Decision revoking the Banking License and instituting the bankruptcy proceedings of the “Privredna Banka a.d. Srpsko Sarajevo”

In the exerciseof the powers vested in me by Article V of Annex 10 (Agreement on Civilian Implementation of the Peace Settlement) to the General Framework Agreement for Peace in Bosnia and Herzegovina, according to which the High Representative is the final authority in theatre regarding interpretation of the said Agreement on the Civilian Implementation of the Peace Settlement; and considering in particular Article II.1.(d) of the last said Agreement, according to the terms of which the High Representative shall “Facilitate, as the High Representative judges necessary, the resolution of any difficulties arising in connection with civilian implementation”;

Recalling paragraph XI.2 of the Conclusions of the Peace Implementation Conference held in Bonn on 9 and 10 December 1997, in which the Peace Implementation Council welcomed the High Representative’s intention to use his final authority in theatre regarding interpretation of the Agreement on the Civilian Implementation of the Peace Settlement in order to facilitate the resolution of any difficulties as aforesaid “by making binding decisions, as he judges necessary” on certain issues including (under sub-paragraph (c) thereof) “measures to ensure implementation of the Peace Agreement throughout Bosnia and Herzegovina and its Entities”;

Observing the importance which the international community

attaches to the proper administration of the banking system of Bosnia and Herzegovina as an integral part of the peace implementation process;

Notingby way of example of the said attachment, the welcome given by the Peace Implementation Council at the Conference held at London on 4-5 December 1996 to the commitment of the authorities in Bosnia and Herzegovina to pass laws on fields including banking; further noting paragraph 44 a) of the Declaration of the Ministerial Meeting of the Steering Board of the said Council held at Luxembourg on 9 June 1998 in which the Board observed that new banking legislation should be adopted in both Entities; still further noting the call to the authorities in Bosnia and Herzegovina made by the said Council, at its meeting in Brussels on 23-24 May 2000, for the said authorities to harmonize country-wide their approach in a number of areas including banking;

Considering the grave concern repeatedly expressed by the international community, *inter alia,* through the Declaration of the said Council at its said meeting in Brussels on 23-24 May 2000, over ingrained corruption in Bosnia and Herzegovina which apart from hindering the development of the market economy undermines democratic governance and wastes public resources;

Recallingthat the Provisional Administrator of "Privredna Banka a.d Srpsko Sarajevo" appointed by the decision of the Banking Agency of Republika Srpska dated 20 June 2003 resigned from his position in May 2004 after the assault and battery perpetrated against his person;

Further recallingthe Decision of the Management Board of the Banking Agency of Republika Srpska to solicit the direct involvement of an OHR representative and my Decision to appoint a Provisional Administrator for the "Privredna Banka a.d Srpsko Sarajevo" dated 8 June 2004 in order to ensure that insolvent banks be processed through efficient administration

free from illegitimate outside interference;

Seeing thatthe written Reports on the Financial Situation and future prospects of the said bank under provisional administration, delivered on 28 May and 5November 2004, have proposed the revocation of the banking license of the "Privredna Banka a.d Srpsko Sarajevo" and the institution of the bankruptcy process of the "Privredna Banka a.d Srpsko Sarajevo";

Having taken into account and considered the totality of the matters aforesaid I hereby make and require to have issued the following:

DECISION

To revoke the Banking License of the "Privredna Banka a.d. Srpsko Sarajevo" and to institute the bankruptcy proceedings of the "Privredna Banka a.d. Srpsko Sarajevo" (hereinafter: "the Bank")

1. As of 8 November 2004, the banking license of the Bank, issued under the decision No: 03-32-744-7/2002 dated 13 September 2002, shall be revoked.

2. The Banking Agency of Republika Srpska shall inform immediately the Central Bank of Bosnia and Herzegovina and the Deposit Insurance Agency of Bosnia and Herzegovina of such revocation.

3. The revocation of the banking license of the Bank shall be immediately recorded in the register of banks as well as in the court register of the Basic Court in Bijeljina.

4. Starting from the date on which the revocation of the banking license comes into effect, the Bank shall be prohibited from engaging in any of the banking activities specified in Article 87 of the Law on Banks of Republika Srpska.

5. The Provisional Administrator of the Bank shall submit to an authorized court a request to commence bankruptcy proceedings of the Bank and to appoint the Bank's bankruptcy administrator.

6. The mandate of the Provisional Administrator of the Bank shall end upon the authorized court decision on bankruptcy administrator appointment.

7. This decision shall be published in the newspapers "Glas Srpski" and "Dnveni Avaz" and displayed on the bulletin board of the Bank.

8. For the avoidance of any doubt or ambiguity it is hereby specifically declared and provided that the provisions of the Decision herein are, as to each and every one of them, laid down by the High Representative pursuant to his international mandate and are not therefore justiciable by the Courts of Bosnia and Herzegovina.

This decision, which has immediate effect, shall be published without delay in the Official Gazette of Republika Srpska.

Sarajevo, 7 November 2004

Paddy Ashdown
High Representative