

Pursuant to 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", No.: 59/13 and 4/17), Article 89, Paragraph 3 of the Banking Law of Republika Srpska ("Official Gazette of Republika Srpska", No.: 4/17), Article 6, Paragraph 1, Item b and Article 19, Paragraph 1, Item b of the Statute of Banking Agency of Republika Srpska ("Official Gazette of Republika Srpska", No.: 63/17), the Management Board of the Banking Agency of Republika Srpska, on its session held on 2 November, 2017 issued the

DECISION
ON INCLUSION OF SPECIAL CONDITIONS FOR CONTRACTING LONG
TERM NON-PURPOSE AND REPLACEMENT LOANS OF INDIVIDUALS INTO THE
BANK'S RISK MANAGEMENT SYSTEM

Introduction

Article 1

This Decision shall define the bank's obligations to also include in its risk management system referred to in Article 87, Paragraph 2, Item 2 of the Banking Law of Republika Srpska ("Official Gazette of Republika Srpska", No.: 4/17) special conditions for approving long term non-purpose and replacement loans of individuals in accordance with this Decision.

Definitions

Article 2

Terms used in this Decision shall have the following meaning:

- a) Non-purpose loan is a cash loan which the bank approves to an individual, where no specific usage of funds is defined, i.e. where the bank does not check the usage of funds, excluding mortgage and lombard non-purpose loan;
- b) Replacement loan is a cash loan which the bank approves to an individual for the purpose of repayment of one or more obligations at the same and/or other banks, with or without approval of additional financing, excluding mortgage and lombard replacement loan. Replacement loan in a sense of this Decision shall not imply loan for restructuring of housing loan for which the bank gathered and provided evidence on purpose initial usage of loan funds which is being restructured. Replacement loan for restructuring of housing loan the bank shall record according to its initial purpose as a housing loan and enable its separate systematic identification and monitoring.

Limitations

Article 3

- (1) The bank shall not contract non-purpose and replacement loan with an individual for the period longer than 10 (ten) years.
- (2) The bank shall not contract non-purpose and replacement loan with an individual in the amount exceeding 50,000.00 KM (fifty thousand KM).

Reporting to the Agency

Article 4

- (1) The bank shall quarterly deliver to the Banking Agency of Republika Srpska (hereinafter: Agency) report in written and electronic form, with data on the amount and structure of non-purpose and replacement loans according to the NZK form (Table 1 and Table 2) which is attached to this Decision and represents its integral part.
- (2) Report referred to Paragraph 1 of this Article the bank shall deliver to the Agency quarterly, within 30 days after the last day of reporting quarter.

Transitional and final provisions

Article 5

This Decision shall apply to non-purpose and replacement loans approved after this Decision comes into force.

Article 6

This Decision shall come into force on the 8th day after its publication in the "Official Gazette of Republika Srpska".

Number: UO-322/17

Date: 2 November, 2017

PRESIDENT OF THE
MANAGEMENT
BOARD
Mira Bjelac

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Signature (first and last name / tel. number of authorized person)

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