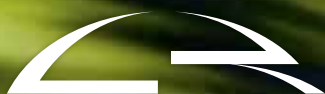
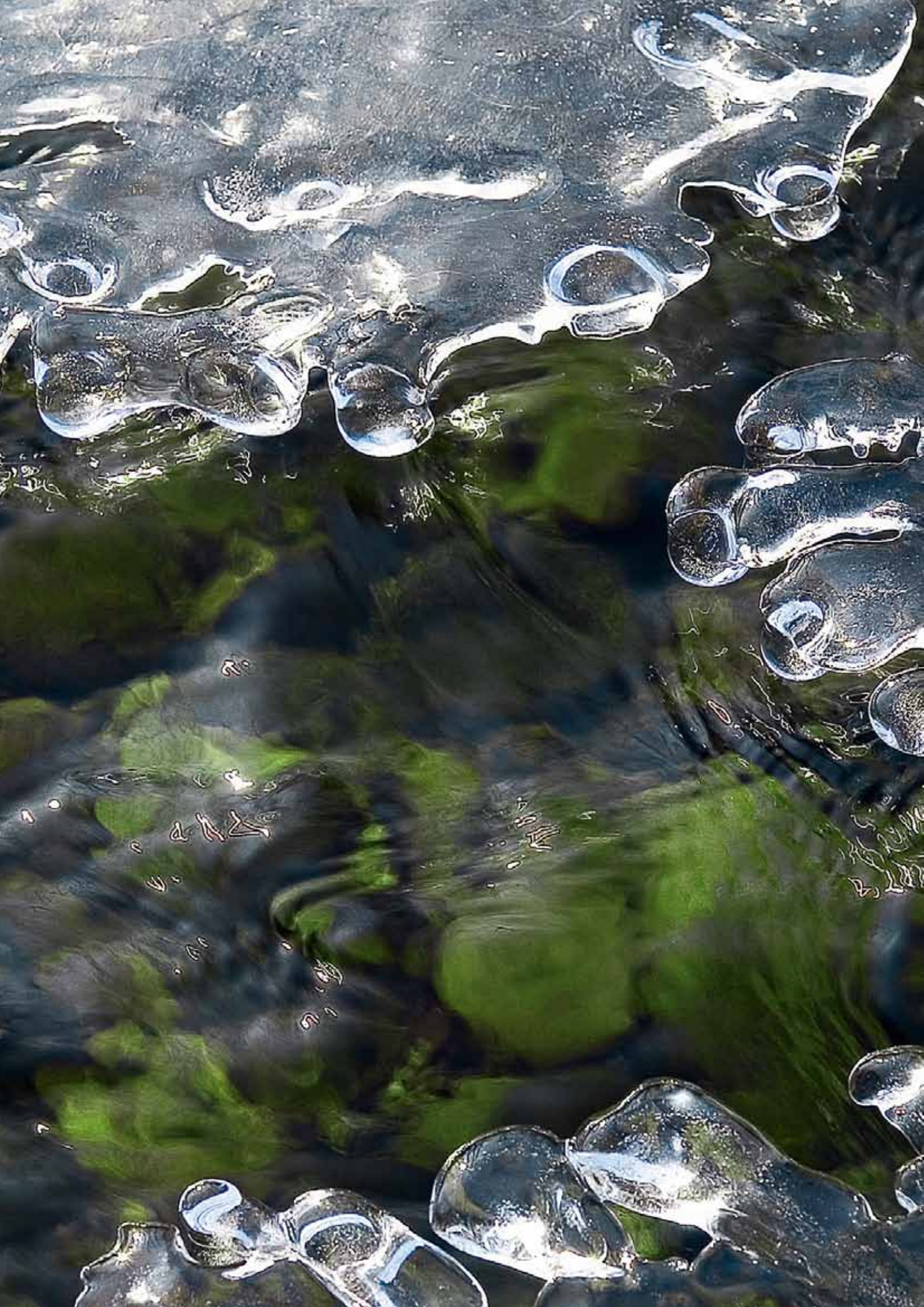


ANNUAL REPORT 2008



CENTRAL REGISTRY OF SECURITIES, JSC
Banja Luka • Republic of Srpska
founded 2001



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INTRODUCTORY WORD

The year 2008 started with fluctuations and corrections of prices in capital markets, and at the end of the year it was clear that this was caused by the recession of the world economy and the emerging global crisis. Therefore, it is not at all surprising that we were daily faced with the decrease of indices on stock exchanges, low volume of trades and decreased demand for domestic securities, i.e. decreased inflow of foreign capital, as a direct consequence of pessimism and caution of investors with regards to investing in the domestic market.

On the other hand, if we look back and sum up the current year, the results are within satisfactory limits given all the events that could not have been predicted at the time when projections and plans were made for the year 2008. Considering the current situation which is not promising, the financial result accomplished during the previous period is not to be neglected.

New debt securities, municipal bonds, appeared in the Republic of Srpska market, and this, along with the issuing of a big number of Republic of Srpska bonds on various bases, marked the year 2008.

A significant share in trade in the Republic of Srpska market by foreign investors continued, although with regards to the total value of trades, to a quite lower degree compared to the last year.

At the beginning of 2008, the Central Registry signed new contracts with management companies on performing depository operations for all 14 closed-end investment funds as well as contract on performing depository operations for the Republic of Srpska Pension and Disabled Persons' Fund.

One of the important issues for domestic capital markets includes assignment of internationally recognized ISIN codes to the securities registered in the Central Registry. The contract with the substitute agency was signed at the beginning of December 2008, resulting in assignment of internationally recognized ISIN codes to all securities registered in the Central Registry. This means that data on securities and their trading, submitted by the Republic of Srpska capital markets to international providers of data, are complete, accurate, secure and compliant with international standards.

In mid-2008, the new web page in the domain www.crhovrs.org was made available; the web page was designed to serve as a source of information for Central Registry members, both physical and legal entities. Our goal is to ensure efficient presentation of information from the Central Registry, that includes up-to-date data, statistics and services to make sure that the users regularly come back to visit our web page.

Of the activities in 2008 we underline participation of the Central Registry in ECSDA projects and the implementation of the remaining stages of "Code of Conduct" Project, that can be implemented from the point of

view of domestic positive legal regulations. The final implementation of all stages of the code by ECSDA members, as well as by us who are currently not the members of EU, should significantly contribute toward accomplishing stronger and more efficient European capital markets.

Aware of the current global situation that will continue to influence slower growth of economy, with smaller GDP rate, lower creditworthiness, decreased flow of cash from abroad, we plan to introduce new services and products, implement saving measures and the activities related to affirmation of international standards governing the securities, as well as to undertake further activities on promoting the domestic market and attracting foreign investors to invest in capital markets.

The implementation and application of standards relating to securities in the domestic financial market should help increase transparency, provide higher efficiency and better liquidity during settlement, decrease both the overall and operating risk and enable taking into account a possibility of reducing expenses. All this should result in bigger interest of investors and consequently in producing benefits for the domestic market.

By implementing the EU directives, standards and principles that make possible establishing of a developed financial market in our securities market, in the forthcoming period we can work toward creating a sound basis for allocation of money through financial market and integration in international capital market flows.

Jasminka Đukić,
Director
Central Registry of Securities

CENTRAL REGISTRY OF SECURITIES MANAGEMENT BOARD

Chairman

Prof. Nikola Mojović, Ph D., Faculty of Law, Banja Luka

Deputy Chairman

Milka Lukić, DUIF ZEPTER INVEST a.d. Banja Luka

Members

Božidar Plavljanin, Republic of Srpska Government, Finance Ministry

Zoran Bera, Banja Luka Stock Exchange a.d. Banja Luka

Dragan Džinić, Nova banka a.d. Banja Luka

CENTRAL REGISTRY OF SECURITIES SUPERVISORY BOARD

Chairman

Deputy Chairman

Božana Šljivar, Republic of Srpska Insurance Agency

Member

Jovo Radukić, Republic of Srpska Government, Finance Ministry

OWNERSHIP STRUCTURE

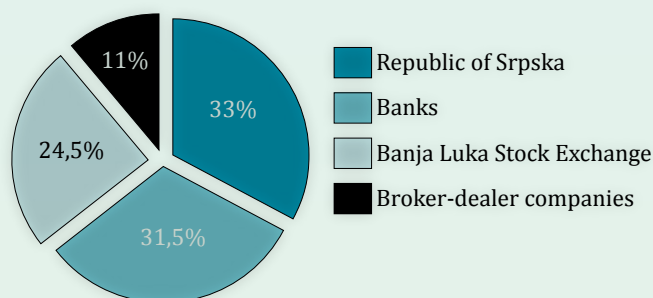


Chart 1 Central Registry of Securities ownership structure as of 31 December 2008

MEMBERS OF CENTRAL REGISTRY OF SECURITIES

As of 31 December 2008, the Central Registry had 21 members, more precisely 16 members-stock brokers and 5 members-custody banks.

Stock brokers who have a status of a member of Central Registry as of 31 December 2008 are the following:

1. ADVANTIS BROKER AD BANJA LUKA
2. BALKAN INVESTMENT BANK AD BANJA LUKA
3. BOBAR BANKA AD BIJE LJINA
4. EUROBROKER AD BANJA LUKA
5. FIMA INTERNATIONAL AD BANJA LUKA
6. GRAND BROKER AD ZVORNIK
7. HYPO ALPE-ADRIA-BANK AD BANJA LUKA
8. KBC HARTIJE OD VRIJEDNOSTI B-H AD BANJA LUKA
9. MONET BROKER AD BANJA LUKA
10. NLB RAZVOJNA BANKA AD BANJA LUKA
11. NOVA BANKA AD BANJA LUKA
12. PAVLOVIĆ INTERNATIONAL BANK AD SLOBOMIR, BIJE LJINA
13. RAIFFEISEN CAPITAL AD BANJA LUKA
14. UNICREDIT BANK AD BANJA LUKA
15. VOLKSBANK AD BANJA LUKA
16. ZEPTER BROKER AD BANJA LUKA

Custody banks that have a status of a member of Central Registry as of 31 December 2008 are the following:

1. BALKAN INVESTMENT BANK AD BANJA LUKA
2. HYPO ALPE-ADRIA-BANK AD BANJA LUKA
3. NOVA BANKA AD BANJA LUKA
4. RAIFFEISEN BANK DD BIH SARAJEVO
5. UNICREDIT BANK DD MOSTAR

On 28 February 2008, Neskovic-broker a.d. Bijeljina was admitted as member of the system of clearing, settlement and transfer of securities, Zepter broker a.d. Banja Luka was admitted to the same system on 02 June 2008, and on 29 August 2008 "Pavlovic international bank", Division for Operations with Securities of PIB broker a.d. Slobomir, Bijeljina.

On 06 February the Central Registry Management Board issued a Decision on Termination of Membership for the member Interfinance a.d. Banja Luka, and on 17 November 2008 the Decision on Termination of Membership was issued for members Equis investments a.d. Banja Luka and Neskovic-broker a.d. Bijeljina, based on the member's request.

MOST IMPORTANT EVENTS AND ACTIVITIES IN 2008

- In January 2008 a contract on performing depository operations for the Republic of Srpska Pension and Disabled Persons' Fund was signed, which was followed by the activities on determining the value of assets from this Fund's portfolio and by submission of monthly reports.

- In February 2008 new contracts on performing depository operations were signed with management companies for the total of 14 closed-end investment funds.

- As of March 2008, clearing is performed for the newly-registered closed-end investment fund ZIF Unioninvest fond a.d. Bijeljina.

- On 24 March 2008, the Central Registry performed the first clearing and settlement operations for trading coupon bonds. The characteristic of this trade is that it is performed at the so-called "clean price", i.e. price without related interest. Payment after performed buying is made at the price of trading, increased by accrued interest for the period starting from the day of maturity of the last coupon until the settlement date, not including the settlement date. Therefore, the value calculated in that manner is a basis for calculation of net liabilities/receivables of Central Registry members. For the above-mentioned

purpose, the Central Registry designed its own clearing application that has so far met all the needs in terms of clearing and settlement of liabilities based on transactions made on the stock exchange.

- During April 2008 the Central Registry took part in the joint project "Open Door" of Banja Luka Stock Exchange, in which, with the support of the Republic of Srpska Chamber of Commerce, the Investment Development Bank of the Republic of Srpska and GTZ, took part.

- On 23 June 2008, the Central Registry performed registration of the first municipal bond – bond of the issuer Municipality Laktasi.

- On 30 June 2008 the Central Registry performed registration of Republic of Srpska bonds based on direct and indirect war damage.

- A new version of Central Registry web page was launched for use on 30 June 2008.

- On 21 July 2008, the Central Registry performed registration of another municipal bond – bond of the issuer Banja Luka City.

- As of July 2008, the data on ongoing takeovers as well as on completed takeovers of Joint Stock Companies are available on the Central Registry web page, in accordance with the provisions of the Law on Joint-Stock Companies Takeover (Republic of Srpska Official Gazette, no. 65/08), which came into effect in July 2008.

- On 28 August 2008, a Contract was signed with the Republic of Srpska Finance Ministry on performing the operations of a payment agent for the Republic of Srpska bonds related to the liabili-

ties based on verified foreign frozen currency accounts. Also, a Protocol on Cooperation was signed with 26 banks in BiH in order to efficiently implement disbursement of related principal and interest upon maturity of coupons of RSDS-O-A bond.

- On 28 August 2008, the Central Registry successfully accomplished the operations related to calculation of principal and interest for coupon bonds, upon maturity of the first coupon of the Republic of Srpska bond for verified frozen foreign currency savings. Calculation of principal and interest was done upon maturity of the coupon in order to pay the related part of the principal and accrued interest to bond holders.

For the needs of this operation, the Central Registry developed its own application.

- The activities on establishing the value of assets of the Republic of Srpska Pension and Disabled Persons' Fund, in accordance with the methodology that is applied to determining the assets of the Republic of Srpska Share Fund and Restitution Fund, were completed with the computation as of 31 August 2008; on the same day the founder's share in the Republic of Srpska Pension Reserve Fund was determined.

- Contracts were signed on performing the operations of computation of principal and interest for payment after maturity of coupons of municipal bonds for Banja Luka City and Laktasi Municipality.

- On 02 December 2008 a contract was signed on assignment of ISIN code with the substitute agency WM Datenservice Herausgebergemeinschaft - WERTPAPIERMITTEILUNGEN Keppler, Lehman GmbH & Co. KG.



SCOPE OF LEGAL OPERATIONS

ACTIVITY OF CENTRAL REGISTRY ON NORMATIVE ISSUES

In addition to its operational tasks, during 2008 the Sector for Legal Operations worked on additional harmonization of the Central Registry general enactments – both the enactments dealing with the regulatory issues regarding securities and capital markets, connected with the issues and operations from within the Central Registry jurisdiction, as well as the general enactments relating to internal work organization and relations within the Central Registry itself.

The following general enactments were adopted in the last year:

- Decision on Fourth Amendments to the Articles of Association of Central Registry of Securities AD Banja Luka (after these amendments, the cleaned text of the Central Registry of Securities was developed and published in the Republic of Srpska Official Gazette, no. 95/08),
- Decision on Establishing the Elements Necessary for Adjustment with the Law on Freedom of Access to Information,
- Guidebook for Access to Central Registry Information,
- Instruction on the Activity of the Central Registry dur-

ing the Issue through Public Offering Performed on the Stock Exchange,

- Instruction on Conditions and Periods for Keeping the Records on File,
- List of Categories of Records on File along with Keeping Periods,
- Decision on Amendments to the Instruction on Office Management, and cleaned text of the Instruction on Office Management,
- Decision on Amendments to the Rules of Procedure of the Supervisory Board,
- Operating procedures for the joint account during sale-purchase of securities through the method of auction for block of shares,
- Operating procedures in the process of registration of custody bank and assignment of the registration code,
- Operating procedures in the process of Joint Stock Companies takeover,
- The procedure of calculation of new number of shares in new share issues,
- Procedures on Work Organization in the Operational Affairs Service,

Amendments to the Procedure in the Process of Registration and Transfer of Securities – Bonds (amendments relate to the procedure of registration of bonds and rights, as well as to certain steps in corporate actions),

Decision on Second Amendments to the Procedures of the System of Internal Reviews.

The Sector for Legal Operations also performed a modification of certain forms and prepared

the models of decisions adopted in procedures carried out in the Central Registry, for the purpose of harmonization with the Law on General Administrative Proceedings (according to the Law on Securities Market, the Central Registry applies the administrative proceedings within the purview of this law in performing operations from within its jurisdiction). Certain adjustments were also carried out in some internal enactments of the Central Registry in order to harmonize them with applicable laws.

In order to integrate in the world and European standards, the Central Registry was also active in defining and final establishing of cooperation with ANNA for assignment of internationally recognized ISIN codes for securities registered with the Central Registry. This resulted, at the end of the last year, in signing the contract with the substitute agency WM Datenservice on assignment of ISIN codes, which we regard as a major and significant achievement for the overall capital markets in the Republic of Srpska. In that sense, we performed necessary tests and certain preparations of the latest version of international Classification of Financial Instruments Code (CFI code) – ISO 10962:2001(E).

We would like to underline that the last year was also marked by the activities on amendments to the Law on Securities Market – this included our active participation in the work of taskforce, our making the analysis of drafts of proposed amendments and providing our proposals in relation to that. The taskforce has not completed its work yet.

During the year 2008 numerous activities on collection of receivables from issuers, based on contracts on registration of securities and keeping the issuers' accounts, continued – starting with new court procedures to collection of receivables on this basis by the Central Registry employees during their rendering of other services to debtors as part of their regular activities. A number of previously started court procedures were successfully completed in the last year, either through court settlement with the effect of executive action or by verdicts in the benefit of the Central Registry.

During the last year the Sector was significantly involved in activities that related to the issue of bonds, especially Republic of Srpska bonds and local self-governance units' bonds, which required satisfactory solutions for some specific matters concerning these issuers and operations performed by the Central Registry as a payment agent for this type of bonds.

PROCESSING APPLICATIONS AND ORDERS IN THE ACTIVITIES OF KEEPING THE REGISTER OF SECURITIES

Data on securities, holders, rights and limitations relative to securities, third persons' rights and holders of those rights, bans and restrictions on transfer of securities are the data that are registered, kept and maintained in the Central Registry. The Sector for Legal Operations reviews all received requests and related documentation, trying to reconcile the interest of issuers, holders and authorized participants with regards to the simplest and quickest possible procedure of decision-making and registration, while making sure that justification and accuracy of performed registration as well as the principle of legal safety are complied with. Overall movements and the scope of the work completed in the last year is presented in table below, with a note that the number of received and processed requests is significantly bigger, as the table does not show the data on requests that could not be processed due to certain shortcomings.

Type of request and order	Positively resolved
First issue of shares	29
First issue of bonds	5
Second issue of bonds	3
Issues based on decreasing capital	6
Issues based on increasing capital	40
Issues on other bases	3
Opening holder's account	13.635
Issuing certificates on balance on the account	2.147
Issuing the book and list of shareholders	706
Adjustment of data on holders	≈ 35 per day
Merging of accounts due to adjustment of data	1.275
Transfer based on inheritance	3.162
Transfer based on other legal transactions	175
Issuing statements on balance on the account	≈ 30 daily
Restitution of securities from client's account to holder's account	≈ 10 daily
Registration of lien	307
Registration of change of lien	154
Removal of lien	256
Forced sale of pledged securities by the Central Registry	5
Registration of ban on disposal	197
Removal of ban on disposal	15
Accession to membership	5
Exclusion from membership	5
Joint Stock Companies takeovers	47

Table 1 Number of positively resolved orders and requests

CLEARING, SETTLEMENT AND TRANSFER OF SECURITIES

The trend of decrease of the volume of trades of securities that started in April 2007 continued in the year 2008.

Something that is important for the transactions made on the stock exchange is that all of them were successfully completed, i.e. all members complied with their obligations within stipulated deadlines.

REGULAR TRADES

In the year 2008 there were 248 days of trading. The total turnover based on regular trades amounted to 114.016.536,61 KM, which is by about 80% less compared to the last year. Of total turnover based on regular trades, 89.70% (102.273.188,22 KM) included trading shares,

while 10.30% (11.743.348,39 KM) included trading bonds.

In 30.483 transactions, the total of 355.339.326 securities were traded (shares and bonds). The average number of transactions per trade was 123 which is by 84% less compared to the last year, while the average turnover amounted to 459.744,10 KM, which is also less compared by the last year, by as much as 81% .

The table and the chart below illustrate the movement that was present in the capital markets speaking of regular trades in the years 2007 and 2008.

Regular trades	01.01-31.12.2008	01.01-31.12.2007	Index
Number of trades	248	246	101
Number of transactions	30.483	190.930	16
Average number of transactions per trade	123	776	16
Number of issuers whose securities were traded	322	397	81
Number of traded securities	355.339.326	702.928.046	51
Realized turnover	114.016.536,61	581.571.401,06	20
Average turnover per trade	459.744,10	2.364.111,38	19

Table 2 Regular trades in the years 2007 and 2008

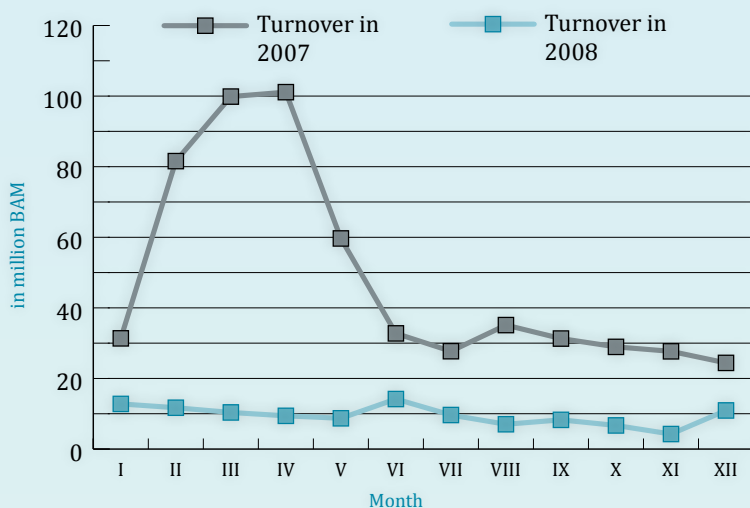


Chart 2 Turnover by regular trades per months in the years 2007 and 2008

Something that significantly marked the capital markets in the previous period is an intensified issue of coupon bonds, as a relatively new market material, in which the investors showed great interest. The total turnover based on bonds made during the year 2008 was in the amount of 11.743.348,39 KM.

The year 2008 will be remembered by the first trade of coupon bond. The subject of trade was the Republic of Srpska bond issued on the basis of verified frozen foreign currency savings, and the first trade was completed on 24 March 2008. Something that is characteristic for trading coupon bonds is that trade is carried out at the so-called “clean price”, i.e. the price without the related interest. The payment after purchase is made at the price of trading, increased by accrued interest for the period from the date on which the last coupon was due until the settlement day, excluding the settlement date. Therefore, the value calculated in that manner is included in the basis for computation of net liabilities/receivables of Central Registry members.

The trade made with the funds’ shares represents an important segment of trading; in 2008 it amounted to 26.444.092,52 KM, which makes 23.19 % of total made turnover during that period.

The following graph is an overview of a share in trading shares of closed-end investment funds in total turnover of shares of all funds.

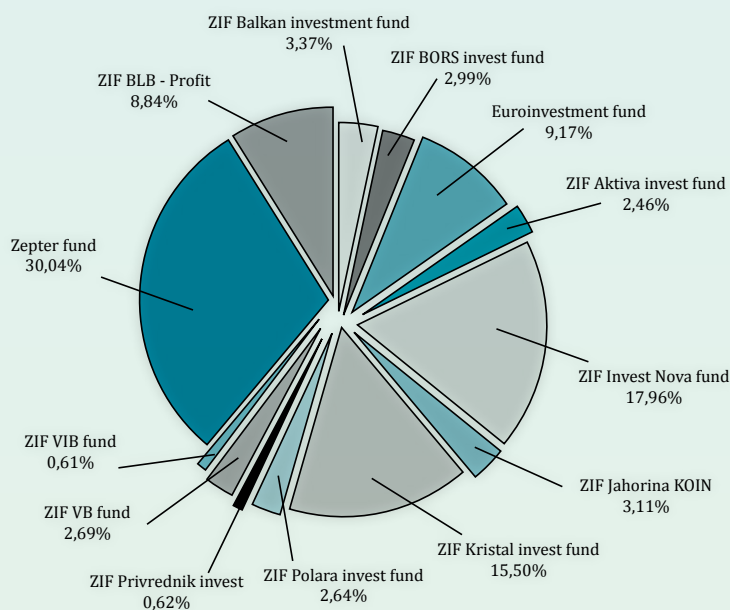


Chart 3 Share in trading with closed-end investment funds' shares in total turnover of shares of all funds

The biggest turnover was made with Zepter Fund shares, which, with turnover of 7.944.821,58 KM accounts for 30.04% of total turnover realized with shares of all funds, while the smallest trade was with shares of VIB fund, with the turnover in the amount of 160.928,30 KM, which accounts for 0.61% of total turnover realized from shares of all funds.

BLOCK TRANSACTIONS

Turnover made through transactions registered on the stock exchange as block transactions in the year 2008 amounted to 115.505.779,06 KM , which is by 23.39% less compared to 2007.

In block transactions, only shares were traded, and total value of block transactions makes 48.91% of total realized turnover.

The table below presents comparative indices for block transactions registered on the stock exchange in years 2008 and 2007.

	01.01-31.12.2008.	01.01-31.12.2007.	Index
Number of trades	24	37	64
Number of transactions	35	45	78
Average number of transactions per trade	1,46	1,22	120
Number of issuers whose securities were traded	16	22	73
Number of traded securities	63.624.280	29.313.921	217
Made turnover	115.505.779,06	150.772.879,10	77
Average turnover per trade	4.812.740,79	4.074.942,68	118

Table 3 Block transactions in the years 2007 and 2008

TURNOVER PER MEMBERS

Total turnover in the period 01 January – 31 December 2008 amounted to 236.150.180,80 KM. It is noteworthy that in total turnover, apart from turnover based on regular trades and block transactions, there is also a share of trade based on sale of state-owned capital on the stock exchange through the method of auction for block of shares.

Of total made turnover:

- 114.016.536,61 KM, i.e. 48,28% is regular trades,
- 115.505.779,06 KM or 48,91% is turnover made in block transactions, and
- 6.627.865,13 KM, or 2,81% of total turnover is sale of state-owned capital through the method of auction for block of shares.

The total value of purchase and sale transactions made in regular trades, block transactions and trading of blocks of shares of state-owned capital for all Central Registry members is presented in table below:

Name of member	Regular trade ¹				Block transactions	
	Value of purchase	Value of sale	Total	% of share in reg. trades* turnover	Value of purchase	Value of sale
ADVANTIS BROKER AD BANJA LUKA	5.424.514,03	3.892.115,05	9.316.629,08	4,09%	985.512,00	985.512,00
BALKAN INVESTMENT BANK AD BANJA LUKA	8.637.482,52	7.850.727,53	16.488.210,05	7,23%	15.951.999,84	15.951.999,84
BALKAN INVESTMENT BANK AD BANJA LUKA-KASTODI	0,00	0,00	0,00	0,00%	0,00	0,00
BOBAR BANKA AD BIJELJINA	4.718.623,14	4.748.642,53	9.467.265,67	4,15%	18.921.300,00	16.800.000,00
EQUIS INVESTMENTS AD BANJA LUKA	1.280.631,47	780.344,35	2.060.975,82	0,90%	0,00	1.756.440,00
EUROBROKER AD BANJA LUKA	7.328.680,45	11.309.877,01	18.638.557,46	8,17%	18.006.869,74	16.250.429,74
FIMA INTERNATIONAL AD BANJA LUKA	3.216.670,09	2.793.249,15	6.009.919,24	2,64%	0,00	0,00
GRAND BROKER AD ZVORNIK	89.878,97	2.091.370,04	2.181.249,01	0,96%	0,00	0,00
HYPO ALPE-ADRIA-BANK AD BANJA LUKA	10.586.375,75	11.041.528,92	21.627.904,67	9,48%	6.769.765,17	6.769.765,17
HYPO ALPE-ADRIA-BANK AD BANJA LUKA-KASTODI	13.812.634,83	13.250.819,62	27.063.454,45	11,87%	0,00	0,00
KBC HARTIJE OD VRIJEDNOSTI B-H AD BANJA LUKA	9.428.979,29	3.591.626,45	13.020.605,74	5,71%	656.329,80	0,00
MONET BROKER AD BANJA LUKA	11.962.026,74	7.754.491,42	19.716.518,16	8,65%	1.859.500,47	2.515.830,27
NEŠKOVIĆ BROKER AD BIJELJINA	18.246,17	3.853,00	22.099,17	0,01%	0,00	0,00
NLB RAZVOJNA BANKA AD BANJA LUKA	4.676.279,81	7.286.035,22	11.962.315,03	5,25%	50.510.978,30	50.510.978,30
NOVA BANKA AD BANJA LUKA	15.653.722,57	22.477.967,70	38.131.690,27	16,72%	1.843.523,74	3.964.823,74
NOVA BANKA AD BANJA LUKA-KASTODI	1.947,16	0,00	1.947,16	0,00%	0,00	0,00
PAVLOVIĆ INTERNATIONAL BANK AD SLOBOMIR, BIJELJINA	3.530,52	1.167,91	4.698,43	0,00%	0,00	0,00
RAIFFEISEN BANK DD BIH SARAJEVO-KASTODI	1.987.067,38	985.927,43	2.972.994,81	1,30%	0,00	0,00
RAIFFEISEN CAPITAL AD BANJA LUKA	1.679.932,91	4.216.851,62	5.896.784,53	2,59%	0,00	0,00
UNICREDIT BANK AD BANJA LUKA	650.891,10	657.914,92	1.308.806,02	0,57%	0,00	0,00
UNICREDIT BANK DD MOSTAR-KASTODI	1.229.769,26	41.483,60	1.271.252,86	0,56%	0,00	0,00
VOLKSBANK AD BANJA LUKA	2.845.150,42	2.435.161,56	5.280.311,98	2,32%	0,00	0,00
ZEPTER-BROKER AD BANJA LUKA	8.783.502,03	6.805.381,58	15.588.883,61	6,84%	0,00	0,00
UKUPNO	114.016.536,61	114.016.536,61	228.033.073,22	100,00%	115.505.779,06	115.505.779,06

Table 4 Turnover by Central Registry members made in the year 2008

		State-owned capital				TOTAL			
Total	% of share in block transactions	Value of purchase	Value of sale	Total	% share in sale of state-owned capital	Value of purchase	Value of sale	Total	% share in total turnover
1.971.024,00	0,85%	0,00	0,00	0,00	0,00%	6.410.026,03	4.877.627,05	11.287.653,08	2,39%
31.903.999,68	13,81%	0,00	0,00	0,00	0,00%	24.589.482,36	23.802.727,37	48.392.209,73	10,25%
0,00	0,00%	0,00	0,00	0,00	0,00%	0,00	0,00	0,00	0,00%
35.721.300,00	15,46%	1.629,44	0,00	1.629,44	0,01%	23.641.552,58	21.548.642,53	45.190.195,11	9,57%
1.756.440,00	0,76%	0,00	0,00	0,00	0,00%	1.280.631,47	2.536.784,35	3.817.415,82	0,81%
34.257.299,48	14,83%	649.134,00	855.980,37	1.505.114,37	11,35%	25.984.684,19	28.416.287,12	54.400.971,31	11,52%
0,00	0,00%	0,00	0,00	0,00	0,00%	3.216.670,09	2.793.249,15	6.009.919,24	1,27%
0,00	0,00%	0,00	0,00	0,00	0,00%	89.878,97	2.091.370,04	2.181.249,01	0,46%
13.539.530,34	5,86%	0,00	0,00	0,00	0,00%	17.356.140,92	17.811.294,09	35.167.435,01	7,45%
0,00	0,00%	0,00	0,00	0,00	0,00%	13.812.634,83	13.250.819,62	27.063.454,45	5,73%
656.329,80	0,28%	431.388,54	12.488,22	443.876,76	3,35%	10.516.697,63	3.604.114,67	14.120.812,30	2,99%
4.375.330,74	1,89%	2.083.533,42	0,00	2.083.533,42	15,72%	15.905.060,63	10.270.321,69	26.175.382,32	5,54%
0,00	0,00%	0,00	0,00	0,00	0,00%	18.246,17	3.853,00	22.099,17	0,00%
101.021.956,60	43,73%	0,00	2.720.179,20	2.720.179,20	20,52%	55.187.258,11	60.517.192,72	115.704.450,83	24,50%
5.808.347,48	2,51%	1.247.942,61	1.658.542,72	2.906.485,33	21,93%	18.745.188,92	28.101.334,16	46.846.523,08	9,92%
0,00	0,00%	0,00	0,00	0,00	0,00%	1.947,16	0,00	1.947,16	0,00%
0,00	0,00%	0,00	0,00	0,00	0,00%	3.530,52	1.167,91	4.698,43	0,00%
0,00	0,00%	0,00	0,00	0,00	0,00%	1.987.067,38	985.927,43	2.972.994,81	0,63%
0,00	0,00%	2.214.237,12	887.185,50	3.101.422,62	23,40%	3.894.170,03	5.104.037,12	8.998.207,15	1,91%
0,00	0,00%	0,00	493.489,12	493.489,12	3,72%	650.891,10	1.151.404,04	1.802.295,14	0,38%
0,00	0,00%	0,00	0,00	0,00	0,00%	1.229.769,26	41.483,60	1.271.252,86	0,27%
0,00	0,00%	0,00	0,00	0,00	0,00%	2.845.150,42	2.435.161,56	5.280.311,98	1,12%
0,00	0,00%	0,00	0,00	0,00	0,00%	8.783.502,03	6.805.381,58	15.588.883,61	3,30%
231.011.558,12	100,00%	6.627.865,13	6.627.865,13	13.255.730,26	100,00%	236.150.180,80	236.150.180,80	472.300.361,60	100,00%

¹ Regular trade includes transactions made on the stock exchange, for which the Central Registry performs clearing and settlement.



GUARANTEE FUND

In accordance with the Rulebook on Clearing, Settlement and Transfer of Securities, the basic part of the Guarantee Fund is calculated semi-annually. In line with that, the Central Registry Management Board issued on 25 January the Decision on the Amount of Basic Payment into the Guarantee Fund for the period 01 February to 31 July 2008 in the amount of 22.500,00 KM. For the period from 01 August 2008 to 31 January 2009, the basic payment to the Guarantee Fund was in the amount of 11.000,00 KM.

The members guarantee jointly and severally for discharging cash liabilities arising on the basis of transactions made on the stock exchange up to the amount of the basic payment into the guarantee fund.

The basic part of the Guarantee Fund is the same for all Central Registry members and ranged from 231.000,00 KM in November, at which time it had the lowest value due to the decreased value of basic payment and a decrease in number of members, to the amount of 495.000,00 KM in June, which was its biggest value.

The additional part of the Guarantee Fund is calculated per members on the monthly level; this is a part of the guarantee fund that the member is liable with for execution of its cash liabilities.

Viewed by the members, the biggest amount of additional payment in the guarantee fund was made by the member Zepter broker a.d. in the amount of 121.490,00 KM.

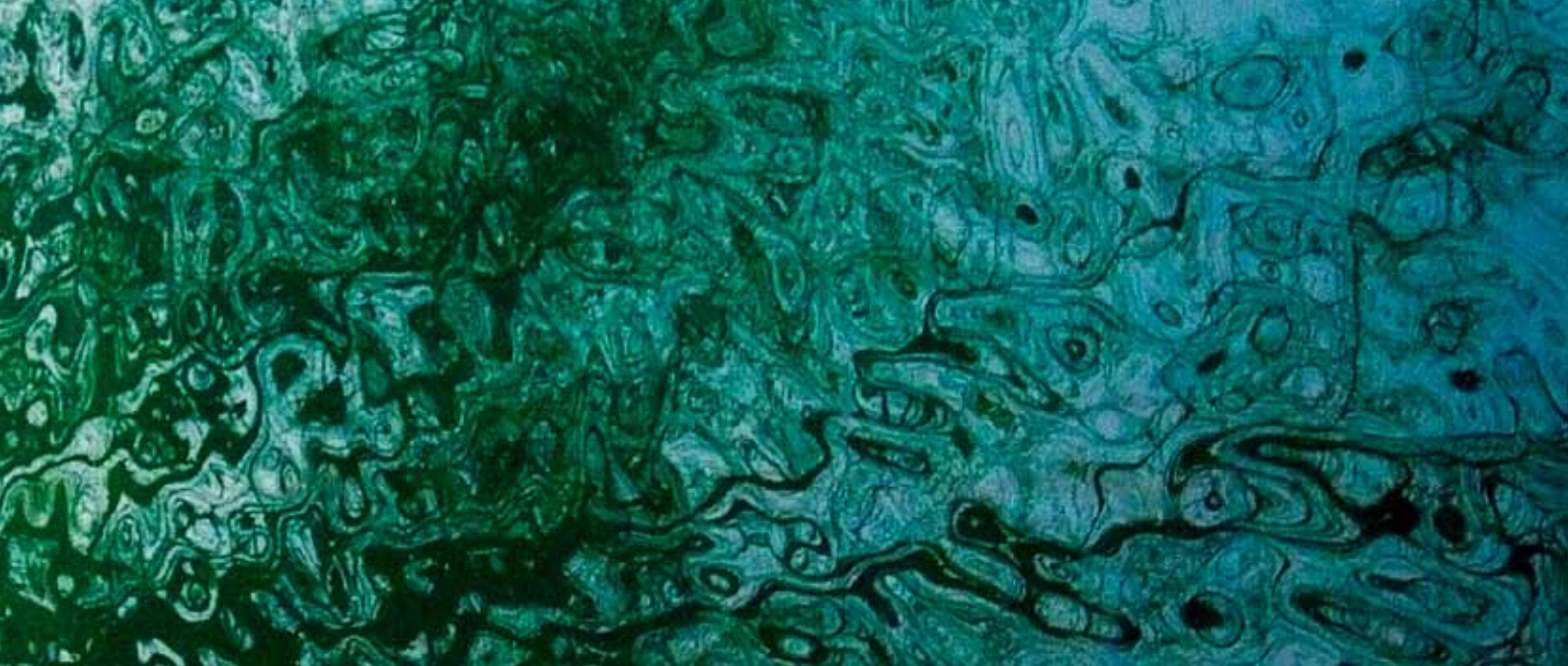
The Guarantee Fund assets were not used during the year because the members promptly discharged their cash liabilities.

BONDS

Emergence of debt securities of commercial banks and of Republic of Srpska is something that characterized the year 2007, while the year 2008 was marked by the emergence of municipal bonds as new market material, with issuing of a number of Republic of Srpska bonds.

8 bonds were registered, namely:

1. Republic of Srpska bond for verified frozen foreign currency savings (RSDS-O-A),
2. Laktasi Municipality bond (LKSD-O-A),



3. Republic of Srpska bond based on direct and indirect war damage (RSRS-O-A),
4. Banja Luka City bond for the construction of bridge across the Vrbas river (BLMI-O-A),
5. Republic of Srpska bond based on internal debt to suppliers – II issue (RSOD-O-B),
6. Republic of Srpska bond based on direct and indirect war damage – II issue (RSRS-O-B),
7. HUTP Cer a.d. Prnjavor bond (CERP-O-B)
8. Republic of Srpska bond based on general liabilities – executive court decisions (RSIO-O-A).

All issued bonds in the year 2008 are coupon bonds, the repayment of which is done through the amortization plan.

The first trade with coupon bonds was done on 24 March 2008. The total turnover with bonds in 2008 was in the amount of 11.743.348,39 KM.

BONDS-CALCULATION OF PRINCIPAL AND INTEREST

In the year 2008 the Central Registry also performed the activities related to computation of principal and interest for coupon bonds. Computation of principal and interest was done upon the maturity of coupons, in order to pay the related part of principal and accrued interest to coupon bond holders.

For the needs of this activity Central Registry developed its own computation application.

The following coupons matured for payment during the year 2008:

- The first coupon of RSDS-O-A bond,
- The first coupon of LKSD-O-A bond, and
- The first coupon of RSOD-O-A bond.

The Central Registry successfully accomplished computation of the related principal and the interest for all holders of the said bonds for the needs of their issuers. Because of the accuracy of data, the quality of made reports and good business cooperation, the issuers expressed their wish for the Central Registry to continue to calculate principal and interest upon maturity of the coupon of the bonds that were issued in the previous period.



DEPOSITORY OPERATIONS

The beginning of year the 2008 was marked with final computation of the fee for managing the funds that completed the process of transformation to closed-end investment funds in the year 2007.

In February 2008 new contracts were signed on performing the depository operations with management companies for the total of 14 closed-end investment funds.

During 2008 necessary harmonization was done with the new chart of accounts prescribed under the Rulebook on Application of Chart of Accounts for Investment Funds (“The Republic of Srpska Official Gazette”, nos. 9/08 and 55/08), and the new Rulebook on the Contents and the Form of Financial Reports for Investment Funds (“Republic of Srpska Official Gazette”, no. 9/08).

Based on the contract on performing depository operations for the Republic of Srpska Pension and Disabled Persons’ Fund that was signed in 2008, the activities were carried out in relation to determining the value of assets from this Fund’s portfolio, in accordance with the methodology applied for determining the value of assets of the Republic of Srpska Share Fund and Republic of Srpska Restitution Fund. Given the fact that the same methodology is applied to determining the value of the founder’s share in the Republic of Srpska Pension Reserve Fund, these activities were completed with the computation as of 31 August 2008, at which time, determining of the founder’s share of the Fund was made.

After publishing of the new Law on Joint Stock Companies’ Takeover (Republic of Srpska Official Gazette, no. 65/08), the activities were undertaken on harmonization of the operating procedures in the Central Registry in the process of Joint Stock Companies takeover with the new Law. The law requires that the data on the number of deposited shares during the validity of takeover offer be published daily on the Central Registry web page.

The activities undertaken for the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund were related to determining net value of assets and making of monthly reports. In December 2008, computation of value of assets of these funds was brought in line with the amendments of the Regulation on Methodology for Determining the Net Value of Assets of Republic of Srpska Share Fund and Republic of Srpska Restitution Fund (Republic of Srpska Official Gazette nos. 95/06, 2/07, 7/07 and 120/08).

COMPUTATION OF NET VALUE OF FUNDS' ASSETS

Given the fact that at the end of 2007, the Rules of Operation of Depositories of Investment Funds were enacted (Republic of Srpska Official Gazette, no. 4/08) as well as the Procedures for Performing Depository Operations, in February 2008 contracts were made on performing depository operations for all 14 closed-end investment funds.

The Rulebook on Performing the Operations of the Depository Bank for Investment Funds (Republic of Srpska Official Gazette, no. 89/07) provides that the depository may also perform the operations of determining the value of fund's assets, therefore, based on contracts made with the management companies on performing the activities on determining the value of fund's assets, computation was done for these funds. For other funds, computation delivered by the management companies was reviewed and verified. At the end of 2008 contracts were made with management companies on performing the operations related to determining the value of fund's assets for the total of 13 funds.

The following chart presents a comparative overview of movement of determined amount of net value of assets of closed-end investment funds during the period 2002 to 2008 as well as of their registered basic capital.

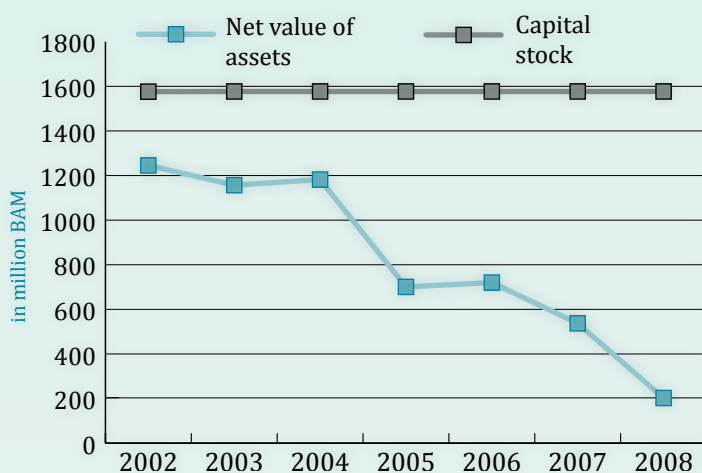


Chart 4 Basic capital and net value of funds' assets during the period 2002 to 2008

We should note that, in addition to the situation prevailing in the capital markets, net value of funds' assets was also affected by the methodology for determining the net value of fund's assets that was applicable during certain time periods.

The following chart presents the overview of movements of net value of funds in certain months in 2008. Decrease in net value of funds' assets during the year is an indication of the connection with the situation present in the capital markets.

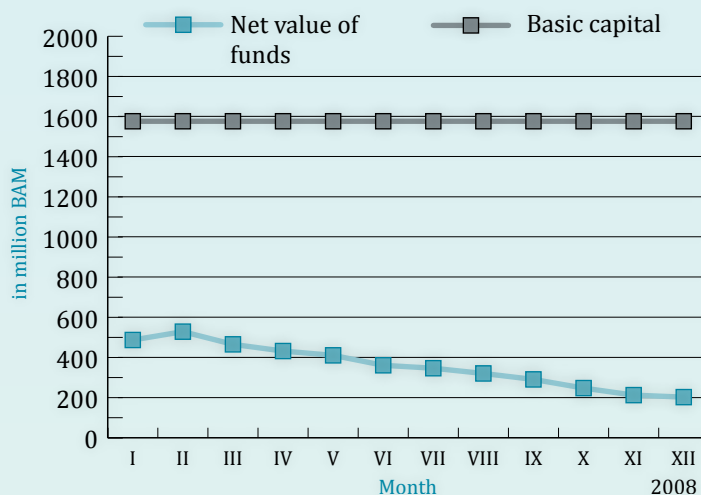


Chart 5. Basic capital and net value of funds' assets in 2008

In 2008 the Rulebook on Application of the Chart of Accounts for Investment Funds was published (Republic of Srpska Official Gazette, nos. 9/08 and 55/08), which required introducing changes in application for computation and making of monthly reports for closed-end investment funds in order to harmonize them with the requirements of the Chart of Accounts with regards to the classification of fund's investment according to International Accounting Standards, especially IAS 39.

In the previous period, the number of funds that invest abroad also increased, particularly of those investing in shares, bonds, closed-end investment funds' shares as well as in shareholding of open-end investment funds. Considering that certain types of assets in funds' portfolio appeared for the first time, we tried to solve the dilemmas arising during their valuation by seeking advice from the Securities Commission.

DELIVERY OF REPORTS FOR FUNDS

In accordance with valid regulations, the reports for funds were delivered to the management companies, supervisory boards of the funds as well as to the Securities Commission.

For the needs of "Capital Markets Portal" the following monthly reports were delivered:

- Report on net assets – balance sheet for the investment fund
- Report on unrealized gains (losses) of investment fund
- Report on structure of investments of the investment fund by types of assets
- Report on structure of investment of the investment fund - shares
- Report on structure of investment of the investment fund – bonds
- Report on structure of investment of the investment fund – other securities.

JOINT STOCK COMPANIES TAKEOVER

The new Law on Joint Stock Companies Takeover came into force in July 2008 (Republic of Srpska Official Gazette, no. 65/08); among other things it stipulated certain amendments in conducting the process of takeover. Coming into force of this Law required the work on drafting of the new Procedures in the Process of Joint Stock Companies Takeover. The novelties compared to the previous period included the obligation of publication of data by the Central Registry about the number of deposited shares in the process of joint-stock companies takeover during the offer validity period, on the Central Registry web page. As of July 2008, the data on ongoing takeovers, as well as on completed takeovers of joint stock companies are available on the Central Registry's web page.

In accordance with the Law, the Procedures and with the contracts on depositing shares made with the offerers, the activities were undertaken on making the reports on takeover and the list of shareholders who deposited their shares, along with the computed amount for payment, and on providing notification to the offerer, broker, issuer and the Republic of Srpska Securities Commission of expiry of the validity period for takeover offer. The activities of transfer of deposited shares to the offerer's account and notification to the offerer and the broker on performed transfer were done in accordance with the Procedures and upon the receipt of due confirmation by the bank on performed payment for all deposited shares.

The total of 47 takeover processes were completed in 2008. The total number of deposited shares, by 1.475 shareholders who accepted a takeover offer, amounted to 101.428.260. The value of deposited shares in the year 2008 was 15.921.468 KM.

The following chart presents an overview of data on Joint Stock Companies takeovers in the period 2003-2008.

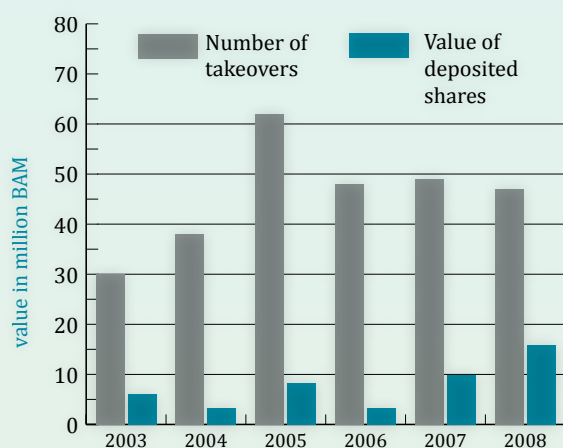


Chart 6. Number of takeovers and value of deposited shares during the period 2003 to 2008

DETERMINING NET VALUE OF ASSETS OF SHARE FUND AND RESTITUTION FUND

Determining net value of assets of the Share Fund and the Restitution Fund as well as making and delivery of the monthly reports for the funds, as a regular activity of the Registry, were performed in accordance with the Regulation on the Methodology for Determining the Net Value of Assets of the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund (Republic of Srpska Official Gazette, nos. 95/06, 2/07, 7/07 and 120/08).

Given the fact that the regulations relating to the chart of accounts and reporting for the investment funds apply to these funds too, computation for June 2008 was preceded by the activities on harmonization with the new chart of accounts laid down by the Rulebook on Application of Chart of Accounts for the Investment Funds (Republic of Srpska Official Gazette nos. 9/08 and 55/08); also the existing reports were adjusted and the new reports were made in accordance with the new Rulebook on Contents and Form of Financial Reports for Investment Funds (Republic of Srpska Official Gazette no. 9/08).

In December 2008 computation of value of assets of these funds was harmonized with the amendments to the Regulation. These amendments dealt with the valuation of funds' investments in companies that were not constituted in accordance with the Law on Companies or Law on Public Companies and they consequently required certain monthly reports to be updated.

In January 2008 a contract was signed on performing depository operations for the Republic of Srpska Pension and Disabled Persons' Fund and by 31 August 2008 the value of Fund's assets was determined; on that date, applying the same technology as for determining the net value of assets of the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund, the value of the Republic of Srpska Pension Reserve Fund was calculated.



INFORMATION TECHNOLOGIES

The Central Registry Information system is designed in a way to enable the members' access to certain modules in accordance with their needs and authorizations. Connection is made through VPN network that enables quick and safe exchange of data through encrypted connections. Additional security and protection of the network against unauthorized access is provided by hardware firewall, while antivirus protection is secured through the use of Kaspersky anti-virus program. Unauthorized access is not possible thanks to the application of authorization of the users.

The development of financial market dictates constant keeping pace with and responding to new requirements. In order to comply with the requirements and ensure accomplishment of the goals, during 2008 a number of optimizations of software solutions were performed, new modules in software were developed, new services introduced, with the planned procurement of new computer equipment carried out as well as upgrade of software on devices, thus making possible reliability and speed of work.

The way of exchanging data with other institutions was also adjusted according to the needs. The service of access to the Internet was improved. A very important strategic activity that was carried out was harmonization of ISIN designation according to standards. Tests were carried out and all necessary preparations for transition to the new ISIN codes implemented. Of other activities, the most significant and partly most demanding was the realization of the requests for reports that are used on the new web page.

Having in mind that information and their security are invaluable and considering the necessity to avoid loss of data due to any catastrophe or failure, account is taken in the Central Registry of daily back-up of data and back-up of software applications; this helps ensure continuity of business operation of the institution.

The Central Registry continuously works on upgrading the existing and designing the new products and services offered to its clients. In line with that, the procurement of state-of-the-art computer and telecommunication equipment is undertaken.



ANNUAL REPORT FOR 2008

INCOME STATEMENT FOR THE PERIOD 01 JANUARY – 31 DECEMBER 2008

Description	2007 (BAM)	2008 (BAM)
Ordinary activity income	3.138.898	2.481.885
Ordinary activity expense	1.607.025	2.312.100
Other income	328.374	335.155
Other expense	556.328	493.010
Financing income	67.382	128.938
Finance expense	30	0
Total income	3.534.654	2.945.978
Total expense	2.163.383	2.805.110
NET PROFIT	1.183.130	88.386

Table 5 Income statement (1 EUR = 1,955830 BAM)

BALANCE SHEET AS OF 31 DECEMBER 2008

Description	2007 (BAM)	2008 (BAM)
ASSETS		
Fixed assets	364.477	274.260
Working capital	5.350.574	4.235.556
TOTAL ASSETS	5.715.051	4.509.816
LIABILITIES		
Equity	2.599.129	2.687.514
Long-term provisions	416.591	794.869
Short-term liabilities	2.699.331	1.027.433
TOTAL LIABILITIES	5.715.051	4.509.816

Table 6 Balance sheet (1 EUR = 1,955830 BAM)

AUDIT OF THE FINANCIAL REPORT FOR THE YEAR 2008 WAS CONDUCTED BY THE AUDIT HOUSE SELECTED BY THE CENTRAL REGISTRY SHAREHOLDER MEETING.



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Hypo Alpe -Adria Bank A.D. Banja Luka
JIB 4402109460007
IB 402109460007
Company ID no. 1982893
No. of reg. docket 1-14612-00 Basic Court
Banja Luka

INDEPENDENT AUDITOR'S REPORT

TO THE SUPERVISORY BOARD AND SHAREHOLDER MEETING OF CENTRAL REGISTRY OF SECURITIES A.D. BANJA LUKA

We have performed audit of financial reports of the "Central Registry of Securities" a.d. Banja Luka as of 31 December 2008, more precisely: Income Statement, Balance Sheet, Statement on Changes in Capital and the Cash Flow Statement.

The director is responsible for financial reports. It is our responsibility to express our opinion, based on performed audit, with regards to the objectivity and truthfulness of position of assets, capital, liabilities and operating results, as well as our opinion as to whether the accounting standards were complied with during their making.

We performed audit in accordance with the International Audit Standards, the Republic of Srpska Law on Accounting and Audit ("The Republic of Srpska Official Gazette", no. 67/05), the Rulebook on Audit of Financial Reports in the Republic of Srpska ("The Republic of Srpska Official Gazette", no. 120/06), which require that we plan and perform audit in a manner to give reasonable assurances that the financial reports are free from material misstatements. Audit includes the examination of proofs, on the basis of checking through samples, supporting the objectivity of information disclosed in financial reports. Audit also includes the assessment of application of accounting estimates performed by the management, as well as of general presentation of financial reports. We believe that the audit that we have made provides reasonable ground for expressing our opinion.

In our opinion, in reference to all the significant aspects, the enclosed financial reports provide a true and objective presentation of the position of the assets, capital and liabilities of the Central Registry of Securities a.d. Banja Luka as of 31 December 2008, as well as the results of business operation for the year then ended, in accordance with accounting standards and other Republic of Srpska regulations.

Banja Luka, April 2009



VralAudit d.o.o.
Banja Luka

Authorized auditor:
Miloš Marčeta

CENTRAL REGISTRY OF
SECURITIES MANAGEMENT



Jasminka Đukić,
Director



Biljana Čubrilović,
Head of Clearing and
Settlement Sector



Dragica Lakić,
Head of the Sector for
Legal Operations



Nevenka Lero,
Head of the Sector of
Depository Operations



Divna Bosiočić,
Head of Information
Technologies Sector



Slavica Verčević,
Head of Finance and
Accounting Sector





CENTRAL REGISTRY OF SECURITIES, JSC
Banja Luka • Republic of Srpska
founded 2001

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