

Pursuant to Articles 101-105 of the Banking Law of Republika Srpska ("Official Gazette of Republika Srpska", No. 04/17, 19/18 and 54/19), 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), 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", No. 63/17), the Management Board of the Banking Agency of Republika Srpska, at its 41<sup>st</sup> session, held on 21 March, 2022 adopted the

**DECISION**  
**ON**  
**AMENDMENTS TO THE**  
**DECISION ON RECOVERY PLANS OF A BANK AND A BANKING GROUP**

**Article 1**

(1) In the Decision on recovery plans of a bank and a banking group ("Official Gazette of Republika Srpska", No. 116/17), a new paragraph 5 shall be added to Article 1, and read as follows:

"Notwithstanding Paragraph 4 of this Article, a bank with which the Agency has not determined the existence of critical functions is obliged to revise the recovery plan at least every two years or when the circumstances referred to in Paragraph 4, Items 1–4 of this Article occur."

(2) Previous Paragraph 5 shall become Paragraph 6.

(3) In the new Paragraph 6, the wording "updating" shall be changed to the wording "revision".

**Article 2**

In Article 3, Paragraph 1, Item 2, the wording "by updating" shall be changed to the wording "by revision".

**Article 3**

In Article 5, Paragraph 1, the wording "updating" shall be changed to the wording "revision".

**Article 4**

(1) In Article 6, Paragraph 3, after the wording "risk profile of the bank", the wording: "defined risk appetite" shall be added.

(2) Article 6, Paragraph 6, Item 1 shall be changed and read as follows:

"The bank must include at least the following categories of indicators in the recovery plan:

- 1) capital indicators: regulatory capital ratio, CET 1 ratio, leverage ratio and minimum requirement for capital and eligible liabilities (MREL),
- 2) the bank's liquidity indicators: liquidity coverage ratio (LCR), net stable funding ratio (NSFR), ratio of surplus funds on accounts with the Central Bank of Bosnia and Herzegovina above required reserves and required reserves, and the indicator of maturity mismatch of financial assets and liabilities up to 30 days,

3) profitability indicators: return on assets (ROA), return on equity (ROE) and significant losses due to operational risk,

4) quality indicators of balance sheet and off-balance sheet assets: share of non-performing loans in total bank loans, growth ratio of non-performing loans and coverage of non-performing loans by impairment.

(3) Article 6, Paragraph 10 shall be changed and read as follows:

“Threshold values of capital indicators should be set in a manner that the bank is sure that it will not violate the minimum capital requirements and additional capital requirements stipulated by the Agency after performed supervisory review and evaluation process (SREP) and should also be set above requirement for the maintaining of capital buffers. If the bank determines the threshold values of capital indicators within the combined buffer, it shall explain in detail in the recovery plan the reasons due to which it considers that the recovery options can be implemented in a timely manner in situations when the capital buffers are fully or partially utilized.

(4) In Article 6, Paragraph 14, the wording “updating” shall be changed to the wording “revision”.

#### **Article 5**

(1) In Article 7, new paragraphs 2-5 shall be added and read as follows:

“(2) In case of exceeding the threshold values of indicators from the recovery plan, the bank's management shall be obliged to inform the Agency within one working day thereof.

(3) Within two working days from the notification of the Agency, the bank's management shall be obliged to make a decision on undertaking recovery measures or a proposal of a decision on refraining from undertaking measures from the recovery plan.

(4) Based on the proposal of the decision referred to in Paragraph 3 of this Article, the bank's supervisory board shall without delay make a decision on refraining from undertaking measures from the recovery plan or, if it does not accept the proposal of the bank's management, to undertake recovery measures, and inform the Agency of its decision. If a decision has been made to refrain from undertaking measures from the recovery plan, the same must be explained in detail.

(5) The bank's supervisory board may decide to undertake measures from the recovery plan even though the determined indicators have not reached the threshold values envisaged for undertaking measures and shall inform the Agency thereof without delay.”

(2) Previous Paragraphs 2 and 3 shall be deleted.

#### **Article 6**

(1) In Article 13, Paragraph 2, after the wording “systemically important bank”, the wording “i.e. the bank with which the Agency has determined the existence of critical functions” shall be added.

(2) In Article 13, Paragraph 3, after the wording “not systemically important”, the wording “, i.e. with which the Agency has not established the existence of critical functions” shall be added.

#### **Article 7**

In Article 17, Paragraph 1, Item 4, the wording “updating” shall be changed to the wording “revision”.

### **Article 8**

Article 19 shall be changed and read as follows:

“(1) The bank shall submit to the Agency a revised recovery plan or a new recovery plan no later than September 30 of the current year in electronic form and in material form.

(2) The bank is obliged to revise and submit to the Agency a revised recovery plan within two months from the occurrence of the circumstances referred to in Article 104, Paragraph 4, Items 2 and 3 of the Banking Law of Republika Srpska.

(3) A recovery plan that has been revised at the request of the Agency pursuant to Article 101, Paragraph 4, Item 4 of the Banking Law of Republika Srpska shall be submitted by the bank to the Agency within the deadline determined by the Agency.

### **Article 9**

Table from Attachment 1 shall be replaced by a new Table.

### **Article 10**

This Decision shall enter into force on the eighth day from the day of its publication in the "Official Gazette of Republika Srpska", and shall be applied starting from the recovery plans that the bank is obliged to submit to the Agency by September 30, 2022.

Number: UO-319/22

Date: 21 March, 2022

PRESIDENT OF THE  
MANAGEMENT BOARD  
Bratoljub Radulović

## Recovery plan indicators

Indicator name *	Indicator threshold value **	Level of initiation of recovery plan options **
<b>1. Capital indicators</b>		
1.1. Regulatory capital ratio		
1.2. CET 1 ratio		
1.3. Leverage ratio		
1.4. Minimum requirement for capital and eligible liabilities (MREL)		
<b>2. Liquidity indicators</b>		
2.1. Liquidity coverage ratio (LCR)		
2.2. Net stable funding ratio (NSFR)		
2.3. Ratio of funds on accounts with the Central Bank of Bosnia and Herzegovina above required reserves and required reserves		
2.4. Indicator of maturity mismatch of assets and liabilities up to 30 days		
<b>3. Profitability indicators</b>		
3.1. Return on asset (ROA)		
3.2. Return on equity (ROE)		
3.3. Operational risk significant losses		
<b>4. Asset quality indicators</b>		
4.1. Share of non-performing loans in total loans		
4.2. Growth ratio of non-performing loans		
4.3. Coverage of non-performing loans by impairment		
<b>5. Macroeconomic indicators ***</b>		
5.1. pursuant to Article 6, Paragraph 7 of the Decision		
<b>6. Market indicators ***</b>		
6.1. pursuant to Article 6, Paragraph 7 of the Decision		

\* The bank shall add rows for additional recovery plan indicators identified by the recovery plan, which are not listed in this table.

\*\* If the bank has set several threshold values of indicators for activating different options, it is obliged to state each of these levels for activating different options and to indicate the level at which the first option is triggered.

\*\*\* If the bank explains in detail in the recovery plan that macroeconomic and/or market indicators are not relevant for the bank, i.e. not applicable, in the column "level of initiation of recovery plan options", it shall enter the note "not applicable" (Article 6, Paragraph 7 of the Decision on recovery plans of a bank and a banking group).