



Annual Report for 2009

CENTRAL REGISTRY OF SECURITIES JSC



Table of Contents

INTRODUCTORY WORD	3
Management Board of the Central Registry of Securities	4
Supervisory Board of the Central Registry of Securities.....	4
Ownership structure.....	4
Members of the Central Registry of Securities.....	5
MOST IMPORTANT EVENTS AND ACTIVITIES IN THE YEAR 2009	6
SCOPE OF LEGAL WORKS	7
Normative activity of the Central Registry of Securities.....	7
Processing applications and orders in securities-keeping related operations.....	8
CLEARING, SETTLEMENT AND TRANSFER OF SECURITIES	9
Total turnover	9
Regular trades	12
Block trades	13
Guarantee fund	14
Calculation of the principal and the interest for debt securities.....	14
DEPOSITORY OPERATIONS	16
Depository operations for investment funds.....	16
Delivery of reports for the funds	18
Joint Stock Companies' take-over	18
Determining net value of assets of Share Fund and Restitution Fund	20
INFORMATION TECHNOLOGIES.....	21
ANNUAL REPORT FOR THE YEAR 2009.....	22
Profit and Loss Statement for the period 01 January to 31 December 2009.....	22
Balance sheet as of 31 December 2009.....	22
INDEPENDENT AUDITOR'S REPORT	23
MANAGEMENT OF THE CENTRAL REGISTRY OF SECURITIES	24



ШТЕДИОНИЦА



Introductory word

Global financial events were significantly reflected in the domestic market in 2009, while the estimates that we encountered daily suggested that the situation in the business sector would become even worse in course of the year.

Looking at the facts we can see that during 2009 there was lower turnover on domestic stock exchanges compared to the previous year. The Central Registry opened less holder's accounts to foreign investors, which was to be expected, as the investors are obviously still cautious about taking decisions to invest in capital markets. It was only in the last quarter 2009 that a slight increase in indices was recorded with considerably bigger turnover of bonds compared to trading of shares.

The interest in issuing debt securities was much more present during the last year, with the bonds of Municipalities Gradiska, Samac and Bijeljina issued and registered with the Central Registry. On 30 June 2009 all seven issues of bonds or settling of obligations based on verified frozen foreign currency savings of BiH Brcko District were registered. The issue of bonds of Microcredit company Sinergija d.o.o. Banja Luka was successfully completed at the end of the year in the amount of 2.1 million KM.

Disclosure of the data on business operations of companies showed mostly less favorable business results, an indication that the impact of global recession on economy still shows a trend of growth.

Given the overall situation that was not at all promising, the Central Registry tried in the last year to apply certain measures and thus contribute to the stabilization and recovery of the market.

At the beginning of May 2009 a new Decision on the Amount of the Fee Charged for the Services of the Central Registry started to be applied. Based on this decision, a considerably lower fee for clearing, settlement and transfer of securities was determined for the shares, in the amount of 0.015% of the value of the transaction. Operations of clearing, settlement and transfer of securities for debt securities were exempted from payment of any fees to the Central Registry.

During the same period, the Central Registry did not charge brokerage companies or custody banks any fees for services of membership, to the end of easier overcoming the current situation in the capital markets. It was our intention to, by applying these measures, make the operations of direct participants in the market easier and enable them to be as prepared as possible for the forthcoming period. This was appreciated as a positive move by our members, a move that was welcome to the brokerage companies as it enabled them to make savings that are not at all neglectful in the conditions of difficult operations.

In our further efforts to contribute to mitigating the consequences of the crisis, the Central Registry Management Board made a decision to decrease the fees, in the period from the beginning of application of the new Decision on the Amount of the Fee to the end of 2009, for depository operations performed for the investment funds, with which the Central Registry concluded contracts for performance of these operations.

The said changes resulted in the decrease in the Central Registry income, but thanks to good business policy and long-term planning and savings that were made possible by engagement of all internal resources the business result in the year 2009 showed that profit that was made was beyond the frameworks given by the annual plan of operations.

Within its role of a payment agent, based on the Central Registry reports, the Republic of Srpska Finance Ministry paid a part of principal amount and the related part of interest into accounts of 15.029 bond holders. These activities represent the best proof that the Republic of Srpska bonds are safe, and that all future activities related to frozen foreign currency savings are unquestionable.

A previously announced reform of the pension system and founding of the pension funds would have a positive influence on stabilization of the situation and decreasing of negative effects of global financial movements, positively impacting further growth of turnover and thereby more intensive recovery of capital markets. Further issues of the Republic of Srpska bonds and municipal bonds and of the money market instruments that appear as a new market material, will certainly present an incentive for strengthening and development of capital markets. The recovery can be expected to be slower, with gradual increase in indices, while significant changes are realistic to expect in the year 2011.

It is still necessary to carry out the activities on improvement of infrastructure of capital markets, creation of favorable environment for the development of capital markets in the Republic of Srpska as well as to make more efforts on attracting foreign capital. These activities will be positively reflected on stabilization and further development of the Republic of Srpska capital markets, with the global financial movements having less negative repercussions on the domestic market.

Jasminka Đukić,
Director
Central Registry of Securities

Management Board of the Central Registry of Securities

Chairman

Prof. Nikola Mojović PhD, Faculty of Law, Banja Luka

Deputy Chairman

Milka Lukić, Hotel "PALAS" a.d. Banja Luka

Members

Božidar Plavljanić, The Republic of Srpska Government, Finance Ministry

Zoran Bera, Banja Luka Stock Exchange JSC Banja Luka

Dragan Džinić, Nova banka a.d. Banja Luka

Supervisory Board of the Central Registry of Securities

Chairman

Deputy chairman

Božana Šljivar, The Republic of Srpska Insurance Agency

Member

Jovo Radukić, The Republic of Srpska Government, Finance Ministry

Ownership structure

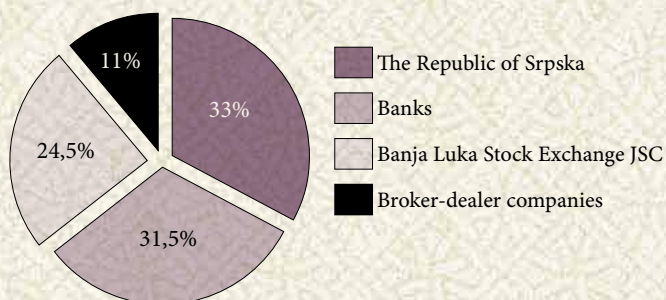


Chart 1 Ownership structure of the Central Registry as of 31 December 2009

Members of the Central Registry of Securities

As of 31 December 2009 the Central Registry had 19 members, of which 13 brokerage companies and 6 custody banks.

The following are brokerage companies that have a status of Central Registry member:

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. HYPO ALPE-ADRIA-BANK AD BANJA LUKA
7. MONET BROKER AD BANJA LUKA
8. NLB RAZVOJNA BANKA AD BANJA LUKA
9. NOVA BANKA AD BANJA LUKA
10. PAVLOVIĆ INTERNATIONAL BANK AD SLOBOMIR, BIJE LJINA
11. RAIFFEISEN CAPITAL AD BANJA LUKA
12. UNICREDIT BANK AD BANJA LUKA
13. ZEPTER BROKER AD BANJA LUKA

Custody banks that have a status of Central Registry member are the following:

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

Most important events and activities in 2009

- 24 February 2009 adjustment of ISIN codes

On 24 February 2009, the Central Registry assigned an internationally recognized ISIN code, adjusted with the substitute agency, to all the securities registered in the Central Registry; the adjusted codes and CFI codes are in line with the international standard CFI 10962:2001.

- In the first quarter 2009 our efforts were focused on enabling implementation of the provisions of the Rulebook on Reporting and Disclosure of Information on Operations with Securities (The Republic of Srpska Official Gazette no. 123/08 dated 26 December 2008).

The activities were focused on adjustment of already existing reports and statistics of the Central Registry and developing of the new ones in order to fully comply with the provisions relating to the Central Registry and to completely implement the new method of reporting and communication with the Securities Commission via EPI system.

- In March the Central Registry signed with the BH Central Bank, the Main Bank of the Republic of Srpska, the Protocol on the Manner of Performing Depository Operations by the Central Bank for the Central Registry. The purpose of signing this Protocol was to allow the management of the funds on clearing and settlement account immediately after their inflow. By signing this Protocol, the introduction of the real DVP and application of Article 218, paragraph 2, of the Law

on Securities Market, were made possible. This Article reads: "Transfer of securities and cash based on clearing and settlement of operations performed on the stock exchange and another regulated public market is carried out simultaneously according to the "delivery versus payment" principle".

- Based on the Decision of the Securities Commission no. 01-UP-041-1403/09 dated 08 April 2009, license of the Central Registry for performing operations of investment funds' depository was extended. The license is valid until 04 May 2012.

- The new Decision of the Amount of the Fee Charged for the Services of the Central Registry came into force on 01 May 2009, according to which the fee for clearing, settlement and transfer of securities was significantly decreased, more precisely:

- For purchase and sale transactions involving shares from 0.1% to 0.15% of the value of the transaction,
- For purchase and sale transactions involving debt securities from 0.07% to 0% of the value of the transaction, in other words, purchase/sale transactions with debt securities were exempted from the fee.

- On 30 June 2009 all seven issues of debt securities of the issuer Brcko District BiH were registered.

- On 30 June 2009, the Central Registry had 20 members, more precisely 14 brokerage companies and 6 members-custody banks.

- Upon publishing of the Rulebook on the Contents, Deadlines and Form of the Reports of the Investment Fund, Management Companies and Depository Bank (The Republic of Srpska Official Gazette no. 75/09 dated 17 August 2009), enacted by the Securities Commission, the activities ensued on adjusting to the new way of reporting to the Securities Commission by the depositories.

- A new Rulebook on Chart of Accounts, Contents of the Accounts in the Chart and Contents and the Form of Financial Reports for Investment Funds was published in November 2009, (The Republic of Srpska Official Gazette, no. 101/09). In that period the activities started on adjusting the funds' reports with the provisions of the new Regulation.

- The Rulebook on Amendments to the Rulebook on Clearing, Settlement and Transfer of Securities was adopted in November by the Management Board of the Central Registry, allowing the members to settle net debts on the day of transfer of securities and payment of net receivables.

- At the end of 2009, in the trial period for this method of reporting, necessary conditions were created for the requested reports to be delivered to the Securities Commission via electronic data collection (EPI). Upon the end of the trial period, the reports of the depositories envisaged by the Rulebook will be adjusted for publishing on the Central Registry web page, in accordance with the Instruction on the Contents of the Web Pages of Authorized Participants in Capital Markets (The Republic of Srpska Official Gazette no. 29/09).

- 13 bonds were registered in 2009, namely:
Seven issues of bonds of BiH Brcko District for settling obligations based on verified accounts of foreign frozen currency savings;
Three issues of municipal bonds of municipalities Gradiska, Bijeljina and Samac;
Two issues of Republic of Srpska-Finance Ministry bonds based on settling of obligations against verified accounts of frozen foreign currency savings and based on material and consequential damage incurred during the period of war activities from 20 May 1992 to 19 June 1996;
One issue of corporate bonds – of Microcredit Company Sinergija Plus d.o.o. Banja Luka.



Scope of Legal Operations

Normative activity of the Central Registry of Securities

The year 2009 was very busy in the Central Registry from the point of view of normative activity, with general and individual enactments being developed in the field of capital markets, corporate management and labour law the enactment of which is the responsibility of the Central Registry.

The following general enactments were adopted during the last year:

- Decision on Amendments to the Articles of Association of the Central Registry of Securities JSC Banja Luka Articles of Association,
- Decision on the Amount of the Fee Charged for the Services of the Central Registry of Securities JSC Banja Luka,

- Decision on Amendments to the Decision on Stamps and Seals of the Central Registry,
- Rulebook on Amendments to the Rulebook on Clearing, Settlement and Transfer of Securities,
- Instruction on the Amendment to the Instruction on Assigning Designation to Securities,
- Procedures in transfer of securities in the process of privatization of state capital by ESOP method,
- Procedure of the system of internal control,
- Operating Procedures in the Process of Registration of Securities and Assignment of the ISIN Code,
- Procedures in the process of delivery of notifications, other data and information to be posted on the Central Registry web page.

The Central Registry also took active part in the preparation of amendments to the Law on Securities Market, in which activity, through in house consultations, all the sectors were involved.

In 2009 ISO Standards relating to ISIN and CFI were imple-

mented in the Central Registry. Preparations for this activity were comprehensive and long-lasting and included the review of legal documents, of the data already registered in the database, development of additional enactments and forms and joint legal-IT testing. By this activity, the world standards in registration of the securities were introduced in the Republic of Srpska market too.

A number of individual enactments were adopted and legal reviews carried out during the implementation of general enactments.

In order to tie up the technical issues, the Protocol on Transfer of Securities in the Process of Privatization of State Capital by ESOP Method from RS IDB was developed and signed.

Contracts signed by the Central Registry with its clients as well as the employees' employment contracts were updated in order to bring them in line with the new regulations and to accomplish higher level of legal security. A

Also, reports delivered to the Securities Commission through EPI system were analyzed from the legal point of view and adjusted.

Processing applications and orders in the operations relating to keeping the securities register

During 2009 the Central Registry was very active on the activities related to the issuing of bonds of the Republic of Srpska and of the local self-governance units. In accordance with the Regulation on Settling Tax Obligations through Republic of Srpska Bonds, in third quarter 2009, a big number of bonds were transferred from bond holders to the Republic of Srpska. The names of the municipalities were updated in the database in order to bring them in line with the new Law on Territorial Organization of the Republic of Srpska.

The volume of performed activities in 2009 is presented in table below; however, the number of processed applications is higher, because the table covers only the applications that were positively resolved. Data are entered into the register after completion of checking the received applications and the related documentation. The Central Registry tries to make the time from receiving the application to entering the data in the register as short as possible, and the procedure as simple as possible, at the same time making sure that this does not interfere with legal security. The data on the securities, holders, rights and limitations of rights, third parties' rights and holders of those rights, bans and restrictions of transfer of securities are registered, maintained and kept in the Central Registry.

Type of application and order	Positively resolved
First share issue	25
First bond issue	5
Subsequent bond issues	8
Issues based on capital decrease	3
Issues based on capital increase	24
Issues on other bases	/
Creating holders' accounts	8.353
Issuing certificate on the balance of the account	1.333
Issuing the book and the list of shareholders	594
Adjustment of data on holders	≈ 15 daily
Merger of accounts due to adjustment of data	804
Transfer based on inheritance	1.087
Transfer based on other legal transactions	363
Issuing the statement from the balance of the account	≈ 15 daily
Reinstating the securities from client account to holder account	≈ 8 daily
Registration of lien	163
Registration of change of lien	152
Removal of lien	186
Enforced sale of pledged securities by the Central Registry	28
Registration of ban on disposal	286
Removal of ban on disposal	26
Admission to membership	2
Exclusion from membership	4
Joint Stock Companies' Take-Over	29

Table 1 Number of positively solved orders and applications

Regular activities on the collection of amounts due from issuers based on contracts on registration of securities and keeping the issuers' accounts were continued in the year 2009. A part of previously started court proceedings was successfully completed during 2009 by court settlements or rulings in favour of the Central Registry. Taking into account the principle of cost-effectiveness and efficiency, an extensive action was started aimed at resolving disputes, that is to say, at collection based on issued rulings by mutual consent. We believe that the action was successful, because one part of receivables was collected without time-consuming litigation or initiation of the enforcement procedure.

Clearing, settlement and transfer of securities

The last year (2009) saw a trend of bigger number of registered debt securities, bonds and of decrease of both the volume of regular trades and turnover made through block trades.

Regular turnover was decreased by 25% compared to 2008 and amounts to 85.682.016,72 KM, while the turnover made through block trades was decreased by as much as 83% and amounts to 19.265.551,96 KM.

The only increase in turnover was with the bonds – it amounted to 30.503.042,42 KM, which is by 160% more compared to the turnover made in the previous year.

In March the Central Registry signed with BiH Central Bank, the Main Bank of the Republic of Srpska, the Protocol on the Manner of Performing Depository

Operations by the Central Bank for the Central Registry. The purpose of signing this protocol was to allow the funds on the clearing and settlement account to be managed immediately after their inflow, that is to say, to enable the introduction of the real DVP and application of Article 218, paragraph 2 of the Law on Securities Market.

As of 01 May 2009 a new Decision on the Amount of the Fee Charged for the Services of the Central Registry came into force, by which the fee for clearing, settlement and transfer of securities operations was considerably reduced, more precisely for :

- sale and purchase operations with shares from 0.1% to 0.015% of the value of the transaction,
- sale and purchase operations with debt securities from 0.07% to 0% of the value of the transaction, in other words, sale and purchase operations with debt securities were exempted from the fee.

The said changes, along with the decrease of level of turnover of securities, resulted in decrease of income in this segment of Central Registry operations.

The Central Registry Management Board adopted the Rule-book on Amendments to Rule-book on Clearing, Settlement and Transfer of Securities in November, allowing the members to pay net debts on the day of transfer of securities and payment of net receivable.

To the end of more efficient operation of the Central Registry, in the last year, numerous amendments and modifications were undertaken – they helped improve the functioning of both the application for computing the principal and interest and the application for monitoring net debts and net receivables of the Central Registry members.

Total turnover

Total turnover, made of the turnover on the basis of regular trade and turnover based on block trades, in the period from 01 January to 31 December 2009, amounted to 104.947.568,68 KM.

Comparative indicators for the years 2008 and 2009 are presented in table below

	01.01-31.12.2009.	01.01-31.12.2008.	Index
Number of transactions	18.060	30.528	59
Number of issuers whose securities were traded	275	327	84
Number of traded securities	156.431.409	447.301.687	35
Realized turnover	104.947.568,68	236.150.180,80	44

Table 2 Total turnover in the years 2008 and 2009

It is obvious from the above table that besides the decrease in total turnover, which was by 56% lower in 2009 compared to the previous year, there was a decrease in other indicators, too, namely:

- number of traded securities, by 65%,
- number of transactions, by 41%,
- number of issuers whose securities were traded, by 16%.

Turnover realized through regular trades amounts to 85.682.016,72 KM which is 82% of overall turnover, while turnover realized through block trades accounts for 18% of total turnover and amounts to 19.265.551,96 KM.

A share of the Central Registry members in regular trades, block trades and total turnover is presented in table below:

Name of member	Regular trade ¹		Total	% share in regular
	Value of purchase	Value of sale		
ADVANTIS BROKER AD	9.982.486,93	4.532.477,48	14.514.964,41	8,47%
BALKAN INVESTMENT BANK AD	7.197.050,82	5.814.482,12	13.011.532,94	7,59%
BOBAR BANKA AD	12.285.851,68	6.822.743,76	19.108.595,44	11,15%
EUROBROKER AD	6.324.467,04	11.855.609,11	18.180.076,15	10,61%
FIMA INTERNATIONAL AD	3.566.001,63	5.444.048,75	9.010.050,38	5,26%
HYPO ALPE-ADRIA-BANK AD	1.948.632,47	4.046.565,03	5.995.197,50	3,50%
ZEPTER BROKER AD	8.129.018,05	5.378.240,96	13.507.259,01	7,88%
VOLKSBANK AD	766.246,86	309.939,24	1.076.186,10	0,63%
UNICREDIT BANK AD	935.728,67	486.927,06	1.422.655,73	0,83%
MONET BROKER AD	5.742.158,85	5.135.160,74	10.877.319,59	6,35%
NLB RAZVOJNA BANKA AD	4.050.036,79	7.212.897,49	11.262.934,28	6,57%
NOVA BANKA AD	9.687.951,60	12.620.367,02	22.308.318,62	13,02%
RAIFFEISEN CAPITAL AD	2.752.982,14	3.915.665,45	6.668.647,59	3,89%
PAVLOVIĆ INTERNATIONAL BANK AD	1.118.962,06	783.737,28	1.902.699,34	1,11%
TOTAL BROKERAGE COMPANIES	74.487.575,59	74.358.861,49	148.846.437,08	86,86%
BALKAN INVESTMENT BANK AD-KASTODI	0,00	0,00	0,00	0,00%
NOVA BANKA AD-KASTODI	43.685,22	1.882,47	45.567,69	0,03%
RAIFFEISEN BANK DD-KASTODI	1.731.306,33	1.111.494,65	2.842.800,98	1,66%
UNICREDIT BANK DD-KASTODI	1.614.661,06	887.119,07	2.501.780,13	1,46%
INTESA SANPAOLO BANKA BIH	0,00	0,00	0,00	0,00%
HYPO ALPE-ADRIA-BANK AD-KASTODI	7.804.788,52	9.322.661,04	17.127.449,56	9,99%
TOTAL CUSTODY BANKS	11.194.441,13	11.323.157,23	22.517.598,36	13,14%
TOTAL	85.682.016,72	85.682.018,72	171.364.035,44	100,00%

Table 3 Turnover by the Central Registry members in 2009



Block trades				TOTAL			
Value of purchase	Value of sale	Total	% of share in block oper.	Value of purchase	Value of sale	Total	% of share in total turnover
1.621.790,58	3.767.917,22	5.389.707,80	13,99%	11.604.277,51	8.300.394,70	19.904.672,21	9,48%
0,00	0,00	0,00	0,00%	7.197.050,82	5.814.482,12	13.011.532,94	6,20%
14.094.000,00	14.094.000,00	28.188.000,00	73,16%	26.379.851,68	20.916.743,76	47.296.595,44	22,53%
0,00	0,00	0,00	0,00%	6.324.467,04	11.855.609,11	18.180.076,15	8,66%
0,00	0,00	0,00	0,00%	3.566.001,63	5.444.048,75	9.010.050,38	4,29%
2.146.126,64	0,00	2.146.126,64	5,57%	4.094.759,11	4.046.565,03	8.141.324,14	3,88%
0,00	0,00	0,00	0,00%	8.129.018,05	5.378.240,96	13.507.259,01	6,44%
0,00	0,00	0,00	0,00%	766.246,86	309.939,24	1.076.186,10	0,51%
0,00	0,00	0,00	0,00%	935.728,67	486.927,06	1.422.655,73	0,68%
569.614,85	569.614,85	1.139.229,70	2,96%	6.311.773,70	5.704.775,59	12.016.549,29	5,73%
834.019,89	834.019,89	1.668.039,78	4,33%	4.884.056,68	8.046.917,38	12.930.974,06	6,16%
0,00	0,00	0,00	0,00%	9.687.951,60	12.620.367,02	22.308.318,62	10,63%
0,00	0,00	0,00	0,00%	2.752.982,14	3.915.665,45	6.668.647,59	3,18%
0,00	0,00	0,00	0,00%	1.118.962,06	783.737,28	1.902.699,34	0,91%
19.265.551,96	19.265.551,96	38.531.103,92	100,00%	93.753.127,55	93.624.413,45	187.377.541,00	89,27%
0,00	0,00	0,00	0,00%	0,00	0,00	0,00	0,00%
0,00	0,00	0,00	0,00%	43.685,22	1.882,47	45.567,69	0,02%
0,00	0,00	0,00	0,00%	1.731.306,33	1.111.494,65	2.842.800,98	1,35%
0,00	0,00	0,00	0,00%	1.614.661,06	887.119,07	2.501.780,13	1,19%
0,00	0,00	0,00	0,00%	0,00	0,00	0,00	0,00%
0,00	0,00	0,00	0,00%	7.804.788,52	9.322.661,04	17.127.449,56	8,16%
0,00	0,00	0,00	0,00%	11.194.441,13	11.323.157,23	22.517.598,36	10,73%
19.265.551,96	19.265.551,96	38.531.103,92	100,00%	104.947.568,68	104.947.570,68	209.895.139,36	100,00%

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

Regular trades

In 2009 there was a total of 250 days of trading. Total turnover based on regular trade amounted to 85.682.016,72 KM which is by 25% less compared to the previous year (114.016.536,61 KM). In 18.050 transactions a total of 144.245.142 securities were traded (shares and bonds). The average number of transactions per trade was 72 which is by 41% less compared to the previous year, while the average turnover amounted to 342.728,07 KM which is also less compared to the previous year, namely by 25%.

The table and the chart below illustrate the movement present in the capital market speaking of regular trades in the years 2008 and 2009.

Regular trade	01.01-31.12.2009.	01.01-31.12.2008.	Index
No. of trades	250	248	101
No. of transactions	18.050	30.483	59
Average no. of transactions per trade	72	123	59
No. of issuers whose securities were traded	274	322	85
Number of traded securities	144.245.142	355.339.326	41
Turnover realized	85.682.016,72	114.016.536,61	75
Average turnover per trade	342.728,07	459.744,10	75

Table 4 Regular trades in the years 2008 and 2009

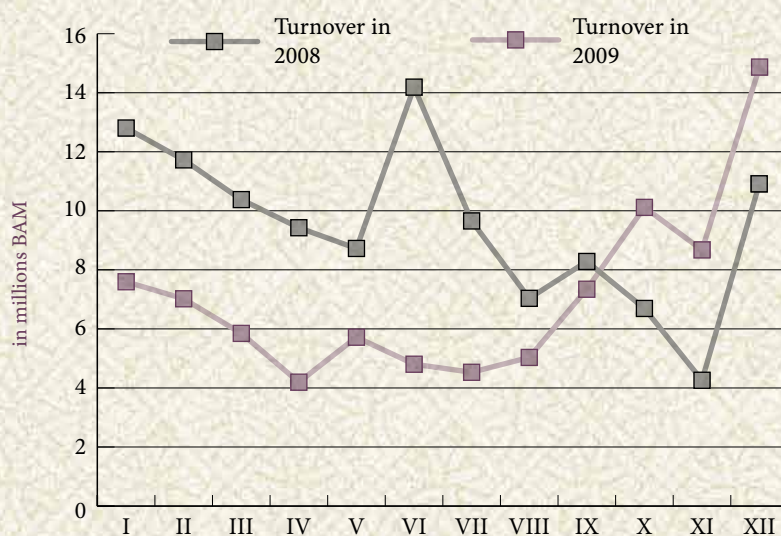


Chart 2 Turnover from regular trades by months in the years 2008 and 2009

If we look at turnover per months we can see that in the first nine months turnover was significantly lower than turnover in the same period of the last year. Higher monthly turnovers were realized only in the last quarter 2009, in the total amount of 33.628.637 KM which makes 39% of turnover realized through regular trades in 2009.

Analysis of regular trades per securities is presented in table below.

Type of sec.	Value of turnover	% of total value of turnover	Change (2009/2008)	No. of traded	% of total number of traded	Change (2009/2008)	No. of trans-actions
Shares	55.178.974,30	64%	-46%	89.630.307	62%	-74%	11.533
Bonds	30.503.042,42	36%	160%	54.614.835	38%	365%	6517
TOTAL	85.682.016,72	100%	-25%	144.245.142	100%	-59%	18.050

Table 5 Analysis of regular trades per types of securities

Block trades

Turnover realized through block trades in 2009 amounted to 19.265.551,96 KM, an amount lower by 83% than the one in 2008.

In block trades only shares were traded, while a share of total value of block trades in total turnover is 18%.

All indicators for block trades in the year 2009 are significantly lower compared to the previous year, which is the best illustrated in table below.

Block trades	01.01-31.12.2009.	01.01-31.12.2008.	Index
No. of trades	9	24	38
No. of transactions	10	35	29
Average no. of transactions per trade	1,11	1,46	76
Number of issuers whose securities were traded	6	16	38
Number of traded securities	12.186.267	63.624.280	19
Realized turnover	19.265.551,96	115.505.779,06	17
Average value of turnover per block trade	1.926.555,20	3.300.165,12	58

Table 6 Block trades

Guarantee fund

In accordance with the Rulebook on Clearing, Settlement and Transfer of Securities, and the Instruction on Payment in and the Use of Guarantee Fund, the Guarantee Fund is comprised of basic and additional payments made by the Central Registry members.

In 2009 the Central Registry Management Board issued a decision on the amount of the basic payment into the guarantee fund, on two occasions, namely:

- On 29 January 2009 for the period from 01 Feb to 31 July 2009 in the amount of 9.500,00 KM per member;
- On 30 July 2009 for the period 01 August to 31 January 2010 in the amount of 7.700,00 KM per member.

The amount of additional payment of the members is determined on the monthly level, depending on the amount of the average value of member's net debt and the ratio of its monthly net debt. Looking by the members, the biggest amount of additional payment in the guarantee fund was made by the member "Advantis broker" a.d. Banja Luka in November, in the amount of 173.725,00 KM.

Central Registry members promptly discharged their cash obligations based on net debt from concluded transactions throughout the year, so that there was no need to use the funds of the guarantee fund.

Computation of the principal and the interest for debt securities

13 bonds were registered in 2009, namely:

1. Seven issues of bonds of BiH Brcko District for settling obligations based on verified accounts of frozen foreign currency savings,
2. Three issues of municipal bonds (Municipalities Gradiska, Bijeljina and Samac),
3. Two issues of bonds of the Republic of Srpska-Finance Ministry (based on settling of obligations from verified accounts of frozen foreign currency savings and on the basis of material and consequential damage incurred during the period of war activities from 20 May 1992 to 19 June 1996),
4. One issue of corporate bonds (MKD Sinergija Plus d.o.o. Banja Luka)

All issued bonds in the year 2009 are coupon bonds, the repayment of which is done through amortization plan.

Computation of principal and interest

The number of corporate actions in which the Central Registry performs operations of computation of principal and interest considerably increased in the year 2009.

An overview of computation of principal and interest per months in 2009 is presented in table below.

Corporate action	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Principal debt maturity	1	1	-	-	-	1	1	1	2	-	-	1	8
Interest maturity	1	1	-	-	-	2	1	1	9	-	-	5	20

Table 7 Computation of principal debt and interest per months in 2009


Table below gives an overview of the amount of principal debt and interest due for payment in 2009, for which the Central Registry performs a service of computation, as well as of the number of holders of bonds for which computation was done.

Corporate action	Amount for payment	No of holders
Principal debt maturity	47.986.522,78	39.556
Interest maturity	6.789.668,43	
Total	54.776.191,21	

Table 8 Amount of principal debt and interest that became due for payment

As it can be seen from tables above, computation of principal debt and interest due on bonds is becoming one of the significant operations performed by the Central Registry.





Depository operations

Based on the Decision no. 01-UP-041-1403/09 dated 08 April 2009 issued by the Securities Commission, the license of the Central Registry for performing depository operations for investments funds was extended with the validity until 04 May 2012.

At the end of 2009 the Central Registry performed the operations of a depository for 10 closed-end investment funds. The Central Registry performs the operations of determining the net value of assets for a total of eight funds.

Regular activities on determining net value of assets of The Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund and on making monthly reports for these funds continued in 2009.

Operations of a depository for investment funds

As of 31 December 2009, the Central Registry performed the operations of investment funds' depository for a total of 10 closed-end investment funds. Of these 10 closed-end investment funds, nine were formed through transformation of privatization investment funds, and one was founded in accordance with the Law on Investment Funds. The total net value of assets of these 10 funds as of 31 December 2009 amounted to 205 million KM.

Pursuant to valid regulations, the fund depository may also perform operations of determining net value of fund's assets. The Central Registry performs the operations of determining value of assets of those funds for which the management companies transferred those operations to the depository in accordance with the Law on Investment Funds (The Republic of Srpska Official Gazette no. 92/06). Based on signed contracts on performing operations of determining the value of funds' assets, at the end of 2009, computation was done for a total of eight funds. For two funds the computation that was submitted by the companies managing those funds were controlled and verified.

The chart below presents a comparative overview of movements of determined amount of net value of assets of closed-end investment funds for which the Central Registry performed depository operations in the years 2008 and 2009.

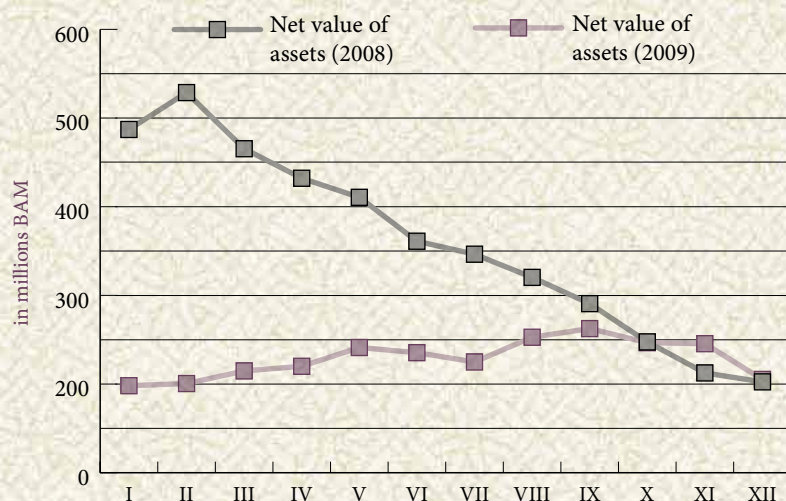


Chart 3 Net value of assets of the funds for which the Central Registry performed depository operations in 2008 and 2009

As indicated by the data presented in the chart, in 2009 there was no further decrease of net value of funds' assets, compared to 2008; it is even possible to see a slight increase of this value. It is noteworthy that in 2008 these activities were performed for 14 and at the end of 2009 for 10 closed-end investment funds. During 2009, at the request of the management companies, four contracts for performing operations of a depository of closed-end investment funds were terminated.

The graph below presents the movement of basic capital and net value of assets of the funds for which the Central Registry performed depository operations in individual years, from 2002 to 2009.

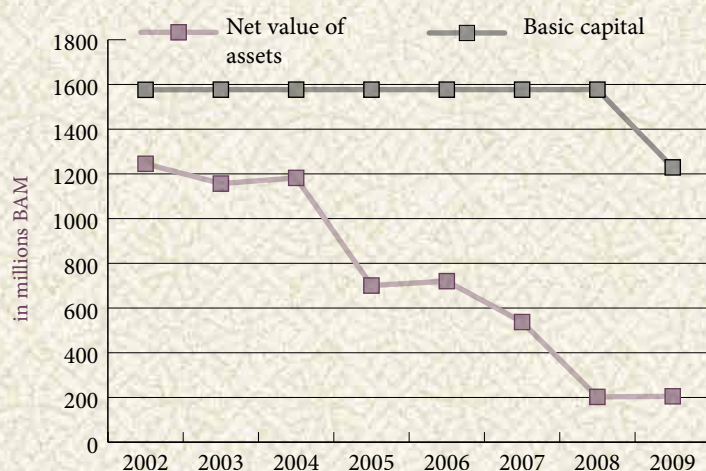


Chart 4 Basic capital and net value of funds' assets from 2002 to 2009

The decrease of basic capital that took place in 2009, presented in table above, was due to the transfer of four funds, of total net value of 54.5 million KM (as of 31 December 2008) and of basic capital amounting to 350 million KM to other depository banks.

During the observed period there was a significant decrease of net value of funds' assets, which, besides the situation in the capital markets, was affected by the methodology for determining net value of funds' assets prescribed by the Securities Commission, which was applied in certain time periods. The valid methodology for determining value of assets of an investment fund and calculation of net value of assets per share or per stock of the investment fund has been applied since December 2007.

Delivery of the reports for the funds

Reports for the funds continued to be delivered to the management companies, Supervisory Boards of the funds and the Securities Commission in 2009.

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

1. Report on net assets – balance sheet for an investment fund,
2. Report on unrealized gains (losses) of an investment fund,
3. Report on structure of investments of an investment fund, by types of assets,
4. Report on structure of investments of an investment fund – shares,
5. Report on structure of investments of an investment fund – bonds,
6. Report on structure of investment of an investment fund – other securities.

Upon publishing of the Rulebook on Contents, Deadlines and Form of Reports of Investment Funds, Management Companies and Depository Banks (the Official Gazette of the Republic of Srpska no. 75/09), which was issued by the Securities Commission, the activities ensued on adjusting to the new method of reporting to the Commission by the depositories. At the end of 2009, during the trial period for this manner of reporting, possibilities were created to submit the requested reports to the Commission by electronic data collection (EPI). After the end of the trial period the reports of the depositories envisaged by the Rulebook will be adjusted for publishing on the Central Registry web page, in accordance with the Instruction on the Content of Web Pages of Authorized Participants in the Capital Market (The Republic of Srpska Official Gazette, no. 29/09).

Joint-Stock Companies Take-Over

The activity of the Central Registry related to conducting the procedure of Joint Stock Company take-over is carried out in accordance with the Law on Joint Stock Companies Take-Over (The Republic of Srpska Official Gazette nos. 65/08 and 92/09). Amendments to the Law on Joint Stock Companies Take-Over came into effect in October 2009. The most important amendments to the Law relate to the exercise of the right to enforced sale and enforced buying in the process of joint stock companies' take-over; in relation to that the activities started on adjusting the Operating Procedures in the Process of Joint Stock Company Take-Over to the Instruction on the Manner of Exercising the Right to Enforced Sale and Enforced Purchase in

the Process of Joint Stock Company Take-Over (The Republic of Srpska Official Gazette, no. 112/09), enacted by the Securities Commission.

During 2009 a total of 33 procedures of Joint Stock Companies take-over were completed with 940 shareholders depositing their shares in those procedures. The total value of deposited shares amounted to 48.60 million KM.

The table below presents the data on Joint Stock Companies take-over in the period 2003 to 2009.

	2003	2004	2005	2006	2007	2008	2009	Total
No. of take-overs	30	38	62	48	49	47	33	307
No. of shareholders who accepted the take-over offer	1.131	2.250	2.475	926	2.143	1.475	940	11.340
Value of deposited shares (in million KM)	6,06	3,25	8,19	3,30	9,82	15,92	48,60	95,13

Table 9 Data on Joint-Stock Companies take-over in the period 2003 to 2009

The following chart presents an overview of data on Joint Stock Companies take-over in the period from 2003 to 2009.

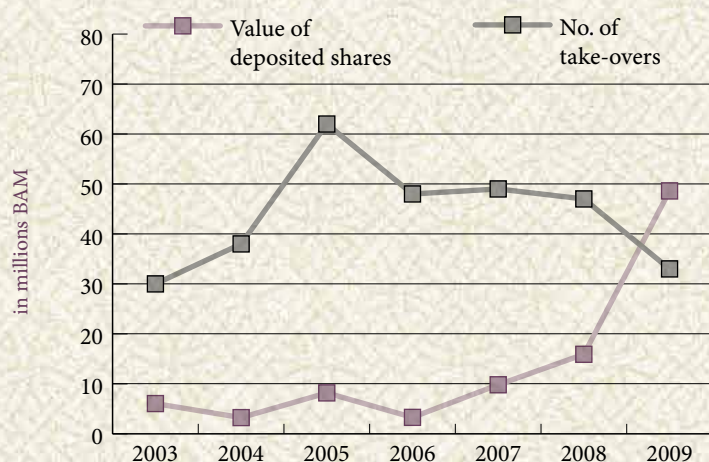


Chart 5 No. of takeovers and value of deposited shares in the period from 2003 to 2009

In 2009 there was a significant increase in value of deposited shares, relating to the value of take-over of Joint Stock Company NLB Razvojna banka a.d. Banja Luka, with the value of deposited shares amounting to 38.46 million KM.

The chart below presents comparative data on the number of completed take-overs and the value of deposited shares in the years 2008 and 2009.

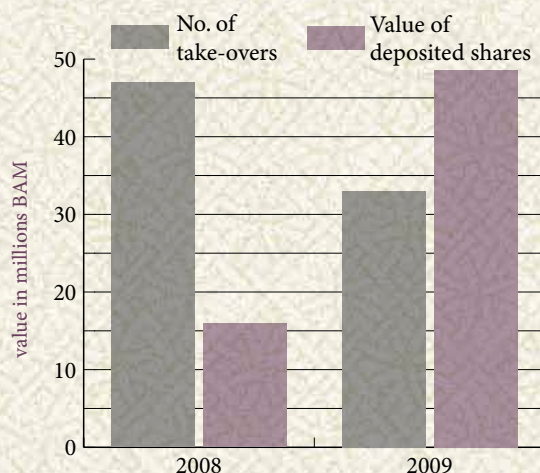


Chart 6 Number of take-overs and value of deposited shares in the years 2008 and 2009.

The data on Joint Stock Companies take overs for which the take-over procedures are ongoing, as well as on completed take-overs of Joint Stock Companies are posted on the Central Registry web page, as stipulated in the Instruction on the Contents of Web Pages of Authorized Participants in Capital Markets (The Republic of Srpska Official Gazette no. 29/09).

Determining net value of assets of the Share Fund and the Restitution Fund

The Central Registry has been performing the operations of a depository, implying determining the net value of assets for the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund, since 2007. Given the continuity in performing depository operations for these funds, determination of the value of assets and liabilities continued to be performed in the year 2009, as well as computation of net value of assets of the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund.

These regular activities 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 (The Republic of Srpska Official Gazette, nos. 95/06, 2/07, 7/07 and 120/08) according to which computation of net value of funds' assets is performed by the Central Registry, which also carries out the activities of the depository for the funds.

For the needs of determining the value of assets of the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund the funds' portfolios were regularly adjusted with the changes arising from increase and decrease of basic capital, registration and removal of issuers, division and merger of issuers from funds' portfolios. In reference to that, an issue of deletion from the funds' portfolios of those issuers in which the bankruptcy procedure was completed has come up. Namely, due to the time distance between deletion of these issuers from the court register and the end of the procedure of their removal from the Register of Issuers kept at the Securities Commission and the Central Registry, at certain times these issuers were still in funds' portfolios although they were removed from the court register. After the overall procedure of deletion of these issuers they are also deleted from the portfolio of the funds for which the Central Registry performs depository operations.

During 2009 appendixes and reports by which the manner of determining the value of funds' assets is documented were submitted regularly, on a monthly basis, to the Supervisory Board of the Republic of Srpska Investment Development Bank, as well as the reports relating to the structure of funds' investments and the reports on calculation of net value of funds' assets and net value per share/stock of capital.

Information Technologies

The strategic activities that were planned for 2009 have been implemented.

We continuously worked on familiarization with the new technologies necessary for development of new software solutions and plan to continue, in the next period too, with continuous keeping up to date with new versions of software tools and extend the support for the existing tools used in the Central Registry.

The need for a daily improvement of security of data in the Central Registry system is caused by the necessity of keeping up to date with the new developments in the market, to which a great deal of our attention is concentrated. In line with that, speaking of protection against unauthorized access to the system, new versions of anti-virus protection were introduced according to the established procedures.

Speaking of regular purchases of licensed software, this year we chose an OVS manner of licensing as the most appropriate one for new enhancements and new software versions; as part of this activity licenses were procured according to the current demands and needs. After conducting preparations for legalization of licenses, Windows Live ID was developed and all terms of licenses accepted.

We should especially emphasize the activities related to harmonization of ISIN code with the standards, transition to the new ISIN codes that provide uniformity of the securities in the market, as well as the communication that we established with ANNA. We also successfully completed adjustment of the existing CFI codes to the valid standards.

As one of the most extensive activity in the year 2009 we could single out the activity related to the preparation and adjustment of the reports delivered to the Securities Commission in a new manner, through Electronic Data Collection (EPI), the reports that relate to the operations within the sector for clearing and settlement, operations relating to the depository sector and operations within the legal sector.

All the preparatory actions for possible connection to SWIFT have been completed according to the plan, that is to say, all necessary information required for the implementation of the optimum solution for the needs of the Central Registry operations were collected.

During the year a decision was made to transfer web and mail servers to the Central Registry premises. Preparations were carried out within the Central Registry as well as with the provider, web and mail servers were installed, operation tested, web and mail servers established and migrated, the connection with the new mail server was set up and the regular maintenance was provided. The operations related to web page administrations were also taken over, as agreed. Improvements were introduced with provision of services of access to the Internet.

Upgrades and adjustments of software developed in the Central Registry were undertaken during the year, according to the given requests. We also performed regular activities related to administration, maintenance and regular backup of all database, as well as administration and maintenance of information systems and monitoring and maintenance of system and network operation.

We provided support to the members and other sectors with their everyday operations on the application according to the requests. Operations with the members and necessary training were carried out as part of the usual routine.

Administration and maintenance of the existing hardware, purchases of new equipment and replacement of the old, with all the necessary installations and set ups, as well as all necessary technical interventions were carried out as planned.

In addition to operative activities and technical interventions, that we were engaged on during 2009, there were some extraordinary activities and all of them were successfully completed. One of them was adjustment of the CSD system to the new version of Stock Exchange system, when we installed the new version of Data Feed base for following trades on Stock Exchange.

Annual Report for 2009

Profit and Loss Statement for the period from 01 January to 31 December 2009

Description	2008. (BAM)	2009. (BAM)
Operating income	2.481.885	2.280.690
Operating expense	2.312.100	1.966.647
Finance income	128.938	159.762
Finance expense	0	0
Other income	335.155	323.530
Other expense	493.010	463.540
Total income	2.945.978	2.763.982
Total expense	2.805.110	2.430.187
NET PROFIT	88.386	276.790

Table 10 Profit and Loss Statement (1 EUR = 1,955830 BAM)

Balance sheet as of 31 December 2009

Description	2008. (BAM)	2009. (BAM)
ASSETS		
Fixed assets	274.260	255.528
Current assets	4.235.556	4.601.494
TOTAL ASSETS	4.509.816	4.857.022
LIABILITIES AND CAPITAL		
Equity	2.687.514	2.964.304
Long-term provisions	794.869	792.103
Liabilities	1.027.433	1.100.615
TOTAL LIABILITIES AND CAPITAL	4.509.816	4.857.022

Table 11. Balance sheet (1 EUR = 1,955830 BAM)

Audit of the financial statement for the year 2009 was performed by an audit house selected by the Shareholders' Meeting of the Central Registry.



Preduzeće za reviziju i konsalting, Petra Preradovića 21, 78000 Banja Luka
Tel/fax: +387 51 348 480, e-mail: vral@inecco.net

Independent auditor's report

To the Supervisory Board and the Shareholders' Meeting of the Central Registry of Securities JSC Banja Luka

We have performed audit of financial statements of the Central Registry of Securities JSC Banja Luka which comprise the balance sheet as of 31 December 2009, Profit and Loss Statement, statement on changes in capital and the balance of cash flows for the year then ended, as well as significant accounting policies and notes to financial statements.

The Company's management is responsible for compiling and objective disclosure of financial statements in accordance with legal regulations and International Financial Reporting Standards. It is our responsibility to express our opinion based on the presented financial statements. Financial statements of the Company for the period ended on 31 December 2008 were a subject of audit performed by "Vralaudit" d.o.o. Banjaluka, who expressed their positive opinion.

We have 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. 36/09) and 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 way to be reasonably assured that financial statements are free from material misstatements. Audit also includes an assessment of applied accounting principles and evaluation of significant estimates performed by the management, as well as the general assessment of presentation of financial reports. We believe that audit that we performed provides a solid basis for expressing our opinion.

In our opinion, with regards to all material issues, the financial statements present fairly and truthfully, the financial position of the Central Registry of Securities JSC Banja Luka as of 31 December 2009, as well as the results of its operation, changes in capital and cash flows, for the period 01 January to 31 December 2009 in accordance with International Financial Reporting Standards and accounting policies disclosed in Notes 2 and 3 to Financial Statements.

Banja Luka, February 2010



"Vralaudit" d.o.o.

Miloš Marčeta, M.Ecc.
Authorized auditor

Central Registry of Securities management



Jasminka Đukić,
Director



Biljana Čubrilović,
Manager of the
Clearing and
Settlement Sector



Dragica Lakić,
Manager of the
Legal Affairs Sector



Nevenka Lero,
Manager of the
Sector for Depository
Operations



Divna Bosiočić,
Manager of the
Information
Technologies Sector



Slavica Verčević,
Manager of the Sector
for Financial Accounting
Operations





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

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