

Pursuant to Articles 170, 172, 175 and 178 of the Banking Law of Republika Srpska (“Official Gazette of Republika Srpska”, No.: 04/17), Article 5, Paragraph 1, Item b, Article 20, Paragraph 2, Item b, and Article 37 of the Law on the Banking Agency of Republika Srpska (“Official Gazette of Republika Srpska”, No.: 59/13 and 4/17) and Article 6, 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 the Republika Srpska, on its 44<sup>th</sup> session held on 11 December, 2017, adopted the following

## **DECISION**

### **ON PERFORMING EXTERNAL AUDIT IN BANKS**

#### **1. General provisions**

##### **Subject of the Decision**

##### **Article 1**

- (1) This Decision stipulates in more detail the manner of conducting an external audit in a bank, the conditions and criteria that an audit firm (hereinafter: external auditor) must meet to perform an audit in a bank, the manner of exchanging information with the external auditor, the obligations of the external auditor and the content of audit reports, and the submission and publication of audit reports.
- (2) The provisions of this Decision shall apply to banks headquartered in Republika Srpska which have been licensed by the Banking Agency of the Republika Srpska (hereinafter: Agency).

##### **Article 2**

- (1) The bank is obliged to hire the external auditor for each financial year to perform its audit in accordance with the provisions of the Banking Law of Republika Srpska (hereinafter: Law), the Law on Accounting and Auditing of Republika Srpska (hereinafter: the Law on Accounting and Auditing), international auditing standards, other rules of the auditing profession and by-laws of the Agency, as follows:
  - 1) audit of the annual financial statements of the bank and
  - 2) audit of the consolidated financial statements:
    1. banking group, if the bank is obliged to report on consolidated basis referred to in Article 165, Paragraph 2 and 3 of the Law or
    2. group of the companies in which the bank is the parent company whose reports, in accordance with Article 167 of the Law, are consolidated at the special request of the Agency.

- (2) The external auditor referred to in Paragraph 1 of this Article shall at the same time perform the audit for the needs of the Agency (hereinafter: the regular audit for the needs of the Agency), which shall include the submission of additional data and information and the assessment of:
  - 1) adherence to risk management rules,
  - 2) efficiency of performing functions of risk management function, business compliance function and internal audit function at the bank,
  - 3) the quality of the bank's business,
  - 4) compliance with anti-money laundering and terrorist financing requirements,
  - 5) organization and management of the information system in terms of support and accuracy of reporting and
  - 6) the accuracy, regularity and completeness of the reports submitted by the bank to the Agency in accordance with the by-laws.
- (3) Notwithstanding Paragraph 2 of this Article, the bank shall engage the external auditor to perform an audit of the information system in the bank and assess the state of the information system and the adequacy of its management (hereinafter: audit of the information system), in accordance with the requirements defined in the Decision on information systems management in banks and by-laws defining the Agency's expectations regarding the audit of the information system in banks.
- (4) At the request of the Agency, the bank is obliged to hire the external auditor to perform a special audit of the financial and regulatory reports of the bank and the member of the banking group or their individual parts, as well as other types of audit, that is, the examination of certain business processes and data related to the business of these persons (hereinafter referred to as "special audit") in accordance with a special act of the Agency that defines the subject matter and method of performing the special audit.
- (5) In the case of a status change, the bank established by the merger or merger of another bank, or banks that have been created by division or separation, is required to hire the external auditor to audit the financial statements as of the date of the status change, confirming the truthfulness and objectivity of the initial balance on the day of the status change.

## **2. Conditions and criteria for issuing prior approval for the appointment of an external auditor to perform audit in banks**

### **Prior consent for appointment of an external auditor**

#### **Article 3**

- (1) The conditions and criteria that the external auditor must meet in order to be able to audit the financial statements and audit them regularly for the needs of the Agency are as follows:
  - 1) possess a license issued by the Republika Srpska Ministry of Finance and entered in the Register of audit companies,
  - 2) that there are at least three certified auditors with a valid license in full-time

- permanent employment,
- 3) that at least three members must have at least three years of experience in performing the audit of the financial statements of banks employed by an external auditor or hired by the external auditor in an audit team at a particular bank,
  - 4) that there are no restrictions on performing the audit stipulated by Article 170 of the Law and
  - 5) to have an Annual transparency report published under Article 45 of the Law on accounting and auditing.
- (2) Conditions and criteria for issuing approval for the appointment of the external auditor for the audit of the information system and the documentation that the bank is required to submit for the purpose of issuing a prior approval for the appointment of the external auditor are laid down in the provisions of the Decision on information system management in banks and the Decision on conditions and procedure for issuing licenses, approvals and consents to banks operating in Republika Srpska.
  - (3) The Agency may stipulate by a separate act additional conditions and criteria that the external auditor must meet for performing a special audit, depending on the specific subject of the special audit.
  - (4) The conditions and criteria for auditing the financial statements in the event of a status change are the same as in Paragraph 1 of this Article.
  - (5) Verification of the fulfillment of the conditions and criteria from Paragraphs 1, 2, 3 and 4 of this Article shall be performed by the bank's audit committee and shall submit the documented analysis to the supervisory board of the bank with the proposal for the appointment of the external auditor.
  - (6) Should the external auditor cease to meet the conditions and criteria referred to in this Article during the performance of the audit, it shall immediately inform the bank and the Agency thereof.
  - (7) Documentation that the bank is obliged to submit to the Agency for the purpose of issuing the prior approval for the appointment of the external auditor referred to in Paragraphs 1 and 4 of this Article are stipulated by the Decision on conditions and procedure for issuing licenses, approvals and consents to banks operating in Republika Srpska.

### **Appointment of an external auditor**

#### **Article 4**

- (1) The bank's general assembly, with the prior approval of the Agency, shall, by 30 September of the current year at the latest, appoint the external auditor to carry out the audit of the financial statements, the regular audit for the needs of the Agency and the audit of the information system for that year.
- (2) The audit of the financial statements and the regular audit for the needs of the Agency are required to be performed by the same external auditor, and the audit of the information system may be performed by another external auditor.

- (3) The Agency shall stipulate the deadline for appointing the external auditor to perform a special audit by ordering the bank to perform that special audit.
- (4) The deadline for appointing the external auditor to audit the financial statements in the event of a status change is 15 days from the date the status change occurs.
- (5) The bank is obliged to submit to the Agency the decision on the appointment of the external auditor within eight days from the day of making the decision and the concluded audit contract in writing within eight days from the conclusion of the contract.
- (6) The external auditor is obliged to submit to the Agency, for each bank with which it has concluded the contract on auditing the financial statements and the regular audit for the needs of the Agency, an audit plan for that business year within 30 days from the day of the conclusion of the contract, from which the business areas are visible which are the subject matter of the audit, a description of the content of the planned audit by individual areas, and the estimated duration of the audit.
- (7) In case of termination of the audit contract, the bank or the external auditor shall be obliged to explain to the Agency in writing the reasons for the termination of the contract.

### **3. Exchange of information between the external auditor and the Agency**

#### **Relationship between the external auditor and the Agency**

##### **Article 5**

- (1) Communication between the Agency and the external auditor shall be established in such a way as to enable an efficient and timely exchange of information and data relevant to the performance of the tasks of both parties.
- (2) The exchange of information and data between the Agency and the external auditor shall be in writing, through meetings or as otherwise agreed between the Agency and the external auditor.
- (3) The exchange of information and data is generally carried out during the preparation and planning of the audit, during the performance of the audit and after the signing of the audit report, and in cases where the Agency needs additional information and data for the purposes of bank supervision.
- (4) Notwithstanding the frequency of exchange of information and data referred to in Paragraphs 2 and 3, a bilateral meeting between the Agency and the external auditor shall be held at least once a year.
- (5) If deemed necessary, the Agency may organize an additional meeting, attended by representatives of the bank.
- (6) The external auditor is obliged, at the request of the Agency, to provide the methodology of auditing the financial statements of the bank that he/she applies in his/her business operations, as well as other information regarding the performed audit

procedures, relevant audit evidence collected and the auditor's conclusions, when such information is required by the Agency to perform its supervision.

- (7) Independent of Paragraphs 1–6 of this Article, the external auditor is obliged to inform the Agency, the supervisory board, the bank management and the audit committee as soon as possible in writing about any fact that represents:
  - 1) breach of laws or regulations that could in any way jeopardize the bank's continued operations and lead to the revocation of a bank's operating license,
  - 2) a circumstance that could result in a material loss of a bank or member of a banking group or could endanger the continuity of their business,
  - 3) a material difference in the assessment of risks present in the bank's operations and the valuation of items in the bank's financial statements,
  - 4) significant weakness in the establishment of internal control systems or failures in the implementation of internal control systems,
  - 5) serious violations of internal procedures and acts of a bank or banking group that could in any way jeopardize the bank's continued operations and
  - 6) the ability to give a qualified opinion, a negative opinion, or to refrain from giving an opinion on the financial statements.
- (8) When exchanging information and data, both parties are required to comply with legal regulations governing the issue of data protection, such as business secrets, classified information and personal data.
- (9) The Agency may also organize meetings with a group of external auditors to exchange information on significant issues such as changes to regulations governing banks' operations, changes in accounting and auditing standards, etc.

#### **4. The responsibilities of the external auditor and the content of the report on conducted external audit**

##### **Obligations of the external auditor**

##### **Article 6**

- (1) The external auditor shall, after the audit referred to in Article 2 of this Decision, complete the audit report in the manner prescribed in Articles 7-11 of this Decision.
- (2) The audit report is signed by an authorized auditor on its own behalf and an authorized representative on behalf of the external auditor.
- (3) The external auditor is required to submit a letter of recommendation to the bank and the Agency, which must contain all identified findings and recommendations of the external auditor.
- (4) The working documentation on the basis of which the audit report, the audit contract and the audit report are prepared shall be drawn up in the language that is officially used in Republika Srpska.

## **Audit report on financial statements**

### **Article 7**

- (1) The external auditor is obliged, after the audit of the financial statements referred to in Article 2, Paragraph 1 of this Decision, to prepare an audit report that includes the financial statements that have been audited and an opinion on whether the financial statements have been prepared and presented in fair manner in accordance with International Financial Reporting Standards, International Accounting Standards and other relevant regulations, and whether they present truthfully and objectively, on all material issues, financial condition, business results, cash flows and changes in the bank's capital accounts.
- (2) The financial statements referred to in Paragraph 1 of this Article shall include the following templates:
  - 1) Balance sheet - statement of financial position at the end of the period,
  - 2) Income statement - report on the total result for the period,
  - 3) Cash Flow Statement - cash flow statement,
  - 4) Statement of changes in capital and
  - 5) Notes to the financial statements.
- (3) The templates referred to in Paragraph 2 of this Article shall be enclosed in a concise form, which means that they have been prepared in accordance with the Rulebook on the content and form of financial statements for banks and other financial organizations, or with the Rulebook on the contents and forms of the report on changes in the capital adopted by the Minister of Finance of Republika Srpska, but do not contain items whose value is zero, columns relating to the group of accounts, account and AOP position codes.
- (4) The notes to the financial statements referred to in Paragraph 2, Item 5 of this Article shall be enclosed in full.
- (5) Each individual summarized financial statement form is signed by an authorized representative and a person with an appropriate accounting professional license in accordance with the Accounting and Auditing Act.
- (6) The opinion of the certified auditor referred to in Paragraph 1 of this Article shall be mandatory expressed in accordance with International Standards on Auditing and may be positive, a reserved opinion, negative or in the form in which the auditor refrains from giving an opinion.

## **Audit report for the needs of the Agency**

### **Article 8**

- (1) The external auditor is obliged, after regular audit for the needs of the Agency referred to in Article 2, Paragraph 2 of this Decision, to prepare an audit report for the needs of the Agency (hereinafter: the extended audit report), which includes the report referred to in Article 7 of this Decision and additional data and information necessary to perform the Agency's supervisory function, including:

- 1) special assessment of compliance with risk management rules,
  - 2) a special assessment of the efficiency of the bank's control functions,
  - 3) opinion on the quality of the bank's business,
  - 4) a special assessment of compliance with anti-money laundering and terrorist financing requirements,
  - 5) special assessment of the organization and management of the information system in terms of support and accuracy of reporting,
  - 6) special assessment of the accuracy, regularity and completeness of the reports submitted by the bank to the Agency in accordance with the by-laws,
  - 7) a list of deficiencies identified by the audit of the financial statements and the audit for the needs of the Agency,
  - 8) findings regarding the fulfillment of the recommendations of the auditors from previous years and
  - 9) attached to this report all completed reporting templates submitted by the bank to the Agency in accordance with the by-laws, stating opinions on the objectivity and truthfulness of the data stated in those reports.
- (2) The assessment referred to in Paragraph 1, Items 1, 2, 4, 5 and 6 of this Article is descriptive and may have one of the following values:
- 1) completely satisfactory,
  - 2) satisfactory,
  - 3) unsatisfactory and
  - 4) completely unsatisfactory.
- (3) The external auditor shall assess the compliance with the risk management rules referred to in Paragraph 1, Item 1 of this Article on the basis of an assessment of the adequacy of managing the following risks:
- 1) credit risk,
  - 2) credit and foreign exchange risk,
  - 3) concentration risk,
  - 4) liquidity risk,
  - 5) market risk,
  - 6) operational risk,
  - 7) interest rate risk in the banking book and
  - 8) other significant risks to which the bank is exposed in its operations that could affect its safe and stable operations.
- (4) The assessment of the adequacy of risk management referred to in Paragraph 3 of this Article shall be made by the external auditor on the basis of the assessment of:
- 1) risk management strategies, policies and procedures,
  - 2) established risk management processes and procedures,
  - 3) meeting organizational requirements related to risk management,
  - 4) the adequacy of identifying, measuring, limiting and mitigating, monitoring and controlling, and reporting on risks,
  - 5) the adequacy and effectiveness of internal control systems for risk management,

- 6) bank stress testing tests and
  - 7) contingency plans, i.e. emergency situations in the bank's operations.
- (5) The external auditor shall assess the efficiency of performing the bank's control functions referred to in Paragraph 1, Item 2 of this Article on the basis of an assessment of:
- 1) whether the bank has established permanent and efficient control functions in accordance with the Law and by-laws of the Agency,
  - 2) whether the bank has established an internal audit function as a separate organizational unit, functionally and organizationally independent of the activities it audits and independent of other organizational parts of the bank,
  - 3) whether the bank has established control functions in order to avoid conflicts of interest,
  - 4) whether the internal acts on control functions are adequate and have been adopted by the competent bodies of the bank,
  - 5) whether, in proportion to its size, type, scope and complexity of operations, the bank has secured a sufficient number of employees with appropriate professional knowledge and experience to perform the operations of control functions,
  - 6) whether the annual work plans (including operational plans) of the control functions are appropriate and have been adopted in accordance with the by-laws and
  - 7) whether the control functions draw up adequate reports and whether they perform tasks in accordance with the Law and by-laws of the Agency.
- (6) The external auditor, in accordance with Paragraph 1, Item 3 of this Article, gives an opinion on the quality of business based on the analysis of the following indicators:
- 1) the structure of the bank's shareholders, stating the list of shareholders with 5% or more share in the capital or voting rights, changes in ownership structure and analysis of whether the bank's shareholders are connected so that they are considered to act as a single acquirer,
  - 2) adequacy of the bank's capital, indicating the bank's regulatory capital ratio and the minimum regulatory capital ratio established for the bank by the Agency, and assessing whether the bank applies appropriate procedures to monitor and assess the required level of capital with respect to the risks to which it will or will be exposed in their business,
  - 3) the quality of the bank's assets, stating:
    1. risk and non-risk asset structures after impairments have been made,
    2. impairment adjustments on the balance sheet assets, i.e. provisions for losses on off-balance sheet assets and estimates of the applied methodology of calculation of impairment and provisions,
    3. bank's credit exposure structures (loans, matured loans, non-performing loans, rescheduled / restructured loans, interest, advances, assumed and contingent liabilities), large exposures and their classification categories, loans to individuals in special relation with the bank and their classification categories,



4. interest and non-interest-bearing assets after impairments have been made and the analysis of their relationship,
  5. structures and amounts of funds with other banks (domestic and foreign), whose maturity is up to 30 days, as well as the structure and collectability of placements with other banks whose maturity is over 30 days,
  6. structures and amounts of trading securities, acquired tangible assets held for sale and other receivables, with commentary on the extent of their collectability,
  7. structures and amount of business premises and other fixed assets, as well as investment real estate, investments in other legal entities, acquired tangible assets not intended for sale and securities held-to-maturity,
  8. analysis of transactions on behalf and for the account of legal and natural persons, and if risky placements are posted in these accounts - reclassify them to the appropriate accounts and
  9. whether there were payments under the given guarantees / sureties and how much, and whether the bank continues to provide guarantees / sureties to the clients for which it made payments in the previous period and indicate the achieved average period for payment of the made payments under guarantees / sureties.
- 4) compliance with the stipulated business restrictions in accordance with the Law and by-laws during the audit period, with comments on activities undertaken by the bank to maintain the stipulated values of indicators, especially for indicators that were violated during the year or were close to the minimum or maximum of permitted values.
- 5) bank profitability, stating:
1. the difference between active and passive interest,
  2. analysis of interest by types of placements and appropriate sources, with special reference to loan participation,
  3. relationships:
    - profit (loss) and assets,
    - profit (loss) and total balance sheet capital,
    - interest and asset income,
    - interest and liability expense,
    - total as well as net income / expense from impairment of financial assets and credit risk off-balance sheet items and assets and
    - net interest income and interest-bearing assets,
  4. activities undertaken by the bank to increase the level of collectability,
  5. comments on the structure of the loss, that is, the amount of uncovered loss (about the causes and year of occurrence, the reason for the non-coverage, as well as activities to eliminate the cause of the loss),
  6. interest income on impaired placements,
  7. interest expense on deposits and loans taken,
  8. ways of distributing profits,

- 6) staff and organizational structures of the bank - with special reference to the bank's development strategy and the role of the bank in the market, stating:
  1. the staff structure of the bank with the total number of employees, members of the supervisory board (first and last name and name of the legal entity in which they are employed) and the bank management,
  1. the total remuneration of the president and members of the supervisory board, the bank management and senior management, as well as the total for other employees whose professional activities have a significant impact on the bank's risk profile, and indicate whether the remuneration was paid in accordance with the provisions of the Decision on remuneration policy and practice in banks,
  2. presentation of the organizational chart of the bank with organizational units (branches, business units and representative offices abroad) and their headquarters, as well as the organizational charts of the banking group and the banking group with the parent holding with indicated participation.
- (7) The external auditor, in accordance with Paragraph 1, Item 4 of this Article, assesses the compliance with the requirements for the prevention of money laundering and terrorist financing, with the obligatory use of testing technique in accordance with the provisions of the Decision on minimum standards for the activities of banks in the prevention money laundering and terrorist financing activities. This assessment may be submitted to the Agency as a separate report.
- (8) In accordance with Paragraph 1, Item 5 of this Article, the external auditor assesses the organization and management of the information system in terms of support and accuracy of reporting, including comprehensive and reliable data collection necessary to monitor and analyze all risks to which the bank is exposed.
- (9) In accordance with Paragraph 1, Item 6 of this Article, the external auditor shall assess the accuracy, regularity and completeness of the reports submitted by the bank to the Agency on the basis of verification of the correctness, accuracy and completeness of the report (as of December 31 of the current year), i.e. to assess that whether these reports have been prepared in accordance with the by-laws of the Agency and the policies and rules stipulated by the bank. The assessment of the reports is expressed by the statement that the reports have been prepared in accordance with the Law and by-laws of the Agency and that they realistically and objectively reflect the given situation.

### **Information system audit report**

#### **Article 9**

- (1) The external auditor is obliged, after the audit of the information system referred to in Article 2, Paragraph 3, to make a report on the performed audit, which also includes an assessment of the condition of the information system and the adequacy of

managing the information system.

- (2) The report referred to in Paragraph 1 of this Article is a separate report and its content is stipulated by a by-law defining the Agency's expectations regarding the audit of the information system in banks.

### **Special audit report**

#### **Article 10**

- (1) The external auditor shall, after the special audit referred to in Article 2, Paragraph 4, draft the report on conducted audit.
- (2) The content of the report referred to in Paragraph 1 of this Article shall be stipulated by a special act of the Agency, depending on the subject of a special audit.

### **Status change audit report**

#### **Article 11**

The external auditor shall, after the audit in the case of a status change referred to in Article 2, Paragraph 5, produce the report on conducted audit confirming the truth and objectivity of the opening balance sheet as of the date of the change of status of the bank established by the merger or merged with another bank or banks which arose by division or separation from a bank.

## **5. Submission of audit report to the Agency, rejection of the report by the Agency**

#### **Article 12**

- (1) The bank or reporting entities on a consolidated basis referred to in Article 2, Paragraph 1, Item 2 of this Decision shall submit to the Agency an audit report on the financial statements and an expanded audit report within 4 months from the end of the year to which the reports relate, and about the audit information system no later than 5 months after the end of the year to which the report relates.
- (2) The bank or a member of a banking group is obliged to submit to the Agency a report on special audit within the time limit specified in the act of the Agency mandating a special audit.
- (3) In the case of a status change of a bank, a bank established by merger or merger of another bank, and banks created by division or separation from a bank, shall submit to the Agency an external auditor's report no later than 60 days from the date of registration of the status change in the registry of business subjects.
- (4) The Agency may require the bank to provide it with an individual audit report of any member of the banking group.
- (5) The bank management submits the audit report to the audit committee, which, after

consideration and opinion, submits it to the supervisory board for consideration and opinion. The supervisory board, after considering and giving its opinion on the audit report, submits the same along with the opinion of the audit committee for adoption to the general meeting assembly.

- (6) The audit committee with the external auditor monitors and reviews the performed audits and proposes to the supervisory board that certain issues related to the performed audit be included on the agenda of the bank general assembly.
- (7) If the audit report identifies irregularities and inconsistencies in the bank's operations, the bank shall be obliged to rectify those irregularities and notify the Agency accordingly.
- (8) If the bank does not eliminate the irregularities referred to in Paragraph 7 of this Article, the Agency may take measures stipulated by the Law and other regulations of the Agency against that bank.

### **Reasons for not accepting data and information from the audit report**

#### **Article 13**

- (1) The agency may reject the audit report of the financial statements and require the bank to have another external auditor perform the audit at the bank's expense or, when it deems it necessary, to appoint an external auditor directly at the bank's expense when it determines that the external auditor did not audit the financial statements of the bank and banking group in accordance with the provisions of the Law and other laws, by-laws adopted on the basis of those laws, regulations in the field of auditing and rules of the auditing profession or if performed by the supervision of the bank's operations or otherwise it determines that an opinion on the financial statements of the bank is not based on true and objective facts, and that such a report may lead the user to the wrong decision, or if there are significant differences between the audited financial statements and conditions identified by the Agency.
- (2) The refusal of the audit report of the bank's financial statements results in the rejection of the extended audit report.
- (3) If the Agency determines that the audit firm did not provide data and information in the extended audit report or audit report of the information system and gave an assessment for the needs of the Agency in accordance with this Decision and other regulations of the Agency, the Law, the Law on Accounting and Auditing, the regulations adopted by virtue of these laws and the rules of the profession, or if, by exercising supervision of a bank or otherwise, finds that the information is not based on true and objective facts, it may require:
  - 1) the external auditor to supplement or amend the information or
  - 2) the bank to appoint another external auditor or the Agency, at the expense of the bank, to directly appoint an external auditor to perform the audit for the Agency or the audit of the information system.
- (4) Failure to accept data within the meaning of Paragraph 3 of this Article shall not result

in the rejection of the audit report of that bank's financial statements for a given year, if such report has been accepted by the Agency.

## **6. Disclosure of bank report**

### **Disclosure of audit reports and financial statements of the bank**

#### **Article 14**

- (1) The bank and the reporting entities on a consolidated basis referred to in Article 2, Paragraph 1, Item 2 of this Decision are obliged to disclose the summarized audit report within 15 days of its receipt, in one or more daily newspapers available throughout the territory of Bosnia and Herzegovina and on its website and immediately inform the Agency with a copy of the notice.
- (2) The summary report referred to in Paragraph 1 of this Article shall contain:
  - 1) basic information about the bank: bank name, bank address, bank phone number, fax number and bank's swift code, composition of the bank supervisory board, composition of the bank audit committee, names of members of the bank management, name of the bank's internal auditor, the number of branches, the number of employees of the bank, and the name of the bank's external auditor,
  - 2) auditors' opinion and comments and
  - 3) the reports referred to in Article 7, Paragraph 2 of this Decision that have been the subject of an audit, except for the notes on the financial statements.
- (3) The bank is required to disclose the audited annual financial statements, together with the annual business report and the annual financial statement audit report, on its website and make them available to the public no later than six months after the end of the business year to which the reports relate.
- (4) The scope and content of the annual business report is stipulated by the Law on accounting and auditing.
- (5) The reporting entities on a consolidated basis referred to in Article 2, Paragraph 1, Item 2 of this Decision are required to disclose the external auditor's report on a consolidated basis, audited consolidated annual financial statements and consolidated annual report on operations for the group within the statutory deadline.
- (6) If the Agency refuses to accept the report of the external auditor, in accordance with the Law and Article 13 of this Decision, the bank shall replace the rejected report on its website with a new audit report performed by another external auditor.
- (7) In addition to disclosing the external auditor's report, the bank is obliged to publish a semi-annual report on its website within 30 days of the end of each first half-year, as well as information containing the names of members of the supervisory board and the bank management and all shareholders holding 5% or more shares with the voting right.
- (8) The bank is obliged, within 30 days of the expiry of each first half-year, to disclose the semi-annual report in an abbreviated form in one or more daily newspapers available throughout the territory of Bosnia and Herzegovina.

## **7. Transitional and final provisions**

## **Transitional and final provisions**

### **Article 15**

- (1) This Decision shall enter into force on the eighth day following its publication in the “Official Gazette of Republika Srpska”, and the first audits referred to in Article 4, Paragraph 1 of this Decision shall be made in accordance with the provisions of this Decision for the business year 2018.
- (2) The entry into force of this Decision repeals the Decision on minimum scope, form and content of the programs and reports on economic and financial audit of banks (“Official Gazette of Republika Srpska”, No. 12/03) and the Decision on minimum standards of internal and external audit in banks (“Official Gazette of Republika Srpska”, No. 12/03).

Number: UO-330/17

Date: 11 December, 2017

**PRESIDENT OF THE  
MANAGEMENT BOARD**  
Mira Bjelac