

Pursuant to Article 5, Paragraph 1, Item b, Article 20, Paragraph 2, Item b and Article 37 of the Law on the Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska" No. 59/13 and 4/17), 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 the Republika Srpska" No. 63/17), the Management Board of the Banking Agency of Republika Srpska, at the 7th session held on 13 December, 2018 adopted the

DECISION
ON CONDITIONS FOR INCLUSION OF FORMED LOAN LOSS PROVISIONING
INTO BANK COMMON EQUITY TIER 1 CAPITAL

Article 1

This Decision stipulates the conditions that a bank must meet in order for loan loss provisioning to be recognized as an item of CET 1 capital in accordance with the Decision on calculation of capital in banks ("Official Gazette of Republika Srpska", No. 74/17 and 114/17), and which was formed in accordance with the Decision on Minimum Standards for Credit Risk Management and Classification of Bank Assets ("Official Gazette of Republika Srpska", No. 49/13, 1/14 and 117/17).

Article 2

The bank shall include the formed loan loss provisioning referred to in Article 1 of this Decision into CET 1 capital of the bank, after previously fulfilling the following conditions:

- 1) submit to the Banking Agency of Republika Srpska the decision of the bank assembly on the inclusion of formed provisioning for loan losses into CET 1 capital, i.e. the mapping of formed provisioning into the appropriate item of CET 1 capital in accordance with Article 6 Paragraph 1 of the Decision on calculation of capital in banks),
- 2) to reduce the amount of formed provisioning for loan losses by all costs in accordance with applicable tax regulations.

Article 3

This Decision shall enter into force on the eighth day from the day of its publication in the Official Gazette of Republika Srpska.

Number: UO-56/18

Date: 13 December, 2018

PRESIDENT OF THE
MANAGEMENT BOARD
Bratoljub Radulović