

Pursuant to Article 272 of the Banking Law of Republika Srpska (“Official Gazette of Republika Srpska”, issue No.: 04/17), Article 5, Paragraph 1, Item b, Article 20, Paragraph 2, Item b and Article 37 of the Law on Banking Agency of Republika Srpska (“Official Gazette of Republika Srpska”, issues No.: 59/13 and 4/17) and Article 6, Paragraph 1, Item b and Article 19, Paragraph 1, Item b of the Statute of the Banking Agency of Republika Srpska (“Official Gazette of Republika Srpska”, issue No.: 63/17), the Management Board of the Republika Srpska Banking Agency, at its 47th session, held on the date of February 26, adopted the following

DECISION

ON CONDITIONS FOR DEEMING A BANK INSOLVENT

Article 1

This Decision shall regulate the conditions in which the value of liabilities of a bank exceeds the value of its assets, i.e. when the bank is deemed insolvent.

Article 2

(1) A bank shall be deemed insolvent when the Agency, on the basis of balance sheet and other data it has at its disposal, determines that the value of liabilities of a bank exceeds the value of its assets, i.e. a bank is solvent if the value of the assets, i.e. property, of the bank exceeds the value of liabilities of the bank.

(2) The value of liabilities referred in Article 1 of this Decision shall represent the stock of all liabilities that are disclosed in the balance sheet of the bank on the reporting date.

(3) The value of assets of the bank shall represent:

- 1) the amount of the value of assets of the bank that is disclosed in the balance sheet of the bank on the reporting date, reduced by the amount of impairment, and
- 2) the amount of the surplus of realistically estimated revenues over expenses of the bank during the period, by the end of the current business year, at the latest.

Article 3

(1) When it determines that the bank is insolvent or that there are objective circumstances on the basis of which it is determined that the bank will be insolvent in short-term, the Agency shall revoke the bank’s operating license and submit an application for initiating bankruptcy proceedings over the bank.

(2) The decision of the Agency on insolvency shall be final.

Article 4

(1) This Decision shall enter into effect on the eighth day from the date of its publication in the "Official Gazette of Republika Srpska".

(2) Upon entry into effect of this Decision, the Decision on conditions for deeming bank insolvent ("Official Gazette of Republika Srpska", issue No. 12/03) shall cease to be in effect.

No: UO-378/18

Date: 26 February, 2018

PRESIDENT OF
THE MANAGEMENT BOARD
Mira Bjelac