the Bologna system of study. Applicants who have graduated from outside BiH are required to submit proof on the initiation of a diploma nostrification or a diploma nostrification. The diploma nostrification procedure must be completed no later than 6

months from the date of obtaining the consent of the Agency, and proof on the above shall be submitted to the Agency within 15 days of the date of notification.

- 3) has the necessary level and profile of education and training and relevant practical experience required to run the bank's business operations,
 - 4) is not in conflict of interest with respect to the bank, shareholders, members of the supervisory board, holders of key functions and management of the bank,
 - 5) for which it is reasonable to conclude on the basis of past behavior that he or she will perform the duties of a member of the bank's management board fairly and conscientiously;
 - 6) other conditions for a member of the management board, according to the provisions of the Company Law.
- (4) The Bank shall submit to the Agency a request for a prior consent to appoint a member of the management board of the bank not later than 3 months before the expiry of their mandates. The request shall include information on the nominated person, the function and competencies for which he or she is appointed, and the reasons for the decision on the appointment of the candidate. With request the bank submits:
- 1) the decision of the supervisory board on the appointment of candidates for members of the management board, which contains personal data and the function for which the candidate is appointed with explanation,
 - 2) the assessment of the candidate by the bank, which was considered by the supervisory board in the supervision of the policies and procedures for the evaluation of the members of the bank's management, with the explanation of the evaluation procedure and its results,
 - 3) candidate's identification document (ID, i.e. passport for foreign nationals),
 - 4) evidence on candidate's educational background / expertise:
 - 5) evidence on the relevant practical experience of the candidate, for a minimum of three years (certificate of the legal entity in which the candidate has gained experience with the specified management periods, types and complexity of tasks, as well as the organizational structure in which the tasks were performed and the scope of his / her competences for decision-making process and responsibilities, and the number of employees he/she managed, information on technical knowledge of the bank's operations and risks to which it is exposed),
 - 6) completed questionnaire in the form specified in the Questionnaire in Annex 1,
 - 7) the bank's work plan, prepared by the candidate, for a period of at least four years, with the manner and instruments for implementing the proposed and established business policies of the bank (minimum content: a brief description of the condition, including exposure to risks in the bank in which he/she is proposed as a member of the management board, description of the environment in which the bank operates and its position in relationship to its peers and in relation to the competition, indicating the perceived strengths and weaknesses with respect to peer banks, a description of macroeconomic and other assumptions taken into account in the process of planning, a detailed description of the planned activities in the mandate period and the planned dynamics of realization, with significant changes highlighted in relation to the current condition, projections of the balance sheet and income statement for the mandate period, possible organizational adjustments

and detailed schemes with holders of key functions in the bank, and division of competencies of management members),

- 8) a proposal by the members of the management board, indicating which activities they will manage and with the documentation provided for them in accordance with this Decision,
 - 9) evidence from the records of the competent authorities whether the candidate has been sentenced to a fine, measure or misdemeanor sanction for the offenses referred to in Items 15 and 16 of the Questionnaire, as well as evidence on whether a candidate is being tried (criminal or misdemeanor for the offenses referred to in Items 15 and 16 of the Questionnaire). The proof cannot be more than 3 months old. The Agency will also take into account data on the warnings and misdemeanor from its own records.
 - 10) recommendations of direct superiors for the last 3 years, or justification for the reasons why they are not available,
 - 11) the statement of the candidate that he/she was not a member of the governing or management body, or the internal auditor in the bank where the Agency or other competent body introduced the interim administration, initiated liquidation or bankruptcy proceedings in the period of 1 year prior to the introduction of these measures,
 - 12) statement of the candidate that he / she was not a member of the management or governing body in the legal entity in which the bankruptcy procedure was initiated for a period of 1 year prior to the introduction of such measure,
 - 13) proof on direct or indirect ownership of the candidate in another bank or legal entity, or a statement that he/she is not the owner, and in case of indirect ownership, indicate the person who is the direct owner,
 - 14) evidence on participation in the governing bodies of the candidate in another legal entity, i.e. a statement that he/she is not in such membership, as well as a statement that he/she is not a member of the supervisory board of another bank, except in cases provided for by law, and
 - 15) proposal of an employment contract between the candidate and the bank, which provides for full-time employment of the candidate at the bank.
- (5) If the candidate for a member of the bank's management board is a foreign national, in addition to the above evidence and documents, the application must be accompanied by:
- 1) proof on proficiency in one of the languages in official use in Republika Srpska or proof that the bank has an interpreter employed (Faculty Diploma for appropriate group of languages) and
 - 2) evidence that at least one-third of the management board members are BiH citizens.
- (6) The bank shall submit the application for a prior consent referred to in Paragraph 1 of this Article at least three months before the expiry of the term of office of the management board member.
- (7) In the process of deciding upon a prior consent of the Agency, it may request a candidate for a member of the management board to hold a presentation on the management of the bank's business operations, which relates to the affairs within his/her competences.
- (8) The Agency may also obtain the information referred to in Paragraph 3 of this Article from other competent authorities.

- (9) After processing the request, the Director of the Agency conducts an interview with the proposed candidate, and the Agency will issue a ruling on the request for issuing a prior consent for a member of the bank's management board within 30 days from the day of submission of the application with complete documentation.
- (10) If a candidate for a management board member submits a statement that he or she was a member of the governing or management body referred to in Paragraph 4, Item 11 or Paragraph 4, Item 12 of this Article, the Agency shall evaluate the prior consent of such candidate, provided that it determines that the candidate was not affiliated with the reasons for the introduction of the interim administration, that is, the initiation of the liquidation or bankruptcy proceedings, and that at least two years have elapsed since the introduction of the interim administration or the initiation of liquidation or bankruptcy proceedings.
- (11) The Agency shall issue a ruling on the request for issuance of a prior consent for the members of the management board within 30 days from the day of submission of the application with complete documentation.
- (12) In case of changes of the president and members of the management board during their term of office, the bank shall submit to the Agency a request for the prior consent for the new management board candidate and shall attach to it the necessary documentation referred to in Paragraph 4 of this article, as well as the decision on the dismissal of the former management board member explaining the dismissal. . If a bank does not have a proposal for a new candidate when dismissing an existing board member, it shall also submit a decision regulating the temporary assumption of the duties of the management board member who is being dismissed, i.e. the appointment of the acting official. In this case, the bank is obliged to submit to the Agency a request for the prior consent for a new candidate within 60 days from the date of dismissal of the management board member.
- (13) The Agency shall issue a ruling on the request for issuance of the prior consent for each member of the management board within 30 days from the day of submission of the application with complete documentation.
- (14) The bank is obliged to submit to the Agency the concluded employment contract for the members of the management board within 15 days from the date of signing thereof, a work permit and a residence permit within 15 days from the date of its issuance, and the entry of persons authorized to represent in the register of business entities within 15 days from the date of entry.

9.1.3. Rejection of the application for a prior consent to perform the function of a member of the management board at the bank

Article 29

- (1) The Agency shall reject the application for a prior consent to exercise the function of a member of the management board if it deems that:

- 1) the candidate does not meet the requirements for a management board member prescribed by the Law and this Decision or
 - 2) data and information attached to the application and otherwise collected in the decision-making process indicate that the candidate is inappropriate.
- (2) In the event that the Agency rejects the application for a prior consent to perform the function of a member of the management board, the bank may not reapply for the prior consent for the appointment of the same person to the same function until the reasons stated in the ruling of the Agency for which the approval was refused are not removed.
- (3) The powers, responsibilities and rights of the president and members of the management board are governed by a contract signed by the chairman of the supervisory board and previously approved by the supervisory board of the bank.

9.1.4. Revocation and termination of the consent for a member of the management board

Article 30

- (1) The Agency shall revoke the consent to perform the function of a member of the management board in the following cases:
- 1) if the consent was obtained on the basis of inaccurate and false documentation or inaccurately given information relevant to the performance of the function of a member of the management board,
 - 2) if the management board member no longer meets the requirements for the management board member stipulated by the Law and this Decision,
 - 3) if it has given the management board member a third written warning in the last four years or
 - 4) if it appoints a temporary or special administrator or initiates a bank liquidation process.
- (2) The Agency may revoke the consent to perform the function of a member of the management board in the following cases:
- 1) if the management board member has seriously violated the duties referred to in Article 71 of the Law, thereby endangering the bank's liquidity or solvency,
 - 2) if he/she did not enforce or did not carry out the supervisory measures ordered by the Agency,
 - 3) if he / she has violated the duties of a member of the management board in connection with the notification of the supervisory board provided for in Article 73 of the Law or
 - 4) if the bank does not comply with the Agency's by-laws regarding the internal capital adequacy assessment.
- (3) If the Agency revokes the consent to perform the function of a member of the management board, the supervisory board is obliged to immediately and not later than within five days from

the date of revocation of the consent, decide on the dismissal of the management board member and appoint a new management board member as an acting member, in accordance with the Law.

- (4) Consent to perform the function of a member of the management board shall cease to be valid in the following cases:
 - 1) if, within six months from the date of issuance of the consent, the person is not appointed or does not take office as a member of the management board or
 - 2) if the person expires the contract of employment at the bank, on the day the contract expires.
- (5) For the purpose of carrying out the procedures referred to in this Article, the Agency shall supervise the work of the management board members to the extent and in such a manner as to enable verification of the facts and circumstances referred to in Paragraphs 1 and 2 of this Article.

10. Prior consent to conduct procure

Article 31

- (1) Procure is an authorization by which a bank authorizes one or more persons (procurators) to conclude legal transactions and activities related to the bank's business operations, except for operations related to the alienation and encumbrance of the bank's real estate, with the prior consent of the Agency.
- (2) Procure is given in writing, can only be given to a natural person and is non-transferable.
- (3) If by means of the procure it is not explicitly stated that it was given for the organizational part of the bank, it shall be deemed to have been given for the bank and all its organizational parts.
- (4) The bank gives procure to one person or more persons as individual or joint. If, with the prior consent of the Agency, the bank has authorized a larger number of persons as a joint authorization, legal transactions concluded by those persons and the actions they undertake are valid only with the consent of all such persons, and for statements of the will of third parties and their legal actions which in that case, they do towards one procurator is considered to have been done to all procurators.
- (5) The procurator may be a person who fulfills the following conditions:
 - 1) has a proper business reputation,
 - 2) has completed a cycle of studies with at least 240 ECTS credits, professional knowledge, skills and experience in the field of finance required for the conclusion of legal transactions and activities related to the bank's business operations,
 - 3) is not in conflict of interest with respect to the bank, shareholders, members of the supervisory board and the management of the bank,
 - 4) that is willing and able to devote sufficient time to fulfill his/her obligations and responsibilities in the field of concluding legal transactions and activities related to the operations of the bank and

- 5) that he/she has not been convicted and is not being prosecuted for criminal offenses in the area of finance, capital markets, money laundering and terrorist financing, or that he/she has not been ordered to have a security ban on performing banking or other financial activities.
- (6) Procure limitations:
- 1) procurator of one bank may not have direct or indirect holding in another bank,
 - 2) a procurator of one bank may not be employed by another bank, nor may he/she be a procurator of another bank,
 - 3) procurator may not be a person who is an elected official at state, entity, cantonal or municipal level,
 - 4) procurator may not, without the bank's specific authorization, act as a counterparty and enter into contracts with the bank on its own behalf and on its own account, on its own behalf for the account of other persons, or on behalf of and on account of other persons,
 - 5) procurator may not conclude legal affairs and undertake legal actions in connection with the acquisition, alienation or encumbrance of real estate of the bank, except for the acquisition of real estate in court proceedings when collecting bank claims, i.e. realization of the bank's lien on real estate,
 - 6) procurator may not make statements and take actions that initiate bankruptcy proceedings or proceedings leading to the termination of the bank's business operations,
 - 7) the procurator cannot assume the bill of exchange and guarantee obligations and
 - 8) the procurator may not represent the bank in court proceedings or before arbitration.
- (7) The bank shall enclose the following documentation with the application for procure:
- 1) identification document (identity card or passport for foreign nationals),
 - 2) information on education attained / professional titles, and a certified copy of the diploma. In addition, in the assessment of professional knowledge, continuous professional development of candidates in the following areas can be checked: financial markets, accounting framework, regulatory framework and stipulated standards of bank business operations, strategic planning and knowledge of banks' business strategy, business plan and its execution, risk management (identifying, measuring, monitoring, controlling and mitigating major types of bank risk), corporate governance, including the system of internal controls and analysis of bank financial data,
 - 3) accurate brief overview of professional activities and relevant practical experience of at least 5 years,
 - 4) evaluation of candidates by the bank,
 - 5) a statement by the candidate that he / she is not in a conflict of interest with respect to the bank, shareholders, members of the supervisory board, bank management or senior management,
 - 6) a statement by the candidate that he or she can devote sufficient time to the performance of his / her duties,
 - 7) evidence from the records of the competent authorities whether the applicant has been sentenced to a sentence, measure or misdemeanor sanction for offenses in the area of finance, capital markets, money laundering and terrorist financing, within a period of 5 years

from the date of the verdict, excluding the time of imprisonment; as well as evidence on whether there is a court case against the candidate. The proof cannot be more than 3 months old,

- 8) evidence on direct or indirect ownership of the candidate in another bank or legal entity, or a statement that he/she is not the owner. In the case of indirect ownership, indicate the person who is the direct owner,
 - 9) proof on participation in the governing bodies of another legal entity, or a statement that he/she is not in such membership,
 - 10) the statement of the candidate that he or she is not an employee of the bank, or has been hired on any other basis by a bank or other bank in BiH,
 - 11) the statement of the candidate that he / she is not a member of the management board, that is, the executive director or a member of the management or supervisory board of the subsidiary and
 - 12) the statement of the candidate that he / she is not a member of the management board, or the executive director of another capital company in whose supervisory or management board the member of the management board or the executive director of the company is.
- (8) The procurator signs the bank under his/her full name, with an indication of his/her capacity resulting from the procure. The acts signed by the procurator must be signed by at least one member of the bank's management board.
- (9) The Agency shall issue a ruling on the application for the issuance of the prior consent for the procure within 30 days from the day of submission of the application with complete documentation.
- (10) After obtaining the prior consent of the Agency, the bank submits the application to the register of business entities for entry of the procure and submits the registration decision to the Agency within 15 days from the date of registration.
- (11) The Agency shall revoke the consent issued to the bank for a procure in the following cases:
- 1) if the bank revokes the procure,
 - 2) if the procurator quits,
 - 3) if the procurator fails to do his/her task and duties conscientiously and in the best interests of the bank,
 - 4) if the procurator uses the business opportunities of the bank for personal use or
 - 5) if the consent was obtained on the basis of incorrect and untrue documentation or false information given for the performance of the work resulting from the procure.

11. Consent for the purchase and sale of placements

11.1. Prior consent for the purchase and sale of placements

- (1) A bank may conclude a contract for the purchase and sale of placements after obtaining the consent of the Agency that the general conditions for the purchase and sale of placements referred to in Article 4 of the Decision on purchase and sale of bank placements have been fulfilled.
- (2) In order to obtain a prior consent for the purchase and sale of placements, the bank shall submit to the Agency:
 - 1) the bank's decision on the purchase and sale of placements,
 - 2) draft of placement purchase/sale agreement,
 - 3) an explanation of the economic justification and reasons for the purchase and sale of placements, with evidence on the fulfillment of the general conditions for the purchase and sale of placements,
 - 4) the valuation of an independent appraiser on the value of receivable,
 - 5) assessment of the effects of the sale of placements on the bank's financial result, business continuity, reputation, exposure to risks, solvency, liquidity, and protection of users of banking services, if the subject of the sale is placements approved to users of banking services and
 - 6) the buyer's assessment by the seller's bank in accordance with the conditions laid down in Article 7 of the Decision on purchase and sale of bank placements.
- (3) The Agency shall issue a ruling on the request for issuance of a prior consent for the purchase and sale of placements within 30 days from the date of submission of the application with complete documentation.

11.2. Prior consent for the purchase and sale of a materially significant amount of placements

Article 33

- (1) A bank may conclude a contract for the purchase and sale of a materially significant amount of placements after obtaining the consent of the Agency that the general conditions for the purchase and sale of placements referred to in Article 4 of the Decision on purchase and sale of bank placements and special conditions for the purchase and sale of materially significant amount of placements referred to in Article 5 of the same Decision have been fulfilled.
- (2) In order to obtain a prior consent for the purchase and sale of a materially significant amount of placements, the bank shall submit to the Agency:
 - 1) the bank's decision on the purchase and sale of placements,
 - 2) draft of placement purchase/sale agreement,
 - 3) an explanation of the economic justification and reasons for the sale/purchase of the placement, with evidence on the fulfillment of the general and special conditions for the purchase and sale of the placement,
 - 4) the valuation of an independent appraiser on the value of placements,
 - 5) assessment of the effects of the sale of placements on the bank's financial result, business continuity, reputation, exposure to risks, solvency, liquidity, and protection of users of

- banking services, if the subject of the sale is placements approved to users of banking services,
- 6) the buyer's assessment by the seller's bank in accordance with the conditions laid down in Article 7 of the Decision on the purchase and sale of bank placements.
 - 7) evidence that a permanent transfer of placements or risks and benefits of placements has been provided,
 - 8) proof that the bank will not assume, directly or indirectly, responsibility for the quality of the placements sold, including their collectability and creditworthiness of the borrower, on the basis of which the agreed selling price was determined and
 - 9) proof that the management and collection of placements that are the subject of the purchase and sale will be carried out in accordance with the Agency's by-laws.
- (3) The Agency shall issue a ruling on the request for issuance of a prior consent for the purchase and sale of placements within 30 days from the date of submission of the application with complete documentation.

12. Prior consent for direct or indirect participation of a bank in another legal entity and a subsidiary of that legal entity or the total net worth of all bank's shares in other legal entities and subsidiaries of those legal entities

Article 34

- (1) The bank shall submit to the Agency upon the request for obtaining consent for acquisition of direct or indirect participation in another legal entity or in a subsidiary of that legal entity, which exceeds the amount of 5% of the bank's eligible capital:
 - 1) court registration of that legal entity or subsidiary of that legal entity,
 - 2) financial indicators for the legal entity or subsidiary of that legal entity in the last three financial years (balance sheets and income statement audited by an external auditor) and
 - 3) decision of the competent body of the bank with the analysis of indicators on how the investment will be reflected in the position of the net capital of the bank and other business standards stipulated by Law.
- (2) The same documentation, with the request, shall be submitted by the bank to the Agency for consent to acquire the total net worth of all bank's shares in other legal entities and subsidiaries of those legal entities above 20% of the eligible capital of the bank.
- (3) A bank's participation in a single legal entity from the financial sector, directly or indirectly, may be up to 15% of its eligible capital.
- (4) A bank's participation in a non-financial sector entity must not exceed 10% of its eligible capital, or 49% of that entity's capital.
- (5) The bank's total participation in non-financial sector entities may be up to 25% of the bank's eligible capital, and the bank's total participation in financial sector entities may be up to 50% of its eligible capital.

- (6) Bank loans to legal entities in which the bank has investments shall be considered as participation to which the restrictions referred to in this Article apply.
- (7) The Agency shall issue the consent referred to in Paragraphs 1 and 2 of this Article if the following criteria are met:
 - 1) acquiring participation does not lead to exposure to unjustified risks,
 - 2) the acquisition of participation does not interfere with the effective supervision by the Agency, the application of supervisory measures or unhindered resolution of the bank,
 - 3) the bank possesses adequate financial resources, management and organizational skills for such transaction and
 - 4) the bank has the ability to manage the risks of non-banking operations.
- (8) The Agency shall issue the consent referred to in Paragraphs 1 and 2 of this Article for investing of a bank abroad if, in addition to the criteria referred to in Paragraph 7 of this Article, the following conditions are fulfilled:
 - 1) adequate flow of information required for consolidated supervision,
 - 2) there is effective monitoring in the host country and
 - 3) there is an ability to exercise supervision on a consolidated basis.
- (9) The Agency shall issue a ruling on the request for issuing consent for acquisition of direct or indirect participation in another legal entity or in a subsidiary of that legal entity, or for acquiring the total net worth of all bank participation in other legal entities and subsidiaries of such legal entities 30 days from the date of submission of the application with complete documentation.
- (10) The bank is obliged to submit to the Agency a certified photocopy of the decision on registration of changes with the competent registry court and other legally prescribed institutions for the legal entity in which the bank acquired direct or indirect participation, i.e. the total net value of all the bank's participation in other legal entities and subsidiaries of these legal entities within 15 days of each entry.

13. Prior consent to reduce capital or change the structure of a bank's capital by repurchasing its own shares

Article 35

- (1) The bank shall submit to the Agency, with the request for issuance of a prior consent for reduction of capital or change of the capital structure of the bank by repurchasing its own shares, the following documentation:
 - 1) the decision of the bank's general assembly to acquire its own shares or the corresponding act of the bank stating that this is the acquisition of its own shares for employees, or other legal basis for the acquisition of its own shares (status change, court order for enforcement or for protection of minority shareholders, etc.) and

- 2) a study that will necessarily include an analysis of the impact of the repurchase of own shares on the bank's regulatory capital, with a timetable for the sale of the shares, at the latest within 12 months from the date of acquisition of these shares.
- (2) The Agency shall issue a ruling on the request for issuance of consent for reduction of capital or change of the bank's capital structure by repurchase of own shares within 60 days from the day of receipt of the request with complete documentation.
- (3) The bank is obliged to submit to the Agency a certified photocopy of the decision on subscription of own shares with the Securities Commission within 15 days from the day of subscription, and a certified photocopy of the subscription of the acquired own shares with the Central Registry of Securities within 15 days from the day completed entry.

14. Consent for consolidation

14.1. Prior consent for the selection of consolidation method

Article 36

- (1) The bank shall submit to the Agency, with a request for a prior consent for the application of the proportional consolidation method in accordance with Article 7, Paragraph 3 of the Decision on requirements on a consolidated basis for a banking group, the following documentation:
 - 1) the bank's decision on the selection of consolidation method,
 - 2) an explanation of the consolidation method,
 - 3) the ownership structure of the bank,
 - 4) the consolidated financial statements,
 - 5) the financial statements of each member of the group and
 - 6) other documentation, if the Agency deems it necessary.
- (2) The Agency shall issue a ruling on the prior consent for the selection of consolidation method within 90 days from the receipt of the request with complete documentation.

14.2. Prior consent to exclude data on a subsidiary member of a banking group from the consolidated financial statements

Article 37

- (1) The Agency issues a prior consent to reporting entities on a consolidated basis to exclude data on a subordinated member of a banking group from the consolidated financial statements.
- (2) Reporting entities shall, on a consolidated basis, submit to the Agency a request for the issuance of consent referred to in Paragraph 1 of this Article with a justification not later than 30 days before the end of the reporting period.

- (3) The Agency issues the prior consent referred to in Paragraph 1 of this Article for a subordinate member of a banking group:
 - 1) whose head office is in a country where there are legal impediments to the provision of data and information necessary for the preparation of the consolidated financial statements,
 - 2) whose inclusion in the consolidated financial statements is not relevant for determining the financial position of a banking group,
 - 3) whose inclusion in the consolidated financial statements would lead to incorrect conclusions about the financial position of the banking group and
 - 4) in other cases if they are determined by the regulations governing accounting and auditing.
- (4) The Agency shall issue a ruling on the request for issuing the prior consent to exclude data on a subordinated member of a banking group from the consolidated financial statements within 30 days from the day of receipt of the request with complete documentation.

15. Consent for the appointment of an external bank auditor

15.1. Prior consent to appoint an external auditor to perform the audit of the financial statements, the regular audit for the needs of the Agency and the audit of the financial statements in the event of a status change

Article 38

- (1) The conditions and criteria to be fulfilled by an external auditor to be able to audit the financial statements, the regular audit for the needs of the Agency and the audit of the financial statements in the event of a status change are defined in Article 3 of the Decision on the external audit of banks.
- (2) The bank shall submit, with the request for the prior consent for the appointment of an external auditor, to perform the audits referred to in Paragraph 1 of this Article:
 - 1) draft of the decision on the appointment of an external auditor,
 - 2) the draft of contract of audit report on performed audit and
 - 3) analysis of the fulfillment of the conditions and criteria for appointing an external auditor, made by the audit committee referred to in Article 3, Paragraph 5 of the Decision on the external audit of banks, including all relevant documentation and evidence based on which the audit committee has determined that the conditions and criteria met.
- (3) The Agency shall issue a ruling on the request for issuing the prior consent for the appointment of an external auditor for the audit of the financial statements and the regular audit for the needs of the Agency within 30 days from the day of receipt of the request with complete documentation.
- (4) The Agency shall issue a ruling on the request for issuing the prior consent for the appointment of an external auditor for the audit of financial statements in the event of a status change within 10 days from the date of receipt of the request with complete documentation.
- (5) The bank's general assembly decides on the appointment of an external auditor upon submission of the decision in question to the bank, and afterwards the bank signs with the appointed auditor an agreement to audit the financial statements of the bank.

- (6) The bank is obliged to submit to the Agency the adopted decision on the appointment of the external auditor and the signed contract with the appointed external auditor within 8 days from the day of adoption or signing.

15.2. Prior consent to appoint an external auditor to audit the information system

Article 39

- (1) The conditions and criteria that an external auditor must meet in order to be able to audit the information system are as follows:
- 1) **possess a license** issued by the Republika Srpska Ministry of Finance and entered in the Register of Companies for Audit,
 - 2) that the team members who will perform the operational part of the audit information systems in a particular bank have appropriate professional qualifications,
 - 3) that the key members of the team that will perform the operational part of the information system audit at a particular bank have at least two years of work experience in performing external auditing of information systems in banks,
 - 4) that there are no restrictions on performing the audit prescribed by section 170 of the Law and
 - 5) to have an Annual Transparency Report published under Section 45 of the Law on accounting and auditing.
- (2) The Bank shall submit to the Agency, with the request for approval of the appointment of an external auditor for the audit of the information system (hereinafter: IS external auditor), the following documentation:
- 1) draft decision on the appointment of an external IS auditor,
 - 2) draft contract or letter of intent to audit the information system,
 - 3) evidence of the professional qualifications of the person who will audit the information system and their CV,
 - 4) references of the IS external auditor on information systems audits (list of audits performed) and
 - 5) a statement of no conflicts of interest between the external IS auditor (or the entity conducting the audit) and the bank.
- (3) In addition to the documentation defined in paragraph 2 of this Article, the Bank shall also submit an analysis of the fulfillment of the conditions and criteria for the appointment of an external auditor to perform the audit of the information system referred to in paragraph 1 of this Article, made by the audit committee, including any additional relevant documentation and evidence on the basis of which the audit committee determined that these conditions and criteria were met.
- (4) The Agency will issue a decision on the request for approval for the appointment of an external IS auditor within 30 days from the date of receipt of the request with complete documentation.
- (5) The Bank's general assembly decides on the appointment of an external IS auditor upon submission of the decision in question to the bank, and then the bank signs an agreement with the elected auditor to draw up an IS audit report.

- (6) The Bank is obliged to submit to the Agency the adopted decision on the appointment of an external IS auditor, as well as the signed contract with the appointed external auditor of IS within 8 days from the date of adoption or signing.
- (7) The responsibility of the audit firm towards third parties for performing the audit of the IS cannot be transferred to the person hired by the audit firm for those tasks.

16. Authorization for issue of shares, conversion of priority shares into ordinary shares and opinion on the issue of other types of securities

Article 40

- (1) Prior to reporting a closed sale and submitting a short-term prospectus approval to the Securities Commission, or submitting a request for approval of the issue through a public offering, the bank shall submit to the Agency, with the application for issuance of the issue of the following issues (public or closed sale):
 - 1) the decision of the competent management body on the issue of shares of a new class or new shares of the same class, with obligatory indication of all the data prescribed in the prospectus of securities,
 - 2) proposal of the decision of the competent management body to increase the share capital of the bank,
 - 3) an increase of capital plan for the next two years, approved by the competent governing body of the bank, with indicators of the impact of the increase in share capital on the financial position of the capital, and
 - 4) statement by the bank that it did not approve the loans, nor did it provide a guarantee for the loans from which the stock was purchased.
- (2) Bank shares need not be paid in cash if the total value of the bank's capital increases:
 - 1) for the implementation of the status change of the bank, if the Agency's prior consent has been obtained,
 - 2) by converting equity instruments, or other monetary liabilities of the bank into share capital in accordance with the Law and by-laws of the Agency,
 - 3) through contribution in kind(non-monetary) for which prior approval of the Agency has been obtained

The non-monetary contribution (property and rights) is expressed in cash, so the decision on the issue of shares is accompanied by an act on the valuation of the things and rights, made by an authorized person in Republika Srpska. In the case of real estate, it must not be encumbered with a mortgage, as evidenced by a certificate from the competent authority. In the case of rights, they must not be encumbered by a lien, nor blocked by a competent institution. The issue decision must contain a provision that within 15 days from the date of issue of the issue, a transfer procedure will be initiated by the Securities and Exchange Commission, that is, the procedure of transfer to the competent authority of ownership of securities that are part of the stake in the issue of shares, and proof of the above will be

submitted to the Agency. In case the deposit is represented by securities, the issue decision shall be accompanied by a report on the audit of the annual settlement for the previous year of the issuer of securities, prepared by a certified external auditor. The amount of the founding role of the securities is determined on the basis of their market value

- 4) non-monetary contribution for the purpose of executing the Agency's capital increase order, with the Agency's prior approval, or
 - 5) from own funds, i.e. from a part of profit or from own funds from the reserve fund with the consent of the Agency, in accordance with the Company Law.
- (3) The bank shall submit to the Agency with the request for issuance of approval for issuance of other types of securities:
- 1) the decision of the competent authority of the bank on the issue of bonds, with the mandatory submission of all information prescribed by the acts of the Securities Commission of Republika Srpska,
 - 2) a report on the issue with a projection of the balance sheet and income statement (in the form in which the Agency reports) for the period for which the bonds are issued,
 - 3) an explanation of the manner and possibilities of repayment of commitments and a plan for the use of funds from the issue.
- (4) The applicant for conversion of preference shares into ordinary shares shall submit to the Agency:
- 1) the decision of the competent authority of the bank on conversion and its explanation,
 - 2) the list of shareholders before the conversion and the projection of the list of shareholders after the completed conversion and
 - 3) the consent to exercise significant voting rights in accordance with the Law should the conversion occur.
- (5) The Agency shall issue a decision on the application for issuance of shares issue approval, conversion of priority shares into ordinary shares and opinion on the issue of other types of securities within 15 days from the day of receipt of the request with complete documentation.
- (6) Upon passing the decision, the bank shall submit to the Agency:
- 4) adopted decisions at the general assembly of shareholders within 10 days from the day of adoption. If the decisions adopted differ from those proposed, the Agency shall repeal the issued decision,
 - 5) resolution of the Securities and Exchange Commission on approval of the contents of the abbreviated prospectus within 10 days from the day of its adoption,
 - 6) the decision to end the successful subscription of the shares or the decision to discontinue the issue, signed by the director and the supervisory board within 10 days from the day of its adoption,
 - 7) request for amendments to the bank's Statute (capital increase),
 - 8) registration of changes with the Securities and Exchange Commission, the Registration Court and the Central Registry of Securities within 15 days from the day of each individual subscription.
- (7) With the request for issuing an opinion on the issue of other types of securities, the bank is obliged to submit to the Agency, before submitting a request to the Securities Commission, all that is

mentioned above for the issue of shares, as well as documentation prescribed by special regulations.

17. Prior consent to form or acquire ownership in a subsidiary of a bank

Article 41

- (1) The bank establishing or acquiring the subsidiary shall submit to the Agency a written request for approval.
- (2) In addition to the request referred to in paragraph 1 of this article, the bank shall submit:
 - 1) the decision of the competent body of the bank on the establishment or acquisition of a subsidiary,
 - 2) information about the participation that the bank will have in the subsidiary,
 - 3) information on the person's qualification, experience and business reputation
 - 4) proposed to the management bodies of a subsidiary,
 - 5) proposal of the program of activities of the bank's subsidiary for a period of three years, which in particular lists the activities that the subsidiary will handle, expected sources of funds, target group of clients, expansion plan of business and organizational network, as well as projection of the balance sheet and income statement for the year in which the subsidiary is established,
 - 6) projection of the influence of the subsidiary on the bank's business for the period of three years, made on the basis of the proposal of the program of activities of the subsidiary referred to in point 4. of this paragraph,
 - 7) proposal of risk management procedures, internal control procedures at the level of the bank and its subsidiary or banking group,
 - 8) data on all legal and natural persons that will have participation in a subsidiary company (business name, registered office and activity of the legal person, ownership structure of that person, name and address of the natural person, amount of participation, brief overview of their business activities in the previous three years);
 - 9) other documentation if the Agency concludes that it is needed.
- (3) A bank acquiring a subsidiary, in addition to the documentation prescribed in paragraph 2 of this Article, shall submit to the Agency:
 - 1) reports on the audit of the financial statements of the subsidiary for the previous three years and the financial statements of that company for at least one period of the current year, and
 - 2) information on whether that subsidiary owns or participates in another legal entity, and since when, what is the absolute and percentage amount of its ownership, or participation in the capital of another legal entity as of the day preceding the date of submission of the application consent.
- (4) The Agency shall give its consent if it evaluates:
 - 1) that the establishment or acquisition of a subsidiary will not jeopardize the financial position of the bank,

- 2) that the bank's exposure to business risks is in accordance with the Law and regulations of the Agency,
 - 3) that the performance indicators on a consolidated basis are within the prescribed limits,
 - 4) that the bank has a system of management, decision-making, internal control and information technology that enable adequate risk management in the banking group's business,
 - 5) that the structure of the banking group is transparent to the extent prescribed by the Law,
 - 6) that the establishment or acquisition of a subsidiary in the Republika Srpska or Bosnia and Herzegovina does not lead to a violation of competition in the manner prescribed by the Law, that there is adequate cooperation of the Agency with the regulatory body of the country abroad in which the bank establishes or acquires a subsidiary.
- (5) The Agency shall issue a decision on the request for the establishment or acquisition of a subsidiary of the bank within 30 days from the day of receipt of the application with complete documentation.
- (6) The prescribed documentation to be submitted in accordance with this Decision shall be submitted in the original or in a certified copy, and may not be older than six months.

18. Issuing consent for voluntary liquidation of the bank

Article 42

- (1) Voluntary liquidation proceedings can only be initiated after obtaining the approval of the Agency.
- (2) The Bank shall submit a request to the Agency for prior approval for conducting a voluntary liquidation procedure, which shall contain:
 - 1) proposed liquidation plan, deadline and stages of preparation of the bank for completion of its activities,
 - 2) proof that the bank's assets are sufficient for the bank to fulfill all its obligations and
 - 3) proposal of the person for liquidators.
- (3) By issuing the approval of the Agency for conducting voluntary liquidation of the bank, the license for operation of the bank shall cease to be valid.
- (4) The Agency shall decide on the request referred to in paragraph 2 of this Article within 60 days from the day of receipt of the request with complete documentation.

19. Conditions and procedure for issuing prior approval for sale of assets and liabilities of the bank or merger of the bank in compulsory liquidation

Article 43

- (1) The liquidator shall obtain the approval of the Agency prior to the sale of part or all of the assets and liabilities or before the sale or merger of the bank.
- (2) The sale and takeover of part or all of the assets and liabilities of the bank shall be made without the consent of depositors, other creditors and debtors of the bank.
- (3) In the event that the liquidator proposes to sell the bank, it shall submit to the Agency:
 - 1) a written report on the bank's operations in liquidation,
 - 2) proposal of a study on the economic justification of sales and
 - 3) draft decision to sell the bank.
- (4) The bank or other person authorized to perform these activities, which is being purchased by the bank in liquidation, shall, with the acts of the liquidator referred to in paragraph 3 of this Article, submit to the Agency:
 - 1) decision of the competent management body on the purchase of the bank in liquidation and
 - 2) a study on the economic justification of a purchase with a financial assessment of the legal transaction in question, with particular reference to the impact of the purchase on its financial position (planned balance sheet and income statement).
- (5) In the event that the liquidator proposes the merger or merger of a bank with another bank, the procedure and the necessary acts specified in the provisions of this decision governing the status changes of the bank shall be fully submitted.
- (6) The Agency shall issue a decision on the request of the liquidator for the sale, merger or merger to another bank or other person authorized to perform these operations within 60 days from the day of receipt of the request with complete documentation.

CHAPTER III

FINAL PROVISIONS

Article 44

- (1) This Decision shall enter into force on the eighth day following its publication in the Official Gazette of the Republika Srpska.
- (2) (2) On the day this Decision enters into force, the Decision on Licensing and Other Approvals of the Banking Agency of the Republika Srpska ("Official Gazette of the Republika Srpska" No. 44/14) shall cease to be valid.

Questionnaire:

1. Bank:
2. Function to which the nominated candidate is proposed:
3. General information about the candidate
 - Name and surname (maiden name):
 - Name of father and mother:
 - Date and place of birth:
 - Permanent address (residence):
 - Temporary address (residence):
 - Citizenship:
 - Identification number (JMBG):
 - Telephone in the workplace:
 - Fax at work:
 - Email Address:
4. Education (chronological list of all levels of education with year of completion, duration and academic title):
5. Professional development (chronological list of all forms of professional development, specifying topics, organizers and duration, years of professional examinations, certificates, licenses, etc.):
Level of knowledge of official languages in RS (for foreign citizens):
7. Work experience, i.e. a chronological list of all your previous employers and jobs, or functions that you performed outside of your work, indicating the periods in which you performed certain functions, for the jobs or functions you have worked for, or that you have performed in the last 10 years. It also states:
 - a description of the work you did in the workplace or function,
 - the organizational structure of the employer where the business and function were performed,
 - scope of jurisdiction, decision-making authority and responsibilities, and
 - number of subordinate workers
8. Information on the recommendation (give the name, function and address of the supervisor directly with the employer with whom you worked for the last three years and who made the recommendation) or the reasons why the recommendation is unavailable:
9. Participation in civil or administrative proceedings (state whether you participate as a party to civil or administrative proceedings that could adversely affect your financial stability and business reputation):
10. Financial status (describe your financial situation, including information about your assets and financial liabilities, whether you are on the list of debtors (e.g. CRC, or any other debt list, credit registry, tax register of debts, etc.).
11. Financial and operating results (provide information on the financial and operating results of companies in which you are now or have been a significant shareholder or in which you have or have had significant business interests, or in which you have performed the function of a board member or other managerial function, including information whether the competent authority has determined that the company has committed a major irregularity or a serious violation of the law, whether bankruptcy proceedings have been instituted, a liquidation decision has been taken, or a similar proceeding was opened, was his license revoked or a measure was taken to improve the situation and eliminate its illegality and irregularities in business):
12. Assessment of the candidate by another competent authority (state whether the assessment has already been carried out by another competent authority, including information on that authority and evidence of the results of the assessment):
13. Business Relations with the Bank (Provide all information about all business relations with you and persons related to the bank, members of the Management Board, Supervisory Board and holders of key

functions, and owners of more than 10% of ownership in that bank, its parent or subsidiaries, and information on shares or other financial interests that you or your related parties have in the bank):

14. Statement of Conflict of Interest (state whether you have held office for more than three terms or more than 12 years and whether your immediate family member has a stake or is employed by a current or previously licensed external auditor of the bank or its subsidiary). The candidate for a member of the Supervisory Board of the bank shall also indicate whether he / she performed the function of a member of the Management Board at

a period of three years prior to his appointment to the Supervisory Board, whether he has been employed with the bank for the previous three years, whether he holds a stake or is employed with a current or previously certified external auditor of the bank or his dependent, whether a member of his immediate family currently performs function of a member of the Management Board at the bank or performed it for a period of three years before applying for membership in the Supervisory Board):

15. Statement on the conduct of criminal proceedings or on the final conviction of a criminal offense:

16. Statement of conduct of misdemeanor proceedings or final conviction of a misdemeanor, with the exception of traffic offenses:

17. Statement on the conduct of any other preceding that could adversely affect your financial stability and business reputation (if yes, provide details and provide evidence):

18. List all other facts and circumstances that you believe may be relevant to your assessment of the function you are running for.

I declare that all the answers are true, complete and correct and that I have not withheld any information that may affect the decision of the Banking Agency of Republika Srpska. I undertake to inform the Banking Agency of any changes to the facts stated in this questionnaire and to any other facts within the limits of my knowledge that could significantly affect the decision-making of the Banking Agency of Republika Srpska.