

Pursuant to Article 19, paragraph 1, item a) and Article 20 of the Law on the Banking Agency of the Federation of Bosnia and Herzegovina (“Official Gazette of the FBiH”, No. 75/17), the Management Board of the Banking Agency of the Federation of Bosnia and Herzegovina, at its session held on 27 December 2017, adopted the

**STATUTE
OF THE BANKING AGENCY
OF THE FEDERATION OF BOSNIA AND HERZEGOVINA**

I. BASIC PROVISIONS

Article 1

The Banking Agency of the Federation of Bosnia and Herzegovina (hereinafter: the Agency) was established for the purpose of the regulation, control and supervision (hereinafter: supervision) of banks, banking groups, development banks, microcredit organisations, leasing companies, factoring companies and other financial organisations operating under the supervision of the Agency (hereinafter: banking system entities) as stipulated by the law. The main objective is to preserve and strengthen the stability of the banking system entities and to protect depositors, in the interest of improving their safe, high-quality and legal business operations, and to conduct the resolution and recovery process of banks as the bank resolution authority, in accordance with the Law on the Banking Agency of the Federation of Bosnia and Herzegovina (hereinafter: the Law).

Article 2

The Statute of the Agency (hereinafter: the Statute) regulates:

- a) the legal status, name and seat of the Agency,
- b) the business objectives and competences,
- c) the organisation and method of operations,
- d) the bodies, their competences, powers and responsibilities,
- e) the competences of employees with special authority,
- f) the organisation, method of operations, scope and responsibility of the boards, committees and the ombudsman for the banking system,
- g) the financing, income and expenses of the Agency,
- h) the planning and reporting,
- i) the internal controls system,
- j) the internal and external audit,
- k) professional secrecy,
- l) the Agency's acts and manner of publishing,
- m) other issues of relevance to the operations of the Agency.

II. LEGAL STATUS, NAME AND SEAT OF THE AGENCY

Section A. Legal Status

Article 3

- (1) The Agency is established as an autonomous, independent and non-profit organisation by the Law that regulates the status, competences, organisation, financing and work of the Agency.

- (2) The Agency shall have the status of a legal entity established by the Law and shall report to the Parliament of the Federation of Bosnia and Herzegovina (hereinafter: the Parliament) for its work.
- (3) The Agency may have branch offices outside the seat of the Agency, as decided by the Management Board of the Banking Agency of the Federation of Bosnia and Herzegovina (hereinafter: the Management Board).

Section B. Name and Seat of the Agency

Article 4

- (1) The full name of the Agency shall be: Agencija za bankarstvo Federacije Bosne i Hercegovine.
- (2) The abbreviated name of the Agency shall be: the FBA.
- (3) The full name of the Agency in English shall be: the Banking Agency of the Federation of Bosnia and Herzegovina.
- (4) The Agency's seat shall be in Sarajevo.

Article 5

- (1) The Agency shall have a circular stamp, 50 and 25 mm in diameter, on which the text: Bosnia and Herzegovina, Federation of Bosnia and Herzegovina, Banking Agency of the Federation of Bosnia and Herzegovina, Sarajevo is printed in concentric circles; in the middle of the stamp (circle) is the ordinal number of the stamp.
- (2) The stamp of the branch office shall contain the same text as the stamp of the Agency, with the words „Branch Office“ being added together with the name of the location of the branch office seat.
- (3) The Agency shall have a seal serving in the internal office operations of the Agency.
- (4) The Agency may also have a mark, 15 mm in diameter, containing all the same data as the stamp.
- (5) The number, manner of use, preservation and protection of the stamp, seal and mark shall be prescribed by the Director of the Agency.
- (6) The Agency shall have a trademark of the Agency, which shall be indicated on business documents, memorandums and business premises.
- (7) The Management Board shall decide on the appearance, protection and manner of use of the trademark as well as on changing the appearance of the trademark.

III. BUSINESS OBJECTIVES AND COMPETENCES

Section A. Business Objectives

Article 6

The main objectives of the Agency, as the organisation with public authorities it exercises under conditions and in the manner prescribed by the Law and other regulations of the Federation of Bosnia and Herzegovina, are:

- a) preserving and strengthening the stability and competitiveness of the banking system entities;
- b) protecting depositors;
- c) improving the stable and legal operations of the banking system entities, as well as the system as a whole;
- d) supervising the banking system entities;
- e) bank resolution.

Section B. The Agency's Competences

Article 7

- (1) The Agency's competences shall be:
- a) identifying and performing activities and measures to maintain and strengthen the banking system stability,
 - b) establishing, enforcing and supervising the rules for secure and prudent operations regulating the work of the banking system entities,
 - c) issuing and revoking licences and other relevant acts to the banking system entities when authorised to do so by special regulations governing their operations and the Law,
 - d) supervising operations of the banking system entities when authorised to do so by special regulations governing their operations and the Law,
 - e) supervising operations of the development bank, ordering supervisory measures and other competences under regulation governing operations of the development bank and the Law,
 - f) ordering supervision measures and other competences when authorised to do so by special regulations,
 - g) enacting acts regulating the work of the Agency,
 - h) enacting acts regulating the work of the banking system entities,
 - i) enacting acts, supervising and undertaking the necessary measures relating to anti-money laundering and terrorism financing that apply to the banking system entities in cooperation with the competent authorities and institutions in the field of anti-money laundering and terrorism financing under regulations governing anti-money laundering and terrorism financing,
 - j) enacting acts and performing activities to protect the rights and interests of users of financial services in the banking system, performing supervision of the implementation of regulations from this field and undertaking other activities and relevant measures within the framework of its authorities,
 - k) enacting and updating the resolution plan, establishing eligibility for the initiation of bank resolution proceedings, conducting resolution proceedings, deciding on tools and measures to undertake in resolution and performing other activities relating to resolution under the law regulating bank resolution proceedings,
 - l) conducting second instance proceedings under the Law,
 - m) other competences under the Law and other regulations.

IV. ORGANISATION AND METHOD OF OPERATIONS

Article 8

- (1) The Agency shall exercise the authority within its competences in the framework of organisational units: the Agency's Directorate, departments, independent divisions, divisions, offices and services.
- (2) The organisation of the Agency's work, its internal organisation, method of operations, job descriptions, number of employees shall be regulated by the Rulebook on the Internal Organisation of the Agency and the Rulebook on the Systematisation of the Agency's Activities.

V. BODIES AND THEIR COMPETENCES AND RESPONSIBILITIES

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The Agency's bodies shall be:

- a) the Management Board and
- b) the Director and Deputy Director

Section A. Management Board

Article 10

- (1) The governing body of the Agency shall be the Management Board.
- (2) The Management Board shall have five members, who, after a conducted public advertisement process, shall be appointed by the Parliament on the proposal of the Government of the Federation of Bosnia and Herzegovina (hereinafter: the Government), appointed simultaneously for a period of 5 years.
- (3) A person who meets the requirements referred to in Article 18 of the Law may be appointed a member of the Management Board.
- (4) In the event that, after the expiration of the period for which the Management Board has been appointed, the Parliament does not appoint Management Board members, the existing members shall continue to perform their duties, with all rights and obligations, until the moment Parliament carries out the new appointment in accordance with the Law.
- (5) The Chairperson, as well as the Deputy Chairperson, shall be selected by the Management Board from the ranks of its members.
- (6) The Management Board shall report to the Parliament for its work.

Article 11

- (1) The Management Board shall make decisions within the framework of its competences by a majority of votes of the total number of the Management Board members.
- (2) The Management Board's sessions shall be held as required but at least once a quarter.
- (3) The method of work, convening and holding sessions shall be prescribed by the Rules of Procedure adopted by the Management Board.
- (4) Attendance of the Management Board's sessions shall be mandatory for the Director of the Agency and the Deputy Director.
- (5) The Director of the Deposit Insurance Agency in Bosnia and Herzegovina and the Director of the Banking Agency of Republika Srpska shall be invited to the Management Board's sessions, except when internal issues of the Agency are being considered.
- (6) The persons referred to in paragraph 4 and 5 of this Article shall attend the Management Board's sessions without a right to vote.
- (7) The Management Board shall decide on the right to remuneration for attendance and the participation in the work of the persons referred to in paragraph 5 of this Article.

Article 12

Within the framework of its competences, the Management Board shall:

- a) enact the Statute of the Agency,
- b) enact the Rulebook on the Internal Organisation of the Agency,
- c) enact the Rulebook on Salaries and other material income of the Agency's employees,
- d) enact general acts regulating the operations of the banking system entities under special regulations governing their operations,
- e) enact the Rulebook on Professional Secrecy,
- f) enact an act prescribing the conditions and manner of taking the qualifying exam for the performance of supervision tasks,
- g) enact an act determining the amount of the fee (tariff) for performing activities within the framework of the Agency's competences,

- h) appoint and dismiss the members of the Second Instance Commission, the Supervision Committee, the Resolution Committee, the Ombudsman for the Banking System (hereinafter: the Ombudsman),
- i) undertake measures to ensure the separate management of activities related to the supervising the operations of financial entities of the banking system and bank resolution activities, their organisational separation and prevention of conflicts of interest, and the mutual exchange of information necessary for exercising the authority within certain competences,
- j) appoint an external auditor,
- k) enact general acts regulating the method of work and competences of the Second Instance Commission,
- l) enact general acts regulating the method of work and competences of the Ombudsman,
- m) adopt the annual work programme of the Agency,
- n) approve the financial plan and the financial statements of the Agency,
- o) decide on investments above KM 50,000.00,
- p) approve reports drafted by the Agency in accordance with Article 50 of the Law, which include a performance report of the Ombudsperson,
- r) decide on the amount of the special reserves of the Agency,
- s) enact the Rules of Procedure of the Management Board,
- t) decide on changing the business address at the seat of the Agency,
- u) enact other acts under this Law and this Statute.

Article 13

- (1) A Management Board member shall be entitled to remuneration for his work in the Management Board, as well as to a reimbursement of other expenses related to their attendance of a session.
- (2) The amount of remuneration shall be determined by the Management Board, in accordance with Article 27, paragraph 1 of the Law.
- (3) The Director shall sign an agreement with the Management Board members on behalf of the Agency.

Article 14

- (1) The Chairman of the Management Board and its members may be dismissed from their duty before the expiry of the term of office in the cases referred to in Article 28 of the Law.
- (2) In the event of a Management Board member's early dismissal from duty, a new member shall be selected in accordance with the provisions of the Law and this Statute by the expiry of the term of office of the dismissed Management Board member.
- (3) A Management Board member who has submitted their resignation shall continue to perform the function of a member until the dismissal, and no longer than three months after the day of the resignation.

Section B. Managing Body

Article 15

- (1) The Director of the Agency (hereinafter: the Director) shall manage the work of the Agency, represent the Agency and be accountable for its work.
- (2) The Deputy Director of the Agency (hereinafter: the Deputy Director) shall perform tasks in accordance with the internal organisation and systematisation of jobs, and shall substitute for the Director in the event that they are absent and prevented from performing their function.

- (3) The Director and Deputy Director shall be appointed, following a previously conducted public advertisement process, by the Parliament on the proposal of the Government for a period of four years.
- (4) A person who meets the requirements referred to in Article 22 of the Law may be appointed Director and Deputy Director.
- (5) The Director and Deputy Director shall report to the Management Board and Parliament for their work.
- (6) The provisions of Article 10, paragraph 4 of this Statute shall also apply to the Director and Deputy Director.
- (7) The position of Director and Deputy Director, their authorities, responsibilities, salaries, material and other rights shall be determined by an agreement between the Management Board and the Director or Deputy Director.

Article 16

The Director shall perform the following tasks:

- a) issue and/or revoke operating licences to the banking system entities, in accordance with a special regulation governing their operations,
- b) issue and/or revoke other approvals to the banking system entities, in accordance with a special regulation governing their operations,
- c) issue prior approvals or approvals for the appointment of members of the governing and managing bodies of the banking system entities in accordance with a special regulation governing their operations,
- d) undertake prescribed measures toward the banking system entities in accordance with a special regulation governing their operations,
- e) propose the implementing regulations and acts referred to in Article 12, paragraph 1, item d) of the Statute to the Management Board,
- f) propose a work programme and a financial plan of operations to the Management Board, as well as other acts within their competences,
- g) implement decisions, conclusions, instructions and other acts of the Management Board in relation to the activities of the Agency,
- h) make decisions regarding the organisation and operations of the Agency that are not within the competences of the Management Board and enact an act on the systematisation of jobs,
- i) propose the appointment and dismissal of members of the Second Instance Commission, the Supervision Committee and the Resolution Committee,
- j) enact internal acts of the Agency that are not within the competences of the Management Board;
- k) enact general and individual acts regulating the work of the banking system entities when the former is not within the competences of the Management Board;
- l) appoint external administrators, special administrators and liquidation administrators of banks and initiate liquidation or bankruptcy proceedings,
- m) in relation to the resolution process: adopt the resolution plan, remove obstacles to resolution, perform write-off and conversion of capital, select a person to perform an independent assessment of the value of assets and liabilities, initiate the resolution process, apply the instruments and measures taken in resolution, enact other individual acts in the resolution process in accordance with a special regulation,
- n) represent the Agency in all business relations, as well as in court proceedings, and sign all agreements on behalf of the Agency,

- o) represent the Agency in meetings with representatives of the Central Bank of Bosnia and Herzegovina (hereinafter: the Central Bank) in order to coordinate carrying out the activities of the Agency under the Law and the Statute of the Agency,
- p) decide on the employment and hiring of persons in the Agency under the Statute and the Rulebook on the Internal Organisation and the Rulebook on the Systematisation of Jobs in the Agency,
- r) decide on investments up to KM 50,000.00,
- s) decide on the establishment of expert councils, committees, commissions or other working bodies for the professional processing of certain issues within the scope of the Agency, determine their composition and determine the tasks,
- t) perform other tasks prescribed by the Law, other laws and the Statute of the Agency.

Article 17

- (1) The Director may transfer a part of the authority referred to in Article 16 of this Statute to other persons.
- (2) The person authorised by the decision of the Director on the transfer of the signing authority cannot transfer that authority to other persons.

VI. EMPLOYEES AND PERSONS WITH SPECIAL AUTHORITIES

Article 18

- (1) The heads of the organisational units of the Agency shall be employees with special authorities, appointed and dismissed by the Director.
- (2) Apart from the heads of the organisational units of the Agency, such as: department heads, division heads and service heads, employees with special authorities shall also be other persons who, under the Law, were granted special authorities by way of this Statute and the general acts of the Agency.
- (3) Employees with special authorities shall be responsible for carrying out the tasks and work assignments determined by the Rulebook on the Internal Organisation and the Rulebook on the Systematisation of Jobs, employment contracts and authorities in accordance with the decision of the Director.
- (4) Employees with special authorities shall be, within their competences and authorities, responsible for the legality of the work and operations, carrying out obligations, improving the quality of operations and improving the reputation of the Agency.
- (5) Employees with special authorities shall report to the immediate manager and the Director of the Agency for their work.

Article 19

- (1) The Agency, Director, Deputy Director and authorised persons in the Agency, i.e. employees with special authorities, persons appointed by the Agency as advisors, provisional/external administrators, special administrators or liquidators, as well as other persons who perform the duties established by the Law under the Agency's decision or based on law in the process of supervision of the banking system entities or resolution of a bank, shall not be liable for the damages incurred when performing their duties in the application of regulations governing the banking system entities, unless it is proven in relevant proceedings before the competent authority by a final decision that they performed or omitted to perform either willfully or with gross negligence a specific action that resulted in a harmful consequence.
- (2) The Agency shall bear the costs of the legal proceedings initiated against the persons referred to in paragraph 1 of this Article for actions performed in good faith during the performance of their duties within their authorities.

- (3) Persons from paragraph 1 of this Article cannot be held liable for damages incurred when performing their duties even after the termination of their employment relationship in the Agency, i.e. the termination of the performance of duties.
- (4) If proven in relevant proceedings by a final decision that the persons referred to in paragraph 1 of this Article caused damage either willfully or with gross negligence, the Agency may request a reimbursement of the costs of representation from those persons, as well as the amount of the paid damages, in accordance with the law.

VII. ORGANISATION, METHOD OF WORK, SCOPE AND ACCOUNTABILITY OF THE COMMITTEES, COMMISSIONS AND THE OMBUDSMAN FOR THE BANKING SYSTEM

Article 20

- (1) Under the Law, separate bodies and committees shall be formed in the Agency.
- (2) The bodies and committees referred to in paragraph 1 of this Article shall be formed in order to implement the competences and functions of the Agency and they shall be as follows:
 - a) Commission for Managing Complaints against First Instance Acts of the Agency (Second Instance Commission),
 - b) Supervision Committee,
 - c) Resolution Committee, and
 - d) Ombudsman for the Banking System.

Section A. Second Instance Commission

Article 21

- (1) On the proposal of the Director of the Agency, the Management Board shall appoint five members of the Second Instance Commission for a term of 4 years, with the possibility of reappointment.
- (2) The Chairperson and the Deputy Chairperson of the Second Instance Commission shall be appointed by the Management Board from the composition referred to in paragraph 1 of this Article.
- (3) On the proposal of the Director, the Management Board shall appoint three substitute members of the Second Instance Commission, who shall substitute for the permanent members in the event of their failure to participate in the work of the Second Instance Commission.
- (4) In case of need for substitute members in the work of the Second Instance Commission, they are determined by the Chairperson or Deputy Chairperson of the Second Instance Commission.

Article 22

- (1) The Second Instance Commission shall be responsible for issuing decisions on complaints against the first instance acts of the Agency related to the operations of the banking system entities.
- (2) The second instance proceedings against the acts of the Agency, as well as the method of work of the Second Instance Commission shall be regulated by the Rules of Procedure of the Second Instance Commission, adopted by the Management Board.
- (3) In the process of deciding on a complaint against the acts of the Agency, the Second Instance Commission shall make a decision within 15 days from the day of the duly filed complaint with the submitted complete documentation.

- (4) The decision referred to in the previous paragraph shall be final, against which an administrative dispute cannot be conducted.
- (5) The Second Instance Commission shall make decisions in individual cases in the composition referred to in Article 21, paragraph 1 of this Statute.
- (6) The Second Instance Commission shall make decisions within its competences by a majority of votes of the total number of members referred to in Article 21, paragraph 1 of this Statute.

Article 23

A person who meets the following requirements may be appointed member of the Second Instance Commission:

- a) they are a citizen of Bosnia and Herzegovina,
- b) they have at least a university level of education/VII level of professional qualification, i.e. higher education of the first cycle of the Bologna system of study (240 ECTS credits) in the legal or economic profession,
- c) they have high moral qualities, with many years of work experience and at least 5 years in the field of administrative proceedings, administrative supervision, and narrow specialties, knowledge and skills in the field of banking, accounting and finance,
- d) they have not been convicted of criminal offences in the field of finance, capital markets, money laundering and terrorism financing and they have not been prohibited from performing activities within the competences of the Agency and the field of finance by a final decision,
- e) they are neither an employee nor a member of the Agency's bodies nor of a banking system entity supervised by the Agency.

Article 24

- (1) The members of the Second Instance Commission shall be entitled to remuneration depending on their participation in the work of the Second Instance Commission.
- (2) The amount of remuneration paid to the members of the Second Instance Commission shall be determined by the Management Board.

Section B. Supervision Committee

Article 25

- (1) The Supervision Committee shall be the advisory body of the Director of the Agency in the field of supervision of the banking system entities, and it shall consist of permanent, substitute and occasional members.
- (2) The permanent members of the Supervision Committee shall be the Assistant Director for the Supervision of Banks, the Assistant Director for Legal Support and Licensing and an advisor appointed by the Management Board on the proposal of the Director.
- (3) On the proposal of the Director, the Management Board shall also appoint substitute members, who shall substitute for the permanent members in the event of their absence.
- (4) The occasional members of the Supervision Committee shall be the heads of the internal organisational units without a right to vote, but present at sessions when the cases within their competences are discussed.
- (5) The sessions of the Supervision Committee shall be mandatorily attended by the Director of the Agency and the Deputy Director, as well as other expert individuals, on invitation, depending on the matters discussed at the session, without a right to vote.

Article 26

Within its competences, the Supervisory Board shall determine:

- a) proposals of acts for issuing and/or revoking operating licences to the banking system entities, in accordance with a special regulation governing their operations and acts of the Agency,
- b) proposals of acts for issuing and/or revoking other approvals to the banking system entities, in accordance with a special regulation governing their operations and acts of the Agency,
- c) proposals of acts issuing or revoking prior approval, or approval for the appointment of members of the governing and managing bodies of the banking system entities, in accordance with a special regulation governing their operations,
- d) a proposal for undertaking prescribed measures toward the banking system entities, in accordance with a special regulation governing their operations,
- e) drafts of the implementing regulations and acts referred to in Article 12, paragraph 1, item d) of the Statute,
- f) a proposal of general and individual acts regulating the work of the banking system entities when the former is within the competences of the Director,
- g) a proposal for the appointment of an advisor and an external manager, as well as a proposal for initiating bank liquidation proceedings and for the appointment of a liquidation administrator, and a proposal to the director for filing a request to initiate bankruptcy proceedings before a competent court.

Article 27

- (1) The Supervision Committee shall discuss and determine the proposals referred to in Article 26 of this Statute by a majority of votes of the total number of members with a right to vote.
- (2) At maximum of one substitute member may participate in the work of the Supervision Committee and the legal decision at a session.
- (3) The sessions of the Supervision Committee shall be held as required, but at least once a month.
- (4) The Supervision Committee shall adopt the Rules of Procedure on its work, which shall regulate the method of work, types of acts within the competences of the Supervision Committee and the manner of voting at sessions.

Section C. Resolution Committee

Article 28

- (1) The Resolution Committee shall be the advisory body of the Director of the Agency in the field of resolution, and it shall consist of permanent and substitute members.
- (2) The permanent members of the Resolution Committee shall be the head of the organisational unit for resolution, the Assistant Director for Legal Support and Licensing and an advisor appointed by the Management Board on the proposal of the Director.
- (3) On the proposal of the Director, the Management Board shall also appoints substitute members, who substitute for the permanent members in the event of their absence.
- (4) The sessions of the Resolution Committee shall be mandatorily attended by the Director of the Agency and the Deputy Director, as well as other expert individuals, depending on the matters discussed at the session, without a right to vote.

Article 29

Within its competences, the Resolution Committee shall determine proposals:

- a) for initiating bank liquidation or bankruptcy proceedings in the event of its being initiated as a result of the initiated or implemented resolution process,
- b) for the appointment of a special administrator and liquidation administrator of a bank,
- c) of the resolution plan,
- d) of an act to remove obstacles to resolution,
- e) of an act regarding the write-off and conversion of capital,
- f) for the selection of a person to perform an independent assessment of the value of assets and liabilities,
- g) for initiating the resolution process and the application of instruments and measures undertaken in resolution,
- h) for enacting other individual acts in the resolution process, in accordance with a special regulation.

Article 30

- (1) The Resolution Committee shall discuss and determine the proposals referred to in Article 29 of this Statute by a majority of votes of the total number of members with a right to vote.
- (2) At maximum of one substitute member may participate in the work of the Resolution Committee and the legal decision at a session.
- (3) The Resolution Committee shall discuss and determine the proposals referred to in Article 29 of this Statute by a majority of votes of the total number of members with a right to vote.
- (4) The Resolution Committee shall adopt the Rules of Procedure on its work, which shall regulate the method of work, types of acts within the competences of the Resolution Committee and the manner of voting at sessions.

Section D. Ombudsman for the Banking System

Article 31

- (1) An autonomous organisational unit shall be established as part of the Agency within which one or more Ombudsmen for the Banking System shall operate in the interest of promoting and protecting the rights and interests of natural persons as users of financial services.
- (2) The organisational unit shall be managed by the Ombudsman, appointed and dismissed by the Management Board, and the employment and legal status and other rights deriving from the employment of the Ombudsman shall be exercised in the Agency.
- (3) The Ombudsman shall be an employee of the Agency who is independent in the performance of their tasks and shall not act as a representative of the Agency.

Article 32

- (1) The Ombudsman shall perform the following tasks:
 - a) provide information on the rights and obligations of the users and providers of financial services,
 - b) monitor and propose activities to improve the relations between the users of financial services and the financial organisations of the banking system of the Federation of BiH,
 - c) investigate activities on the financial market ex officio or based on a complaint in order to protect the rights of users of financial services,
 - d) review complaints of users of financial services, provide responses, recommendations and opinions and propose measures to resolve complaints,
 - e) mediate in the amicable resolution of contentious relations between the users of financial services and the financial organisations of the banking system of the Federation of BiH,
 - f) issue guidelines or recommendations on specific standard conditions or activities to apply good business practices in the operations of the financial organisations of the banking

- system of the Federation of BiH, and propose to the Management Board the enactment of acts within its competences in the field of protecting the rights of users of financial services,
- g) cooperate with the competent judicial, administrative and other authorities and organisations, as well as with the supervisory and control institutions in the country and abroad within their competences,
 - h) cooperate with other authorities and entities competent for the protection of user rights, and
 - i) undertake other actions in the field of protecting the rights of users of financial services.
- (2) The Management Board shall enact general acts regulating the issue of the appointment and dismissal of the Ombudsman, as well as the conditions and manner of handling complaints of users of financial services and the manner of reporting and other issues of importance, within the provisions of Art. 33, 34 and 36 of the Law.

VIII. FINANCING, INCOME AND EXPENSES OF THE AGENCY

Article 33

- (1) Financing for the work of the Agency shall be secured from fees for the issuance of operating licences to the banking system entities, fees paid by the banking system for the supervision of their operations and fees for the performance of other activities from the scope of the Agency.
- (2) The surplus of income over expenses from the current year shall be carried forward into the next year.

Article 34

The Agency's financing shall cover the liabilities of the Agency, as well as funds for the purchase of work and business instruments, salaries of employees of the Agency and other expenses under the Law, other regulations of the Federation of Bosnia and Herzegovina and acts of the Agency.

Article 35

- (1) In order to cover the risks arising from operations in the performance of the Agency's activities and to cover the shortfall of income in relation to the recorded expenses, the Agency shall have special reserves.
- (2) The Agency shall allocate the special reserve funds from the income of the Agency in the amount that the Management Board determines on the proposal of the Director of the Agency.
- (3) The Management Board shall decide on the use of special reserve funds on the proposal of the Director of the Agency.

IX. PLANNING AND REPORTING

Article 36

- (1) The Management Board shall adopt the Work Programme and Financial Plan of the Agency by the end of the current year for the following year.
- (2) The report on the Agency's operations for the previous year, with an independent external auditor's opinion on the financial statements, shall be adopted by the Management Board and submitted to Parliament through the Government within 6 (six) months from the end of the reporting year.

X. INTERNAL CONTROLS SYSTEM

Article 37

- (1) The internal controls system in the Agency shall be a process that establishes and implements detailed procedures and proceedings related to a comprehensive system of monitoring and review of the performance of business activities at all business levels and areas of the Agency's operations, carried out by the Management Board, the Director and the Deputy Director, the bodies and commissions and employees of the Agency at all levels, as a permanent activity in the Agency's operations.
- (2) The internal controls system shall ensure the work and conduct of all employees in accordance with the applicable regulations and acts of the Agency through the monitoring and control of the performance of business activities in all segments of the Agency's operations.

Article 38

- (1) The internal controls system shall primarily include the administrative, accounting and financial operations of the Agency, including special control of the financial plan and planning, standard and non-standard costs, statistical analyses, periodic operational and business reports and it shall be closely connected with the internal audit.
- (2) The Management Board shall be responsible for the establishment, functioning and improvement of the internal controls system in the Agency and it shall ensure an adequate internal controls system through acts within its competences.
- (3) The conditions for the implementation of the internal controls system shall be ensured by the Director and the Deputy Director, through the provision of the monitoring and review of adopted programmes, plans, policies and procedures, i.e. their implementation.

XI. INTERNAL AND EXTERNAL AUDIT

Section A. Internal Audit

Article 39

The Agency shall establish an internal audit organisational unit (hereinafter: internal audit), whose head shall be the Chief Internal Auditor (hereinafter: Chief Internal Auditor), appointed by the Director in accordance with the internal acts of the Agency.

Article 40

- (1) Internal audit shall evaluate the adequacy, efficiency and effectiveness of the internal controls system and inform the Director and the Management Board of the implementation of that system and make proposals for its improvement.
- (2) The Rulebook on Internal Audit of the Agency, adopted by the Management Board, shall regulate in more detail the establishment and organisation of the internal audit function, the objective and the competences of internal audit, the relation between internal audit and other functions in the Agency, the principles and procedures of internal audit, rights and obligations in the functioning of internal audit in the Agency and the conditions for performing internal audit activities.

Article 41

The Chief Internal Auditor shall perform or be responsible for:

- a) identifying, monitoring and assessing risks in the operations of the Agency,
- b) reviewing whether an adequate internal controls system has been established in the Agency,

- c) monitoring the compliance of the Agency's operations with the applicable regulations and general acts of the Agency,
- d) drafting an annual internal audit work programme, adopted by the Management Board,
- e) implementing the adopted annual internal audit work programme,
- f) carrying out a specific audit and consultancy tasks that are related to internal audit, but are not covered by the annual internal audit plan,
- g) submitting reports to the Director, the Deputy Director and the Management Board on the conducted audit of the work of individual organisational units of the Agency and certain segments of operations of the organisational units subject to the audit,
- h) internal audit activities in accordance with the law, international accounting standards, international financial reporting standards and international auditing standards, other regulations and general acts of the Agency.

Section B. External Audit

Article 42

The Management Board shall appoint an independent external auditor, who is obliged to draft and submit to the Agency's governing and managing bodies a report on the audited annual financial statements and express an opinion on whether the financial statements accurately and objectively show the financial position and results of the Agency's operations in all materially significant matters, in the annual accounting period to which the audited financial report refers, and whether the reports were prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

XII. PROFESSIONAL SECRECY

Article 43

- (1) Professional secrecy shall consist of documents, data and confidential information prescribed by the Law as professional secrecy, as well as other regulations and internal acts of the Agency, adopted by the Management Board of the Agency.
- (2) The professional secrecy referred to in paragraph 1 of this Article shall be handled in the manner prescribed by the Law and an internal act adopted by the Management Board.

Article 44

Members of the Management Board, the Director, the Deputy Director, employees, auditors and other persons who are working or have worked for or on behalf of the Agency shall keep the professional secrecy of the Agency in the manner prescribed by the Law and general acts of the Agency.

XIII. COOPERATION

Article 45

- (1) When realising its objective and exercising the authority within its competences, the Agency, acting independently or in cooperation with the Central Bank, shall cooperate with the competent authorities of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina, Republika Srpska and Brčko District of Bosnia and Herzegovina, and undertake measures within its competences to improve that cooperation under the Law and laws regulating the work of the banking system entities.
- (2) In order to improve the function of supervision, control and monitoring of the banking system entities in the Federation of Bosnia and Herzegovina, the Agency shall cooperate with the

competent international bodies and institutions, as well as the bodies responsible for supervision in other countries. These bodies and institutions shall include in particular: the International Monetary Fund and the World Bank, the Financial Stability Board in Basel (coordinator of international and national standard-makers for the financial sector), the Basel Committee on Banking Supervision and its Financial Stability Institute, the Regional Supervisory Groups of the Basel Committee, the European Central Bank, the European supervisory institutions for banking, securities and insurance: the EBA, the ESMA and the EIOPA, the national banking supervision authorities of foreign countries, etc.

(3) In order to exercise the authority within its competences for the resolution of banks or the member of a banking group, the Agency shall cooperate with the Central Bank, the Federal Ministry of Finance, the Deposit Insurance Agency in Bosnia and Herzegovina, the Banking Agency of Republika Srpska, as well as with other supervisory bodies of the financial sector of the Federation of Bosnia and Herzegovina and Republika Srpska, with foreign bodies competent for the resolution of financial institutions and supervision in the field of financial operations, and other competent bodies. Foreign resolution bodies of financial institutions may include the institutions referred to in paragraph 2 of this Article as well as the EU Single Resolution Mechanism (SRM) and the Single Resolution Board (SRB), the national bank resolution authorities of foreign countries, etc.

(4) The Agency may, within its competences, under the Law and laws regulating the work of the banking system entities, conclude agreements regulating the exchange of information and data with the other competent regulatory authorities, institutions and bodies referred to in this Article.

XIV. ACTS OF THE AGENCY

Article 46

- (1) The Agency shall enact internal acts regulating the organisation and operations of the Agency, as well as general and individual acts regulating the work of the banking system entities.
- (2) The general acts regulating the organisation and operations of the Agency shall be published on the notice board of the Agency.

Article 47

- (1) The general acts regulating the work of the banking system entities, adopted by the Agency in accordance with the Law, as well as the activities and actions of the Agency in the application of its legally prescribed authorities, shall be based on the Core Principles for Effective Banking Supervision and standards established by the Basel Committee on Banking Supervision and the applicable EU directives based on those principles and standards.
- (2) The general acts referred to in paragraph 1 of this Article shall be published in the „Official Gazette of the Federation of BiH“.

Article 48

Amendments to the Statute as well as to the internal, general acts shall be made in the manner and according to the procedure of their enactment.

XV. TRANSITIONAL AND FINAL PROVISIONS

Article 49

The Management Board of the Agency shall interpret the provisions of the Statute.

Article 50

The Agency shall harmonise its internal acts within three months following the day this Statute enters into force.

Article 51

On the day of the entry into force of this Statute, the Statute of the Banking Agency of the Federation of Bosnia and Herzegovina, number: 01-1-2159-2/03 of 09.12.2003 („Official Gazette of the Federation of BiH“, number: 42/04) shall cease to be valid.

Article 52

The Statute shall enter into force on the day of obtaining the approval of the Government and shall be published in the „Official Gazette of the Federation of BiH“.

**No.: U.O.-14-01/17
Sarajevo, 27 December 2017**

**CHAIRWOMAN
OF THE MANAGEMENT BOARD**

Ljerka Marić, MSc in Economics