

**„TELEKOMUNIKACIJE REPUBLIKE SRPSKE” AKCIONARSKO DRUŠTVO
BANJA LUKA**

**„THE REPUBLIC OF SRPSKA TELECOMMUNICATIONS” JOINT STOCK COMPANY
BANJA LUKA**

S T A T U T E

- REVISED TEXT -

Banja Luka, March 2019

Pursuant to the Articles 329 and 331, par. 2, of the Law on Commercial Companies („Official Gazette of the Republic of Srpska“ no. 127/08, 58/09, 100/11, 67/13 and 100/17), the Company Management Board, on its XXXIV session, held on 18 March 2019, established the following:

S T A T U T E
of the Republic of Srpska Telecommunications JSC Banja Luka
- Revised text -

I GENERAL PROVISIONS

Article 1

The Statute stipulates the management of the Telekomunikacije Republike Srpske a.d. Banja Luka (hereinafter referred to as: the Company), rights and obligations of the shareholders.

The Statute contains the provisions on:

- Trade name and seat of the Company,
- Activities of the Company,
- Amount of the capital assets and the way of their introduction,
- Number of shares and their nominal value, type and class of the issued shares,
- Way of signing on behalf of the Company and representing the Company,
- Way of convening the Shareholders Assembly and way of passing of the decisions,
- Election, revocation and scope of activities of the Company bodies,
- Income distribution and loss coverage,
- Company reserves,
- Increase and decrease of the capital assets,
- Acquiring and managing the high value assets,
- Protection of environment,
- Status changes of the Company,
- Period for which the Company is established and cessation of the Company
- Procedure for alteration of the Statute,
- Other issues of importance for the organization and business operations of the Company which pursuant to the law may be integral parts of the Company Statute.

II TRADE NAME AND SEAT OF THE COMPANY

Article 2

The Company is a legal entity and pursues activities under the trade name of:
„Telekomunikacije Republike Srpske“ akcionarsko društvo Banja Luka
(„The Republic of Srpska Telecommunications“, joint stock company Banja Luka)

Shortened or modified trade name of the Company is:

1. „Telekom Srpske“ a.d. Banja Luka
2. „Mtel“ a.d. Banja Luka.

The seat and address of the Company is: Banja Luka, Vuka Karadžića 2.
The seat of the Company is also the seat of the Company bodies.

The decision on change of the trade name, shortened or modified trade name and the seat of the

Company is passed by the Shareholders Assembly by common majority of votes of the attending or represented shareholders.

Use of the trade name and other Company data is performed pursuant to the Law.

III TERM AND FORM OF THE COMPANY

Article 3

The Company is established for an indefinite period of time.

Article 4

The Company is a legal entity that pursues the registered activities for the purpose of gaining profit.

The Company is authorized to perform all legal transactions related to its activities without limitations in the transactions.

The Company pursues business activities in the form of an open joint stock company with assets owned by the Company and with rights, obligations and responsibilities stipulated by the Law and the Statute.

Founders and persons, who by means of acquiring shares in the Company join the Company, are the shareholders of the Company.

The Company is responsible for its obligations with its entire assets and the shareholders bear the risk for the Company business operations with their respective share capital.

Business units of the Company, being separate organizational parts of the Company, through which the Company pursues activities pursuant to the Law, do not have the status of a legal entity and, in legal transactions, they act under the trade name of the Company within the authorizations stipulated by the Company's general acts in accordance with the Statute.

The decision on establishing and cessation of the business units is passed by the General Manager (CEO) of the Company.

IV STAMP, SEAL, TRADE MARK AND TRADING STYLE OF THE COMPANY

Article 5

The Company has its stamp and seal.

The Company has its trade mark and logo of the Company.

The Company may establish other distinguishing insignia and other brand marks for the goods and services.

The form, size and contents of the stamp, seal, trade mark, logo and other distinguishing insignia of the Company are decided by the General Manager of the Company.

The Management Board of the Company is competent for determining the Company St. Patron's Day and other special days of the Company.

V COMPANY ACTIVITIES

Article 6

The main activity of the Company is:

61 Telecommunications – activities in providing telecommunication and related service activities, i.e. voice, data, text, sound and picture, which encompasses:

- 61.10 Wire telecommunications
- 61.20 Wireless telecommunications
- 61.30 Satellite telecommunications
- 61.90 Other telecommunication activities

Along with the main activity, mentioned in the paragraph 1. of this Article, with the aim of more efficient and rational business operations, the Company also pursues the following activities:

- 18.12 Other printing
- 18.13 Press preparation and publishing services
- 18.14 Bookbinding and accompanying service activities
- 33.20 Installation of industrial machines and equipment
- 43.21 Electrical installation works
- 45.20 Maintenance and repair of motor vehicles
- 46.15 Mediation in trade in furniture, household goods and metal ware and ironware
- 46.18 Mediation in trade specialized for particular products or groups of other products
- 46.19 Mediation in trade in various products
- 46.90 Non-specialized wholesale trade
- 47.19 Other retail trade in non-specialized shops
- 47.41 Retail trade in computers, peripheral units and software in specialized shops
- 47.42 Retail trade in telecommunication equipment in specialized shops
- 47.43 Retail trade in audio and video equipment in specialized shops
- 47.54 Retail trade in household appliances in specialized shops
- 47.89 Retail trade in other goods on the counters and in marketplaces
- 47.91 Retail trade via mail or Internet
- 47.99 Other retail trade out of the shops, counters and markets
- 49.41 Transport of goods in road traffic
- 52.10 Warehouse operations
- 58.11 Publishing of books
- 58.12 Publishing of directories and lists of the customers mailing addresses
- 58.13 Publishing of newspapers
- 58.14 Publishing of magazines and periodicals
- 58.19 Other publishing activities
- 58.21 Publishing of computer games
- 58.29 Publishing of other software
- 59.11 Production of films, video films and television program
- 59.12 Activities following production of films, video films and television program
- 59.13 Distribution of films, video films and television program

59.14 Activities in films showing
 59.20 Activities in recording soundtracks and publishing of music soundtracks
 60.10 Radio program broadcasting
 60.20 Television program broadcasting
 62.01 Computer programming
 62.03 Management of the computer equipment and system
 62.09 Other service activities related to the information technology and computers
 63.11 Data processing, hosting and related activities
 63.12 Internet portals
 63.99 Other information service activities, n.m.e. (not mentioned elsewhere)
 64.19 Other monetary operations
 64.92 Other credit approvals
 66.19 Other ancillary activities in financial services, except insurance and pension funds
 68.20 Rental and trade in own real property or real property under leasing (leased property)
 69.20 Accounting, bookkeeping and auditing activities; activities of tax-related counselling
 70.10 Management activities
 70.22 Advisory services related to business operations and other management
 71.12 Engineering activities and related technical advisory activities
 71.20 Technical examination and analysis
 73.11 Agency for advertizing and promotion
 77.39 Rental and lease of other machines, equipment ad material goods, n.m.e.
 82.11 Combined office-administration service activities
 82.20 Call centers activities
 82.91 Activities of bill collection agencies and credit offices
 85.59 Other education, n.m.e.
 79.90 Other booking services and related activities

The Company also performs the activities in foreign trade within its registered activities.

Alterations and amendments of the Statute related to the paragraphs 2. and 3. of this Article, may be performed pursuant to the Management Board's decision.

The Company may, without registration into the Court register, perform other activities which serve for the purpose of the registered activities, which are usually performed along with those activities to the lesser extent or from time to time.

VI CAPITAL ASSETS OF THE COMPANY FACE VALUE, TYPES AND CLASSES OF THE ISSUED SHARES

Article 7

The capital assets of the Company, in the amount of 491.383.755 KM, have been fully paid and divided into 491.383.755 common (regular) shares, each with face value of 1,00 KM.

All shares belong to the same class with same rights, they are common and registered.

Each share, mentioned above in this Article, entitles the shareholder as follows:

- 1) to access the legal acts and other documents and information of the Company, pursuant to the law and the Statute,
- 2) to participate in the activities of the Shareholders Assembly,

- 3) to vote at the Shareholders Assembly,
- 4) to receive payment from the dividends,
- 5) to participate in distribution of liquidation surplus upon liquidation of the Company, and after payment to the creditors,
- 6) to have the priority in acquiring shares from new emissions and replaceable promissory notes,
- 7) to dispose of all kinds of shares, pursuant to the law.

Pursuant to the law, the shareholder may assign the rights mentioned in the paragraph 3. items 4), 5) and 6) of this Article, to the third parties, by means of a contract.

Article 8

Shares and shareholders, with the data stipulated by the regulations, are registered and kept with the Central Securities Register in a dematerialized form.

Article 9

The Company issues shares, promissory notes and other securities pursuant to the provisions of the law which regulates the securities market and the acts of the Securities Commission.

The decision on issuance of the shares stipulates the type and class of the shares to be issued, way of shares payment registration and other issues related to the emission, in accordance with the Law.

The decision on subsequent emissions of the shares is passed by the Shareholders Assembly pursuant to the Law and the Statute.

Article 10

The Company Shareholders may be national and international legal entities and physical persons.

VII REGISTRATION IN THE SHAREHOLDERS REGISTER AND RIGHT OF INSIGHT

Article 11

The Company registers issued shares and the shareholder's identity into the Shareholders Register.

In regard with the shareholding company and the third persons, the shareholder is deemed to be the person registered in the Central Securities Register pursuant to the law which regulates the securities market.

Each shareholder has the right to perform an insight into the Shareholders Register and the right to receive excerpt from the Shareholders Register.

The provisions of the paragraphs 1. to 3. of this Article shall also pertain to all other types of shares and securities issued by the Company.

The Shareholders Register mentioned in the paragraph 1. of this Article is kept electronically in the Central Securities Register and contains the data stipulated by the law.

VIII MANAGEMENT AND COMPANY BODIES

Article 12

The Company is managed by the shareholders, i.e. representatives of the owners, in accordance with the number of shares, save for the cases stipulated by the Law and this Statute.

The Company bodies are:

- Shareholders Assembly,
- Management Board,
- Executive Board,
- General Manager,
- Auditing Board and
- Internal Auditor.

SHAREHOLDERS ASSEMBLY

Article 13

The Shareholders Assembly includes all shareholders.

The Shareholders Assembly is, as a rule, attended by General Manager or the Management Board Members and the Independent Auditor, who participate in the work of the Assembly.

Each share entitles the holder to one vote.

Custody Bank, which is registered in the Central Securities Register as a shareholder on its own behalf, may, for the account of its clients, realize the right to vote on the Shareholders Assembly session solely on the basis of a written power of attorney, which must be submitted at the registration of attendees for the session, in the manner stipulated by the Law.

The provision mentioned in the previous paragraph also applies to other persons who, in performing their respective activities under the power of attorney issued by their clients, realize the right to vote on the Shareholders Assembly.

Article 14

The shareholder may vote in person or through one proxy.

The power of attorney may be issued for one or more sessions of the Shareholders Assembly, for an indefinite period of time or until its revocation.

The power of attorney is, as a rule, issued in written form, but it may also be given in electronic form, should the authenticity of the statement be secured.

The power of attorney is given to the proxy and submitted to the Company seat.

General Manager or the Management Board Members, the Executive Board Members and the controlling shareholders may not act as a proxy for the shareholders employed by the Company and related persons in the sense of the provisions of the Law.

Article 15

The shareholder's power of attorney must be certified by the relevant authority or an authorized person of the Company and, should the power of attorney be issued by a shareholder – legal entity, it must be certified with the stamp and signature of the authorized person.

Certified powers of attorney are deposited in the documentation as the enclosures to the Minutes from the Shareholders Assembly session.

Article 16

Annual Shareholders Assembly is convened and held once a year, at latest within six months after the end of the business year.

The Shareholders Assembly is convened by the Management Board.

Article 17

Extraordinary Shareholders Assembly may be convened as follows:

- 1) upon request of 1/3 of the Management Board Members,
- 2) upon request of the Company liquidator, should the Company be in the process of liquidation and
- 3) upon written request of the shareholders with at least 10 % shares with voting right on the issue proposed for an extraordinary Shareholders Assembly, which is made pursuant to the Law.

The Management Board is obligated to, upon written request mentioned in the previous paragraph of this Article, issue a decision on acceptance or refusal to convene the extraordinary Shareholders Assembly, at latest, within 10 (ten) workdays from the day of reception of the request, and notify the applicants, at latest, within 7 days from the date of issuing of this Decision.

The decision on refusal to convene the extraordinary Shareholders Assembly must include the rationale for the refusal.

The extraordinary Shareholders Assembly may solely decide upon the issues stated in the Request submitted in accordance with the Law.

The costs of convening and holding the extraordinary Shareholders Assembly are borne by the Company.

Article 18

The Shareholders Assembly decides on:

- 1) Passing of the Statute, alterations and amendments of the Statute particularly related to the changes which establish, increase or decrease of the approved number of shares or

- changes of rights or privileges of any type or classes of shares, increase or decrease of the capital assets or the alterations which lead to change in any shareholder's rights, however excluding the changes which may be performed by the Management Board,
- 2) Status changes and change of the legal form into another form of a commercial company,
 - 3) Acquiring and disposing of a high-value assets,
 - 4) Profit distribution and losses coverage,
 - 5) Cessation of the Company,
 - 6) Adoption of financial reports with the internationally recognized independent auditor's report, as well as the Management Board report related to the financial reports,
 - 7) Increase and decrease of the Company capital assets,
 - 8) Election and release from duty of the Management Board Members,
 - 9) Election and release from duty of the internationally recognized independent auditor and Auditing Board,
 - 10) Policy of remuneration and bonuses to the Management Board Members, the remuneration for Auditing Board Members' activities and issuing of prior consent to the contracts on mutual rights and obligations concluded with the Management Board Members, and approving the elements of the contracts concluded with the Management Board Members
 - 11) The issues submitted for deciding by the Company Management Board to the Shareholders Assembly, in accordance with the Law,
 - 12) Alteration or amendment to the main activities of the Company,
 - 13) Adoption of Rules of Procedure for the Shareholders Assembly work,
 - 14) Election of the Shareholders Assembly Chairman,
 - 15) Other issues in accordance with the Law and the Company Statute.

Article 19

The Shareholders Assembly is convened by means of an invitation to the session with specified time and venue of the session, proposal of the agenda and other data stipulated by the law.

Convening of the Shareholders Assembly is being announced no later than 30 days and no earlier than 60 days prior to the session holding date - in case of an annual Shareholders Assembly, and no later than 15 days and no earlier than 30 days prior to the session holding date - in case of an extraordinary Shareholders Assembly, without interruption, on the Stock Exchange Internet site, on the Company Internet site and in two daily papers, registered on the Republic of Srpska territory.

Announcement of the Shareholders Assembly session and the materials for the Assembly remain on the Company Internet site from the day of announcement to the day of holding the Assembly session.

The materials for the Assembly session are also made available to all the shareholders in the Company seat.

A shareholder or the shareholders who have at least 10% of the shares with voting right for election of the Management Board, may propose and request maximum of two new issues to be included into the Assembly session Agenda, with stated rationale in the written form, within seven days from the day of the announcement of the annual convening of the Shareholders Assembly session, or within five days from the day of announcement of the extraordinary Shareholders Assembly session.

Should the Management Board fail to, within 72 hours from the day of receiving the request, respond to the shareholders' request or rejects the request, the relevant court has the jurisdiction to, in the extraordinary procedure and upon the request of any of the shareholders that must be submitted within further 48 hours, issue an order to satisfy the mentioned request, the decision on which is reached within 48 hours from the reception of the request.

Article 20

At the Shareholders Assembly session, the list is made of the attending and represented shareholders and their respective proxies, with stated face value of the shares class and the number of votes belonging to them on the basis of such shares.

The list is made on the basis of the submitted shares of shares certificates or on the basis of the authorizations.

Should the person who represents the shareholders, i.e. custody bank, as well as other persons who, in performing their respective activities pursuant to their respective client's power of attorney, be given the authorization to realize the voting right, the nominal value and class of the shares, for which they have received the authorization, is stated in the list.

The list of attendees is made available for insight to the attending shareholders and their representatives before voting.

Article 21

The quorum for Shareholders Assembly session is made of the shareholders who own the majority of the total number of shares with voting right on the particular issue (common majority).

The quorum also includes the votes of the shareholders who, in accordance with the law, may vote in writing.

The quorum for Shareholders Assembly session is established before opening of the discussion upon the items on the Agenda on the basis of the list of the Voting Committee, appointed by the authorized representative of the Assembly convener.

The right to participate and vote on the Shareholders Assembly is realized on the basis of the Shareholders' List issued by the Central Securities Register, which contains the shares identification, data on the owners, number and face value of the shares, with the status on the tenth day prior to the date of the Shareholders Assembly session holding, which day is announced in the invitation for the Shareholders Assembly session.

The shareholders list, mentioned in the previous paragraph, must be available in the Company seat to all the shareholders who have the right to vote at the Shareholders Assembly.

In convening the Shareholders Assembly mentioned in the paragraph 1 of this Article, it is established the time and venue for holding the repeated Shareholders Assembly with the same Agenda, at latest, 15 days from the day of postponement (repeated Shareholders Assembly session), should it not be possible to hold the Shareholders Assembly due to lack of quorum.

The repeated Shareholders Assembly session may pass valid decisions should the shareholders who have the more than one half of the shares with voting right, including the votes of the

shareholders who opted to vote in writing, be attending or represented.

Article 22

Should there be the quorum at the session, the decisions are passed by voting of the attending shareholders, whether in person or by means of a proxy, who have the right to vote on certain issue, including the votes of the shareholders who opted to vote in writing.

With qualified majority, which represents a positive voting of at least 2/3 of the votes of the attending or represented shareholders, including the votes of the shareholders who opted to vote in writing, the Shareholders Assembly decides on:

- 1) Acquiring and disposing of the high-value assets in accordance with the Law,
- 2) Change of the legal form and cessation of the Company,
- 3) Status changes,
- 4) Passing and alterations and amendments of the Statute within the competences of the Shareholders Assembly.

The Shareholders Assembly decides on all other issues by common majority of the votes of attending or represented shareholders, including the votes of the shareholders who opted to vote in writing.

The decision by which the shareholders are ordered additional obligations, i.e. which reduces the rights stipulated by the law, this Statute and Decision on Issuance of the Shares, requires the consent of the shareholders the Decision shall apply to, unless otherwise provided by the law.

The provision mentioned in the previous paragraph of this Article shall be applied to passing of the decision on limitation of transfer of the registered shares or other shares, should this limitation not be foreseen by the decision on their issuance.

Article 23

The Chairman of the Shareholders Assembly, elected at the beginning of the session, presides over the work of the Shareholders Assembly.

The Shareholders Assembly Chairman is elected by the Shareholders Assembly on each session.

The Shareholders Assembly Chairman proposes to the Shareholders Assembly the adoption of the Rules of Procedure for the Shareholders Assembly, manages the work of the Shareholders Assembly, signs the acts adopted at the Shareholders Assembly session, appoints the registering secretary, two shareholders who certify the Minutes, and performs other duties stipulated by the Rules of Procedure for the Shareholders Assembly

Article 24

When the Shareholders Assembly decides on the issues which have been declared as trade secret by the relevant Company body's decision, the Chairman of the Shareholders Assembly must exclude the public from that part of the Shareholders Assembly session.

Article 25

The Shareholders Assembly, as a rule, decides by public voting.

The Shareholders Assembly decides by means of voting ballots when required by the shareholders with minimum 10% present or represented shares with voting right upon certain issue and when it decides upon:

- 1) Election and release from duty of the Management Board Members, the Independent Auditor and the Liquidator,
- 2) Adoption of financial reports, as well as the Management Board report and Independent Auditor' report related to the financial report,
- 3) Policy of remuneration and bonuses to the Management Board Members.

The way of voting, contents and form of the voting ballot are more thoroughly stipulated by the Rules of Procedure for the Shareholders Assembly.

Article 26

Each shareholder, or shareholder's proxy, bears the costs of his attending of the Shareholders Assembly sessions while the costs of preparation and holding of the Shareholders Assembly session are borne by the Company.

Article 27

The Decisions passed at the Shareholders Assembly session are entered into the Book of Decisions without delay.

Each Shareholders Assembly decision is entered into the Minutes.

The Minutes from the Shareholders Assembly session are taken by the recording secretary.

Article 28

The Decision enters into force on the day of its passing unless:

- 1) the decision stipulates another date,
- 2) the Law explicitly stipulates for a decision to enter into force when it is registered and announced, which means that the day of registration and announcement is the day when the decision enters into force.

MANAGEMENT BOARD

Article 29

The Management Board consists of seven (7) members.

Five (5) Management Board Members are elected upon the proposal of the major shareholders, out of which one (1) must be independent.

The shareholder with majority share is a person who, alone or with other persons, has over 50% of the voting rights on the basis of the common shares.

Two (2) Management Board Members are elected upon the proposal of the minor shareholders, out of which one (1) must be independent.

Executive Board members make less than one half of the total Management Board members.

The Management Board Members' mandate lasts for three (3) years, with the possibility of re-election.

Vacant position in the Management Board is filled by cooptation on the first consecutive Management Board session, unless the number of the members is reduced under one half, when the Management Board Members convene the Shareholders Assembly for the purpose of filling the vacant positions.

The Management Board Chairman is elected by the Management Board by common majority of the votes of all Members.

The Management Board Chairman may be the Company General Manager should he/she be proposed for both positions by the major Shareholder.

Article 30

The Management Board Members are elected by the Shareholders Assembly by common majority of the votes of the attending or represented shareholders with voting right, as well as the shareholders who opted to vote in writing.

Each Management Board Member is voted individually, without cumulative voting.

The candidates for election to Management Board are proposed by the existing Management Board, shareholders or the committee for appointment of the Management Board, should it be established.

Article 31

The Management Board sessions are convened at least four times a year (regular sessions), out of which, one must be convened at latest 60 days prior to the annual Shareholders Assembly.

Other regular Management Board sessions are convened on need basis, in accordance with the Rules of Procedure for the Management Board work.

Along with the regular sessions, the Management Board may also hold extraordinary and urgent sessions.

In the urgent sessions, the Management Board considers and passes the decisions for which the deadline for convening the regular session may cause damage or failure in compliance with the legal deadlines and in other cases when the postponement may have a detrimental effect on the Company interests.

The issues not stipulated by the Statute, the Management Board shall regulate by the Rules of Procedure for the Management Board work, in accordance with the Law and the Statute.

Article 32

The quorum required for the Management Board work and decision making, includes the majority of the Board Members.

Management Board passes the decisions by common majority of the attending members' votes.

In case of equal division of votes, the deciding vote is the Management Board Chairman's vote.

The Management Board decisions are entered in the Book of Decisions without delay.

Article 33

The Management Board's competences are the following:

1. deciding on alterations and amendments of the Statute in accordance with the Statute,
2. managing the Company development and strategy and supervising the executive directors and the Company administration,
3. approving the annual budget and business plan of the Company upon the General Manager's proposal,
4. deciding on the Company's activities apart from the main activity,
5. adopting the six-month financial reports of the Company,
6. convening the Shareholders Assembly sessions and establishing the proposal of the Agenda,
7. establishing the Shareholders Assembly proposals and controlling their enforcement,
8. issuing and revoking of the letter of proxy,
9. issuing promissory notes, warranties and other securities, up to the amount which may not exceed 10% of the registered share capital in accordance with the Law that regulates the securities market,
10. adopting the annual and periodical reports on performed inventory of assets and liabilities,
11. electing and releasing from duty of the General Manager,
12. electing and releasing from duty of the Executive Directors upon the General Manager's proposal
13. determining the remuneration and approving the conditions for the contracts the Company concludes with the Executive Board Members,
14. determining special functions, authorizations, duties, responsibilities and titles for the Executive Board Members, as well as the procedure for convening and holding the Executive Board sessions and decision making process,
15. deciding upon the shareholders' requests submitted to the Company for bringing a derivative action for compensation of damages,
16. deciding on establishing new companies, save for the case of the status changes,
17. deciding on disposal of the Company shares and equities in other companies and conversion of the claims into the shares and equities in other companies,
18. proposing to the Shareholders Assembly the adoption of the financial reports and the internationally recognized independent auditor's reports related to financial reports,
19. submitting the report on its work to the Shareholders Assembly,
20. proposing to the Shareholders Assembly the conclusion of the transaction related to the procedure for acquiring and disposing of the high-value assets in accordance with the Law,
21. establishing the amount and date of the dividend, day of payment and procedure for payment of the dividends,
22. issuing guidelines for realization of the business policy to the General Manager and Executive Board,
23. approving the conclusion of legal transaction in the value exceeding the General Manager's authorization,
24. appointing of the Appointment Committee and Remuneration Committee,
25. passing the Code of Conduct or accepting the corporate management standards issued by the Republic of Srpska Securities Commission,
26. passing the Rules of Procedure for its work and respective Committees work,
27. submitting to the Shareholders Assembly the reports in accordance with the Law,
28. performing other duties stipulated by the Law and the Statute.

Article 34

The Management Board may establish two committees, consisting of at least three (3) members, each, for the purpose of enforcement of the Company appointment policy and remuneration policy:

- 1) Appointment Committee and
- 2) Remuneration Committee

Conditions for appointment, number of members, mandate and remuneration for the Committee members are stipulated by the Decision of the Company Management Board.

Article 35

The Management Board Member may be released from duty by the Decision of the Shareholders Assembly, with or without rationale, should the shareholders believe it to be in the Company's best interest.

The release of the Management Board Member produces legal effect should it be approved by at least the majority of the votes of the shares with voting right for election of the Management Board Member, at the Shareholders Assembly.

The Management Board Member may not be released from duty at the Shareholders Assembly unless the notification on Shareholders Assembly, in the way stipulated by the Law, states that the purpose of the Shareholders Assembly is, along with the other issues, voting on release from duty of the Management Board Member at the Shareholders Assembly.

The Management Board Member may resign from the position by means of a written notification submitted to the Management Board or the Management Board Chairman. The resignation shall produce legal effect on the day of its submission, unless a later date is stated in the letter of resignation.

The cessation of membership on such basis does not require a special decision of the Company bodies. The resignation may be revoked solely with the consent of the Management Board.

Article 36

Along with the rights and obligations which a Management Board Member enjoys pursuant to the Law and the Statute, other rights and obligations may be determined by the contract concluded between the Management Board Member and the Company, in accordance with the Statute.

The Management Board Members who are not the Company employees, perform their respective duties on the basis of a special contract which regulates mutual rights and obligations, to which the prior consent is issued by the Shareholders Assembly and which is announced in accordance with the Law.

EXECUTIVE BOARD**Article 37**

The Company has five Executive Directors and the General Manager, who make the Executive Board.

The Management Board elects the Executive Board Members.

The Executive Board Members may be the members of the Management Board.

Article 38

The Executive Board Members are elected for the period of three (3) years, with the possibility of re-election.

Article 39

The Executive Board Members' competences are the following:

1. enforcement of the Management Board Decisions,
2. proposing the measures for implementation of the Business Plan and the Budget and taking care of their enforcement in order to achieve the aims stipulated therein,
3. consideration of the business proposals and projects,
4. consideration of the pricing policy,
5. consideration of the financial policy.

Article 40

The Executive Board is obligated to permanently and thoroughly inform the Management Board.

The Management Board, i.e. every Management Board Member may, at any time, request from the Executive Board to inform him/her on the duties which may have a significant effect to the Company business relations with other companies, as well as on any other issue in accordance with the Law.

Article 41

The Management Board may, at any time, release from duty the Executive Board Members, when it is considered to be in the Company's best interest.

The provisions of this Statute which pertain to the resignation of the Management Board Members, shall also apply to the resignation of the Executive Board Members.

GENERAL MANAGER (CEO)

Article 42

General Manager is elected by the Executive Board upon the proposal of the major shareholders.

Mandate of the General Manager lasts for three (3) years and the same person may be elected in several successive mandates.

The General Manager concludes a special contract with the Management Board on regulation of mutual relations.

Article 43

The General Manager is the Executive Board Chairman.

The General Manager convenes and presides over the Executive Board sessions, organizes Executive Board work and looks after taking of the minutes on the sessions.

Article 44

The General Manager' competences are:

1. to represent the Company after the registration into the Court Register, without special power of attorney,
2. to organize the business activities of the Company,
3. to propose appointment and release from duty of the Company Executive Directors,
4. to perform and look after enforcement of the decisions and other conclusions of the Management Board,
5. to pass general acts of the Company which do not fall within the competences of the other Company bodies,
6. to perform other duties stipulated by the Law and the Statute.

Along with the aforementioned activities, the General Manager performs other duties which, pursuant to the Law, the Statute or other general acts, are not stipulated within the scope of activities of other Company bodies.

SUPERVISION OF THE COMPANY WORK AND BUSINESS ACTIVITIES

Article 45

The supervision of the Company work and business activities is performed by:

- Auditing Board and
- Internal Auditing.

Article 46

The Company has the Auditing Board and the Internal Auditing.
The Auditing Board has three (3) members.

The Auditing Board Members are elected by the Shareholders Assembly from the independent persons in accordance with the Law and the Statute.

Two (2) Auditing Board Members are elected upon the proposal of the major shareholder and one (1) Auditing Board Member is elected upon the proposal of the minor shareholder.

Each Auditing Board Member is voted separately.

Auditing Board has the Chairman elected by the Auditing Board Members by majority votes.

Mandate of the Auditing Board Members lasts three (3) years and the same person may be elected in several successive mandates.

Auditing Board Members may be released from duty by the Shareholders Assembly Decision in the same way they were elected.

Mutual relations between the Company and the Auditing Board Members regulates a special contract, on the basis of the scope of activities and *modus operandi* stipulated by the Law.

The activities of the Internal Auditing, stipulated by the Statute and general acts of the Company, are performed by the person employed with the Company who fulfills the requirements stipulated by the Company act.

Article 47

The Auditing Board is responsible for:

1. passing the plan of activities for the Internal Auditing,
2. considering the Internal Auditing reports and issuing the recommendations upon the auditing reports,
3. informing the Management Board on realization of the recommendations upon the auditing reports,
4. informing the Shareholders Assembly on accounting, reports and financial operations of the Company and its related companies,
5. issuing the opinion upon the proposal of the Decision on Profit Distribution,
6. reporting on harmonization of the Company business operations with the legal and regulatory requirements,
7. proposing to the Shareholders Assembly the election of an internationally recognized auditor,
8. submitting the report to the Shareholders on each annual Assembly, and, on the extraordinary session of the Shareholders Assembly, when they consider it to be appropriate or necessary or when required by the Management Board,
9. communicating to the Shareholders Assembly a special report on the contracts concluded between the Company and related persons, in the sense of the Law.

Article 48

Internal Auditor:

1. controls and reports to the Auditing Board on credibility and completeness of the financial reports of the Company,
2. controls and reports to the Auditing Board on credibility and completeness of the reporting to the Company shareholders on financial and other information,
3. controls and reports to the Auditing Board on the contracts concluded between the Company and the Company Management Board Members, as well as with related persons,
4. controls harmonization of the Company organization and activities with the Code of Conduct or the corporate management standards,
5. controls the procedure for resolving the objections of the Company shareholders, members of the Company bodies, and other persons, in regard with the aforementioned activities.

In performing the stated duties, the Internal Auditor may review all Company documents, check their credibility and the data contained therein, and review the status of the Company assets.

Article 49

The Company has the Independent Auditor the position and authorizations of which are stipulated by the law which regulates accounting and auditing.

The Independent Auditor of the Company must be an internationally recognized auditing agency and it is elected on the annual Shareholders Assembly in the current year for auditing of the financial reports in the following business year, for the period stipulated by law which regulates accounting and auditing.

The Independent Auditor is informed, simultaneously with informing the shareholders, on holding of the Shareholders Assembly, for the purpose of participating in the Shareholders Assembly work in accordance with the Law and the Statute.

Mutual relations of the Company and the Independent Auditor are regulated by a special contract.

Article 50

Upon the proposal of minor shareholders who possess at least 20% of the shares in the capital assets of the Company, the Shareholders Assembly may elect a professional trustee for the purpose of reviewing the financial reports and Company books from the previous three years.

Election and voting of the professional trustee is made in accordance with the Law.

Mandate, rights, duties and responsibilities, and other issues of the professional trustee's status, are determined by the decision on his/her election, in accordance with the Law.

Article 51

The Company may have a Secretary who is appointed and released from duty by the Management Board.

The Secretary's mandate is three (3) years.

Duties and responsibilities of the Company Secretary are stipulated by the Law.

The Company Secretary's salary and other rights regulates the contract concluded between the Secretary and the Management Board, upon the Management Board Chairman's proposal.

IX PROFIT DISTRIBUTION AND COVERAGE OF LOSSES

Article 52

The Company plans revenues, expenditures and profit with the annual financial plan, i.e. the annual budget.

Upon adoption of the financial reports for the previous year, the profit is distributed as follows:

- 1) for coverage of the losses retained from previous years,
- 2) for coverage of the issuance losses originated from the issuance of the shares under the face value of the shares
- 3) for legal provisioning,
- 4) for statutory reserves,
- 5) for dividends in accordance with the Law and the Statute.

Article 53

The Decision on Profit Distribution is passed by the Shareholders Assembly with obtained

prior explication of the Auditing Board.

The Management Board may propose to the Shareholders Assembly the payment of the interim dividend in the course of the business year with obtained prior explication of the Auditing Board.

The interim dividends may be paid under the following conditions:

- if established, from the interim and for this purpose made account, whether the available funds are sufficient to make the payment,
- if the amount to be paid does not exceed a total profit made to the end of the previous business year for which a financial report is made, increased for retained earnings and the amounts drawn from the reserves, which may be used for such purposes, and reduced for the established losses and the amount which must be entered into the reserves, pursuant to the special law and the Statute,
- if the decision on payment of the interim dividend is passed on the basis of the semi-annual audited financial reports.

The Shareholders Assembly may decide for the profit or part of the profit not to be distributed to the shareholders (retained earnings).

Article 54

Should the Company show loss at the end of the financial year, this loss may be covered in the way stipulated by the Law and in accordance with the applicable accounting policies.

Article 55

The Decision on Payment of the Dividend contains:

- the amount of the dividend,
- the dividend day for which the list of shareholders entitled to payment of the dividend is made (sectional day).

After passing of the Decision on Payment of the Dividend, the shareholder to whom it should be paid becomes the Company creditor for the amount of the applicable dividend.

X ACQUIRING AND DISPOSING OF THE HIGH-VALUE ASSETS

Article 56

Acquiring and disposing of the high-value assets of the Company, is related to transfer or several related transfers, the subject of which is acquiring and disposing of the Company assets, the market value of which, in the moment of passing the Decision, represents at least 30% of the assets book value shown in the latest annual balance sheet.

Acquiring and disposing of the assets is deemed to be the acquiring and disposing in any way including, in particular, sale, lease, exchange, pledge or mortgage, as well as the exchange for equity in another commercial company.

The procedure for acquiring and disposing of the high-value assets is preformed in accordance with the Law.

XI RESERVES

Article 57

The Company Reserves encompass legal provisioning, capital reserves, statutory and other reserves.

Article 58

In the legal provisioning of the Company, it is entered 5% (five percent) of the earnings from the current year, reduced for the loss from the previous year, until this provisioning, together with the capital reserves, reach the amount of at least 10% of the capital assets.

The legal provisioning is used for coverage of the losses and, should it exceed the aforementioned amount, it may be used for increase of the capital assets.

Article 59

In the capital reserves of the Company, there are entered the amounts stipulated by the law and they are used in accordance with the Law.

Article 60

The Company may have statutory reserves.

The statutory reserves may consist solely of the funds originating from the Company profit.

The decision on establishing the statutory reserves, amount and purpose of these reserves, is passed by the Shareholders Assembly.

Article 61

The Company has other reserves.

The other reserves are the reserves which originate on the basis of the investment obligations and other sources and funds.

The decision on purpose of such reserves is passed by the Management Board.

XII INCREASE AND DECREASE IN THE CAPITAL ASSETS

Article 62

The capital assets of the Company are increased with the Decision of the Shareholders Assembly.

The Decision on Increase of the Capital Assets stipulates the amount of increase, way of increase, payment schedule, and other issues in accordance with the law which regulates the securities market.

The Decision mentioned in the paragraph 1. of this Article changes the Company Statute.

The increase in the capital assets of the Company shall be performed by issuance of the new shares or increase of the nominal value of the existing shares.

The shares shall be issued by means of a public (open) or private (closed) emission and sold at the market value stipulated in accordance with the regulations which regulate the securities market.

Article 63

The capital assets of the Company may be increased by conversion of the reserves and retained earnings into the capital assets of the Company, under the conditions and according to the procedure stipulated by the law.

Article 64

The procedure for increase of the capital assets with new deposits (introduction, issuance and registration of the shares) and other legally provided ways for increase of the capital assets shall be performed in accordance with the law.

Article 65

The capital assets of the Company may be reduced in the cases and through the procedures provided by the Law.

The Decision on decrease of the capital assets by means of annulment of the shares is passed by the Shareholders Assembly.

With the decision on decrease of the capital assets, the Statute is altered.

Article 66

Reduction of the capital assets of the Company on one basis may be performed simultaneously with the increase of the capital assets of the Company on another basis.

XIII REPRESENTATION

Article 67

The Company is represented by the General Manager without limitations, save for the cases stipulated by the Statute.

Article 68

The Company Representative is authorized to, on behalf of the Company and within the scope of his/her limitations, transfer the authorization to represent the Company to another person.

Article 69

The Management Board may give the letter of proxy, which contains the authorization for conclusion of legal transactions and acts related to the Company activities, to one person or several persons (being an individual or joint letter of proxy), in the way stipulated by the Law.

The letter of proxy does not contain the authorization for conclusion of legal transactions

related to alienation and burdening of real estate.

The letter of proxy may be issued solely to a physical person, it is non-transferable and it is registered in the Court Register.

XIV SPECIAL PROVISIONS

Obligations towards the Company

Article 70

The obligations towards the Company have:

- Major shareholders,
- Company representatives,
- Management Board Members, Executive Board Members, Auditing Board Members and Internal Auditor,
- Persons who have contractual authorizations to manage the Company activities,
- Company liquidator.

The persons mentioned in the previous paragraph are obligated to act in the interest of the Company, to act consciously and loyally towards the Company, keep trade secret and observe the other obligations stipulated by the Law.

Article 71

The persons who have obligations towards the Company and their related persons, when having a personal interest towards the Company (conflict of interests) in the legal transactions with the Company, are obligated to notify the Company in advance and obtain the approval in accordance with the Law.

The persons mentioned in the previous paragraph of this Article may not be, directly or indirectly (through the related persons), engaged by other commercial Company which pursues competitive activities, unless they are granted a special approval in accordance with the Law (competition ban)

The ban from the paragraph 2 of this Article particularly includes:

- employment,
- entrepreneur's status,
- partner or complementary status,
- control member or shareholder's status,
- company body member's status in the sense of the legal provisions,
- Company representative,
- Company liquidator,
- persons who have contractual authorizations to manage the Company activities.

The ban from this Article shall remain in force for one year after cessation of the aforementioned status.

Trade Secret**Article 72**

The trade secret is deemed to be the information on the Company activities and data on the Company, which are likely to cause a significant damage to the Company should they come into the possession of third persons or should the use of such data would be contrary to the law and the Company acts, in particular:

- 1) the third persons' acts or Company acts designated as confidential in accordance with the Law and the Company rules,
- 2) databases and other customers data,
- 3) personal data of the Company employees,
- 4) contracts and other legal transactions which contain the confidentiality clause,
- 5) other business acts stipulated by the Management Board (offers or tender documentation, analyses, projects, etc.)

Trade secret may not be the information for which the law stipulates the obligation of releasing.

Notifications to the Shareholders and Access to the Company Acts**Article 73**

On each annual Shareholders Assembly, the Management Board is obligated to submit to the shareholders the updated and complete report on the status and business activities of the Company, including in particular, the report on the Company financial status.

The Company is obligated to make available to the shareholders the Company acts and documents, which are not deemed to be the trade secret, in the manner and according to the procedure stipulated by the Management Board and in accordance with the Law and the Statute.

XV STATUS CHANGES**Article 74**

In the sense of the Law, the status change is merging, division and separation.

In the sense of the Law, the reorganization of the Company understands change of the status and change of the legal form of the Company.

The decision on the status changes and change of the Company form is issued by the Shareholders Assembly in accordance with the Law and the Statute.

XVI PROTECTION OF ENVIRONMENT**Article 75**

In pursuing its activities and business operations, the Company is obligated to undertake all measures for protection and improvement of the working and natural environment in accordance with the applicable regulations.

The Company is obligated to adhere to the measures for protection and improvement of the

working and natural environment in the environmental conditions in which it pursues the business activities.

XVII ALTERATIONS AND AMENDMENTS OF THE STATUTE

Article 76

The decision on alterations and amendments of the Statute is issued by the Shareholders Assembly and the Management Board, within the scope of competences stipulated by the Law and the Statute.

XIII TRANSITIONAL AND FINAL PROVISIONS

Article 77

The Statute is a general Company act, which requires all other general acts to be harmonized accordingly.

Article 78

With entering into force of this Statute, the respective validity of the Company Statute no. 1-02-4282/07, dated 19 May 2007, and the Statutory Decision on Alterations and Amendments of the Telekomunikacije RS a.d. Banja Luka Statute no. 1-02-9749/07, dated 7 November 2007, shall cease.

Article 79

The present Statute entered into force on the day of 14 June 2011, on 13 December 2011, on 4 January 2012, on 3 July 2013, on 25 April 2014, on 18 June 2014, on 19 May 2016, on 14 October 2017, respectively.

With establishing of this revised text of the Telekomunikacije RS a.d. Banja Luka Statute, the Telekomunikacije RS a.d. Banja Luka Statute – revised text, number 1-02-47169-1/17, dated 6 October 2017, shall cease its application.

Number: 1-02-15998-1/19
In Banja Luka: 18 March 2019

MANAGEMENT BOARD CHAIRMAN
Predrag Čulibrk

This revised text of the Statute is published in the Official Gazette of the Telekomunikacije RS a.d. Banja Luka number: 31, dated 18 March 2019.