

Pursuant to Articles 13, 15, 20, 22, 25, 32, 33, 37, 39, 41, 61, 70, 85, 111, 165, 168, 217, 219 and 267 of the Banking Law of Republika Srpska ("Official Gazette of Republika Srpska", No.: 4/17, 19/18, 54/19, 63/24 and 45/25), 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 04/17), 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, at its 21st session, held on 4 November 2025 adopted the

DECISION
ON THE REQUIREMENTS AND PROCEDURE FOR ISSUING LICENSES, APPROVALS
AND CONSENTS TO BANKS OPERATING IN REPUBLIKA SRPSKA

CHAPTER I
GENERAL PROVISIONS

Article 1

- (1) This Decision shall define in more detail the procedures and requirements for issuing licenses, approvals and consents by the Banking Agency of Republika Srpska (hereinafter: the Agency), rejecting requests for issuing licenses, approvals and consents, and revoking licenses, approvals and consents issued by the Agency to banks with headquarters in the territory of Republika Srpska (hereinafter: the bank) and to banks with headquarters outside the territory of Republika Srpska that operate in Republika Srpska.
- (2) The main objective of this Decision is to establish general criteria in the implementation of the legal competences of the Agency when making its decisions and rulings regarding the issuance and revoking of licenses, approvals and consents to banks that operate in Republika Srpska.
- (3) The requests submitted by banks to the Agency relate to:
 - 1) issuing a bank operating license, pursuant to Articles 14-18 of the Banking Law of Republika Srpska (hereinafter: the Law),
 - 2) approval for the establishment of an organizational unit of a bank in Republika Srpska, the Federation of Bosnia and Herzegovina, the Breko District of Bosnia and Herzegovina and outside Bosnia and Herzegovina, pursuant to Article 20 of the Law,
 - 3) approval for the operation of an organizational unit of a bank in Republika Srpska with headquarters in the Federation of Bosnia and Herzegovina and the Breko District of Bosnia and Herzegovina, pursuant to Article 21 of the Law,
 - 4) issuing a consent to a bank to open a representative office outside Republika Srpska, pursuant to Articles 24 and 25 of the Law,
 - 5) issuing a consent to a bank with headquarters outside Republika Srpska for opening a representative office in Republika Srpska, pursuant to Articles 24 and 25 of the Law,
 - 6) a prior consent to the bank's statute, as well as amendments and supplements to the statute, pursuant to Article 13 of the Law,
 - 7) issuing approval for a change in the bank's status, pursuant to Articles 32 and 33 of the Law,
 - 8) a prior consent for the acquisition of a qualifying holding in the bank, pursuant to Articles 41-45 of the Law,
 - 9) subsequent consent for the acquisition of a qualifying holding in the bank, pursuant to Article 46 of the Law,
 - 10) prior consent for the inclusion of the current year's profit in the items of CET1 capital before making a formal decision, pursuant to Article 6 of the Decision on calculating capital in banks ("Official Gazette of Republika Srpska", No. 6/24),
 - 11) prior consent for the inclusion of capital instruments in the items of the bank's CET1 capital, pursuant to Article 6 of the Decision on calculating capital in banks,

- 12) prior consent for the inclusion of capital instruments in the items of the bank's AT1 capital, pursuant to Article 16 of the Decision on calculating capital in banks,
 - 13) prior consent for the inclusion of capital instruments in the items of the bank's Tier 2 capital, pursuant to Article 22 of the Decision on calculating capital in banks,
 - 14) prior consent for the repayment of capital instruments or subordinated debt before maturity, pursuant to Article 22, Paragraph 2, Item 10) of the Decision on calculating capital in banks,
 - 15) prior consent for performing the function of a member of the supervisory board in a bank, pursuant to Article 61 of the Law,
 - 16) prior consent for performing the function of a member of the management in a bank, pursuant to Article 70 of the Law,
 - 17) prior consent for granting procura, pursuant to Article 85 of the Law,
 - 18) prior consent for the bank's direct or indirect share in another legal entity and a subsidiary of that legal entity and the total net value of all shares of the bank in other legal entities and subsidiaries of those legal entities, pursuant to Article 111 of the Law,
 - 19) prior consent to reduce the capital or change the capital structure of the bank by repurchase of own shares, pursuant to Article 39 of the Law,
 - 20) prior consent to select the consolidation method, pursuant to Article 7, Paragraph 3 of the Decision on requirements on a consolidated basis for a banking group ("Official Gazette of Republika Srpska", No. 89/17),
 - 21) prior consent to exclude data on a subordinate member of the banking group from consolidated financial statements, pursuant to Article 166 of the Law,
 - 22) prior consent to appoint an external auditor of the bank to perform the audit of financial statements, regular audits for the needs of the Agency, audits of consolidated financial statements of the banking group and audits in accordance with Article 167 of the Banking Law of Republika Srpska and audits of financial statements in the event of a status change, pursuant to Article 169 of the Law,
 - 23) prior consent for the appointment of an external auditor for the audit of the information system,
 - 24) approval for the issue of shares, conversion of preferred shares into ordinary shares and opinion on the issue of other types of securities, pursuant to Article 35 of the Law,
 - 25) prior consent for the establishment or acquisition of ownership in a subsidiary of the bank, pursuant to Article 217 of the Law,
 - 26) issuance of a consent for the voluntary liquidation of the bank, pursuant to Article 260 of the Law and
 - 27) issuance of a prior consent for the sale of assets and liabilities of the bank or the merger of the bank in compulsory liquidation, pursuant to Article 267 of the Law.
- (4) Requests may be submitted by domestic and foreign private individuals and legal entities, depending on the type of license, consent or approval.
 - (5) Documents submitted with the request must be in the original or a certified photocopy.
 - (6) If the documents are bank documents, they must be in the original or a certified photocopy, adopted, signed and certified by the competent authorities or persons of the bank.
 - (7) If the bank submits a document in a foreign language, it is obliged to submit its officially certified translation into one of the languages in official use in Republika Srpska.
 - (8) After submitting the request, the Agency processes it, determines the compliance of the request and the attached documentation with laws and other regulations, and analyzes the documentation, and may:
 - 1) conduct an interview with representatives of the bank or founder,
 - 2) conduct an on-site inspection and/or
 - 3) request verification and/or confirmation of financial data based on the current and previous balance.

- (9) The Agency shall decide on the request by means of a decision. The applicant shall pay the fee for issuing the decision, determined by the decision or ruling.
- (10) In the event that not all the required documents or information are submitted with the request, the Agency may request additional documents or information from the applicant. They must be submitted within the deadline set by the Agency. If the requested documents or information are not submitted within the specified deadline, the Agency shall reject the request by means of a ruling as irregular.
- (11) The decision referred to in Paragraph 9 of this Article shall be final.

CHAPTER II

ISSUANCE, REJECTION OF ISSUANCE AND REVOCATION OF LICENSES, APPROVALS AND CONSENTS

1. Bank operating license

1.1. Issuance of a bank operating license

Article 2

- (1) The requirements that must be met in order for the Agency to issue a bank operating license are stipulated in Article 14 of the Law.
- (2) The founders of a bank shall submit to the Agency a request for the issuance of a bank operating license and shall attach to the request:
 - 1) a list of the founders of the bank, their identification data (for private individuals, a certified photocopy of their ID card or passport, for legal entities, a certified photocopy of the registration decision) and data on business reputation, financial and property status (for private individuals: data on the overall property status, and for legal entities: audited financial statements for the last three years), as well as the nominal amount and percentage of shares owned by shareholders,
 - 2) documentation verifying the direct or indirect ownership of private individuals or legal entities acquiring a qualifying holding, including their amounts, and if there are no qualifying holding acquirers, data on the 20 largest shareholders of the bank,
 - 3) information on the controlling interest or ownership of the acquirers of a qualifying holding in other companies,
 - 4) documentation on the fulfillment of the requirements regarding the eligibility of the founders with a qualifying holding in the bank, if such holding exists,
 - 5) the founding act of the bank signed by all founders and the bank's statute containing the elements stipulated in Articles 12 and 13 of the Law, respectively, in the form of a notarized document,
 - 6) clear and undoubted evidence of the origin of the founding capital,
 - 7) a statement on the founding capital,
 - 8) data and evidence on the fulfillment of the requirements of the persons proposed for members of the supervisory board and 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 conducted by the founders, with an explanation and results of the assessment,
 - 10) the bank's business plan for the first four years, which must contain the planned scope of business operations that the bank intends to develop in that period, and the bank's general strategy, expected target market, balance sheet and income statement projections and cash flow projections,
 - 11) a proposal for a strategy and policy for capital and risk management,
 - 12) a proposal for an act on the organization and systematization of the bank, with documentation on technical and personnel capabilities,
 - 13) a detailed description of the organization of accounting, information system and internal control system in the bank,

- 14) a proposal for a remuneration policy, which is in line with the business activities performed and which guarantees appropriate and efficient risk management,
 - 15) the consent of the competent regulatory authority that a bank or other person in the financial sector outside Republika Srpska be the founder of the bank,
 - 16) the consent of the competent authority of the country of origin in which the founders have their registered office or residence, which gives consent to invest capital in the bank, if such consent is provided for by the regulations of that country, and
 - 17) information on the founder's regulatory authority (name, registered office, business operations).
- (3) The Agency may, before deciding on a request for a bank operating license issuance, request any information or document necessary for the assessment of the request.
 - (4) The founders of a bank must have an appropriate business reputation and possess sufficient financial capacity, taking into account the proposed size of the bank and the type of its activities, which shall be assessed by the Agency in each specific case.
 - (5) The provisions of Paragraph 4 of this Article shall also apply to any owner of a significant share in a legal entity if that legal entity is the founder of the bank.
 - (6) The Agency shall issue a decision on issuing a bank operating license at the request of the founder of the bank within 60 days from the date of receipt of the duly completed request.
 - (7) If the request contains formal deficiencies that prevent the processing or if the request is incomprehensible or incomplete, the Agency shall request the bank founder to eliminate the deficiencies no later than six months from the date of submission of the request.
 - (8) If the bank founder eliminates the deficiencies within the specified period, the request shall be deemed to be in order.
 - (9) If the bank founder fails to eliminate the deficiencies within the specified period, the Agency shall reject the request as irregular.
 - (10) The Agency shall complete the procedure for deciding on the request for issuing an operating license within one year from the date of receipt of the request.
 - (11) The bank shall be obliged to submit to the Agency certified photocopies of entries with the Securities Commission, the Register of Business Entities and the Central Securities Register within 15 days from the date of each individual entry.

1.1.1. Founding capital statement

Article 3

- (1) The request for a bank operating license issuance shall be accompanied by notarized statements on the amount and method of payment of the founding capital, i.e. evidence that the funds specifically earmarked for the founding capital of the bank being established have been secured and separately allocated.
- (2) Statements by a domestic or foreign founder must:
 - 1) be submitted individually;
 - 2) be dated and signed by the founder, and if the founder is a legal entity, they must have a seal;
 - 3) contain the exact amount of the founding capital in cash and
 - 4) contain a statement by the founder that the founding capital will be paid-in within seven days from the date of delivery of the Agency's notification of a positive decision on the request. The payment shall be made to a designated account of the Agency, opened with the Central Bank of Bosnia and Herzegovina.
- (3) The founders shall also attach a statement on the stake in the assets and rights, which will serve directly and exclusively for banking operations, i.e. the business function of the bank (building, business premises, computer equipment and similar property). The stake in the assets and rights is expressed in money, so the founders shall attach to this statement a certificate of valuation of the assets and rights

carried out by an authorized person in Republika Srpska. If it is real estate, it must not be encumbered by a mortgage, which is proven by a certificate from the competent authority. The founder's statement must be signed, indicating that within 15 days from the date of registration of the bank with the competent registration court, the founder will initiate the procedure for transferring ownership of real estate to the bank, or the procedure for transferring ownership of securities representing its founding stake with the competent authority, and evidence of the above shall be submitted to the Agency. If the founder is a legal entity, the signature on the statement must be certified with a seal.

- (4) If the bank has not acquired ownership of the items that the founder was obliged to contribute as the founding stake, the founder of the bank must pay in cash the value of those items, which the bank must return to it.
- (5) In the event that the founder's stake is represented by securities, the statement shall be accompanied by a report on the audit of the annual accounts of the issuer of the securities for the previous year, prepared by an authorized external auditor. The amount of the founding stake consisting of securities shall be determined on the basis of their market value on the date of payment of the cash part of the bank's founding stake.

1.1.2. Bank business plan and projections

Article 4

- (1) The founders shall submit to the Agency a business plan for the first four years of the bank's operation, which shall include:
 - 1) the bank's objectives and tasks;
 - 2) a market analysis;
 - 3) information on the proposed types of clients and services;
 - 4) an assessment of the resources required to achieve the bank's objectives in terms of market conditions;
 - 5) a financial plan, which shall mandatorily include the initial capitalization, planned income and expenses and other relevant information that will reflect the bank's ability to operate profitably, increase capital in a volume sufficient for the envisaged activities, including projections of the balance sheet and income statement and cash flows;
 - 6) a plan of proposed markets for the provision of banking services;
 - 7) a plan of required personnel with a proposal for the organization and systematization of jobs, specifying the required qualification structure and work experience;
 - 8) evidence of the bank's technical capability to perform the tasks specified in the agreement or decision on establishment and the statute, as follows:
 1. documentation indicating the method of securing the business premises (ownership, assignment without compensation or lease agreement for an indefinite or fixed period), with proof that the lessor is the owner of the business premises,
 2. an act of the competent authority that the business premises are suitable for the purpose of providing banking services,
 3. documentation proving the method of securing the equipment in the bank (ownership, assignment without compensation or leasing for an indefinite or fixed period),
 4. specification of computer equipment and application software and
 5. procedure describing the method of asset protection (physical asset protection, data protection, etc.).
- (2) The following must be attached to the business plan referred to in Paragraph 1 of this Article:
 - 1) an analysis of the factors taken into account in the assessment of capital adequacy, including:
 1. establishment costs,
 2. expected earnings,
 3. an appropriate structure of the management body in accordance with the planned size of the bank and the suitability of the acquirers of qualifying holding, with adequate evidence,

4. expected risks related to assets and liabilities,
 5. a stake in property and rights expressed in cash and
 6. the possibility of providing additional capital when the need arises and
- 2) data on an appropriate system for managing the risks 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 request for a bank operating license issuance

Article 5

- (1) The Agency shall reject the request for a bank operating license issuance in the following cases:
- 1) if the requirements and documentation for issuing an operating license stipulated by the Law and this Decision are not met and submitted,
 - 2) if the founders have submitted incorrect and untrue information or have not provided the information requested by the Agency in the decision-making process,
 - 3) if the documentation and other data indicate that the organization of the bank is not provided in accordance with the Law, or that the requirements for the bank's operations stipulated by the Law or regulations adopted on the basis thereof are not provided,
 - 4) if the amount of paid-in 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 requirements stipulated by the Agency,
 - 5) if the performance of the Agency's supervisory function may be hindered or prevented due to the bank's relations with other legal entity or private individual with a registered office, or residence or domicile in another country or if there are other reasons why it is not possible to carry out the supervisory function of the Agency in accordance with the Law,
 - 6) if the financial condition or business reputation of one of the founders is unsatisfactory,
 - 7) if the laws or other regulations of the country of the bank's founder in any way prevent or hinder the exercise of the Agency's supervisory function,
 - 8) if there is a lack of trust or professional qualifications for any of the proposed candidates for a member of the supervisory board or management of the bank, or
 - 9) in other cases when the Agency assesses that the requirements for issuing a bank operating license are not met.
- (2) An unsatisfactory financial condition of one of the founders shall be deemed to exist in the following cases:
- 1) if the founder's liabilities exceed the assets, regardless of whether bankruptcy proceedings have been initiated or not,
 - 2) if the total amount of the founder's liabilities may 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 amount of capital adequacy or
 - 4) if there are other facts indicating a financial risk to the bank and/or the bank's depositors, as a result of possible actions by the founder.
- (3) It is considered that one of the founders does not have an appropriate business reputation in the following cases:
- 1) in case of a private individual - the founder has been convicted of a criminal offense or economic offense in the field of economic and financial crime within a period of five years from the date of the finality of the judgment, excluding the time served in prison,
 - 2) in case of a private individual - the founder was a member of the management body, governing body or internal auditor in a bank in which the Agency or another competent authority has introduced interim administration, initiated liquidation or bankruptcy proceedings in the period of one year prior to the introduction of such measures or

- 3) in case of a private individual - the founder was a member of the management body or governing body in a legal entity in which bankruptcy proceedings have been initiated in the period of one year prior to the introduction of such measures.
- (4) It shall be deemed that there is a lack of appropriate business reputation or professional qualifications of any of the proposed candidates for a member of the supervisory board or management of a bank if the Agency determines for any of them that:
 - 1) he/she was previously a member of the management body, governing body or internal auditor in a bank in which the Agency or another competent authority has introduced interim administration, initiated liquidation or bankruptcy proceedings in the period of six months prior to the introduction of such measures,
 - 2) he/she was previously a member of the management body or governing body in a legal entity in which bankruptcy proceedings were initiated in the period of six months prior to the introduction of such measures,
 - 3) he/she was convicted of a criminal offense or economic offence in the field of economic and financial crime within a period of five years from the date of the finality of the judgment, excluding the time served in prison, or
 - 4) the person's previous business or private conduct included facts indicating that he/she cannot be expected to perform business operations successfully.

1.3. Revoking a bank operating license

Article 6

- (1) The Agency shall revoke a bank operating license in the following cases:
 - 1) if the license was issued on the basis of incorrect or untrue documentation or data that are important for the bank's operations,
 - 2) on the basis of an adopted written report and proposal of the temporary administrator of the bank,
 - 3) if the grounds for initiating liquidation or bankruptcy proceedings against the bank have arisen,
 - 4) if the assets and liabilities of the bank in resolution procedure have been transferred by applying resolution instruments, as well as if it has been assessed that the resolution objectives have been achieved by the transfer,
 - 5) if, after initiating the resolution procedure, it is assessed that the resolution objectives cannot be achieved,
 - 6) if the bank ceases to perform banking operations for more than six months, unless so ordered by the Agency's measures, or
 - 7) if the bank is insolvent, except in the case of a decision to initiate the bank resolution procedure.
- (2) The Agency may revoke a bank operating license in the following cases:
 - 1) if the bank fails to implement the measures ordered by the Agency in its ruling,
 - 2) if the amount of the bank's capital and reserves falls under the required amount determined in accordance with the Law and the Agency's regulations,
 - 3) if the bank fails to pay the calculated fee to the Agency,
 - 4) if the bank fails to pay the insurance premium and fails to fulfill other financial obligations based on deposit insurance, in accordance with the law regulating deposit insurance in banks in Bosnia and Herzegovina, and upon the proposal of the Deposit Insurance Agency of Bosnia and Herzegovina,
 - 5) if the bank has failed to provide the Agency or another authorized body with the possibility of supervision, inspection or audit of 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 property entrusted to it, especially when it comes to the payment of deposits,
 - 7) if the bank does not have a management system in place in the manner stipulated by the Law and the Agency's regulations,

- 8) if the bank does not meet the requirements related to the process for internal capital and liquidity adequacy assessment in accordance with the Agency's regulations,
 - 9) if the bank repeatedly fails to fulfill the obligation of timely and accurate reporting to the Agency within a period of three years,
 - 10) if the bank does not meet the technical, organizational, personnel and other requirements for performing banking operations,
 - 11) if the bank does not submit to the Agency data on the fulfillment of obligations related to capital ratios, large exposure, liquidity, leverage ratio or the submitted data is incorrect or incomplete,
 - 12) if the bank repeatedly or continuously fails to meet the requirements related to liquidity,
 - 13) if the bank acts contrary to the provisions of the Law on limiting bank risk exposure,
 - 14) if the bank does not publicly disclose information and data on the bank's operations stipulated by the Law or the disclosed data is incorrect or incomplete,
 - 15) if the bank has been legally convicted of the criminal offence of money laundering and financing of terrorist activities or has been convicted of a serious violation of the provisions of the law regulating the prevention of money laundering and financing of terrorist activities,
 - 16) if the bank allows one or more persons who do not meet the requirements to have the status of a member of the supervisory board or management of the bank or
 - 17) if the bank no longer meets other requirements under which the bank's operating license was issued.
- (3) From the date of revocation of the operating license, the bank is prohibited from performing activities specified by the Law, except for activities performed by the liquidation or bankruptcy trustee in the liquidation or bankruptcy proceedings of the bank in accordance with the Law and other laws regulating bankruptcy and liquidation proceedings.

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

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

Article 7

- (1) A bank may establish an organizational unit in Republika Srpska (branches as basic business units and lower organizational units dependent on the branch, such as bureau of a bank, counters, agencies, mobile branches, etc., which do not have the status of a legal entity, but perform all or part of the activities that a bank may perform in accordance with the Law) with the approval of the Agency.
- (2) Prior to submitting a request for the establishment of an organizational unit on the territory of Republika Srpska, the bank shall submit to the Agency for its opinion a report on the economic justification for the establishment of a part of the bank, except in the case of the establishment of a mobile branch. The report must contain a business plan for a period of at least three years from the date of commencement of operations of the organizational unit with financial indicators and their impact on the bank's operating results, the amount of any investments in that organizational unit, IT equipment and connection with the bank, and a plan of personnel who will be employed in the bank unit (number and qualification structure and information on the business premises provided for the needs of the bank unit (information on ownership, information on any lease, i.e. information on the lessor, the amount of the lease, the lease period, etc.).
- (3) The bank shall submit to the Agency a request for issuing an approval for the establishment of an organizational unit on the territory of Republika Srpska after receiving a positive opinion on the report in accordance with Paragraph 2 of this Article, together with the following:
 - 1) the decision of the competent management body on the establishment of the bank unit with an indication of the operations that bank unit will perform,
 - 2) a statement that the bank will ensure effective asset protection in the new organizational unit in accordance with the provisions of the Decision on bank management system ("Official Gazette of Republika Srpska", No. 62/21, 26/22 and 35/23),

- 3) a statement that the bank will ensure the application of the provisions of the Law on anti-money laundering and counter-terrorism financing (“Official Gazette of BiH”, No. 13/24),
 - 4) a decision of the competent authority on the appointment of the head of the bank organizational unit with an indication of his/her powers, as well as evidence of his/her professional qualifications, citizenship and work experience and
 - 5) proof of secured business premises if it is real estate (proof of ownership or lease agreement for a fixed or indefinite period, with evidence that the lessor is the owner of the business premises).
- (4) The Agency shall issue a ruling on the request for the establishment of an organizational unit of a bank in the territory of Republika Srpska within 30 days from the date of receipt of the request with complete documentation.
- (5) The bank shall notify the Agency of the date of commencement of operations of the organizational unit and submit a certified photocopy of the decision on the registration of the organizational unit in the register of business entities, within 15 days from the date of registration.
- (6) The bank shall be obliged to request the Agency's prior consent for all changes relating to the organizational units referred to in Paragraph 1 of this Article as well as to existing organizational units, by submitting documentation in accordance with the Agency's regulations, with the exception of documentation that is not being changed and that the Agency already possesses, as follows:
- 1) For a change relating to the address of the organizational unit, the bank shall submit to the Agency:
 1. a decision of the competent management body on the change of the organizational unit address,
 2. a statement that the bank will ensure effective asset protection at the new address of the organizational unit in accordance with the provisions of the Decision on bank management system,
 3. a statement that the bank will ensure the application of the provisions of the Law on anti-money laundering and counter-terrorism financing at the new organizational unit address,
 4. proof of secured business premises at the new address (proof of ownership or a lease agreement for a fixed or indefinite period, with proof that the lessor is the owner of the business premises).
 - 2) For a change relating to the address of the bank's headquarters, the bank shall submit to the Agency for its opinion a report on the economic justification of the change in the address of the bank's headquarters. After receiving a positive opinion on the report, the bank shall submit to the Agency a request for issuing an approval for changing the headquarters address, together with the following:
 1. the decision of the competent management body on changing the bank's headquarters address,
 2. a statement that the bank will ensure effective asset protection at the new headquarters address in accordance with the provisions of the Decision on bank management system,
 3. a statement that the bank will ensure the application of the provisions of the Law on anti-money laundering and counter-terrorism financing at the new headquarters address,
 4. proof of secured business premises (proof of ownership or a lease agreement for a fixed or indefinite period, with proof that the lessor is the owner of the business premises), and documentation in accordance with Article 4, Paragraph 1, Item 8) of this Decision.
 - 3) For a change related to the change in the organizational structure of the bank organizational unit, the bank shall submit to the Agency:
 1. the decision of the competent management body on the change in the organizational structure of the organizational unit,
 2. a statement that the bank will ensure effective asset protection in the changed organizational structure of the organizational unit in accordance with the provisions of the Decision on bank management system,
 3. a statement that the bank will ensure the application of the provisions of the Law on anti-money laundering and counter-terrorism financing in the changed organizational structure of the organizational unit and

4. if it is a change to a higher organizational form, the bank shall also submit to the Agency a report on the economic justification of the change to a higher organizational form of the organizational unit.
- 4) For a change related to a change in the organizational affiliation of the organizational unit, the bank shall submit to the Agency the decision of the competent management body on the change in the organizational affiliation of the organizational unit.
- (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, together with the request for the establishment of an organizational unit in the territory of the Federation of Bosnia and Herzegovina or the Brcko District, the documentation referred to in Paragraphs 2 and 3 of this Article.
- (9) The Agency shall issue a ruling on the request referred to in Paragraph 7 of this Article within 30 days from the date of receipt of the request with complete documentation.
- (10) After obtaining the Agency's approval regarding the request referred to in Paragraph 7 of this Article, the bank shall, in the further procedure, address the regulatory authority of the Federation of Bosnia and Herzegovina, or the Brcko District, in accordance with the regulations of the Federation of Bosnia and Herzegovina, or the Brcko District, in order to obtain the approval of that authority.
- (11) The bank shall submit to the Agency the ruling approving the establishment of an organizational unit issued by the regulatory authority of the Federation of Bosnia and Herzegovina, or the District of Brcko, 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 or entry.
- (12) The bank shall submit to the Agency, together with the request for the establishment of an organizational unit outside the territory of Bosnia and Herzegovina, the documentation referred to in Paragraphs 2 and 3 of this Article, as well as the license 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 duly completed request.
- (14) The bank shall, after obtaining the Agency's approval regarding the request referred to in Paragraph 12 of this Article, in the further procedure, address the competent authority of the country in which the organizational unit is being established and apply the regulations of that country.
- (15) The bank shall submit to the Agency the ruling on the approval of the establishment of the organizational unit issued by the competent authority referred to in Paragraph 12 of this Article and a certified photocopy of the act of the competent authority on the entry of the organizational unit in the records of the country in which the organizational unit was established within 15 days from the date of entry.

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

Article 8

- (1) A bank with headquarters in the Federation of Bosnia and Herzegovina or the Brcko District of Bosnia and Herzegovina, together with a request for issuing an approval for the operations of an organizational unit (branch and lower organizational units dependent on the branch, such as bureau of a bank, counters, agencies, mobile branches, etc.) in Republika Srpska, shall submit to the Agency:
 - 1) the decision of the bank's competent authority on the establishment of an organizational unit with the name, address and operations to be performed in that organizational unit,
 - 2) an operating license of the bank establishing the organizational unit issued by the competent regulatory authority,
 - 3) an act of the competent regulatory authority approving the establishment of an organizational unit in Republika Srpska,

- 4) a certified statement from the bank on assuming responsibility for all obligations that will arise in the operations of the organizational unit,
 - 5) a report on the economic justification for establishing the organizational unit, except if a mobile branch is being established,
 - 6) a business plan for the organizational unit, indicating the type of business operations and organizational structure,
 - 7) a statement that the bank will ensure effective protection of assets in the organizational unit in accordance with the provisions of the Decision on bank management system,
 - 8) a decision by the bank's competent body on the appointment of a person responsible for the work and authorized to represent the organizational unit, indicating his or her powers and evidence of meeting the stipulated requirements, and
 - 9) proof of secured business premises, if it is real estate.
- (2) The person responsible for the work and authorized to represent the organizational unit must reside in the territory of Republika Srpska or Bosnia and Herzegovina and have an established employment relation in accordance with the law regulating employment relations in Republika Srpska.
 - (3) The bank referred to in Paragraph 1 of this Article shall be obliged to request from the Agency prior consent for all changes relating to organizational units established in Republika Srpska, along with the submission of documentation in accordance with the Agency's regulations, with the exception of documentation that is not being changed and that the Agency already possesses.
 - (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 date of receipt of the completed request.

2.3. Rejecting a request for the establishment, i.e. operations of an organizational unit

Article 9

The Agency shall reject the request for issuing an approval for the establishment of an organizational unit of a bank referred to in Article 7 of this Decision and an approval for the operations of an organizational unit referred to in Article 8 of this Decision in the following cases:

- 1) if the requirements for issuing an approval for the establishment or operations of an organizational unit provided for by the Law and this Decision are not met,
- 2) if incorrect and false information has been submitted or the information requested by the Agency in the decision-making process has not been provided,
- 3) if the performance of the Agency's supervisory function in relation to the activities performed by the organizational unit could be made more difficult or impossible, or
- 4) in other cases when the Agency assesses that the requirements for issuing an approval for the establishment or operations of an organizational unit are not met.

3. Consent for establishing a representative office

3.1. Issuing consent to a bank for establishing a representative office outside Republika Srpska

Article 10

- (1) A bank may establish a representative office outside Republika Srpska.
- (2) The bank shall submit to the Agency a request for issuing a consent to establish a representative office outside Republika Srpska, together with the following:
 - 1) an act of the bank's competent authority on the establishment of the representative office,
 - 2) the name and seat of the representative office,
 - 3) the work program of the representative office for at least two years,
 - 4) proof of secured business premises,
 - 5) data on employees,
 - 6) a list of persons responsible for the work and representation of the representative office,

- 7) the authorizations of persons responsible for the work and representation of the representative office and
 - 8) a certified statement of assumption of responsibility for all obligations arising in the 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 duly completed request.
 - (4) The bank shall submit to the Agency a document on the registration of the representative office in the records of the competent authority, if such registration is provided for by the regulations of that country, within 15 days from the date of registration.
 - (5) The representative office shall not have the status of a legal entity and may not perform banking operations.
 - (6) The Agency shall revoke the representative office's consent if it operates contrary to the provisions of Paragraph 5 of this Article.

3.2. Issuing consent to a bank with headquarters outside Republika Srpska for establishing a representative office in Republika Srpska

Article 11

- (1) A bank seated outside Republika Srpska may establish a representative office in Republika Srpska.
- (2) A bank seated outside Republika Srpska shall submit to the Agency a request for issuing a consent to open a representative office in Republika Srpska, together with the following:
 - 1) information on the name, legal status and seat of the bank establishing the representative office,
 - 2) statute or other appropriate 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 authority,
 - 5) extract from the court or other register,
 - 6) an act of the bank's competent authority on the establishment of the representative office,
 - 7) an act of the competent regulatory authority on the approval of the establishment of the bank's representative office,
 - 8) name and seat of the representative office,
 - 9) work program of the representative office for at least two years,
 - 10) proof of provision of business premises,
 - 11) data on employees,
 - 12) a list of persons responsible for the work and representation of the representative office,
 - 13) competences of persons responsible for the work and representation of the representative office and
 - 14) a certified statement of assumption of responsibility for all obligations arising in the operations 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 the duly submitted request.
- (4) The bank's 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 shall not have the status of a legal entity and may not perform banking operations.
- (6) The Agency shall revoke the representative office's consent if it operates contrary to the provisions of Paragraph 5 of this Article.

4. Prior consent to the bank's statute

Article 12

- (1) The Agency shall issue a prior consent to the bank's statute, or to amendments and supplements to the bank's statute, which may not enter into force before the Agency's consent is submitted.
- (2) The elements of the bank's statute are stipulated in Article 13 of the Law.
- (3) The bank, together with the request for a prior consent to the statute, and its amendments and supplements, shall submit to the Agency the statute, or amendments and supplements to the statute, which must be signed by authorized persons, as well as the decision on amendments and supplements to the statute adopted by the bank's general assembly.
- (4) The bank shall, within eight days from the date of receipt of the Agency's consent, submit to the Agency the statute, or amendments and supplements to the statute, in the form of a notarized document, as well as the decision on amendments and supplements to the statute adopted by the bank's general assembly and in the form of a notarized document.
- (5) The Agency shall issue a ruling on the request for issuing a prior consent to the statute or amendments and supplements to the bank's statute within 30 days from the date of receipt of the duly submitted request.
- (6) The bank shall submit to the Agency the entries of changes resulting from amendments to the statute with the Securities Commission, the Register of Business Entities and the Central Securities Register within 15 days from the date of each individual entry.

5. Approval for bank status change

5.1. Issuing approval for a bank status change

Article 13

- (1) A bank that intends to carry out a status change shall be obliged to obtain approval for the status change from the Agency.
- (2) Along with the request for issuing approval for the status change, the bank shall submit:
 - 1) a draft agreement on the status change;
 - 2) a report on the economic justification of the status change with the decisions of the assembly on the adoption of the draft agreement on the status change;
 - 3) written reports of the management and supervisory board of the bank on the status change of the bank and of the competent authorities of all companies participating in the status change;
 - 4) a report of the auditing firm on the performed audit of the status change;
 - 5) consolidated balance sheet and income statement of the merging banks, or balance sheet and income statement of the bank separating part of its assets and liabilities, according to the data from the month preceding the submission of the request;
 - 6) proposal for members of the management bodies of the bank/banks resulting from the status change with the documentation stipulated in Articles 26 and 28 of this Decision;
 - 7) report of the independent auditor on the methods used in determining the share exchange ratio in accordance with Article 377 of the Law on companies. The audit company that prepares this report cannot be the same as the one that prepares the report referred to in Item 4) of this Paragraph and
 - 8) business plan of the bank or banks resulting from the status change.
- (3) In the event that an interim administrator has been appointed to a bank, he or she may propose in the report, as one of the measures, the merger or acquisition of the bank with another bank or other entity. In such a case, the report and decision shall be made by the interim administrator on behalf of that bank.

- (4) In the event that a liquidation administrator has been appointed to a bank, he or she may, as one of his/her measures, propose the merger of the bank in liquidation with another bank or another entity. In such a case, the liquidation administrator shall issue the report and decision on behalf of that bank.
- (5) The bank shall submit the request with the documentation referred to in Paragraph 2 of this Article to the Agency no later than 60 days before the bank's general assembly meeting at which the decision will be made.
- (6) The entry of a bank status change in the register of business entities cannot be carried out without the approval of the Agency for the status change.
- (7) If the status change results in the creation of a new legal entity that intends to carry out banking operations, that entity shall be obliged to obtain a bank operating license from the Agency before the entry of the status change in the register of business entities.
- (8) The provisions of Article 2 of this Decision on issuing a bank operating license shall apply *mutatis mutandis* to the issuance of a bank operating license resulting from the implementation of the status changes referred to in Paragraph 1 of this Article.
- (9) The Agency shall issue a ruling on the request for issuing an approval for status changes within 60 days from the date of receipt of the duly completed request.

5.2. Rejection of request for issuing approval for a bank status change

Article 14

The Agency may reject a request for issuing approval for a bank status change in the following cases:

- 1) if the status changes are not justified and may lead to a violation of the security and stability of the operations of one of the banks and do not ensure sound and secure management of the bank after the status change,
- 2) if the status changes may have negative consequences for the financial sector as a whole,
- 3) if the status changes may lead to a violation of market competition,
- 4) if the status changes lead to an increase in the qualifying holding in the bank and the bank's holding in other legal entities contrary to the provisions of the Law,
- 5) if the applicant submits data that are incorrect or do not comply with the requirements stipulated by the Agency or refuses to submit the requested data,
- 6) if the status changes in any way prevent or hinder the successful performance of the Agency's supervisory function,
- 7) if the bank resulting from the status change does not meet the requirements stipulated for the amount of minimum capital and the envisaged operating standards,
- 8) if there is a lack of competence and experience of the proposed members of the management body of the bank resulting from the status change, which may endanger the interests of that bank or its depositors,
- 9) if a person is proposed as a member of the management body of the bank resulting from the status change who was a member of the management body, governing body or internal auditor in a bank in which the Agency or another competent authority introduced interim administration, initiated liquidation or bankruptcy proceedings in the period of six months prior to the introduction of those measures,
- 10) if a person is proposed as a member of the management body of the bank resulting from the status change who was a member of the management body or governing body of a legal entity in which bankruptcy proceedings were initiated in the period of six months prior to the introduction of those measure,
- 11) if a person is proposed as a member of the management body of the bank resulting from the status change who was convicted of a criminal offense or economic offense in the field of economic and financial crime within a period of five years from the date of the judgment legality, excluding the time served in prison,

- 12) if there are other reasons that could jeopardize the safe operations of the bank resulting from the status change or
- 13) if other requirements stipulated by the Agency's regulations are not met.

6. Consent for acquiring a qualifying holding

6.1. Prior consent for acquiring a qualifying holding in a bank

Article 15

- (1) A legal entity or private individual or persons acting jointly, who intend to acquire shares, shall, in order to acquire shares of a bank, on the basis of which they individually or jointly, directly or indirectly, acquire a qualifying holding in the bank, submit a written request to the Agency for the issuance of prior consent.
- (2) A person who/which has acquired a qualifying holding in a bank shall be obliged to obtain prior consent from the Agency for any further direct or indirect increase in the holding in the capital or voting rights, which acquires or exceeds 20%, 30% and 50% of the holding in the capital or voting rights in the bank.
- (3) For the purpose of acquiring the holding referred to in Paragraphs 1 and 2 of this Article, the following persons shall be deemed to act as a single acquirer:
 - 1) one person controls or has a direct or indirect share in the capital or voting rights of another person of at least 20%,
 - 2) two or more persons are controlled by a third person,
 - 3) the majority of members of the management and governing bodies of two or more legal persons are made up of the same persons,
 - 4) two or more persons are family members or
 - 5) two or more persons, on the basis of a contract, agreement or informally, jointly carry out business activities to a significant extent.
- (4) For the purpose of acquiring a holding referred to in Paragraphs 1 and 2 of this Article, a person shall act as one acquirer with another person also when there is no connection between them referred to in Paragraph 3 of this Article, but each such person shall act as one acquirer with the same third person, in one of the ways specified in Paragraph 3, Items 1)-5) of this Article.
- (5) Upon a request for issuing prior consent for acquiring a qualifying holding, the Agency shall issue a written confirmation of receipt of the request to the applicant no later than two working days from the date of request receipt.
- (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 a duly completed request.
- (7) If the Agency determines in the decision-making process that the request for the acquisition of a qualifying holding is not in order, it shall request in writing from the applicant additional documentation necessary for the resolution of the request and set a deadline for supplementing the request of up to 20 days from the date of receipt of the Agency's letter.
- (8) The Agency may extend the deadline for supplementing the request referred to in Paragraph 7 of this Article to 30 days if the applicant has a residence or seat in another country or if not a subject of the Agency's supervision.
- (9) If the applicant for the acquisition of a qualifying holding fails to eliminate the deficiencies within the deadline set by the Agency, the Agency shall reject the request as irregular.
- (10) A person who/which has received the Agency's prior consent 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 the decision on granting prior consent and to notify the Agency thereof within 15 days from the date of acquisition.

- (11) A consent for the acquisition of a qualifying holding shall cease to be valid upon the expiry of the acquisition deadline referred to in Paragraph 10 of this Article, and a person who/which has obtained consent but has not commenced or completed the acquisition up to the level of holding for which consent has been obtained shall be obliged to obtain a new consent if intending to continue the acquisition.
- (12) A person with a qualifying holding in a bank who/which intends to reduce, by sale or in any other way, the holding in the capital or voting rights in the bank below the level of holding referred to in Paragraphs 1 and 2 of this Article for which it has obtained the consent of the Agency, shall be obliged to immediately notify the Agency of its intention.

6.1.1. Criteria for acquiring a qualifying holding

Article 16

- (1) In the decision-making procedure for the issuance of prior consent for the acquisition of a qualifying holding, the Agency shall particularly assess the suitability and financial condition of the applicant, its management capabilities and impact on the bank based on the following criteria:
 - 1) appropriate business reputation, which is assessed in relation to its financial and business activities, the fact whether bankruptcy proceedings have been opened against the applicant's assets or whether the private individual, as the applicant, was in management positions in the bank or another legal entity at the time when bankruptcy proceedings were opened against him,
 - 2) whether the acquirer has been finally convicted of a criminal offence punishable by an unconditional prison sentence or has been finally convicted of a criminal offence and an economic offence in the field of economic and financial crime or proceedings are being conducted against him for these offences, which makes him ineligible for the acquisition of a qualifying holding,
 - 3) assessment of management capabilities, 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 whom the applicant will propose to manage the bank's business operations after the acquisition of the qualifying holding,
 - 4) the financial condition of the applicant and its impact on the bank's operations if consent is issued,
 - 5) indicators that may be relevant for assessing the applicant's impact on risk management in the bank,
 - 6) the existence of justified grounds for suspicion in accordance with the regulations on anti-money laundering and counter-terrorism financing that money laundering or terrorist financing is being carried out or is intended to be carried out in connection with the acquisition of the qualifying holding or that such acquisition may increase the risk of money laundering or terrorist financing and
 - 7) the bank's ability to meet the requirements 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 the determination of the division of responsibilities between competent authorities.
- (2) Before making a decision on issuing prior consent for the acquisition of a qualifying holding, the Agency shall consult the competent regulatory and other authorities if the applicant is:
 - 1) a bank or other person in the financial sector and
 - 2) a person that is a parent company of that bank or other person in the financial sector.

6.1.2 Documentation to be attached to the request for acquiring a qualifying holding in a bank

Article 17

- (1) Private individuals and legal entities, together with a request for issuing an approval to acquire or increase a significant ownership interest in a bank exceeding 20%, 30% and 50% of the share in the capital of the bank or in the total number of shares of the bank with voting rights, shall submit a request to the Agency stating the exact number and percentage of the total number of shares they intend to

acquire in the bank, the competent regulatory institution under whose supervision they are supervised, or stating that they are not subject to supervision by the regulatory authority.

(2) The following documentation shall be submitted with the request referred to in Paragraph 1 of this Article:

1) legal entities:

1. a current extract from the court register or from the register of another body competent for the registration of legal entities, not older than three months;
2. a list of direct and indirect owners, together with which it is necessary to submit their identification documents (a certified photocopy of the passport or ID card for owners – private individuals and an extract from the register of business entities for owners – legal entities), indicating the nominal and percentage amount of ownership in the applicant and with information on their ownership in other legal entities. For legal entities or private individuals who will become indirect owners of the bank after the applicant acquires a qualifying holding, it is also necessary to submit the documentation stipulated by this Article of the decision for the applicant, which proves their business reputation, financial condition and reputation;
3. data on the applicant's business operations in the last three business years (annual financial statements for the last three years, on an unconsolidated and consolidated level, or the external auditor's report on the audit of those financial statements, with notes), the last semi-annual financial statements, on an unconsolidated and consolidated level and a certified statement on whether bankruptcy proceedings have been opened against the applicant's assets;
4. data on ownership in other legal entities (extracts from the register of business entities for each of the legal entities owned by the applicant);
5. a statement of debts to banks and/or other legal entities and their amount;
6. if the bank is to become a member of a group of companies (banking group, holding company, etc.), it is necessary to submit an organizational chart of the entire group with data on the ownership structure and internal organization of the group, so that the Agency, based on the submitted data, can assess whether the group has an ownership structure that enables effective supervision and exchange of information between competent authorities and the division of responsibilities between them;
7. a list of members of the applicant's management body with completed Questionnaires by all members, with information on whether the applicant, after acquiring a qualifying holding in the bank, intends to propose other persons to manage the bank's affairs, and if so, a list of members of the management body that the applicant intends to propose with completed Questionnaires filled by them which must also be submitted;
8. proof of the applicant's settled tax obligations;
9. proof of the origin of the money for the purchase of the holding;
10. legal basis for acquiring or increasing a significant ownership interest (purchase agreement, etc.);
11. evidence from the records of the competent authority as to whether the applicant has been convicted of a criminal offense, whether he has been convicted of an economic offense in the field of economic and financial crime and whether he has been punished as a misdemeanor, as well as evidence from the records of the competent authority as to whether criminal or misdemeanor proceedings are ongoing against it.

2) Private individuals:

1. a certified photocopy of an identification document (ID card or passport);
2. proof from the records of the competent authorities whether the candidate has been sentenced to a fine, measure or misdemeanor sanction for the acts referred to in Items 15 and 16 of the Questionnaire within a period of five years from the date the judgment finality, excluding the time served in prison, as well as proof whether legal proceedings are being conducted against the candidate (criminal or misdemeanor for the acts referred to in Items 15 and 16 of the Questionnaire). The proof cannot be older than three months;
3. a CV with a detailed overview of the applicant's qualifications, professional activities and work experience;

4. proof of the origin of the money for the purchase of the holding;
 5. legal basis for the acquisition or increase of a significant ownership interest (purchase agreement, etc.);
 6. proof of ownership in other legal entities;
 7. statement of debts with banks and/or other legal entities and their amount,
 8. certified statement as to whether the private individual, as the applicant, was in management positions in the bank or other legal entity at the time when bankruptcy proceedings were opened against it.
- (3) The Agency reserves the right, in addition to the documentation specified in Paragraph 2 of this Article, to require the applicant to submit additional documentation that the Agency, in the procedure of processing the request for issuing consent for the acquisition of a qualifying holding in a bank, deems necessary.

6.2. Rejecting the request for acquiring a qualifying holding in a bank

Article 18

The Agency shall reject the request for issuing consent to acquire a qualifying holding in the following cases:

- 1) if the applicant does not meet the criteria for assessing suitability and financial condition stipulated in Article 44 of the Law and Article 16, Paragraph 1 of this Decision,
- 2) if the acquisition of a qualifying holding exceeds the restrictions set out 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 a qualifying 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 consent for the acquisition of a qualifying holding in a bank

Article 19

- (1) A person may acquire a qualifying holding referred to in Article 15, Paragraphs 1 and 2 of this Decision without the prior consent of the Agency if the shares of the bank 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 shall, within 30 days from the date of acquisition of the qualifying holding, submit to the Agency a request for issuing consent for the acquisition or notify it that it has reduced its holding in the bank.
- (3) The Agency shall decide on the request referred to in Paragraph 2 of this Article within the period and in the manner stipulated in Articles 15 and 16 of this Decision.

6.4. Revoking consent and termination of validity of consent for the acquisition of a qualifying holding in a bank

Article 20

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

- 1) if the acquirer of a qualifying holding obtained the consent by providing false or inaccurate information,
- 2) if the acquirer of a qualifying holding exercises its rights in a manner that endangers the stable operations of the bank,
- 3) if it assesses that the acquirer of a qualifying holding no longer meets the criteria stipulated in Article 16 of this Decision,
- 4) if the person who has obtained the consent for the acquisition of a qualifying holding within the period referred to in Article 15, Paragraph 10 of this Decision does not acquire a holding of at least 10% of the capital, or voting rights in the bank, when the consent ceases to be valid in its entirety,

- 5) if the person who has a qualifying holding of at least 10% of the capital, or voting rights in the bank within the period referred to in Article 15, Paragraph 10 of this Decision does not acquire the entire holding for which the consent was issued, and the consent is valid only in the part acquired by the acquirer, and ceases to be valid in the remaining part for which the consent was obtained,
- 6) if the person who has a qualifying holding, by selling shares or in some other way, reduces its holding below the amount for which it received the prior consent, and the amount of the holding is not reduced below 10%, then the consent remains valid for the part of the holding that the person has on the date of expiry of the period for acquisition referred to in Article 15, Paragraph 10 of this Decision.

7. Consent for inclusion in capital items

7.1. Prior consent to include the current year's profit in the Common Equity Tier 1 capital item before making a formal decision

Article 21

- (1) In order to obtain prior consent for the inclusion of the current year's profit in the CET1 capital item - retained earnings before making a formal decision in accordance with Article 6, Paragraph 3 of the Decision on calculating capital in banks, the bank shall, along with a request, submit to the Agency:
 - 1) a draft decision of the bank's general assembly on the distribution of profit, if it has been adopted by the supervisory board,
 - 2) an audited financial statement or a statement signed by an independent external auditor stating that the audit is ongoing and that, by the time of signing that statement, no circumstances have been established that would indicate that the final statement will contain a qualified opinion, an adverse opinion or in a form in which the auditor refrains from giving an opinion,
 - 3) a statement by the bank that the amount of profit to be included in the CET1 capital item has been reduced by all foreseeable costs or dividends.
- (2) The Agency shall issue a ruling on the request for inclusion of the current year's profit in the CET1 capital item before making a formal decision within 15 days of receiving the request with complete documentation.

7.2. Prior consent for the inclusion of capital instruments in the bank's Common Equity Tier 1 capital items

Article 22

- (1) In order to obtain prior consent for the inclusion of capital instruments in the CET1 capital items, a bank shall submit to the Agency along with a request the following:
 - 1) a decision of the bank's general assembly on the inclusion of capital instruments in the bank's CET1 capital items,
 - 2) an issue prospectus that must contain the elements referred to in Article 7 of the Decision on calculating capital in banks,
 - 3) proof that the capital instruments have been issued and paid up,
 - 4) a statement by the bank that the instrument is not subject to any contractual or other agreements that improve the subordinated status of claims based on the instruments in the event of bankruptcy or liquidation,
 - 5) a statement by the bank that the capital instruments are not secured or covered by a guarantee that improves the subordinated status of claims by the bank or its subsidiaries, the bank's parent company or its subsidiaries, the bank's parent financial holding company or its subsidiaries, the mixed holding or its subsidiaries, the mixed financial holding or its subsidiaries and any company closely related to the above-mentioned entities and
 - 6) a statement by the bank that it did not directly or indirectly finance the purchase of the instruments.
- (2) The Agency shall issue a ruling on the request for inclusion of capital instruments in the CET1 capital items within 30 days of receipt of the request with complete documentation.

- (3) The bank shall submit to the Agency the decision of the Securities Commission of Republika Srpska within 15 days of the submission date.

7.3. Prior consent for the inclusion of capital instruments in the bank's Additional Tier 1 capital items

Article 23

- (1) In order to obtain prior consent for the inclusion of capital instruments in the AT1 capital items, a bank shall submit to the Agency along with a request:
 - 1) a decision of the bank's general assembly on the inclusion of capital instruments in the bank's AT1 capital items,
 - 2) an issue prospectus, which must contain the elements referred to in Article 16 of the Decision on calculating capital in banks,
 - 3) proof that the capital instruments have been issued and paid up,
 - 4) a statement by the bank that the capital instruments were not purchased by the bank or its subsidiary and a company in which the bank has an ownership interest directly or indirectly through control of 20% or more of the voting rights or capital of that company,
 - 5) a statement by the bank that it did not directly or indirectly finance the purchase of the instruments,
 - 6) a statement by the bank that the capital instruments are not secured or covered by a guarantee that improves the subordinated status of the claim 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, the mixed holding company or its subsidiaries, the mixed financial holding company or its subsidiaries and any company closely related to the above-mentioned entities and
 - 7) a statement by the bank that the capital instruments are not subject to any contractual or other agreements that improve the subordinated status of claims based on capital instruments in the event of the bank 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 of receipt of the request with complete documentation.
- (3) The bank shall submit to the Agency the decision of the Securities Commission of Republika Srpska within 15 days from the submission date.

7.4. Prior consent for the inclusion of capital instruments or subordinated debt in the bank's Tier 2 capital items

Article 24

- (1) In order to obtain prior consent for the inclusion of capital instruments or subordinated debt in the bank's Tier 2 capital items, the bank shall submit to the Agency:
 - 1) a decision of the bank's general assembly on the inclusion of capital instruments or subordinated debt in the bank's Tier 2 capital items,
 - 2) an issue prospectus, which must contain the elements referred to in Article 22 of the Decision on calculating capital in banks or an agreement on the purchase of capital instruments or a loan agreement for subordinated debt,
 - 3) proof that the capital instruments or subordinated debt have been received and fully paid-up,
 - 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 has an ownership interest directly or indirectly through control of 20% or more of the voting rights or capital of that company,
 - 5) a statement by the bank that did not directly or indirectly finance the purchase of the instruments or subordinated debt and
 - 6) a statement by the bank that the capital instruments or subordinated debt are not secured or covered by a guarantee that improves the subordinated status of the claim by the bank or its subsidiaries, the bank's parent company or its subsidiaries, the bank's parent financial holding company or its

subsidiaries, the mixed holding company or its subsidiaries, the mixed financial holding company or its subsidiaries and any company closely related to the above-mentioned entities.

- (2) The Agency shall issue a ruling on the request for inclusion of capital instruments or subordinated debt in the bank's Tier 2 capital items within 30 days of receipt of the request with complete documentation.
- (3) The bank shall submit to the Agency the decision of the Securities Commission of Republika Srpska within 15 days from the submission date.

8. Prior consent to repay capital instruments or subordinated debt before maturity

Article 25

- (1) The bank, together with the request for the issuance of consent for the repayment of capital instruments or subordinated debt before maturity, shall submit to the Agency:
 - 1) a signed and certified agreement between the bank and the creditor, which shows the maturity date of the debt, i.e. capital instruments,
 - 2) proof of the extent to which the debt has been reduced - repaid, and
 - 3) an analysis of the impact of early repayment on the bank's financial position.
- (2) The Agency shall issue a ruling on the issuance of consent for the repayment of capital instruments or subordinated debt before maturity within 30 days from the date of receipt of the request with complete documentation.

9. Consent to perform the function of a management body member

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

Article 26

- (1) A member of the supervisory board of a bank may only be a person who has received prior consent from the Agency to perform the function of a member of the supervisory board in that bank.
- (2) The supervisory board of a bank shall consist of at least five members appointed and dismissed by the bank's general assembly.
- (3) At least one of the members of the supervisory board shall have active knowledge of one of the languages in official use in Republika Srpska.
- (4) At least one third of the members of the supervisory board of a bank shall be persons who are independent of the bank and have their residence or stay in the territory of Republika Srpska or Bosnia and Herzegovina.
- (5) Candidates for members of the supervisory board must meet the requirements stipulated in Article 59 of the Law.
- (6) The members of the supervisory board of a bank must, as a whole, have the necessary professional knowledge, skills and experience for independent and autonomous supervision of the bank's operations and the work of the bank's management, and at least one half of the candidates for supervisory board members must possess special knowledge and experience in areas necessary for the successful operation of the bank (work in banking, financial organizations, etc.). Otherwise, the Agency shall reject the bank's request in its entirety or individually for issuing prior consent to candidates for supervisory board members. In cases where issuing the consent is rejected individually, the Agency shall order the submission of proposals for candidates for the election of a new supervisory board member within 30 days from the date of delivery of the ruling on rejecting the request.
- (7) The reference areas used to demonstrate the appropriate knowledge of a candidate for a member of the supervisory board of a bank referred to in Paragraph 6 of this Article are:
 - 1) financial markets,
 - 2) regulatory framework and stipulated standards for the operation of banks and other financial institutions,

- 3) strategic planning and knowledge of the bank's business strategy or its business plan and its implementation,
 - 4) risk management (identification, measurement, or assessment, monitoring, control and reporting on key risks), including the responsibilities of an individual member of the bank's body in that process,
 - 5) management, supervision and control of the operation of a 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.
- (8) A candidate for a member of the supervisory board has appropriate qualifications if he/she holds VII level of professional qualification, i.e. a first-cycle higher education (valued at 240 ECTS credits) or a second or third cycle of the Bologna system of study, or holds a diploma obtained abroad that is equivalent to a higher education diploma obtained in BiH. For candidates who graduated outside BiH, proof of the initiated procedure for the nostrification of the diploma or a nostrified diploma shall be submitted. The nostrification procedure of the diploma must be completed no later than six months from the date of obtaining the Agency's consent, and proof of the above shall be submitted to the Agency within 15 days from the date of the completed nostrification.
- (9) The bank, together with the request for issuing prior consent for the election of candidates for members of the supervisory board, shall submit to the Agency a proposal for members of the supervisory board prepared for the bank's general assembly, and shall attach for each candidate:
- 1) an identification document (certified copy of the ID card, or passport for foreign citizens);
 - 2) proof of the candidate's educational background/professional knowledge;
 - 3) a precise brief overview of professional activities and relevant practical experience of at least five 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 many years of academic work, work in state administration bodies in key management positions with a high degree of independence, many years of management of organizational units or organizational parts (networks) in banks or other financial institutions, experience as an advisor to the management of a bank or financial institution, management of financial affairs in other companies with a large volume of business operations, etc.);
 - 4) an assessment of the candidate carried out by the bank, which was reviewed by the supervisory board in its oversight of the policies and procedures for assessing members of the bank's bodies, with an explanation of the assessment procedure and its results;
 - 5) written statement of the candidate on acceptance of the candidacy;
 - 6) completed Questionnaire in the form specified in the Questionnaire in Annex 1;
 - 7) evidence from the records of the competent authorities as to whether the candidate has been sentenced to a fine, measure or misdemeanor sanction for the acts referred to in Items 15) and 16) of the Questionnaire, as well as evidence as to whether legal proceedings are being conducted against the candidate (criminal or misdemeanor for the acts referred to in Items 15) and 16) of the Questionnaire). The evidence cannot be older than three months. The Agency shall also take into account data on warnings and misdemeanors from its records;
 - 8) recommendations from direct superiors for the last three years, and if they are not submitted, state the reasons for non-submission;
 - 9) a statement by the candidate that he/she was not authorized to represent and act, or was a member of the management or governing body, or an internal auditor in the bank on the date of revocation of the bank's operating license or six months prior to that date, or on the date of introduction of interim or special administration in the bank by the Agency or another competent authority, unless that person, through his/her acts and actions, did not or could not have influenced the fulfillment of the requirements for revocation of the bank's operating license, or introduction of interim or special administration, as assessed by the Agency;
 - 10) a statement by the candidate that he/she was not a member of the management or governing body in a legal entity in which bankruptcy proceedings were initiated in the period of six months prior to the introduction of that measure;

- 11) proof of direct or indirect ownership of the candidate in another bank or legal entity, or a statement that he is not the owner; in the case of indirect ownership, state the person who is the direct owner;
 - 12) proof of participation in the management bodies of another legal entity, or a statement that he is not such a member;
 - 13) proof that he is not a member of the management, or executive director, or a member of the management or supervisory board of a subsidiary (statement);
 - 14) proof that he is not a member of the management, or executive director of another capital company in whose supervisory or management board the management member, or executive director of the company is located (statement);
 - 15) proof that he is not a member of the supervisory or management board of more than five capital companies or institutions, provided that membership in the management bodies of companies within a banking group is considered as membership in one capital company or institution (statement);
 - 16) a statement that there is no conflict of interest, and if there is, it should be explained, as well as the circumstances that may cause a conflict of interest from the relations of the candidate for supervisory board member with the bank or its subsidiary, and as a result of his election;
 - 17) a statement that he is not an employee of the bank or another bank in BiH, nor a procurator of that or another bank in BiH, nor is he engaged by banks on any other basis and
 - 18) candidates for independent member of the supervisory board shall also submit a statement confirming that they meet the requirements stipulated by the provisions of the Law on Companies regulating the independence of a member of the management board (Article 301 of the Law on Companies).
- (10) After the processing of the request and the attached documentation has been completed, the Agency may conduct an interview with the proposed candidates who meet the requirements based on the attached documentation for members of the supervisory board. The interview will assess the qualifications and experience of the candidates, their knowledge of banking regulations and their vision for the bank.
- (11) The bank shall submit a request for the issuance of the 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.
- (12) The Agency may also obtain the data referred to in Paragraph 9 of this Article from the competent authorities.
- (13) A private individual or an authorized representative of a legal entity may not be the president or member of the supervisory board of more than one bank at the same time, unless that private individual or legal entity owns more than 50% of the shares in each of those banks.
- (14) One person may be a member of the supervisory board in a maximum of two banks in Bosnia and Herzegovina.
- (15) The bank shall be obliged to immediately, and no later than within three days from the date of termination of the mandate of a member of the supervisory board, notify the Agency thereof and state the reasons for the termination of the mandate.
- (16) The Agency shall issue a ruling on the request for issuing prior consent for members of the supervisory board within 30 days from the date of submission of the request with complete documentation.

9.1.1. Rejecting the request for issuing prior consent to perform the function of a member of the supervisory board in a bank and revoking the consent from a member of the supervisory board of a bank

Article 27

- (1) The Agency shall reject a request for issuing prior consent to perform the function of a member of the supervisory board if it assesses that:
 - 1) the candidate does not meet the requirements for a member of the supervisory board, as stipulated in Articles 58 and 59 of the Law, or
 - 2) the data and information attached to the request or otherwise collected in the procedure for deciding on prior consent to perform the function of a member of the supervisory board indicate that the candidate is not acceptable.

- (2) If the Agency rejects the request for issuing prior consent to perform the function of a member of the supervisory board, the bank may not submit a new request for issuing prior consent for the same person until the reasons stated in the Agency's ruling for which the request was rejected are eliminated.
- (3) In the event of changes in the members of the supervisory board during the term of office, the bank shall submit to the Agency a request for issuing prior consent for the election of a new candidate for a member of the supervisory board and shall attach the documentation necessary for the issuance of such consent, as well as the decision to dismiss the previous member of the supervisory board, with an explanation of the dismissal.
- (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 ended, or who has been dismissed.
- (5) Upon dismissal of a member of the supervisory board, the bank shall simultaneously, and no later than 30 days from the date of the dismissal, submit to the Agency a request for issuing 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 member of the supervisory board obtained the consent based on false or inaccurate documentation or falsely provided data that are important for performing the function of a member of the supervisory board,
 - 2) if the member of the supervisory board no longer meets the requirements for a member of the supervisory board of a bank in accordance with Articles 58 and 59 of the Law,
 - 3) if the member of the supervisory board violates the provisions of the Law governing the powers and responsibilities, competences and duties of members of the supervisory board,
 - 4) if the Agency appoints a temporary or special administrator or
 - 5) if the person fails to assume the function of a member of the supervisory board within six months from the date of issuance of the Agency's consent.
- (7) In order to implement 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 a manner that enables verification of the existence of the facts and circumstances referred to in Paragraph 6 of this Article.
- (8) If the Agency revokes the consent for the performance of the function of a member of the supervisory board, the bank's general assembly shall be obliged to adopt a decision on the dismissal of the member of the supervisory board without delay and submit a request for issuing prior consent for a new candidate.

9.2. Prior consent to perform the function of a member of the management in a bank

Article 28

- (1) Only a person who has received prior consent from the Agency to perform the function of a member of the management in that bank may be appointed as a member of the management.
- (2) A candidate for a member of the management of a bank must meet the requirements stipulated in Article 69 of the Law.
- (3) A member of the management of a bank may be a person who meets the following requirements at any time:
 - 1) has an appropriate business reputation;
 - 2) Higher education - VII level of professional qualification, i.e. higher education of the first cycle (valued at 240 ECTS credits) or the second or third cycle of the Bologna system of studies. For candidates who graduated outside of BiH, proof of the initiated procedure for the nostrification of the diploma or a nostrified diploma shall be submitted. The diploma nostrification procedure must be completed no later than six months from the date of obtaining the Agency's consent, and proof of the above shall be submitted to the Agency within 15 days from the date of nostrification;

- 3) has the required level and profile of education and training and appropriate practical experience required for managing the bank's business operations;
 - 4) is not in a conflict of interest with respect to the bank, shareholders, members of the supervisory board, key function holders and the bank's management;
 - 5) for whom, based on previous conduct, it can be reasonably concluded that he or she will honestly and conscientiously perform the duties of a member of the bank's management and
 - 6) other requirements for a member of the management, according to the provisions of the regulations on business companies.
- (4) The bank shall submit to the Agency a request for issuing prior consent for the appointment of a member of the bank's management no later than three months before the expiry of their mandate. The request shall contain information on the person to be appointed, the function and responsibilities for which the appointment is made, and an explanation of the decision to appoint the candidate. The request shall be accompanied by:
- 1) the decision of the supervisory board on the appointment of the candidate for management member, which shall contain personal data and the function for which the candidate is appointed, with an explanation;
 - 2) the assessment of the candidate carried out by the bank, which was reviewed by the supervisory board in the exercise of supervision over the policies and procedures for the assessment of the bank's management members, with an explanation of the assessment procedure and its results;
 - 3) the candidate's identification document (identity card, or passport for foreign citizens);
 - 4) proof of the candidate's educational background/professional knowledge;
 - 5) proof of the candidate's relevant practical experience, for a period of at least three years (certificate from the legal entity in which the candidate gained experience with the specified periods of management duties, types and complexity of duties, as well as the organizational structure in which the duties were performed and the scope of his/her competencies, decision-making powers and responsibilities, and the number of employees he/she managed, data on technical knowledge of the bank's operations and the risks to which it is exposed);
 - 6) a completed questionnaire in the form specified in the Questionnaire in Annex 1;
 - 7) the bank's work program, prepared by the candidate, for a period of at least four years, with the method and instruments for implementing the proposed and established business policy of the bank (minimum content: a brief description of the condition, including exposure to risks in the bank in which the candidate is proposed as a member of the management, a description of the environment in which the bank operates and its position in relation to peer banks and in relation to the competition, stating the observed advantages and weaknesses in relation to peer banks, a description of macroeconomic and other assumptions made in planning, a detailed description of planned activities in the mandate period and the planned implementation dynamics, highlighting significant changes in relation to the existing situation, projections of the balance sheet and income statement for the mandate period, possible organizational adjustments and detailed schemes with key function holders in the bank, and the division of responsibilities of management members);
 - 8) proposal of members of the management, indicating which tasks they will manage and the documentation provided for them in accordance with this Decision;
 - 9) evidence from the records of the competent authorities as to whether the candidate has been sentenced to a fine, measure or misdemeanor sanction for the acts referred to in Items 15) and 16) of the Questionnaire, as well as evidence as to whether legal proceedings are being conducted against the candidate (criminal or misdemeanor for the acts referred to in Items 15) and 16) of the Questionnaire). The evidence cannot be older than three months. The Agency will also take into account data on warnings and misdemeanors from its records;
 - 10) recommendations from direct superiors for the last three years, or an explanation with the reasons why they are not available;
 - 11) a statement by the candidate that he/she was not a member of the management or governing body, or an internal auditor in a bank in which the Agency or another competent authority revoked the

- operating license, introduced interim administration, initiated liquidation or bankruptcy proceedings in the period of six months prior to the introduction of those measures;
- 12) a statement by the candidate that he/she was not a member of the management or governing body in a legal entity in which bankruptcy proceedings were initiated in the period of six months prior to the introduction of that measure;
 - 13) proof of direct or indirect ownership of the candidate in another bank or legal entity, or a statement that he is not the owner, and in the case of indirect ownership, state the person who is the direct owner;
 - 14) proof of participation in the management bodies of the candidate in another legal entity, or a statement that he is not such a member, as well as a statement that he is not a member of the supervisory board of another bank in Bosnia and Herzegovina, unless that bank is a related person to the bank in which he is a member of the management and
 - 15) a draft employment contract between the candidate and the bank, which provides for the candidate's full-time work in the bank.
- (5) If the candidate for a member of the bank's management is a foreign citizen, in addition to the above-mentioned evidence and documents, the following must be submitted with the request:
 - 1) proof of knowledge of one of the languages in official use in Republika Srpska or proof that the bank has an employed translator (Higher education - faculty of the relevant language group) and
 - 2) proof that at least one third of the members of the management are citizens of Bosnia and Herzegovina.
 - (6) At least one of the members of the bank's management shall have active knowledge of one of the languages in official use in Republika Srpska and shall reside in the territory of Republika Srpska and Bosnia and Herzegovina.
 - (7) The bank shall submit a request for issuing the consent referred to in Paragraph 1 of this Article at least three months before the expiration of the term of office of the management member.
 - (8) In the decision-making procedure on prior consent, the Agency may request a presentation from the candidate for a member of the management on the management of the bank operations, which relates to the tasks within his/her competence.
 - (9) The Agency may also obtain the data referred to in Paragraph 3 of this Article from other competent authorities.
 - (10) After processing the request, the director of the Agency shall conduct an interview with the proposed candidates who have been proposed for the first time as a member of the management of the bank, and may also conduct an interview with the candidates who have been proposed as a member of the management of the bank and have already performed that function.
 - (11) If a candidate for a member of the management submits a statement that he or she was a member of the management or governing body referred to in Paragraph 4, Item 11) or Paragraph 4, Item 12) of this Article, the Agency shall consider issuing prior consent for such a candidate, provided that it determines that the candidate was not connected to the reasons for the introduction of interim administration, or the initiation of liquidation or bankruptcy proceedings, and that at least two years have passed since the introduction of interim administration, or the initiation of liquidation or bankruptcy proceedings.
 - (12) The Agency shall issue a ruling on the request for issuing prior consent for members of the management within 30 days from the date of submission of the request with complete documentation.
 - (13) In the event of changes in the president and members of the management during their term of office, the bank shall submit to the Agency a request for obtaining prior consent for a new management candidate, and shall attach the required documentation referred to in Paragraph 4 of this Article, as well as the decision to dismiss the current management member with an explanation of the dismissal. If the bank does not have a proposal for a new candidate when dismissing an existing management member, it shall also submit a decision regulating the temporary assumption of the duties of the management member being dismissed, i.e. appointing an acting member. The bank's supervisory board may, without prior consent of the Agency, appoint a new member of the management as acting member

until the appointment of a new member of the management in accordance with this Decision and the Law, and for a maximum period of six months from the date of appointment, who must meet the stipulated requirements for the appointment of a member of the management. In such a case, the bank shall submit to the Agency a request for obtaining prior consent for the new candidate no later than 30 days before the expiration of the term of office of the acting member.

- (14) The Agency shall issue a ruling on the request for issuing prior consent for an individual member of the management within 30 days from the date of submission of the request with complete documentation.
- (15) The bank shall submit to the Agency the concluded employment contract for the members of the management within 15 days from the date of signing the same, the work permit and 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.

9.2.1. Rejecting the request for issuing prior consent to perform the function of a member of the management in a bank

Article 29

- (1) The Agency shall reject a request for issuing prior consent to perform the function of a member of the management if it assesses that:
 - 1) the candidate does not meet the requirements for a member of the management stipulated by the Law and this Decision or
 - 2) the data and information attached to the request and otherwise collected in the decision-making process indicate that the candidate is not suitable.
- (2) In the event that the Agency rejects the request for issuing prior consent to perform the function of a member of the management, the bank may not resubmit the request for issuing prior consent for the appointment of the same person to the same function until the reasons stated in the Agency's ruling for which the consent was rejected are eliminated.
- (3) The powers, responsibilities and rights of the president and members of the management shall be regulated by a contract signed by the president of the supervisory board and previously approved by the bank's supervisory board.

9.2.2. Revoking and termination of consent for a member of the bank management

Article 30

- (1) The Agency shall revoke the consent to perform the function of a member of the management in the following cases:
 - 1) if the consent was obtained on the basis of incorrect and false documentation or untruthfully provided data relevant to the performance of the function of a member of the management,
 - 2) if the member of the management no longer meets the requirements for a member of the management stipulated by the Law and this Decision,
 - 3) if the Agency has issued a third written warning to the member of the management in the last four years, or
 - 4) if it appoints a temporary or special administrator or initiates the liquidation procedure of the bank.
- (2) The Agency may revoke the consent to perform the function of a member of the management in the following cases:
 - 1) if the member of the management has seriously violated the duties referred to in Article 71 of the Law, thereby endangering the liquidity or solvency of the bank,
 - 2) if he has failed to ensure the implementation or has failed to implement the supervisory measures ordered by the Agency,
 - 3) if he has violated the duties of a member of the management regarding notifying the supervisory board provided for in Article 73 of the Law or

- 4) if the bank fails to comply with the Agency's regulations relating to the internal assessment of capital adequacy.
- (3) If the Agency revokes the consent to perform the function of a member of the management, the supervisory board shall immediately, and no later than within five days from the date of revocation of the consent, adopt a decision to dismiss the member of the management and appoint a new member of the management as acting member in accordance with the Law.
- (4) The consent to perform the function of a member of the management shall cease to be valid in the following cases:
 - 1) if the person is not appointed or does not assume the position of a member of the management within six months from the date of issuance of the consent or
 - 2) if the person's employment contract with the bank expires, on the date of expiration of the contract.
- (5) For the purpose of implementing the procedures referred to in this Article, the Agency shall monitor the work of members of the management to the extent and in a manner that enables verification of the facts and circumstances referred to in Paragraphs 1 and 2 of this Article.

10. Prior consent for granting procuration

Article 31

- (1) Procuracy is the authority by which a bank authorizes one or more persons (procurators) to conclude legal transactions and activities related to the bank's operations, except for transactions related to the alienation and encumbrance of the bank's real estate, with the prior consent of the Agency.
- (2) Procuracy shall be granted in writing, may only be granted to a private individual and is non-transferable.
- (3) If the procuracy does not explicitly state that it is granted for an organizational unit of the bank, it shall be deemed to be granted for the bank and all its organizational units.
- (4) The bank shall grant procuracy to one person or to a number of persons as individual or joint. If the bank, with the prior consent of the Agency, has authorized a larger number of persons by means of a procuracy as a joint authorization, the legal transactions concluded by those persons and the activities undertaken by them are valid only with the consent of all those persons, and the declarations of will of third parties and their legal actions that are made in that case towards one procurator shall be deemed to have been made towards all procurators.
- (5) A person who meets the following requirements may be authorized as a procurator:
 - 1) has an appropriate 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 necessary for concluding legal transactions and activities related to the bank's business operations,
 - 3) is not in conflict of interest in relation to the bank, shareholders, members of the bank's supervisory board and management,
 - 4) is willing and able to devote sufficient time to fulfilling obligations and responsibilities in the field of concluding legal transactions and activities related to the bank's business operations and
 - 5) is not convicted and that no criminal proceedings are being conducted against him for criminal offenses in the field of finance, capital markets, money laundering and financing of terrorist activities or that he has not been imposed a security measure prohibiting him from engaging in banking or other financial activities.
- (6) Procuracy restrictions:
 - 1) a procurator of one bank may not have a direct or indirect interest in another bank,
 - 2) a procurator of one bank may not be employed by another bank, nor may be a procurator of another bank,
 - 3) a procurator may not be a person who is an elected official at the state, entity, cantonal or municipal level,

- 4) a procurator may not, without special authorization from the bank, act as counterparty and conclude contracts with the bank in his own name and for his own account, in his own name and for the account of other persons or in the name and for the account of other persons,
 - 5) a procurator may not conclude legal transactions and undertake legal actions related to the acquisition, alienation or encumbrance of the bank's real estate, except for the acquisition of real estate in court proceedings during the collection of the bank's claims, i.e. by realizing the bank's lien on real estate,
 - 6) a procurator may not make statements and undertake actions that would initiate bankruptcy proceedings or proceedings that would lead to the termination of the bank's operations,
 - 7) a procurator may not assume bill of exchange obligations and guarantee obligations and
 - 8) a procurator may not represent the bank in court proceedings or before arbitration.
- (7) The bank shall attach the following documentation to the request for issuing the procuration:
- 1) an identification document (identity card, or passport for foreign citizens);
 - 2) information on educational qualifications/professional titles, and a certified copy of the diploma. In addition to the above, when assessing professional knowledge, the candidate's continuous professional development in the following areas may also be reviewed: financial markets, accounting framework, regulatory framework and stipulated standards for bank operations, strategic planning and knowledge of the bank's business strategy, business plan and its implementation, risk management (identification, measurement, monitoring, control and mitigation of the main types of bank risks), corporate governance, including the internal control system and analysis of bank financial data;
 - 3) a precise brief overview of professional activities and relevant practical experience of at least five years;
 - 4) the candidate's assessment carried out by the bank;
 - 5) a statement by the candidate that he/she is not in conflict of interest with the bank, shareholders, members of the supervisory board, the bank's management or senior management;
 - 6) a statement by the candidate that he/she can devote sufficient time to performing his/her duties;
 - 7) evidence from the records of the competent authorities as to whether the candidate has been sentenced to a fine, measure or misdemeanor sanction for acts in the field of finance, capital markets, money laundering and financing of terrorist activities, within a period of five years from the date of the judgment finality, excluding the time served in prison, as well as evidence of whether legal proceedings are being conducted against the candidate. The evidence cannot be older than three months;
 - 8) proof of direct or indirect ownership of the candidate in another bank or legal entity, or a statement that he is not the owner. In the case of indirect ownership, state the person who is the direct owner;
 - 9) proof of participation in the management bodies of another legal entity, or a statement that he is not a member of such a body;
 - 10) a statement by the candidate that he is not an employee of the bank, nor is he engaged by the bank or another bank in BiH on any other basis;
 - 11) a statement by the candidate that he is not a member of the management, or executive director, or a member of the management or supervisory board of a subsidiary and
 - 12) a statement by the candidate that he is not a member of the management, or executive director of another capital company in whose supervisory or management board there is a member of the management, or executive director of the company.
- (8) A procurator shall sign for the bank under his full name, with an indication of his capacity resulting from the procuration. Acts signed by the procurator must be countersigned by at least one member of the bank's management.
- (9) The Agency shall issue a ruling on the request for issuing prior consent for procuration within 30 days from the date of submission of the request with complete documentation.

- (10) After obtaining the Agency's prior consent, the bank shall submit an application to the register of business entities for the registration of the issuance of a procuration and shall submit the registration decision to the Agency within 15 days from the date of registration.
- (11) The Agency shall revoke the bank's consent for the issued procuration in the following cases:
 - 1) if the bank revokes the procuration,
 - 2) if the procurator resigns,
 - 3) if the procurator does not perform his/her duties conscientiously and in the best interest of the bank,
 - 4) if the procurator uses the bank's business opportunities for personal needs or
 - 5) if the consent was obtained on the basis of incorrect and false documentation or untruthfully provided data for the performance of duties arising from the procuration.

11. Prior consent for the bank's direct or indirect holding in another legal entity and a subsidiary of that legal entity or the total net value of all bank's holding in other legal entities and subsidiaries of those legal entities

Article 32

- (1) A bank, together with a request for obtaining consent to acquire a direct or indirect holding in another legal entity or in a subsidiary of that legal entity, which exceeds 5% of the bank's eligible capital, shall submit to the Agency:
 - 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 business years (balance sheets and income statements audited by an external auditor) and
 - 3) a decision of the bank's competent authority with an analysis of indicators on how the investment will affect the bank's net capital position and other business standards stipulated by the Law.
- (2) The same documentation, along with the request, shall be submitted to the Agency by the bank for obtaining consent for the acquisition of the total net value of all bank holding in other legal entities and subsidiaries of such legal entities exceeding 20% of the bank's eligible capital.
- (3) A bank's holding in one legal entity from the financial sector, directly or indirectly, may not exceed 15% of its eligible capital.
- (4) A bank's holding in a person that is not a person in the financial sector may not exceed 10% of its eligible capital, nor 49% of the capital of that person.
- (5) A bank's total holding in persons that are not persons in the financial sector may not exceed 25% of the bank's eligible capital, and a bank's total holding in persons in the financial sector may not exceed 50% of its eligible capital.
- (6) Bank loans to legal entities in which the bank has investments shall be considered holding to which the restrictions referred to in this Article shall 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) the acquisition of the holding does not lead to exposure to unjustified risks,
 - 2) the acquisition of the holding does not hinder the effective supervision of the Agency, the application of supervisory measures or the unhindered bank resolution procedure,
 - 3) the bank has adequate financial resources, and management and organizational capabilities for such a 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 a bank's investment abroad if, in addition to the criteria from Paragraph 7 of this Article, the following requirements are met:
 - 1) an adequate flow of information required for consolidated supervision is ensured,
 - 2) there is effective supervision in the host country and

- 3) there is the ability to exercise supervision on a consolidated basis.
- (9) The Agency shall issue a ruling on the request for issuing consent for the acquisition of a direct or indirect holding in another legal entity or in a subsidiary of that legal entity, or for the acquisition of the total net value of all bank holding in other legal entities and subsidiaries of those legal entities, within 30 days from the date of submission of the request with complete documentation.
- (10) The bank shall submit to the Agency a certified photocopy of the decision on the registration of changes with the competent registration court and other institutions stipulated by Law for the legal entity in which the bank has acquired a direct or indirect holding, or the total net value of all bank holding in other legal entities and subsidiaries of those legal entities, within 15 days from the date of each individual registration.

12. Prior consent for a capital reduction or change in the bank's capital structure by repurchasing own shares

Article 33

- (1) A bank, together with the request for issuing prior consent for a capital reduction or change in the bank's capital structure by repurchasing own shares, shall submit to the Agency:
 - 1) the decision of the bank's general assembly on the acquisition of own shares or the relevant bank act stating that it is a matter of acquiring own shares for employees, or another legal basis for acquiring own shares (status change, court order for compulsory execution or for the protection of minority shareholders, etc.) and
 - 2) a report that shall necessarily contain an analysis of the impact of the repurchase of own shares on the bank's regulatory capital, with a schedule for the sale of the shares, no later than within 12 months from the date of acquisition of these shares.
- (2) The Agency shall issue a ruling on the request for the issuance of consent to reduce the capital or change the capital structure of the bank by repurchasing own shares within 60 days from the date of receipt of the request with complete documentation.
- (3) The bank shall submit to the Agency a certified photocopy of the decision on the registration of own shares with the Securities Commission within 15 days from the date of the registration, and a certified photocopy of the entry on the cancellation of the acquired own shares with the Central Securities Register within 15 days from the date of the registration.

13. Consent for consolidation

13.1. Prior consent for the selection of consolidation method

Article 34

- (1) A bank, together with a request for issuing prior consent for the application of the proportional consolidation method in accordance with Article 7, Paragraph 3 of the Decision on requirements on consolidated basis for a banking group or the consolidation methods referred to in Article 7, Paragraph 5 of that Decision, shall submit to the Agency:
 - 1) the bank's decision on the selection of the consolidation method,
 - 2) an explanation of the consolidation method,
 - 3) the bank ownership structure,
 - 4) the consolidated financial statement,
 - 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 issuing prior consent for the selection of the consolidation method within 90 days of receiving the request with complete documentation.

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

Article 35

- (1) The Agency shall issue prior consent to consolidated reporting entities for the exclusion of data on a subsidiary member of a banking group from consolidated financial statements.
- (2) Consolidated reporting entities shall submit to the Agency a request for the issuance of consent referred to in Paragraph 1 of this Article, with an explanation, no later than 30 days before the expiry of the reporting period.
- (3) The Agency shall issue the prior consent referred to in Paragraph 1 of this Article for a subsidiary member of a banking group:
 - 1) whose seat is in a country where there are legal obstacles to the submission of data and information required for the preparation of consolidated financial statements,
 - 2) whose inclusion in the consolidated financial statements is not significant for determining the financial position of the banking group,
 - 3) whose inclusion in the consolidated financial statements would lead to erroneous 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 prior consent for the exclusion of data on a subsidiary member of a banking group from consolidated financial statements within 30 days from the date of receipt of the request with complete documentation.

14. Consent to appoint the bank's external auditor

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

Article 36

- (1) The requirements and criteria that an external auditor must meet in order to perform an audit of financial statements, a regular audit for the needs of the Agency, an audit of consolidated financial statements of a banking group, an audit in accordance with Article 167 of the Banking law of Republika Srpska and audits of financial statements in the event of a status change are:
 - 1) to have a work permit issued by the competent authority and to be registered in the Register of Audit Firms,
 - 2) to have at least three authorized auditors with a valid license in a full-time permanent employment relation,
 - 3) to have at least three members in the team of auditors performing an audit in a particular bank, who must have at least three years of experience in auditing financial statements of banks, who are employed by the external auditor or engaged by external auditor,
 - 4) that there are no restrictions on the performance of the audit stipulated by Article 170 of the Banking Law of Republika Srpska and
 - 5) that it has published an annual transparency report referred to in Article 45 of the Law on Accounting and Auditing of Republika Srpska.
- (2) The bank shall submit, with the request for issuing prior consent for the appointment of an external auditor to perform the audits referred to in Paragraph 1 of this Article:
 - 1) a draft decision on the appointment of an external auditor,
 - 2) a draft act agreeing on the preparation of a report on the audit performed,
 - 3) an analysis of the fulfillment of the requirements and criteria for the appointment of an external auditor, prepared by the audit committee referred to in Article 3, Paragraph 5 of the Decision on the performance of external audit in banks ("Official Gazette of Republika Srpska", No. 116/17, 117/18 and 109/24), including all relevant documentation and evidence on the basis of which the audit committee determined that these requirements and criteria were met,

- 4) a current extract from the court register of the external auditor,
 - 5) a license, i.e. a ruling on issuing a work permit for performing audit work issued by the competent authority,
 - 6) licenses for authorized auditors who are employed by the external auditor or are engaged by the external auditor, with information on their work experience and
 - 7) statements by the external auditor that there are no restrictions on performing the audit stipulated by Article 170 of the Banking Law of Republika Srpska, that the requirements stipulated by Article 40 of the Law on Accounting and Auditing of Republika Srpska have been met and that an annual transparency report from Article 45 of the Law on Accounting and Auditing of Republika Srpska has been published.
- (3) The bank shall submit a request for issuing prior consent for the appointment of an external auditor to audit the financial statements of the current year upon submission of the audited financial statements for the previous year, and no later than 31 August of the current year.
- (4) The Agency shall issue a ruling on the request for issuing prior consent for the appointment of an external auditor referred to in Paragraph 1 of this Article within 30 days of the date of receipt of the request with complete documentation.
- (5) The bank's general assembly shall issue a decision on the appointment of an external auditor upon submission of the relevant ruling to the bank, and then the bank shall sign a contract with the appointed auditor on the audit of the bank's financial statements.
- (6) The bank shall submit to the Agency the adopted decision on the appointment of an external auditor, as well as the signed contract with the appointed external auditor, within 8 days from the date of adoption, i.e. signing.

14.2. Prior consent for the appointment of an external auditor to perform an audit of the information system

Article 37

- (1) The requirements and criteria that an external auditor must meet in order to perform an information system audit are as follows:
 - 1) to have a work permit issued by the Ministry of Finance of Republika Srpska and to be entered in the register of audit firms,
 - 2) that the members of the team that will perform the operational part of the information system audit 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 in a particular bank have at least two years of work experience in the work of performing external audits of information systems in banks,
 - 4) that there are no restrictions on performing the audit stipulated by Article 170 of the Law and
 - 5) that it has published an annual transparency report referred to in Article 45 of the Law on Accounting and Auditing.
- (2) The bank, together with the request for issuing consent to appoint an external auditor to perform an information system audit (hereinafter: IS external auditor), shall submit to the Agency:
 - 1) a draft decision on the appointment of the IS external auditor,
 - 2) a draft contract or letter of intent on performing an information system audit,
 - 3) evidence of the professional qualifications of persons who will perform the information system audit and their CVs,
 - 4) references from the IS external auditor on the information system audits performed (list of audits performed),
 - 5) a statement on the absence of conflict of interest between the IS external auditor (or persons who operationally perform the audit) and the bank, and
 - 6) a current extract from the court register of the external auditor.
- (3) The bank, in addition to the documentation defined in Paragraph 2 of this Article, shall also submit an analysis of the fulfillment of the requirements and criteria for the appointment of an external auditor to perform the information system audit referred to in Paragraph 1 of this Article, prepared by the audit

committee, including all additional relevant documentation and evidence on the basis of which the audit committee determined that these requirements and criteria are met.

- (4) The Agency shall issue a ruling on the request for issuing consent to appoint the IS external auditor within 30 days from the date of receipt of the request with complete documentation.
- (5) The bank's general assembly shall issue a decision on the appointment of the IS external auditor upon delivery of the relevant ruling to the bank, and then the bank shall sign a contract with the selected auditor on the preparation of an IS audit report.
- (6) The bank shall submit to the Agency the adopted decision on the appointment of the IS external auditor, as well as the signed contract with the appointed IS external auditor within 8 days from the date of adoption, i.e. signing.
- (7) The liability of the audit firm towards third parties for performing the IS audit cannot be transferred to the person that the audit firm has engaged for those activities.

15. Approval for the issuance of shares, conversion of preferred shares into ordinary shares and opinion on the issuance of other types of securities

Article 38

- (1) The bank, together with the request for issuing approval for the issuance of shares of subsequent issues (public or private sale), before reporting the private sale and submitting the request for approval of the abbreviated prospectus to the Securities Commission, or submitting the request for approval of the issue through a public offer to the Commission, shall submit to the Agency:
 - 1) the decision of the competent management body on the issuance of shares of a new class or new shares of the same class, with the obligatory inclusion of all data stipulated in the securities prospectus,
 - 2) a proposal for a decision of the competent management body on the increase in the bank's share capital,
 - 3) a capital increase plan for the next two years adopted by the competent management body of the bank, with indicators of the impact of the increase in share capital on the financial position of the capital, and
 - 4) a statement that it has not approved loans or provided a guarantee for the loans from which the purchase of shares is being executed.
- (2) The bank's shares do not have to be paid in cash if the total value of the bank's capital increases:
 - 1) due to the implementation of a status change of the bank, if the prior consent of the Agency has been obtained;
 - 2) by converting capital instruments, i.e. other monetary liabilities of the bank into Tier 1 capital in accordance with the Law and the Agency's bylaws;
 - 3) by a contribution in kind/non-monetary contribution for which the prior consent of the Agency has been obtained. Non-monetary contribution (things and rights) is expressed in money, so the decision on the issue of shares shall be accompanied by an act on the assessment of the value of things and rights carried out by an authorized person in Republika Srpska. If it is real estate, it must not be encumbered by a mortgage, which is evidenced by a certificate from the competent authority. If rights are involved, they must not be encumbered by a lien or blocked by a competent institution. The decision on the issue must contain a provision that, within 15 days from the date of approval of the issue by the Securities Commission, the procedure for transferring ownership of real estate to the bank will be initiated, or the procedure for transferring ownership of securities that represent part of the stakes in the share issue to the competent authority, and proof of the above shall be submitted to the Agency. In the event that the stake is represented by securities, the decision on the issue shall be accompanied by an audit report on the annual accounts of the issuer of securities for the previous year, prepared by an authorized external auditor. The amount of the founding stake consisting of securities is determined based on the market value of the securities;
 - 4) by non-monetary contribution for the purpose of implementing the Agency's order for capital increase, with the prior consent of the Agency, or

- 5) from own funds, i.e. from part of the profit or from own funds from the reserve fund with the consent of the Agency, and in accordance with the Law on Companies.
- (3) The bank shall submit to the Agency, together with the request for the issuance of an approval for the issuance of other types of securities:
 - 1) the decision of the bank's competent authority on the issuance of bonds, with the mandatory submission of all data stipulated by the acts of the Securities Commission of Republika Srpska and other competent regulatory institutions,
 - 2) a report on the issuance with a projection of the balance sheet and income statement (in the form in which the Agency is reported) for the period for which the bonds are issued,
 - 3) an explanation of the method and possibilities of repaying the obligations assumed and
 - 4) a plan for the use of funds from the issuance.
 - (4) The applicant for the conversion of preferred shares into ordinary shares shall submit to the Agency:
 - 1) the decision of the competent authority of the bank on the conversion and its explanation,
 - 2) the list of shareholders before the conversion and the projection of the list of shareholders after the conversion, and
 - 3) the consent to acquire significant voting rights in accordance with the Law, if this would occur through the conversion.
 - (5) The Agency shall issue a ruling on the request for issuing approval for the issue of shares, the conversion of preferred shares into ordinary shares and an opinion on the issue of other types of securities within 15 days from the date of receipt of the request with complete documentation.
 - (6) After issuing the ruling, the bank shall submit to the Agency:
 - 1) the decisions adopted at the bank's general assembly within 10 days from the date of adoption. If the adopted decisions differ from the proposed ones, the Agency will invalidate the issued ruling,
 - 2) the ruling of the Securities Commission on the approval of the content of the abbreviated prospectus within 10 days from the date of its adoption,
 - 3) the decision on the completion of the successful subscription of shares or the decision on the termination of the issue, signed by the director and the supervisory board within 10 days from the date of its adoption,
 - 4) the request for amendments and supplements to the statute (capital increase),
 - 5) the registration of changes with the Securities Commission, the registry court, and the Central Securities Register within 15 days from the date of each individual registration.
 - (7) In addition to the request for issuing an opinion on the issue of other types of securities, the bank shall be obliged to submit to the Agency, prior to submitting the request to the Securities Commission, everything that is also stated for the issue of shares, i.e. stipulated by special regulations.

16. Prior consent for the establishment or acquisition of ownership in a bank subsidiary

Article 39

- (1) A bank that establishes or acquires a subsidiary shall submit a written request to the Agency for obtaining consent.
- (2) Along with the request referred to in Paragraph 1 of this Article, the bank shall submit:
 - 1) a decision of the bank's competent body on the establishment or acquisition of a subsidiary,
 - 2) information on the holding that the bank will have in the subsidiary,
 - 3) information on the qualifications, experience and business reputation of the person proposed to the management bodies of the subsidiary,
 - 4) a proposal for the program of activities of the bank's subsidiary for a period of three years, which shall specifically state the activities that the subsidiary will engage in, the expected sources of funds, the target group of clients, the plan for expanding the business operations and organizational network, as well as a projection of the balance sheet and income statement for the year in which the subsidiary is established,

- 5) a projection of the impact of the subsidiary on the bank's operations for a period of three years, prepared on the basis of the proposal for the subsidiary's activity program referred to in Item 4) of this Paragraph,
 - 6) a proposal for risk management procedures, internal control procedures at the level of the bank and its subsidiary, i.e. the banking group,
 - 7) data on all legal entities and private individuals that will have a holding in the subsidiary (business name, seat and activity of the legal entity, ownership structure of that person, name and address of the private individual, amount of holding, brief overview of their business activities in the previous three years) and
 - 8) other documentation, if the Agency concludes that it is necessary.
- (3) A bank acquiring a subsidiary shall, in addition to the documentation stipulated in Paragraph 2 of this Article, submit to the Agency:
- 1) audit reports on the financial statements of the subsidiary for the previous three years and the financial statements of that entity for at least one period of the current year, and
 - 2) data on whether the subsidiary has ownership or holding in another legal entity, and since when, the absolute and percentage amount of its ownership or holding in the capital of the other legal entity, as of the date preceding the date of submission of the request for consent.
- (4) The Agency shall issue the consent if it assesses:
- 1) that the establishment or acquisition of a subsidiary will not jeopardize the financial condition of the bank,
 - 2) that the bank's exposure to operational risks is in accordance with the Law and the Agency's bylaws,
 - 3) that the consolidated business indicators are within the stipulated framework,
 - 4) that the bank has a management, decision-making process, internal control and information technology system that enables adequate risk management in the banking group's business operations,
 - 5) that the structure of the banking group is transparent to the extent stipulated by the Law,
 - 6) that the establishment or acquisition of a subsidiary in Republika Srpska or Bosnia and Herzegovina does not lead to a violation of competition in the manner stipulated by the Law and
 - 7) that there is appropriate cooperation between the Agency and the regulatory body of the country abroad in which the bank establishes or acquires a subsidiary.
- (5) The Agency shall issue a ruling on the request for the establishment or acquisition of a subsidiary of a bank within 30 days from the date of receipt of the request with complete documentation.
- (6) The stipulated documentation 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.

17. Issuing consent for voluntary bank liquidation

Article 40

- (1) The implementation of the voluntary liquidation procedure may only be initiated after obtaining the Agency's consent.
- (2) The bank shall submit a request to the Agency for issuing prior consent to the implementation of the voluntary liquidation procedure, which shall contain:
 - 1) the proposed liquidation plan, the deadline and stages of the bank's preparation for the termination of its activities,
 - 2) proof that the bank's assets are sufficient for the bank to meet all its obligations, and
 - 3) a proposal for liquidation administrators.
- (3) Upon the issuance of the Agency's consent to the implementation of the voluntary liquidation of the bank, the bank's operating license 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 date of receipt of the request with complete documentation.

18. Requirements and procedure for issuing prior consent for the sale of assets and liabilities of a bank or the merger of a bank in compulsory liquidation

Article 41

- (1) The liquidation administrator shall obtain the consent of the Agency before implementing 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 carried out without the consent of the depositors, other creditors and debtors of the bank.
- (3) In the event that the liquidation administrator proposes the sale of the bank, he shall submit to the Agency:
 - 1) a written report on the operations of the bank in liquidation,
 - 2) a proposal for a report on the economic justification of the sale and
 - 3) a proposal for a decision on the sale of the bank.
- (4) A bank or other person authorized to perform such operations that purchases a bank in liquidation shall, together with the acts of the liquidation administrator referred to in Paragraph 3 of this Article, submit to the Agency:
 - 1) the decision of the competent management body on the purchase of the bank in liquidation and
 - 2) a report on the economic justification of the purchase with a financial assessment of the relevant legal transaction, with a special focus on the impact of the purchase on its financial position (planned balance sheet and income statement).
- (5) In the event that the liquidation administrator proposes the merger or acquisition of a bank with another bank, the procedure shall be fully applied and the necessary acts specified in the provisions of this Decision regulating changes in the status of the bank shall be submitted.
- (6) The Agency shall issue a ruling upon the request of the liquidator for sale, merger or acquisition with another bank or other person authorized to perform such operations within 60 days from the date of receipt of the request with complete documentation.

CHAPTER III

FINAL PROVISIONS

Article 42

Upon entry into force of this Decision, the Decision on the requirements and procedure for issuing licenses, approvals and consents to banks operating in Republika Srpska No. UO-358/17, as of 28 December 2017, UO-318/22, as of 21 March 2022, UO-377/22, as of 15 November 2022 and UO-423/23, as of 6 April 2023 ("Official Gazette of Republika Srpska", No. 4/18, 26/22, 117/22 and 35/23) shall cease to be valid.

Article 43

This Decision shall enter into force on the eighth day from the date of its publication in the "Official Gazette of Republika Srpska."

Number: UO-215/25

Date: 4 November 2025

PRESIDENT OF THE
MANAGEMENT
BOARD

Dejan Kusturić

Questionnaire:

1. Bank:
2. Position for which the appointed candidate is proposed:
3. General data on candidate
 - Name and surname (maiden name):
 - Name and surname of father and mother:
 - Date and place of birth:
 - Permanent address (residence):
 - Temporary address (residence):
 - Citizenship:
 - Work telephone:
 - Work fax:
 - Email address:
4. Education (chronological list of all levels of education with year of completion, duration and academic title obtained):
5. Professional development (chronological list of all forms of professional development, indicating topics, organizers and duration, years of taking professional exams, certificates, licenses, etc.):
6. Level of knowledge of official languages in RS (for foreign citizens):
7. Work experience, i.e. a chronological list of all previous employers and jobs, i.e. functions you have performed outside of work, indicating the periods in which individual functions were performed, for the jobs or functions you have worked in, i.e. those you have performed in the last 10 years. The following should also be indicated:
 - a description of the tasks you performed at the workplace or function,
 - the organizational structure of the employer where the tasks and functions were performed,
 - the scope of competence, decision-making authority and responsibilities, and
 - the number of subordinate employees.
8. Information about the recommendation (please provide the name, position and address of the direct superior at the employer you worked for in the last three years, which provided the recommendation) or reasons for the unavailability of the recommendation:
9. Participation in civil or administrative proceedings (please provide whether you are participating as a party in a civil or administrative proceeding that could negatively affect your financial stability and business reputation):
10. Financial situation (please describe your financial situation, including information about your assets and financial obligations, whether you are on the list of delinquent debtors (e.g. the Central Credit Register, or any other list of indebtedness, credit register, tax register of debts, etc.):
11. Financial and business results (provide information on the financial and business results of companies in which you are now or were a significant shareholder or in which you have or had significant business interests, or in which you performed the function of a member of the management or some other management function, including information on whether the competent authority has determined that the company committed a major irregularity in business operations or a serious violation of the law, whether bankruptcy proceedings have been opened against that company, a decision on liquidation has been made or any similar procedure has been initiated, whether its operating license has been revoked or a measure has been imposed on it to improve the situation and eliminate illegalities and irregularities in business operations):
12. Assessment of the candidate by another competent authority (indicate whether the assessment has already been conducted by another competent authority, including information on that authority and evidence of the assessment results):

13. Business relations with the bank (provide all information about all business relations between you and persons related to the bank, members of the management, supervisory board and key function holders, as well as owners of more than 10% of the ownership in that bank, its parent or subsidiary companies, and information about shares or other financial interests that you or persons related to you have in the bank):
14. Statement regarding conflict of interest issues (indicate whether you have held office for more than three terms or more than 12 years and whether a member of your immediate family has a holding in or is employed by the current or previous authorized external auditor of the bank or its subsidiary). The candidate for a member of the supervisory board of a bank shall also state whether he/she has served as a member of the management in the three years prior to his/her appointment to the supervisory board, whether he/she has been employed in the bank in the previous three years, whether he/she has a holding in or is employed by the current or previous authorized external auditor of the bank or its subsidiary, whether a member of his/her immediate family currently serves as a member of the management of the bank or has served in the three years prior to his/her candidacy for a member of the supervisory board:
15. Statement on the conduct of criminal proceedings or on a final conviction for criminal offenses:
16. Statement on the conduct of misdemeanor proceedings or a final conviction for a misdemeanor, except for traffic offenses:
17. Statement on the conduct of any other proceedings that could negatively affect your financial stability and business reputation (if yes, provide details and attach evidence):
18. List any other facts and circumstances that you believe may be important for your assessment of the position you are applying for:
19. Time commitment to the job. (specify the time required to perform the function you are being appointed to, provide a list of all executive and non-executive functions or tasks you will perform as well as the expected total number of days per year that you must dedicate to performing them, do you have enough time to perform the function you are being appointed to and all the responsibilities it covers, are you working full-time, specify the number of hours/days required to perform each of the functions or tasks you perform, does the function you are being appointed to in the bank carry additional responsibilities such as membership in other committees (risk committee, nomination committee, audit committee and other committees), will the function you are being appointed to require more time due to the size, complexity of the business operations and the type of operations performed by the bank, confirm whether you can allocate enough time for periods of increased activity such as resolution and relocation of the bank's headquarters (location), mergers and acquisitions of a majority holding or some crisis situation, whether you perform functions in any organizations or entities that are not established primarily for the purpose of making profit, such as associations, non-profit organizations, a description of the objectives of such organizations unless this is publicly available information).

I hereby declare that all answers are true, complete and accurate, and that I have not withheld any information that could influence the decision-making 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 of any other facts within the limits of my knowledge that could significantly influence the decision-making of the Banking Agency of Republika Srpska.