Pursuant to Article 109 of the Banking Law of Republika Srpska ("Official Gazette of Republika Srpska", No. 4/17, 19/18, 54/19, 63/24, and 45/25), Article 5, Paragraph 1, Item b), Article 20, Paragraph 2, Item b), and 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 30th session held on 2 November 2026 adopted the

DECISION
ON AMENDMENTS TO THE DECISION ON LARGE EXPOSURES

Article 1

(1) In the Decision on large exposures, No. UO-223/25, dated December 3, 2025 ("Official Gazette of Republika Srpska", No. 106/25), in Article 2, Paragraph 1, Item 2) shall be amended and read as follows:
"2) Group of related persons (clients) – in accordance with Article 2, Paragraph 1, Item 24) of the Banking Law of Republika Srpska and the provisions of this Decision."

(2) In Article 2, Paragraph 1, after Item 7), a new Item 8) shall be added and read as follows:
„8) Shadow banking entities are entities:

1. that offer or perform one or more activities corresponding to banking activities, that is, activities having the character of banking activities as defined in Article 3, Paragraph 1, Items 1)–3), 5), 7), and 9)–12) of the Banking Law of Republika Srpska, as well as other services or activities involving maturity transformation, liquidity transformation, leverage, or credit risk transfer, and which are not subject to appropriate regulatory and prudential supervision in accordance with regulations applicable in Republika Srpska and Bosnia and Herzegovina, i.e. in the European Union, or in a third country whose regulatory and supervisory framework is substantially equivalent to that applicable in the European Union,
2. that are investment funds, if they are established and operate as money market funds,
3. that are alternative investment funds, if one of the following requirements is met:
   - an alternative investment fund is established and operates as a money market fund,
   - an alternative investment fund uses leverage on a substantial basis,
   - an alternative investment fund is not prohibited from originating loans or purchasing third-party lending exposures onto its own balance sheet in the ordinary course of business under its rules or instruments of incorporation."

Article 2

After Article 3, article headings and new Articles 3a, 3b, and 3c shall be added and read as follows:

„**Group of related persons**

Article 3a

(1) The process of forming a group of related persons is carried out in accordance with Article 2, Paragraph 1, Item 24) of the Banking Law of Republika Srpska, based on control/qualifying holding and on the basis of mutual, i.e., economic or financial interconnectedness.

(2) A bank shall be required to first identify groups of related persons based on control/ qualifying holding and on the basis of mutual, i.e., economic or financial interconnectedness, and subsequently determine whether the previously identified groups of related persons should themselves be linked into a single group of related persons.

(3) When persons part of different groups subject to control are related to one another through economic or financial interconnectedness, all persons for whom there is a contagion risk shall be classified into a single group of related persons.

(4) In relation to the application of Paragraph 3 of this Article, a top-down contagion risk should be presumed when the person that is economically or financially dependent is also a parent entity, as the financial difficulties of such a person are likely to have a direct impact on all entities under its control.

(5) In relation to the application of Paragraph 3 of this Article, a bottom-up contagion risk for persons that control an economically or financially dependent person should be presumed only when the person exercising control is also economically or financially related to the person upon whom the economic link between the two control-based groups is established.

(6) A bank shall form a group of related persons when two or more of its clients are related through control to the same person, or are economically or financially dependent on the same person, even if that person is not a client of the bank.

(7) A bank shall form a group of related persons based on control (or qualifying holding) and on mutual, i.e., economic or financial interconnectedness, regardless of whether the exposures to such persons are exempted from the large exposure limits in accordance with Article 11 of this Decision.

(8) Notwithstanding the definition of a group of related persons provided in Article 2, Paragraph 1, Item 24), Sub-items 1 and 2 of the Banking Law of Republika Srpska, where the Council of Ministers of Bosnia and Herzegovina, the Government of Republika Srpska, the Government of the Federation of Bosnia and Herzegovina, the Government of the Brčko District of Bosnia and Herzegovina and the central governments of other countries hold a qualifying holding/control in a legal entity, or are related with one or more individuals or legal entities, the group related to each of the aforementioned entities, comprising all individuals or legal entities in which they hold a qualifying holding (pursuant to Sub-item 1 of this Paragraph) or with which they are related (pursuant to Sub-item 2 of this Paragraph), need not be considered a group of related persons. Instead, the existence of a group of related persons is determined individually for the Council of Ministers of Bosnia and Herzegovina, the Government of Republika Srpska, the Government of the Federation of Bosnia and Herzegovina, the Government of the Brčko District of Bosnia and Herzegovina, and the central governments of other countries, in relation to other individuals or legal entities. This assessment may be conducted separately for each of the aforementioned entities, specifically, for those in which they hold a qualifying holding (pursuant to Sub-item 1 of this Paragraph) or with which they are otherwise related (pursuant to Sub-item 2 of this Paragraph), as well as for any individuals or legal entities in which said entities hold a qualifying holding (pursuant to Sub-item 1 of this Paragraph) or with which they are related (pursuant to Sub-item 2 of this Paragraph).

(9) A bank shall not be required to form a group of related persons based on control or interconnectedness (economic or financial) if it can provide detailed documentation of relevant circumstances indicating that a single risk does not exist, despite the presence of a relationship of control or interconnectedness between the persons (e.g., a legal entity is entirely separate and excluded from the bankruptcy estate; there is no economic or financial interdependence; there is no possibility of transferring funds or providing mutual guarantees; and the entity is legally and financially isolated from other persons, etc.)

(10) The application of Paragraph 9 of this Article is intended for exceptional cases, and such an exception requires approval by the bank's management, in accordance with pre-established procedures stipulated by the bank's internal acts.

Groups of related persons based on control/qualifying holding

Article 3b

(1) A bank shall apply a procedure for forming a group of related persons based on control/qualifying holding, in accordance with Article 2, Paragraph 1, Item 24), Sub-item 1) of the Banking Law of Republika Srpska; such persons, unless proven otherwise, shall be considered to constitute a single risk to the bank.

(2) When applying Paragraph 1 of this Article, additional indicators of control/qualifying holding shall also be taken into account, including, at a minimum, the following:

1) an individual or legal entity has the right or ability to make decisions regarding the strategy or the direction of the activities of another person;

2) an individual or legal entity has the right or ability to make decisions regarding key transactions of another person, including the transfer of profit or loss; and
3) an individual or legal entity has the right or ability to coordinate the governance of one or more legal entities.

(3) A bank shall assume the existence of a relationship of control/qualifying holding between a parent legal entity and its subsidiary legal entities that constitute a group, for which consolidated financial statements are prepared in accordance with regulations governing accounting and auditing.

(4) Notwithstanding Paragraph 3 of this Article, a bank shall form a group of related persons based on a relationship of control/qualifying holding between a parent legal entity and its subsidiary legal entities that constitute a group, even if such legal entities are not included in the consolidated financial statements, provided that the criteria for the existence of control/qualifying holding are met and they represent a single risk to the bank.

Group of related persons based on mutual interconnectedness

Article 3c

(1) A bank shall apply a procedure for forming a group of related persons based on their mutual, i.e., economic or financial interconnectedness, in accordance with Article 2, Paragraph 1, Item 24), Sub-item 2) of the Banking Law of Republika Srpska, where such persons are considered to constitute a single risk to the bank.

(2) For the purpose of determining a group of related persons based on economic or financial interconnectedness, a bank shall be required to take into account at least the following circumstances:
1) when 50% or more of a person's gross income or gross expenses (on an annual basis) are derived from transactions with another person that cannot be replaced in a timely manner without excessive additional costs;
2) when a person has fully or partially guaranteed the exposure of another person, or is otherwise liable for it, and such exposure is so significant that a default by the guarantor would likely occur should a claim be made under the guarantee;
3) when the operations of a person (e.g., a manufacturer) depend on one or a small number of suppliers, and finding a replacement for them would require a significant amount of time or, alternatively, when a substantial portion of the output of a person (e.g., a manufacturer)— goods/services are intended for a single customer or a small number of customers, and this relationship cannot be replaced in a timely manner without excessive additional costs,
4) when the expected source of funds for loan repayment is the same for two or more persons, and none of these persons possesses another, sufficiently large, independent source of income from which the loan could be serviced and repaid in full, and the expected source of income cannot be replaced in a timely manner without excessive additional costs,
5) when it is likely that the financial problems of one person will cause difficulties for other persons regarding the full and timely repayment of obligations,
6) when it is likely that the insolvency or default status of one person will be linked to the insolvency or default status of other persons,
7) other situations where persons are legally or contractually jointly liable for obligations toward the bank (e.g., a borrower and a co-borrower, or a borrower and the borrower's spouse/partner),
8) when two or more other persons rely on the same source for the majority of its financing, and in the event of a default by a common source of funding, which cannot be replaced in a timely manner without incurring excessive additional costs, the funding difficulties of one person are likely to spread to other persons due to a one-way or two-way dependency on the same primary source of funding;
9) when a significant portion of a person's claims or liabilities relates to another person;
10) when persons share common owners, shareholders, or management. For example, in the case of horizontal groups, where one company is related to one or more other companies because they share the same shareholder structure, without any single shareholder exercising control or because they

are managed on a unified basis. Such unified management may be based on a contract concluded between the companies, on provisions within their founding acts or statutes, or on situations where the management, governance, or supervisory bodies of one company and those of one or more other companies consist, for the most part, of the same legal entities or individuals.

(3) When a bank's client is economically or financially dependent on multiple persons that are not themselves dependent on one another, the bank shall form separate groups of related clients."

Article 3

In Article 6, Paragraph 4, the number: "300%" shall be replaced by the number: "350%".

Article 4

(1) In Article 21, after Paragraph 1, a new Paragraph 2 shall be added and read as follows:

„(2) In addition to the information referred to in Paragraph 1 of this Article, the bank shall be required to submit information on its ten largest exposures to shadow banking entities, as well as information on the total amount of its exposures to shadow banking entities."

(2) Previous Paragraph 2 shall become Paragraph 3.

Article 5

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

(2) Article 1, Paragraph 1, and Article 2 of this Decision shall apply as of 31 December 2026.

Number: UO-304/26

Date: 2 November 2026

PRESIDENT OF THE MANAGEMENT BOARD
Dejan Kusturić