



CENTRAL REGISTRY
OF SECURITIES JSC
Banja Luka

Annual Report 2012

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A word from the director

A negative influence of the economic crisis on the business subject operations and the overall capital markets continued in the last year. Instability trends have marked the operations of big markets, with alternating cycles of share growth and decline hitting record levels. One of the most asked questions among the investors was: was this a beginning of the turning point in the market!? These trends have led to the correction of share prices, and have certainly reflected on the sense of insecurity among the investors with consequences on the scope of investments in small markets like ours.

Although one part of the issuers has stable income and distributes dividend, the interest of investors in investing in shares continues to show a negative trend, so that in 2012 the volume of settled transactions involving shares was by 37% lower compared to those in the last year. On the other hand, the investors' interest in bonds has sustained a positive trend from the previous period, so that the volume of settled transactions was by 59% higher compared to 2011.

Due to such movements for the first time the volume of settled trades of bonds exceeded the volume of share trades.

While a highlight for the year 2011 was the first issue of the Republic of Srpska treasury notes, 2012 was marked by the first settlement of a transaction with treasury notes from secondary trade.

In 2012 a tendency was observed in the Republic of Srpska capital markets that an increasing number of shareholder companies changed the organizational form undergoing a transformation into LLCs, thus being struck off from the Central Registry. In the last year 15 new issuers were registered, while as many as 46 were erased.

In April last year a new contract was made on performing the depository operations for the Republic of Srpska Pension Reserve Fund, for a three-year period. Central Registry also performed depository operations for 11 investment funds.

Appreciating the difficult economic situation, both at the global and local levels, the Central Registry intensively carries out the saving measures, and plans the activities that will lead to the improvement of overall business operations. These activities primarily relate to the introduction of new services and products, aimed at accommodating demands



Jasminka Đukić,
director

of our users. Given the fact that our market is still developing, we plan to put even more efforts in the forthcoming period into finding the ways to create a favorable environment for as fast development of the market as possible, while observing all international standards, recommendations and directives.

Summing up the situation at the end of 2012, we can say that the Central Registry has managed to make the best of the opportunities offered by the market and to provide its customers with full service. We promise that we will continue taking care of our customers' needs and take care of the needs of further market development and cooperation with other members, thus remaining an active participant in the capital markets in the years to come.

Jasminka Đukić
Director,
Central Registry of
Securities JSC Banja Luka

A stylized handwritten signature in dark ink, appearing to read 'J. Đukić'.

Central Registry Management Board



Chairman
Dejan Guzijan
BA Law



Deputy chairman
Dragan Džinić
BA Law



Member
Božidar Plavljanin
BA Economics



Member
Bratoljub Radulović
BA Economics



Member
Saša Tanasić
BA Economics

Central Registry Supervisory Board



Chairman
Jovo Radukić
BA Economics



Deputy chairman
Nebojša Vuković
BA Economics



Member
Boris Kačavenda
BA Economics

In 2012 a five-year mandate of the previous composition of the Management and Supervisory Boards expired, so that the new Boards were elected.

Previous Management Board members:

Prof. Nikola Mojović, Ph.D. – chairman,

Milka Lukić – deputy chairman,

Božidar Plavljanin – member,

Zoran Bera – member,

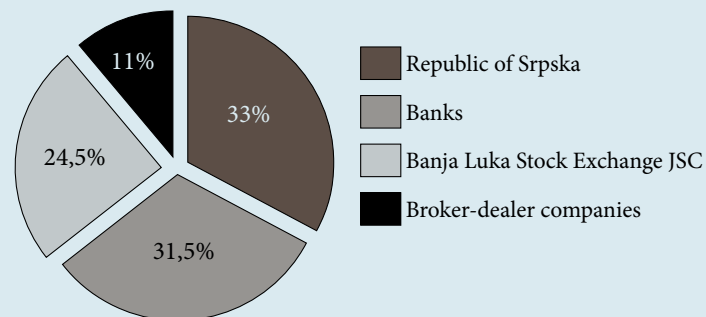
Dragan Džinić – member.

Previous Supervisory Board members:


Božana Šljivar – deputy chairman,

Jovo Radukić – member.

Ownership structure



Graph 1. Central Registry ownership structure as of 31 December 2012



Summary of the tasks performed in the period January-December 2012

- 15 new issuers were registered in the Central Registry database;
- 52 new securities issues were registered;
- Almost 6.000 new holders were registered;
- Almost 6.200 transfers outside the stock exchange were performed;
- Over 1.100 reports from the book of shareholders were issued;
- 46 issuers were deleted;
- 11 procedures of sellout of pledged securities were performed;
- First transfers of securities from minority shareholders to the controlling shareholder were effected;
- Amendments to the Rulebook on Registration and Transfer of Securities were adopted;
- New Rulebook on Clearing, Settlement and Transfer of Securities was adopted;
- As part of regular trades, 15.197 transactions were settled, of total value of 44.68 million KM as well as 11.600 transactions involving bonds in the value of 48,45 million KM;
- The first transaction of treasury note was settled;
- The value of settled transactions involving treasury notes amounted to 17.32 million KM;
- 7 block trades were settled with total value amounting to 5.70 million KM;
- The value of settled packages of state capital shares and capital of associated shareholders, that were sold by auction on the stock exchange, amounted to 816 thousand KM;
- Three contracts were signed on performing the operations of calculation of the principal and/or interest for payment upon due coupons, with the municipalities: Zvornik, Petrovo and Šipovo;
- 89 calculations of the principal and interest on debt securities were performed, with the total value of 166.35 million KM;
- 39 process of joint stock companies' takeover were performed, with total value of deposited shares exceeding 7.77 million KM;
- In 22 processes of joint stock companies' takeover the right to the sellout of shares was exercised, in the total amount of 1.72 million KM. Shares of 3.317 shareholders were subject to sellout;
- Payment was made to 986 shareholders whose shares were subject to the sellout in the previous period, in the total amount of 937 thousand KM;
- By virtue of the Decision on the Securities Commission the license for performing the depository operations for the investment funds was prolonged, so that it is in force until 04 May 2015;
- Depository operations were performed for 11 investment funds;
- In April 2012, a new contract was made on performing depository operations for the Republic of Srpska Pension Reserve Fund, for the period of three years;
- Determining net value of assets and making monthly reports were carried out for the Republic of Srpska Share Fund and Restitution Fund;
- New computer equipment was purchased and the outdated equipment was replaced;
- Internet access services were improved;



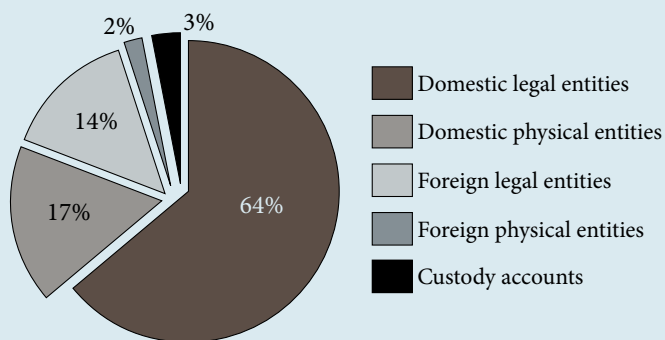
- New licenses were purchased due to the expansion of scope of operations;
- Software for office management/electronic protocol was designed;
- The application for calculating the principal and interest, for the reports for short-term securities was upgraded, and the application adjusted to the amendments to the Rulebook on Clearing, Settlement and Transfer of Securities;
- Modification and adjustment of application for calculation for CIF performed as well as of the application for calculation for other funds;
- Reports relating to the Book of Shareholders according to the new Rulebook on Registration and Transfer of securities adjusted;
- Optimization of internal program applications continuously performed;
- Central Registry website maintained and updated on a daily basis;
- Professional development of staff continued;
- Amendments to Statute of the Central Registry adopted;
- A new composition of the Central Registry Management and Supervisory Boards constituted;
- Central Registry actively participated in domestic professional forums and working groups;
- Active participation in international expert conferences and ECSDA meetings;
- Requested questionnaires and required statistics updated and delivered to the Association of Global Custodians as part of the Depository Information Gathering Project (AGC DIGP);
- International agency for central securities depository (CSD) risk assessments “Thomas Murray” awarded grade BBB (acceptable risk) for risk assessment to the Central Registry. The grade for risk assessment in the previous year was also: BBB.

Scope of Legal Operations

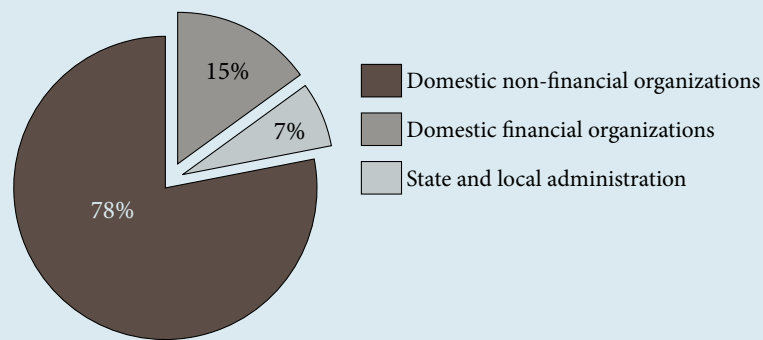
Operations of Register Keeping and Registration in the Central Registry System

As of 31 December 2012, the securities with the total par value of 14.948.855.783 KM are registered in the Central Registry. The securities are kept on 1.247.895 holders' accounts.

The structure of registered securities is presented in the following graphs:



Graph 2. Securities registered as of 31 Dec 2012, according to holders' category



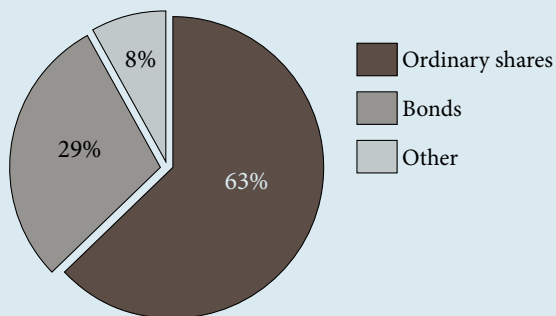
Graph 3. Registered securities as of 31 Dec 2012, according to the issuer's category

Processing requests and orders

Registration in the Central Registry is preceded by handling of received orders and requests in accordance with the law. In this process the Central Registry applies the Law on General Administrative Procedure, while the documents based on which registration is done are kept in accordance with the relevant regulations related to capital markets and the archive activity.

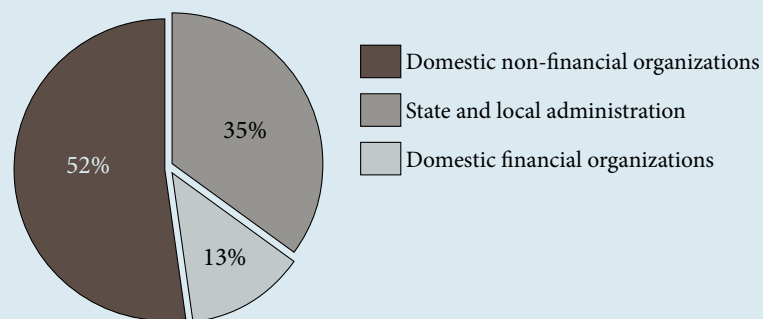
Registration of securities

In 2012 there were a total 52 issues in which the securities were registered, of which 33 the issues of ordinary shares, four issues of treasury notes and 15 issues of bonds.



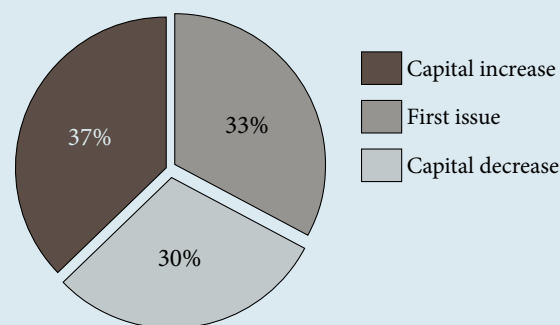
Graph 4. Issues per type of securities

Types of issued securities reflect on the structure of issuers, so that in 2012 the Republic of Srpska, District Brčko and local communities effected 18 issues, financial institutions seven issues and business companies 27 issues.



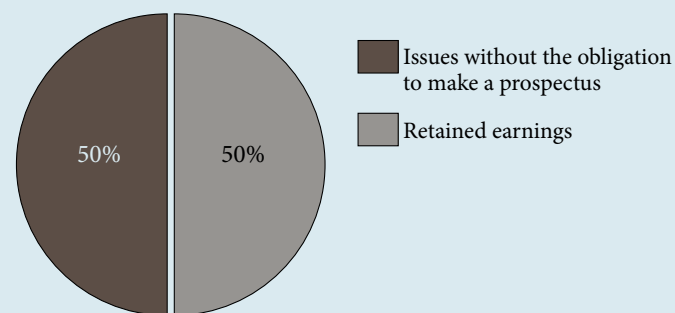
Graph 5. Issues per type of issuer

33 capital changes were performed in joint stock companies, with almost the same share of first issues, increase and decrease of capital.



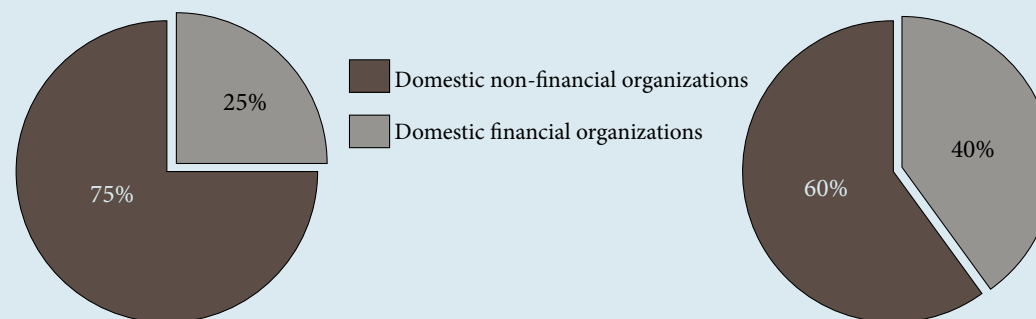
Graph 6. Issue of shares per type of capital change

According to the current legislative, capital increase may be effected by new contributions (through an issue without an obligation to make a prospectus or public offering of shares), by conditional increase or from joint stock company funds (from retained earnings). In 2012, the issues of capital increase were conducted by new contributions without an obligation to make a prospectus and from retained earnings, in equal proportion.



Graph 7. Issues according to the method of capital increase

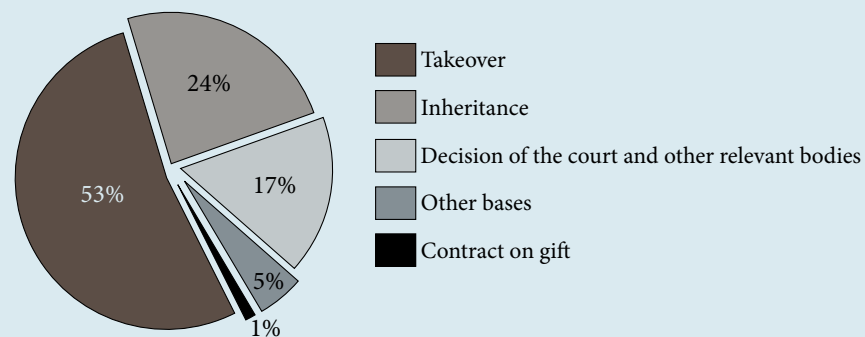
The structure of issuers who had an increase or decrease of capital in the last year is presented in two graphs below.



Graph 8. Increase / decrease of capital per type of issuer

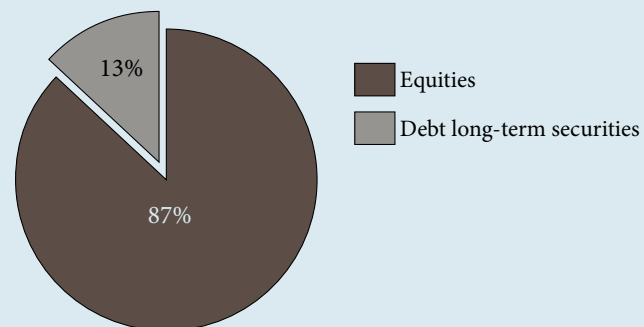
Transfer of securities outside the stock exchange

The trend of settling tax liabilities by bonds continued in the year 2012. A big number of securities transfers based on sellout in a takeover procedure were also evident - in 2012 there were 3.317 such transfers. In 2012, takeovers of 41 companies were completed.



Graph 9. Transfer of securities outside the stock exchange according to legal basis

Given the fact that joint stock companies takeover is a prevailing legal basis for transfer of securities outside the stock exchange, transfer of shares also prevailed over the transfer of debt securities.



Graph 10. Transfer of securities outside the stock exchange per type of securities

Issuing public documents

Issuing of documents by the Central Registry to authorized persons is very important in legal transactions, given the fact that such documents contain the data from a uniform database on securities of all issuers and their holders, and that they have a force of a public document. Documents issued by the Central Registry contain full information about the current assets, as well as historical background of all aspects of acquisition and disposal of property.

Issuing public documents	Positively solved
Issuing certificates on the balance on account	2.583
Issuing the book and the list of shareholders	1.137
Issuing statements on the balance on the account	≈ 12 daily

Table 1.

Registration of third parties' rights and of limitations of disposal rights and of the rights inherent in securities

The role of the Central Registry in securing the creditors' claims from the contracts in legal transactions, based on the order of the court or of another relevant body and on legal lien continues to be important. Registration of pledge right on securities and the procedure of pledgee's settlement by selling pledged securities have been

regulated under the Law on Securities Market and the Law on Enforcement Procedure. Foreclosure proceedings in public and private legal affairs are effected through the Central Registry. Registration and deletion of ban on disposal or limitation of the exercise of a certain right arising from the securities in the Central Registry system is performed on the basis of the order of the court or another relevant body.

Third parties' rights and limitation of rights	Positively solved
Registration of pledge right	79
Registration of change of pledge right	37
Deletion of pledge right	99
Sellout of pledged securities by the Central Registry	11
Registration of ban on disposal	194
Deletion of the disposal ban	145

Table 2.



Holders' accounts

Rights and obligations inherent in securities are acquired by the act of registration in the Central Registry. The efficiency and legal security from various aspects of public and private life largely depend on the fact that the Central Registry keeps uniform records on securities, securities' holders, rights inherent in securities and third parties' rights in securities. This is more enhanced by the fact that the Central Security was vested with public authorizations. During 2012, 5,988 new holders' accounts were created in the Central Registry.

Central Registry normative activity

In 2012, the most important activities in this segment of operations were passing of the Amendments to the Rulebook on Registration and Transfer of Securities and the new Rulebook on Clearing, Settlement and Transfer of Securities. The amendments, i.e. the new Rulebook had an effect of adjustment of these documents with the amendments to the Law on Securities Market and the Companies Act. Amendments to the Rulebook on Custody Operations were made as draft, and by coming into effect of the Rulebook on Clearing, Settlement and Transfer of Securities, the requirements for its adoption were met. Amendments to the Procedures on Joint Stock Companies Takeover and to the Instruction for Designation of Securities were also enacted in the last year.

Central Registry's normative activity also includes keeping up to date with the regulations, making proposals for amendments to the rules, participation in the formal working groups and in consulting meetings with the institutions. So, as it had been announced, we worked together with the Ministry for Physical Planning, Ecology and Construction on the Regulation on the Procedure of Public Sale of Business Buildings, Offices and Garages. Central Registry participated in the working group charged with passing the amendments to the Law on Investment Funds, so that, in relation with that, the aspects of registration of units of open investment funds in the Central Registry were analyzed. A meeting was held with the representatives of the Agency for Management of Confiscated Property, where the practical application of the Law on Confiscating the Property Acquired through Perpetration of a Criminal Act was discussed.

Market development and improving services

Improving the work and the activity of the Central Registry are an important part of the Central Registry's legal function. The activities in the field of market development and improving the services include: keeping up to date with international standards, establishing and improving the relations with the relevant international capital markets subjects, keeping up to date with market development and services globally, participation

in projects, adjustments of legal requirements and requirements relating to the development of services with the method of entering the data in the system and with the manner of reporting from the database.

Like in any other year, in 2012 too, efforts were put into improving the position of the Central Registry internationally. In that regard, questionnaires and the statistics for the European Central Securities Depositories Association (ECSDA) and for the Association of Global Custodians (AGC) were updated, and due diligence was held with the global custody bank State Street Bank and Trust. This year for the first time, the report for the Thomas Murray rating agency included a new risk related to the security of clients' property - Asset Safety Risk, as well as the data on corporate management.

In 2012 we continued putting efforts into automation and creation of the conditions for a more efficient response to the users' needs. Thus, the application for delivery of the reports to the issuer was commissioned and the application for the report on pledge rights and applications for monitoring the maturity of debt securities was designed, and as part of continuous maintenance of data quality in the Central Registry system, an analysis was performed of the registration of bank accounts on the securities accounts.

Clearing, Settlement and Transfer of Securities

In accordance with the plan for 2012, the new Rulebook on Clearing, Settlement and Transfer of Securities was enacted by the Central Registry Management Board in December. The reasons for proposing a new Rulebook included the implementation of the provisions of the Law on Amendments to the Law on Securities Market that created the conditions for introducing the account for sellout and buyout of securities, and that enabled that, in extraordinary situations, settling of transactions may last longer than three days. The new Rulebook prolonged the deadlines within which the members may perform allocation of transactions and borrowing of securities. In addition to the above-mentioned, the members were allowed to use the joint custody account and the payments in the guarantee fund above the calculated additional payment, in order to decrease the obligation of payment of liquidity reserve.

Total volume of securities transactions

The total value of transactions settled in 2012 was 116.9 million KM.

Of total settled transactions:

- 93,131,296.86 KM, i.e. 79.63% were regular trades,
- 17,315,384.00 KM or 14.80% were trades made in the market of short-term securities of the Republic of Srpska (trading treasury notes),
- 5,695,269.86 KM or 4.87% represents transactions carried out as block trades,
- 816,401.86 KM, i.e. 0.70% was sale of state capital and capital of associated shareholders by the method of auction for package of shares.

Table 3 gives an overview of indicators of the total value of transactions in 2011 and 2012.

The value of settled transactions in 2012 is by 22% lower compared to the value of transactions in the previous year. This happened due to the decrease of value of following settlements:

- regular trades by 8% and
- block trades by 88%.

Unlike the decrease of total volume of transactions, the number of settled transactions sustained a 5% growth compared to the previous year. All effected transactions were successfully settled.

Settled transactions	2012	2011	Index
No. of transactions	26.812	25.510	105
Value of settled transactions	116.958.352,58	149.010.028,20	78

Table 3. Transactions settled in 2011 and 2012

A detailed breakdown of settled transactions by types is provided below, more precisely for:

- regular trades,
- transactions effected in short-term securities market in the Republic of Srpska,
- block trades and
- sale of state capital and capital of associated shareholders through the method of auction for package of shares.

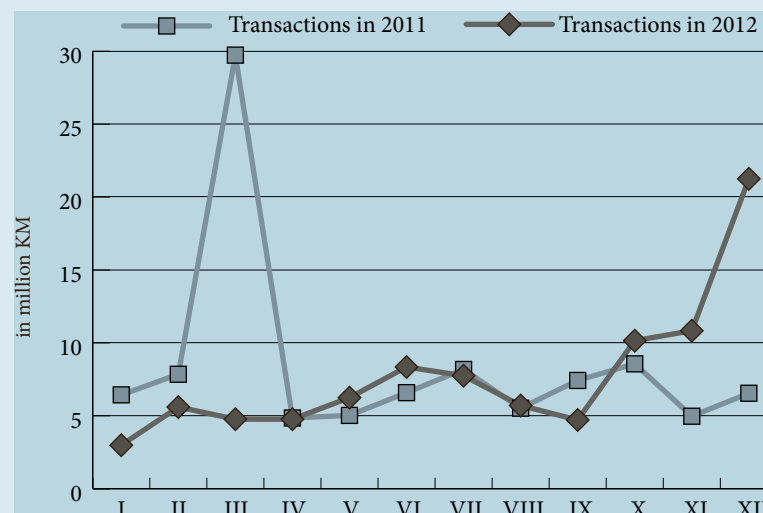
Regular trades

The value of settled regular trades in the first half 2012 amounted to 32.7 million KM, in the second half 60.4 million KM, which represents an 85% increase. If we look at 2011, we can notice a decrease of value of settled regular transactions by 8% and an increase in the number of settled transactions by 5%. 108 transactions of average value of 375 thousand KM were settled on the average daily.

The following table and the graph illustrate the movements present in the capital market involving regular trades in 2011 and 2012.

Regular trades	2012	2011	Index
Number of settled transactions	26.797	25.483	105
Average number of daily settled transactions	108	102	106
Value of settled regular transactions	93.131.296,86	101.713.611,32	92
Average daily value of settled regular transactions	375.529,42	408.488,40	92

Table 4. Settled transactions in regular trades in 2011 and 2012



Graph 11. Value of settled regular transactions by months in 2011 and 2012

We can see in graph 11 that the settled transactions involving regular trades in the first three months 2012, which amounted to 13.4 million KM, were considerably lower compared to the same period of the previous year when it amounted to 44 million KM.

From September to the end of 2012, regular transactions showed a constant rise. This was especially pronounced in December when transactions significantly increased compared to the previous months, amounting to 21.3 million KM.

Table 5 provides a breakdown of settled regular transactions by types of securities.

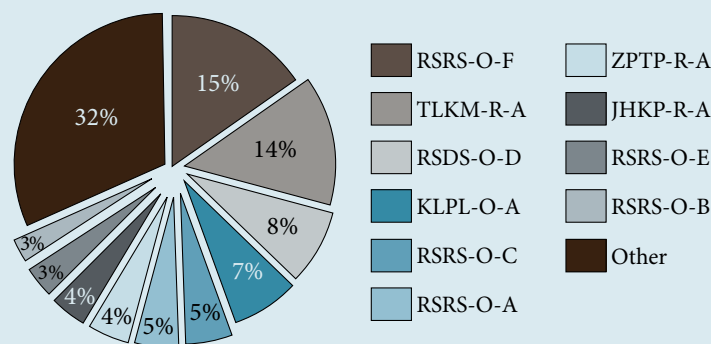
Type of sec	Value of settled transactions	% of the value of settled regular transactions	Index (2012 / 2011)	No. of settled securities	% of total no of settled securities	Index (2012 / 2011)	No. of settled transactions	% of total no of settled transactions	Index (2012 / 2011)
Share	44.679.663,10	48%	63	188.256.310	70%	83	15.197	57%	95
Bond	48.451.633,76	52%	159	81.860.972	30%	118	11.600	43%	123
TOTAL	93.131.296,86	100%	92	270.117.282	100%	91	26.797	100%	105

Table 5. Breakdown of settled regular trades by types of securities

The value of trades involving bonds was in 2012, for the first time, higher than trading shares. Settled regular trades involving shares represents 52% of total settled regular trades, while the remaining 48% includes trading of shares. Compared to 2011, the value of bond trades has increased by 59%, while the value of share trades decreased by 37%.

Value of settlement of share trades amounted to 12.7 million KM, i.e. 13.68% of settled regular trades. Compared to 2011, the value of settled CIF share trades is by 12% higher.

We can see in Graph 12 that investors' interest in bonds increased; the graph presents the securities with the highest share in settled regular trades.



Graph 12. Securities with the highest share in settled regular trades in 2012

Market of the Republic of Srpska short-term securities

In May 2011 the first treasury note was issued by the Republic of Srpska. The first transaction involving the treasury notes was both effected and settled in August 2012. Something that is characteristic for treasury notes is that settling is done on the day of making a transaction (T+0).

Six transactions involving treasury notes were settled in 2012; their total value was 17.3 million KM. A share that trading of treasury notes had in the total value of settled trades in 2012 was 14.8%.

Block trades

The value of settled block trades in 2012 was 5.7 million KM, which is by 88% less compared to 2011. Besides the value of trades, the number of settled transactions also decreased, by 73%. All block trades were settled in the first half of 2012.

Block trades	2012	2011	Index
No. of settled transactions	7	26	27
Value of settled block transactions	5.695.269,86	46.455.381,16	12
Average value of settled block transactions per block trade	813.609,98	1.786.745,43	46

Table 6. Block trade

Auction for package of shares - sale of share capital and capital of associated shareholders on stock exchange

In 2012 the sale and settling of two packages of shares were successfully effected: for the Company "Fabrika vijaka" AD Mrkonjić Grad and "Društveni standard Čajavec" AD Banja Luka. The value of settled trades amounted to 816.4 thousand KM, which is 0.70% of value of total settled trades in 2012.

The shares were sold at a joint auction that was organized for a package of shares of companies from the portfolio of the Republic of Srpska Share Fund and associated shareholders.

Guarantee Fund

According to the Law on Securities Market, the Central Registry is required to form a guarantee fund to secure the obligations from the operations

made on the regulated public market, for which it performs clearing and settlement of cash liabilities. The Guarantee Fund is composed of basic and additional payments made by the members of the system of clearing, settlement and transfer of securities.

The amount of basic payment depends on the average daily value of net cash liabilities of all Central Registry members during the previous semi-annual accounting period, on the number of members and the average risk ratio. According to the decisions of the Central Registry Management Board, the basic payment in the Guarantee Fund in 2012 amounted to 10,000.00 KM per member.

The Central Registry performed calculation of additional payments in the Guarantee Fund for each member on the monthly basis. The amount of the additional payment depends on the amount of average value of member's net debt, as well as on the coefficient of its monthly net debt.

In 2012, the Guarantee Fund was the highest in December (410 thousand KM), and lowest in February (203 thousand KM).

Central Registry members regularly fulfilled their obligations, both regarding payments into the Guarantee Fund and based on net debts from transactions made on regulated public market. The Guarantee Fund funds were not used in 2012 either, like in the previous years.

Members' share in transactions

Member's name	Regular trades			Block trades			Auction for package of shares - state capital and associated shareholders			Market of short-term securities of RS			TOTAL		
	Value of purchase	Value of sale	% share in regular trades	Value of purchase	Value of sale	% of share in block trades	Value of purchase	Value of sale	% of share in auction for package of shares	Value of purchase	Value of sale	% of share in trading short-term securities of RS	Value of purchase	Value of sale	% of share in total transactions
ADVANTIS BROKER	16.520.276,97	8.668.227,09	13,52%	529.900,00	529.900,00	9,30%	0,00	0,00	0,00%	0,00	0,00	0,00%	17.050.176,97	9.198.127,09	11,22%
BALKAN INVESTMENT BANK	11.676.728,90	14.887.006,07	14,26%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	11.676.728,90	14.887.006,07	11,36%
BOBAR BANKA	1.935.275,76	7.757.437,30	5,20%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	1.935.275,76	7.757.437,30	4,14%
EUROBROKER	2.629.394,69	12.983.440,03	8,38%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	2.629.394,69	12.983.440,03	6,67%
FIMA INTERNATIONAL	6.013.380,16	4.078.502,33	5,42%	0,00	0,00	0,00%	0,00	569.364,96	34,87%	0,00	0,00	0,00%	6.013.380,16	4.647.867,29	4,56%
HYPO ALPE-ADRIA-BANK	1.400.140,56	6.537.085,61	4,26%	0,00	0,00	0,00%	0,00	0,00	0,00%	3.341.976,96	0,00	9,65%	4.742.117,52	6.537.085,61	4,82%
ZEPTER-BROKER	6.655.750,31	5.906.879,36	6,74%	0,00	0,00	0,00%	0,00	0,00	0,00%	788.800,00	0,00	2,28%	7.444.550,31	5.906.879,36	5,71%
UNICREDIT BANK	3.261.386,77	1.238.063,23	2,42%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	10.863.340,00	31,37%	3.261.386,77	12.101.403,23	6,57%
MONET BROKER	8.580.392,33	7.014.578,15	8,37%	5.165.369,86	5.165.369,86	90,70%	569.364,96	0,00	34,87%	0,00	0,00	0,00%	14.315.127,15	12.179.948,01	11,33%
NOVA BANKA	6.826.243,66	10.619.485,64	9,37%	0,00	0,00	0,00%	247.036,90	0,00	15,13%	0,00	0,00	0,00%	7.073.280,56	10.619.485,64	7,56%
RAIFFEISEN CAPITAL	3.228.169,58	3.535.952,02	3,63%	0,00	0,00	0,00%	0,00	247.036,90	15,13%	0,00	0,00	0,00%	3.228.169,58	3.782.988,92	3,00%
PAVLOVIĆ INTERNATIONAL BANK	66.207,73	173.954,41	0,13%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	66.207,73	173.954,41	0,10%
TOTAL BROKERAGE FIRMS	68.793.347,42	83.400.611,24	81,71%	5.695.269,86	5.695.269,86	100,00%	816.401,86	816.401,86	100,00%	4.130.776,96	10.863.340,00	43,30%	79.435.796,10	100.775.622,96	77,04%
BALKAN INVESTMENT BANK AD-KASTODI	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%
NOVA BANKA AD-KASTODI	2.299.117,83	1.512.979,64	2,05%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	2.299.117,83	1.512.979,64	1,63%
NLB BANKA DD-KASTODI	1.065.627,03	1.811.293,03	1,54%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	1.065.627,03	1.811.293,03	1,23%
RAIFFEISEN BANK DD-KASTODI	12.322.135,41	3.134.437,97	8,30%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	12.322.135,41	3.134.437,97	6,61%
UNICREDIT BANK DD-KASTODI	7.570.433,65	2.425.102,89	5,37%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	7.570.433,65	2.425.102,89	4,27%
INTESA SANPAOLO BANKA BIH DD-KASTODI	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00	0,00%
HYPO ALPE-ADRIA-BANK DD-KASTODI	1.080.635,52	846.872,09	1,03%	0,00	0,00	0,00%	0,00	0,00	0,00%	139.249,04	0,00	0,40%	1.219.884,56	846.872,09	0,88%
TOTAL CUSTODY BANKS	24.337.949,44	9.730.685,62	18,29%	0,00	0,00	0,00%	0,00	0,00	0,00%	139.249,04	0,00	0,40%	24.477.198,48	9.730.685,62	14,62%
Direct participants of short-term securities market	-	-	-	-	-	-	-	-	-	13.045.358,00	6.452.044,00	56,30%	13.045.358,00	6.452.044,00	8,34%
TOTAL	93.131.296,86	93.131.296,86	100,00%	5.695.269,86	5.695.269,86	100,00%	816.401,86	816.401,86	100,00%	17.315.384,00	17.315.384,00	100,00%	116.958.352,58	116.958.352,58	100,00%

Table 7. Value of settled trades per members in the period 01 Jan - 31 Dec 2012

Calculation of principal and interest for debt securities

The Central Registry offers two types of services for debt securities issuers, namely:

- calculation of principal and interest for payment to the debt securities holders,
- keeping records of performed/non-performed payments.

Central Registry provides the service of calculation of principal and interest to be paid to the debt securities holders and for the purpose of keeping records of performed/non-performed payments for all issued debt securities of the Republic of Srpska.

Apart from the bonds issued by the Republic of Srpska, the Central Registry also performed calculation of principal and interest for the bonds issued by BH District Brčko, issuer MKD “SinergijaPlus” DOO Banja Luka and by the following municipalities: Laktaši, Šamac, Gradiška, Bijeljina, Istočni Stari Grad, Brod, Kotor Varoš, Lopare, Srbac, Knežev, Zvornik, Petrovo and Šipovo.

The plan for the year 2012 envisaged signing of new contracts for calculation of principal and interest

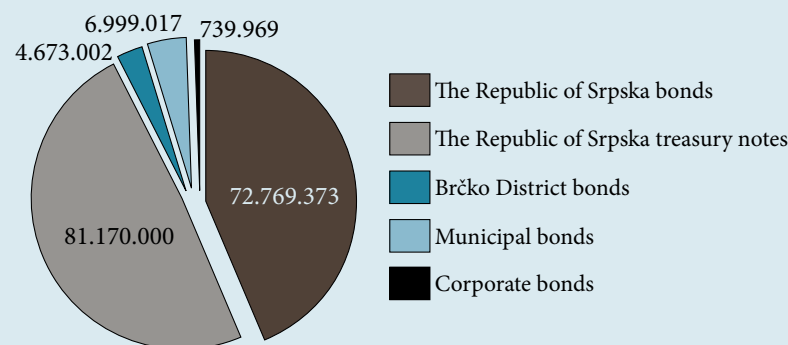
with the issuers of debt securities. In accordance with the plan, the contracts were signed with municipalities Zvornik, Petrovo and Šipovo.

In 2012, 85 calculations upon maturity of coupons for 51 bonds and four calculations upon maturity of treasury notes were performed by the Central Registry. Additionally, for the holders of the sixth coupon of the bond of the issuer MKD “SinergijaPlus” DOO Banja Luka, at the request of the trustee in bankruptcy, calculation was

performed before the maturity of coupon, on the day of opening the bankruptcy procedure.

The data on performed calculations of principal and interest upon maturity of coupons are posted on the Central Registry website.

Graph 13 shows a break-down of due liabilities by types of debt securities, for which the Central Registry performs the calculation.



Graph 13. Breakdown of due liabilities per types of debt securities



As for corporate bonds, the Central Registry performed calculations for MKD “SinergijaPlus” DOO Banja Luka. Total liabilities in 2012 for corporate bonds, for which the Central Registry performs calculation of principal and interest, amounted to about 740 thousand KM.

Speaking of municipal bonds, total calculated liabilities amount to about 7 million KM. The Central Registry performed calculation for 13 municipalities that issued 17 bonds.

In 2012 calculation of due liabilities were performed for:

- 19 bonds of BH Brčko District,
- 14 bonds of issuer Republic of Srpska and
- four treasury notes of the issuer Republic of Srpska.

For all Republic of Srpska debt securities, the Central Registry continuously worked on establishing the reasons for repayment of cash funds and correction of data on holders to whom

payment was not made upon the coupon maturity. For holders that fulfilled the payment requirements, data were delivered periodically to the Finance Ministry and the banks so that a subsequent payment could be made.

As of 31 Dec 2012, the Central Registry has 19 signed contracts that included calculations for 49 bonds and three treasury notes.



Depository operations

In accordance with the permission for performing the operations of investment fund depositories, which was extended by virtue of the Decision of the Securities Commission no. 01-UP-051-950/12 of 20 April 2012, until 04 May 2014, the Central Registry performs the operations of the investment fund depository. The Registry has been performing these tasks since 2003 i.e. since the founding of the first privatization investment funds in the Republic of Srpska. In 2012, the Central Registry performed operations of a depository for nine closed investment funds (CIFs) and two open investments funds (OIFs).

Based on the contracts made with the management companies, in 2012 the Central Registry also provided a service of determining net value of assets of Investment Funds (IFs), for a total of nine IFs: seven CIFs and two OIFs, for which the Securities Commission approved transfer of operations to the Central Registry.

In the last year too the net value of assets was determined for the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund and the reports were made for these funds.

In April 2012 a new contract was made on performing depository operations for the Republic of Srpska Reserve Pension Fund, for a three-year period. In 2012, in accordance with the planned activities, apart from other depository operations, checking and verification of monthly calculations for this Fund were also performed.

Operations of investment fund depository

In 2012, the Central Registry performed operations of a depository for a total of 11 IFs, nine CIFs and two OIFs.

Total net value of assets of these funds as of 31 December 2012 amounted to 268 million KM, with

the value of CIFs' assets accounting for 98.50% of that value. The average amount of investments in CIFs portfolios, for which the depository operations are performed in the Central Registry, as of 31 December 2012, was 88 and included different securities, of which 7% related to the securities traded outside of Bosnia and Herzegovina.

During this period, the tasks on determining the value of fund's assets for a total of nine funds were carried out, i.e. for seven CIFs monthly calculations and for two OIFs daily calculations of net value of their assets. For other funds we performed checking and verification of calculations submitted by the companies managing these funds.

The following graph shows a comparative overview of movements of net values of assets of the investment funds for which the Central Registry performed depository operations in 2011 and 2012. During the observed period, the same methodology of calculation of net value of investment funds was applied.

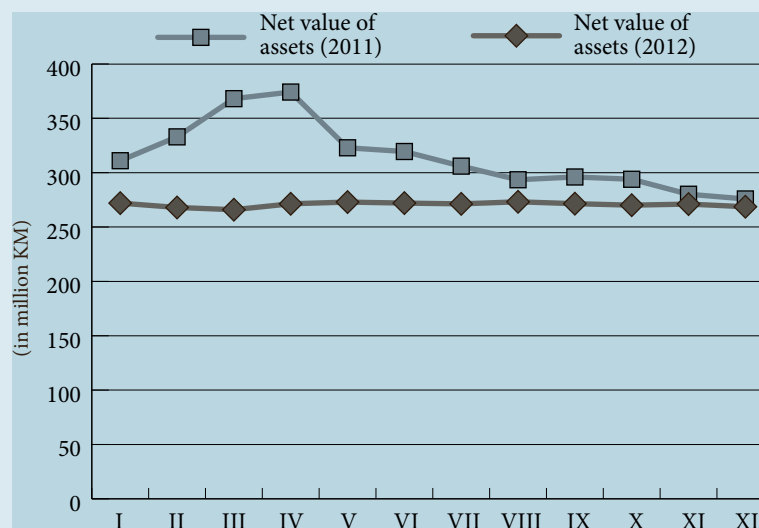


It can be seen in the graph that in 2012 there were no major oscillations of the net value of investment funds' assets, which was lower compared to the same period in 2011. The reason for this may be mostly sought in the situation in the capital markets, and partly in the fact that during the observed period there was a decrease of the number of funds for which the Central Registry performs depository operations, i.e. of one OIF, due to its liquidation in January 2012.

Submission of reports for investment funds

In 2012 too, in accordance with valid regulations, the reports for the funds were delivered to IF management companies, CIF Supervisory Boards and Securities Commission.

As for CIFs, monthly reports on net assets and structure of investments were also submitted for the needs of the Capital Markets Portal.



Graph 14. Net value of IF's assets for which the Central Registry performed depository operations in 2011 and 2012



Reports for the funds were submitted to the Commission via Electronic Passenger Information (EPI), in accordance with the Rulebook on Contents, Deadlines and Forms of Reports of Investment Funds, Management Companies and Depository Bank. Depository's reports envisaged by this Rulebook are posted on the Central Registry website, in accordance with the Instruction on the Content of Websites of Capital Markets Authorized Participants.

In addition to the Law on Investment Funds, the operations of Investment fund depository are also regulated by the Rulebook on Performing Custody Operations issued by the Securities Commission. The Rulebook on Amendment to the Rulebook on Performing Custody Operations, issued on 27 June 2012, requires a depository to submit to the management company, the Supervisory Boards of the funds and to the Securities Commission, certain additional reports too. After coming into force of the Rulebook, the operations of the depository relating to the manner and deadlines of reporting were adjusted, and at the beginning of December amendments to the Rules of Operations of the Investment Fund Depositories were passed. These Rules had been previously approved by the Securities Commission on 26 December 2012.

The Central Registry, as the depository for the investment funds and in line with the Regulation on Requirements for Opening a Foreign Currency Account Abroad, furnishes quarterly reports to

the Finance Ministry relating to investment funds' investments made abroad. These operations, i.e. monitoring the investments made by the investment funds abroad and submission of reports to the Finance Ministry, were performed in 2012 for three investment funds for which the Central Registry conducts depository operations and to which the Finance Ministry issued the Decision approving opening of foreign currency accounts for selling and buying securities abroad.

Operations of a depository for the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund

Activities of a depository for the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund are carried out by the Central Registry in accordance with the Regulation on the Methodology for Determining Net Value of Assets of the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund. Under this Regulation, the Central Registry of Securities performs determining the value of assets and liabilities and calculation of net value of assets of the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund, thus playing a role of a depository for these funds.

Given the fact that the Regulation defines that a depository is required to make a report on determining the value of assets and liabilities and

perform calculation of net value of funds' assets, all the activities were undertaken in the Central Registry necessary for making this report on a monthly basis. For the needs of calculating the net value of assets of funds, in 2012 reports were made on determining the value of assets for each form of assets individually.

Making of these reports implied continuous monitoring of changes in the funds' portfolios arising from transactions made on the stock exchange, from accepting the bids for joint stock companies' takeover, and buying shares in buyout of shares during the procedure of joint stock companies takeover, from the exercise of right of dissenting shareholders, participation in public issuing of securities as well as from all corporate actions taking place with the issuers from funds' portfolios and relating to capital increase or decrease and all forms of changes in organizational form of the company. Also, the funds' portfolios had to be adjusted with the data on registration of the securities from the portfolio which were not corporatized, and with the data on erasing the issuers, all on a monthly basis. For each monthly calculation of net value of the fund's assets, we made sure that due receivables arising from state, municipalities and corporate bonds that the funds held in their portfolios, are appropriately recorded.

Like in the previous year, in 2012 too, in accordance with the Decision of the Republic of Srpska Government, shares of newly founded companies



and companies with majority state capital were recorded in the Republic of Srpska Share Fund portfolio. We also performed transfers of ownership right over the Republic of Srpska capital in companies providing public utility services and in local radio television stations, to the local self-governance units.

On this basis, two transfers of company shares were performed in 2012, to the Share Fund Portfolio - which had to be recorded and appropriately disclosed in monthly reports of the Republic of Srpska Share Fund. For five companies transfer was done from the Republic of Srpska Share Fund to the local self-governance units, and for 24 companies the shares were deregistered from the Republic of Srpska Share Fund portfolio upon the request of the Republic of Srpska Investment Development Bank, in accordance with the amendments to the Law on Transfer of Ownership Right over the Republic of Srpska Capital in Local Radio and Television Stations to Local Self-Governance Units.

In accordance with the Regulation, the Reports on Determining Net Value of Assets were regularly delivered to the Supervisory Board of the Republic

of Srpska Investment Development Bank, within five days from the last day in the month for which the calculation of the net value of funds' assets was performed.

Operations of a Depository for the Republic of Srpska Pension Reserve Fund

Operations of a depository for the Republic of Srpska Pension Reserve Fund JSC Banja Luka have been performed by the Central Registry since April 2011, based on the contract made for providing depository services for this fund. In April 2012 a new contract was made on performing depository operations for the Republic of Srpska Pension Reserve Fund, for a three-year period, which means that these operations would continue in 2012. Given the fact that the Republic of Srpska Pension Reserve Fund is a closed investment fund, which was founded and which operates according to a separate law, the tasks of a depository for this fund are performed in the Central Registry mostly in the same way as for other closed investment funds.

We performed monthly calculations of net value of the Funds' assets, i.e. checking and verification of monthly calculations submitted by the Pension Reserve Fund Management Company. These calculations, carried out according to the same methodology applied for determining net value of assets of the Republic of Srpska Share Fund and the Republic of Srpska Restitution Fund, implied taking into account all transactions related to the Fund's assets as well as all corporate actions taking place with the issuer from the Fund's portfolio, which affected the structure and value of assets from the Fund's portfolio.

In November 2012, the Law on Amendments to the Republic of Srpska Law on Pension Reserve Fund and the Decision on the Fee for the Republic of Srpska Pension Reserve Fund Management Company JSC Banja Luka were enacted. In relation to envisaged changes, and with coming into force of the amendments, certain adjustments were introduced in the way the depository operations were conducted.

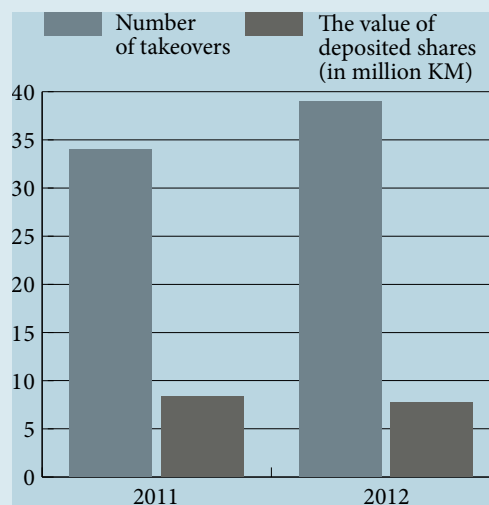
Joint Stock Companies Takeover

There are a number of operations related to conducting the procedure of takeover of joint stock companies performed by the Central Registry, in accordance with the Law on Takeover of Joint Stock Companies. Operations performed in the Central Registry relate to depositing the shares in a takeover procedure and transfer of deposited shares, i.e. transfer and payment of shares subject to sellout in the process of joint stock companies takeover. In its Instruction on the Manner of Exercise of the Rights to Sellout and Buyout in the Process of Joint Stock Companies Takeover, the Securities Commission defines in detail the manner of exercise of these rights in a takeover process, and hence, also the activities performed in the Central registry in relation to that.

In 2012 a total of 39 processes of joint stock companies' takeover were carried out. The total value of shares deposited by 417 shareholders amounted to 7.77 million KM.

The graph below presents the comparative data on the number of completed takeovers and the value of deposited shares in 2011 and 2012.

From 2003, when the first takeover process was carried out in the Central Registry, to the end of 2012, a total of 405 procedures of takeover of joint stock companies were complete. In these procedures shares were deposited by 12.715 shareholders, with a total value of shares amounting to 113.04 million KM.



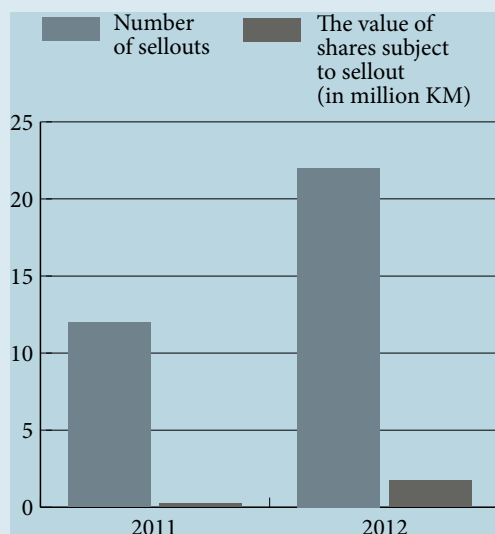
Graph 15. Number of takeovers and value of deposited shares in 2011 and 2012

The data on takeover procedures of joint stock companies that are currently underway, as well as on completed takeovers of joint stock companies are posted on Central Registry website, as envisaged by the Instruction on the Contents of Websites of Authorized Capital Markets Participants.

The activities on implementing a sellout of shares in the process of joint stock companies' takeover have been carried out in the Central Registry since 2010, in line with the amendments to the Law on Takeover of Joint Stock Companies and the Instruction on the Manner of Exercising the Right to Sellout and Buyout in the Process of Takeover of Joint Stock Companies, issued by the Securities Commission. These activities imply transfer of shares subject to sellout to the offeror's account, keeping and transfer of cash funds intended for payment of shares sold in a sellout process to shareholders, informing about the performed transfer of shares subject to sellout, and publishing the notification on sellout of shares in the process of joint stock companies takeover on the Central Registry website.

In 2012, 22 processes of sellout of shares in the process of joint stock company takeover were completed. Shares of 3,317 shareholders were subject to sellout, and their total value amounted to 1.723.820 KM.

The graph below presents comparative data on the number of sellouts in takeover of the joint stock companies and on the value of shares subject to sellout in 2011 and 2012.



Graph 16. Number of sellouts and value of sold shares subject to sellout in 2011 and 2012

The table below provides an overview of data on completed sellout procedures for shares in the previous period.

The activities in the Central Registry related to sellout of shares in the process of joint stock company takeover include, among others, transfer of cash funds from the special-purpose account to the accounts of shareholders whose shares were subject to sellout and maintaining and safekeeping of records of carrying out the sellout procedure. The payment of the shares sold in a sellout is made by the Central Registry after receiving the data on the account number of cash funds of a shareholder whose shares were sold in a sellout.

In the period from 2010 to the end of 2012, a total of 1.167 shareholders whose shares were subject to a sellout were paid, and only in 2012, 986 were paid, i.e. 84% of the total number. However, having in mind the total number of shareholders whose shares were

sold in a sellout in the previous period, only 23% of shareholders have been paid. The money of the remaining shareholders is kept on a special-purpose account opened by the Central Registry at a commercial bank.

A total of 2.144.274 KM has been paid to this account in the previous period, while about 50% of that amount was paid to the shareholders whose shares were subject to sellout. Over 88% of the amount of total disbursements was made in 2012.

	2010	2011	2012	Total
Number of sellouts	3	12	22	37
No. of shareholders whose shares were subject to sellout	172	1.616	3.317	5.105
Value of shares that were subject to sellout (in KM)	172.109	248.345	1.723.820	2.144.274

Table 8. Data on completed sellout procedures in the period from 2010 to 2012



Information Technologies

In the past period, the IT Sector carried out daily activities on ensuring smooth operation of the Central Registry system. Support to other sectors and external users implies administration, software and depository bases maintenance, clearing and settlement and accounting-bookkeeping operations. Regular assistance was provided to operations with applications, all necessary reports and overviews from the database according to specially defined orders were made, the data in website contents updated. Along with the monitoring of hardware operation and engagement in necessary repairs, we also participated in all types of joint testing and continuously monitored the operation of anti-burglary and anti-fire alarms. Backup and filing of the said databases and application softwares are regularly undertaken, according to the standards inside and outside the building.

Along with the above-mentioned, the employees in the Information Technologies sector have been

keeping up to date with the new developments and learned about the new technologies necessary for designing software solutions that can enable improvement of the Central Registry operation in the field of Information Technologies.

Computer equipment

Taking care of the efficient and safe operation of the Central Registry, and as part of the annual plan that had been adopted, new equipment was purchased and the old amortized equipment replaced. Purchasing necessary spare parts was done in continuity.

Network infrastructure

For the needs of its members the Central Registry uses the service of connection to the Internet via Telekom Internet Service Provider. The type of

the service used is a Direct Access, which means that we are connected to the Internet through a permanent leased connection with guaranteed bandwidth, for which a flat monthly rate is paid, regardless of the throughput accomplished. A possibility of changing the Internet access rate and high reliability of work safety are provided.

In accordance with the plan, the activities that enabled the improvement of Internet access were undertaken, by the introduction of ADSL, NetBiz3 model. This model enables ADSLFlat service and the possibility of using web and mail hosting.

The safety of network and data on the network are checked and improved on a daily basis. The network was expanded to be able to accommodate an increased volume of operations

Electric power supply to all devices is continuously checked as well as the operation of alternative supply in case of a power cut.



Licenses

In the last year, due to the planned increase in the volume of operations and according to planned needs, the licenses for ORACLE (Oracle Std.Edition One-Named User Plus Perpetual and Forms&Reports NUP) and for Microsoft (OfficeProPlus, VSProwMSDN and CoreCaAL) were renewed and paid for.

New software design

One of the more demanding engagements included the work on designing Software for office management/ electronic protocol. As planned, this activity was complete by the end of the year. It was preceded by much preparation, planning and designing. The data models were prepared and administration was planned for office management software; initial electronic protocol was designed; solutions were tested for installing the software for electronic protocol in production environment

and three-layer architecture (oracle xe 11g + apex 4 +apex listener 1.4 + glassfish 3.1.2 open source editio+thin client).

After designing, extensive testing was performed in all Central Registry sectors, followed by installation of software for office management/ electronic protocol. Additional requirements are expected to be posed after this stage in terms of adjusting software to specific needs of individual Central Registry sectors.

The project of software design for monitoring and management of generation/printing reports based on book of shareholders - the module of voting right restriction recordkeeping was completed.

Activities on modernization and improvement of the existing software

As part of the Central Registry, pursuant to the plan of activities for 2012 as well as in line with

the requests of other Central Registry sectors, software and applications used by the sectors in their everyday work were updated and adjusted.

Preparations for migration of the system to a new operating system, with an overview of the needs of a backup location.

Extensive and demanding preparations for migration of the system to a new operating system were effected through the year; we also reviewed the needs of a backup location that should be implemented, according to the plan, during 2013, in order to improve the current operations.

Backup location

Testing on the server for backup location (Disaster Recovery) is done regularly. Testing is done within the Central Registry. Once that the backup location, electric and communication connection are provided, testing should be done in a live environment.



Publishing and delivering Central Registry data and reports

Submission of data to the Republic of Srpska Securities Commission, Brčko District Securities Commission and Republic of Srpska Capital Markets Portal

Under the provisions of Article 237 of the Law on Securities Market, the Central Registry is authorized to inform the public about the registration of securities and the data that it is required to publish based on this Law, the Commission regulations and the Central Registry general enactments.

The following activities are carried out as part of these operations:

- submission of data to RS Securities Commission for the needs of electronic reporting (EPI),
- submission of data to Banja Luka Stock Exchange for publishing on the Capital Markets Portal (by email and posting on FTP server),
- submission of data to Brčko District Securities Commission (by email and by posting on FTP server),

- submission of data to members (by posting on FTP server).

Posting data and reports on the Central Registry website

The purpose of posting the data on the Central Registry website is to provide detailed and prompt information to the capital markets participants about the activities of the Central Registry, on a daily basis, i.e. upon a completed activity, on a weekly or monthly basis.

In addition to statistical data and news related to the operations performed by the Central Registry, numerous other data and reports envisaged under the prevailing rules are posted on the website.

In connection with the operations on clearing, settlement and transfer of securities, statistics are published daily relating to the structure of settled trades with the data on the number of transactions, number of securities and value of settled trades

(regular trades, block trades, trading short-term securities and auctions for packages of state capital shares and of associated shareholders' capital).

The analyses on settled trades according to the type of securities are published on the website on a monthly basis. Another piece of information that is published monthly is an overview of ten securities with the highest settled volume of trades, including the data on the value of trades, and a share in total settled trades.

In accordance with the Instruction on the Content of Websites of Authorized Capital Markets Participants, the data on the share of non-residents in settled trades, in absolute and percentage amounts are published on a monthly basis. As for the non-residents, the information about a share in the ownership structure of issuers in the Republic of Srpska as of the last day of the month is also available.

In accordance with current regulations, special reports of a depository for investment funds are



published on the website on a monthly basis, i.e. report of the depository bank on the results of verification of correctness of the procedure and results of evaluation of assets for investments funds for which the depository operations are performed and the Report of the Depository Bank on the results of verification of deviation from the target structure of the investment of the investment fund for which the depository operations are run. These reports were published in 2012 for 11 IFs for which the Central Registry performs depository operations.

With regards to the operations related to the implementation of the processes of joint stock companies takeover, in accordance with the Law on Joint Stock Companies' Takeover, the data on the number of /invested shares in absolute and the percentage amounts and as a share in a total number of voting shares are published on a daily basis. Also, the data on all completed offers for joint

stock companies' takeover are posted on the Central Registry website.

In relation to sellout of shares in the procedures of joint stock companies takeover, upon the completion of the procedure, information is published on sellout of shares in takeover procedure, which contains data on all shareholders whose shares were subject to sellout as well as the invitation to shareholders to turn to the Central Registry about the payment of the cash fee for the shares sold in a sellout.

Service "My Portfolio"

The service "My Portfolio" is offered by the Central Registry to securities holders. This service enables them to access their accounts electronically and to view the balance of all securities that they have as of the last day of settlement.

Monthly statements of the balance on the account

Monthly statements of the balance on the accounts of securities holders are delivered to the holder's email address if the changes arose based on securities trades that took place in the previous month.

Annual Report for 2012

Income Statement for the period 01 January to 31 December 2012

Description	2012. (BAM)	2011. (BAM)
Operating income	2.401.407	2.582.426
Operating expenses	1.937.248	1.999.359
Financing income	55.585	52.223
Finance expenditures	92.812	94.726
Other income	256.677	355.030
Other expenditures	494.168	509.666
Total income	2.713.669	2.989.679
Total expenditures	2.524.228	2.603.751
Income before tax	189.441	385.928
Current and deferred income tax	51.763	80.327
NET GAIN	137.678	305.601

Table 9. Income Statement (1 EUR = 1,955830 BAM)

Balance Sheet as of 31 December 2012

Description	2012. (BAM)	2011. (BAM)
ASSETS		
Fixed assets	4.460.472	5.526.892
Current assets	2.047.120	1.029.728
TOTAL ASSETS	6.507.592	6.556.620
LIABILITIES		
Capital	3.680.504	3.542.826
Long-term provisions	957.023	954.657
Liabilities	1.870.065	2.059.137
TOTAL LIABILITIES	6.507.592	6.556.620

Table 10. Balance Sheet (1 EUR = 1,955830 BAM)

Independent Auditor's Report

To the shareholders and the Management Board of
“Central Registry of Securities” JSC Banja Luka

We have performed audit of enclosed financial statements (pages 6 through 42) of "Central Registry of Securities", Joint Stock Company Banja Luka (hereinafter: CRS) that comprise the balance sheet (report on financial position) as of 31 December 2012, the related Income Statement (Report on OVERal Result), report on changes in equity and Statement on Cash Flows for the year then ended, as well as of the overview of significant accounting policies and notes to financial statements.

Responsibility of the management for financial statements

The CRS management is responsible for compiling and objective presentation of these financial statements, in accordance with the International Standards for Financial Reporting and for these internal controls determined by the management to be necessary for enabling the making of financial statements. These statements shall not contain wrong information of material importance due to a criminal act or error; selection and application of appropriate accounting policies and using of the best possible accounting estimates.

Auditor's responsibility

Our responsibility is to express our opinion on enclosed financial statements based on our audit. We conducted our audit in accordance with the International Auditing Standards. These standards require that we act in accordance with the ethical principles and plan and perform the audit to obtain reasonable assurance about whether the financial statements reports are free from material misstatements.

Audit includes the implementation of the procedures to obtain audit evidence about the estimates and disclosures in the financial statements. The procedures selected are based on auditor's judgment, including the assessment of the risk of material misstatements contained in financial statements, that occurred due to fraud or error. When assessing the risk, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design the best possible audit procedures, but not for the purpose of expressing an opinion on the efficiency of the Company's internal control. An audit also includes an assessment of applied accounting policies and



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KM 552002-00015352-81, Comp. ID no. 4402109460007
Comp. reg. no. 1982893, No. of reg. docket 1-144612-00
Primary Court in Banja Luka

valuation of accounting estimates performed by the management, as well as the evaluation of the overall presentation of financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the enclosed financial statements present fairly and objectively, in all material respects, the financial position of “Central Registry of Securities” JSC, Banja Luka as of December 31, 2012, as well as its financial performance and changes in cash flows for the year then ended, in accordance with the International Financial Reporting Standards.

In Banja Luka, on 21 February 2013

Vralaudit d.o.o. Banja Luka



Goran Drobnjak
Goran Drobnjak,
Certified auditor

Central Registry members as of 31 December 2012

Brokerage firms:

1. ADVANTIS BROKER AD BANJA LUKA



Phone: +387 51 233 710
Fax: +387 51 233 711
Web: www.advantisbroker.com
Address: Krajiških brigada 113,
78 000 Banja Luka

2. BALKAN INVESTMENT BANK AD BANJA LUKA



Phone: +387 51 245 142
Fax: +387 51 245 069
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78 000 Banja Luka

3. BOBAR BANKA AD BIJE LJINA



Phone: +387 55 213 343
Fax: +387 55 233 302
Web: www.bobarbanka.com
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4. EUROBROKER AD BANJA LUKA



Phone: +387 51 230 825
Tel: +387 51 230 836
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Address: Grčka ulica 17, 78 000 Banja Luka

5. FIMA INTERNATIONAL AD BANJA LUKA



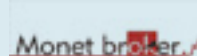
Phone: +387 51 226 371
Fax: +387 51 226 370
Web: www.fimabl.ba
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78 000 Banja Luka

6. HYPO ALPE-ADRIA-BANK AD BANJA LUKA



Phone: +387 51 336 601
Fax: +387 51 336 535
Web: www.hypo-alpe-adria.rs.ba
Address: Aleja Svetog Save 13,
78 000 Banja Luka

7. MONET BROKER AD BANJA LUKA



Phone: +387 51 345 600
Fax: +387 51 345 601
Web: www.monetbroker.com
Address: Kralja Petra I Karadorđevića 139,
78 000 Banja Luka

8. NOVA BANKA AD BANJA LUKA



Phone: +387 51 328 391
Fax: +387 51 328 390
Web: www.novabanka.com
Address: Kralja Alfonsa XIII 37A,
78 000 Banja Luka

9. RAIFFEISEN CAPITAL AD BANJA LUKA



Phone: +387 51 231 490
Fax: +387 51 231 491
Web: www.raiffeisenbank.ba
Address: Vase Pelagića 2, 78 000 Banja Luka

10. UNICREDIT BANK AD BANJA LUKA – UNICREDIT BROKER



Phone: +387 51 212 570
Fax: +387 51 243 267
Web: www.unicreditbank-bl.ba
Address: Marije Bursać 7, 78 000 Banja Luka

11. ZEPTER BROKER AD BANJA LUKA



Phone: +387 51 233 170
Fax: +387 51 233 180
Web: www.zepierbroker.com
Address: Jevrejska bb, 78 000 Banja Luka

Custody banks:

1. NOVA BANKA AD BANJA LUKA



Phone: +387 51 333 321
Fax: +387 51 211 535
Web: www.novabanka.com
Address: Kralja Alfonsa XIII 37A,
78 000 Banja Luka

2. RAIFFEISEN BANK DD BIH SARAJEVO



Phone: +387 33 287 153
Fax: +387 33 287 272
Web: www.raiffeisenbank.ba
Address: Zmaja od Bosne bb, 71 000 Sarajevo

3. HYPO ALPE-ADRIA-BANK DD MOSTAR



Phone: +387 33 755 785
Fax: +387 33 755 819
Web: www.hypo-alpe-adria.ba
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88 000 Mostar
Sub-department: Team for Trading and
Custody of Securities
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4. BALKAN INVESTMENT BANK AD BANJA LUKA



Phone: +387 51 245 141
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Web: www.bib.ba
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5. UNICREDIT BANK DD MOSTAR



Phone: +387 33 491 777
Fax: +387 33 491 823
Web: www.unicreditbank.ba
Address: Kardinala Stepinca bb,
88 000 Mostar
Sub-department:
Web: www.gss.unicreditgroup.eu
Address: Zelenih beretki 24, 71 000 Sarajevo

6. NLB BANKA DD TUZLA

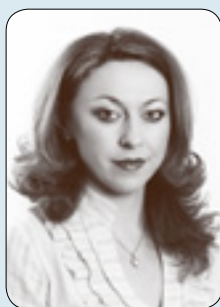


Phone: +387 35 259 465
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Web: www.nlb.ba
Address: Maršala Tita 34, 75 000 Tuzla
Sub-department:
Address: Danijela Ozme 2, 71 000 Sarajevo

Management of Central Registry of Securities



Jasminka Đukić,
Director



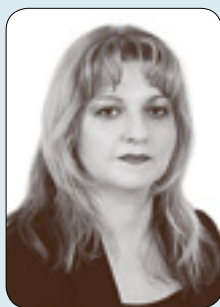
Biljana Čubrilović,
Head of Clearing and
Settlement Sector



Divna Bosiočić,
Head of Information
Technologies Sector



Nevenka Lero,
Head of Depository
Operations Sector



Vanja Oluić-Skenderija,
Head of Legal
Operations Sector



Slavica Verčević,
Head of Accounting and
Financial Operations Sector

Dayak punt

The Vrbas punt propelled is assumed to have his origins at the same time as Banja Luka - a city on the two banks of the Vrbas, firstly because there were no bridges, so a boat was the only way to cross from one bank to another. Later, when the first bridges were built, it was the only means of crossing the river without paying a bridge toll. Through centuries this unusual vessel has become a symbol of the city leaving its trace in the culture of the Banja Luka people. It was used for trading purposes, for transporting goods from one bank to another or down or up the stream, probably more quickly than it would be possible by the roads of the time. As the goods was expensive and transport by the Vrbas was not perfectly safe, the skill of driving a boat became as important as the value of the boat as a means of transportation. Good steersmen became widely known and well paid for their services. Due to specific circumstances the radius of sailing became 15 kilometers around the core of the settlement through which the river flows - along the parts of the river that were shallow and close to the banks and with the bottom more appropriate for pushing with a pole than for rowing.

This was exactly that pole that was used for pushing against the river bed that gave the dayak the necessary acceleration for a river with changeable stream and harsh falls, relatively shallow - where no oar would be of use. The pole has a specific sharp ending that consists of two joint parts. The first part

is made of a metal tube into which the pole (or the dayak) is inserted, and where a sharp steel pointed tip is placed, made especially hard at blacksmiths. The tip is up to 25 cm long, and besides being very hard it should have an optimum weight to keep the dayak's balance. The dayak itself is four meters long and should be as light as possible. It is made of the best quality fir wood and with regular rings without any irregularities or mechanical damage in the wood. Dayak is made by scrubbing, without further treatment with impregnation agents or varnish. It is roll-like, with 9 cm of circumference and should be smooth enough so as not to hurt the steersman's hands, and at the same time rough enough so as not to slip out from the hand. That is why special attention is paid when making the dayak. The length of 4 meters is most practical, because it makes it light enough and appropriate for fast moves and changes of the position on the water. The Vrbas is suitable for the dayak ride only along 10 to 15 km of the specific river bed that is made of gravel, rock and sinter that alternate on the river bed in the town.

Before and after the World War Two a punt was a status symbol of the family who had one and an indicator of its owner's wealth. This is what made the Vrbas punt deeply rooted in the cultural heritage of Banja Luka. The people driving the dayaks were especially popular at that time, because they had to be mentally and physically fit, as well as agile and courageous enough to move on the water; they

were highly esteemed by the others - particularly because the population of that time was not so oriented to water and many could not swim. This all contributed to earning the dayaker and his family a good reputation as potential candidates for marriage or trade business. This is how the dayaks earned their place in this segment of the development of Banja Luka.

A punt ride is a special part of this story, and deserves to be devoted some lines. The dayak is propelled while standing on the bow, with the left leg stuck a little forward and standing on a special wooden lath fixed to the bottom of the boat which serves as a prop for the left leg toes that is under a big pressure during the ride, and which is also balanced when steering off the direction or when controlling the cargo in the boat. The right edge of the heel is next to the stern, and it is the main prop for the body. The punt is propelled with the hands from the right side of the punt, along the entire dayak, by sticking the dayak in the river bed approximately close to the lath for the left leg and it is pushed along the whole length behind the punt - while the right hand tows the dayak the left hand pushes it, and then draws it out of the water again. To do something like this you must have perfect balance, especially on restless waters.

Excerpt from the text by the author:
Boris Potočnik, 2005; www.dajak.org



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