

Pursuant to point IV of the Decision on long-term indebtedness of the Republic of Srpska by the bond issue (''Official Gazette of the Republic of Srpska'', no. 99/11) and in connection with the State Indebtedness, Debt and Guarantees Act (''Official Gazette of Republic of Srpska'', no. 30/07 and 29/10) and article 15 point g) of the Law on the Republic of Srpska Government (''Official Gazette of Republic of Srpska'', no. 118/08) the Government of the Republic of Srpska, at its session held on 12 October 2011, has passed the following

DECESION  
ON FIRST ISSUE OF THE REPUBLIC OF SRPSKA BONDS  
BY PUBLIC OFFERING

I

The Republic of Srpska issues the Republic of Srpska bonds by public offering in the amount of 120.000.000,00 BAM, in order to finance budget deficit, because it is estimated that the planned expenses and disbursement will be higher than the planned revenues and incomes.

II

The basic issue elements:

- 1) Full name of the issuer: The Republic of Srpska, Trg Republike Srpske 1, 78000 Banja Luka,
- 2) Mark and reg. number in the registry of the issuers - at the Republic of Srpska Securities Commission: the Republic of Srpska is not entered in the Registry of the issuers at the Republic of Srpska Securities Commission,
- 3) The authority which has passed the decision: Decision on long-term indebtedness of the Republic of Srpska by the bond issue has been passed by the Republic of Srpska National Assembly,
- 4) The funds will be used for: the financing of budget deficit,
- 5) Type of issue: the bond issue by public offering, registered,
- 6) Ordinal number of the issue, security type and security class: first issue of long-term bonds by public offering
- 7) Number, total nominal value of securities and total nominal value of the issue: 1.200.000 securities of nominal value 100,00 BAM, total value of the issue - 120.000.000,00 BAM.
- 8) Maturity, interest rate, methods and terms of payment of principal and interest rate: maturity of the issue is seven years from the date of the issue registration in the Central Registry of Securities of The Republic of Srpska (hereinafter: the Central Registry), interest rate is 5,00 % annually, principal is paid at once after the maturity (after seven year period from the registration date), and interest is paid twice a year (after every six-month period from the registration date),
- 9) Total number and value of issued bonds: until now the Republic of Srpska issued 11 bond issues for the settlement of internal debt: three bond issues for settlement of liabilities on the basis of old foreign-currency savings, two bond issues for the settlement of liabilities for the employers, two bond issues to the suppliers, one bod issue of the settlement of liabilities in terms of enforced court decisions, five bond issues for the settlement of liabilities in respect of war damage, total amount 517.550.791 BAM,
- 10) Amount of the registered nominal capital: the issues has not any registered nominal capital
- 11) The rights and restrictions: the right on the return of principal and the right to charge interest
- 12) There is no pre-emptive right,
- 13) Price: the price is established in the percentage from nominal value in compliance with the restrictions from the Decision on long-term indebtedness of the Republic of Srpska by bond issue,

- 14) Criteria for measuring success of bond issue: there is no criteria,
- 15) Issue subscription start date: 15 days from the date of the public invitation
- 16) End date: ten days after the start date,
- 17) Place of Subscription and payment: subscription shall be done at authorized stock brokers, at Banja Luka Stock Exchange; the securities are sold at Banja Luka Stock Exchange; the payment is done at the account at Komercijalna banka Banja Luka not later than 12h on the day after the end date of public invitation,
- 18) The issuer keeps the right to end the procedure of public offering of the securities - before the established end date for the subscription and payment.

### III

Banja Luka Stock Exchange at the end of public offering of securities writes report in compliance with regulations on Banja Luka Stock Exchange and the same delivers to the Central Registry, Stock Exchange Members and the Ministry of Finance.

The Central Registry, after the request, delivers to the Ministry of Finance processed data about the identification information about the buyers of bonds.

The Ministry of finance after the inspection of the payment, delivers to the Central Registry the decision on issue and the request for the bond registration, in compliance which regulate registration of securities.

Upon the request of the Ministry of Finance, the Central Registry registers the bond and informs Banja Luka Stock Exchange about the registration.

On the basis of the registration report made by Central Registry, Banja Luka Stocks Exchange puts the bonds on the exchange market.

### IV

The Republic of Srpska is entitled on the redemption of bonds of this issue, at any market price or in any other way, in compliance with the decision if the Republic of Srpska Government, under the condition that in the case of the purchase by public offering such offer must be equally available to all other owners of bonds.

An owner of bonds is not entitled to request early maturity of the bonds, that is, to announce any other bond mature and payable before the maturity date.

### V

The funds for the settlement of liabilities for this issue are provided from the budget of the Republic of Srpska.

### VI

In the case that delay of coupon payment and the payment of principal from bonds is longer than 15 days from the day of maturity, the issuer will pay legal penalty rate from the last day of coupon payments (15 day from the day of maturity) to the actual payment.

### VII

The bonds represent direct and unconditional obligation of the Republic of Srpska, they are equal and of the same rank as all other current and future bonds for which the funds are provided by the Republic of Srpska.

## VIII

If the bond issue is not realized under the acceptable conditions for the Republic of Srpska, the issuer will refund the funds to the buyers of bonds.

## IX

The Minister of Finance is authorized to perform all the activities, preparations, and to pass the necessary acts in order that bond issue is realized.

## X

This decision is effective after the eight days from the date of issue in "Official Gazette of the Republic of Srpska".

Ref,: 04-1/012-2-2283/11

Date: 12 October 2011

PM

Aleksandar Džombić