Pursuant to Articles 49 and 72 of the Law on saving-credit organizations (“Official Gazette of Republika Srpska, No. 93/06), Article 4, Paragraph 4, Article 10, Paragraph 2, Item b) and Article 25 of the Law on the Banking Agency of Republika Srpska (“Official Gazette of Republika Srpska, No. 10/98, 16/00, 18/01, 71/02, 18/03, 39/03 and 123/06), Article 15, Paragraph 1, Item 2) of the Statute of the Banking Agency of Republika Srpska (“Official Gazette of Republika Srpska, No. 67/04), the Management Board of the Banking Agency of Republika Srpska at its session held on 30 March 2007 adopted the

DECISION

ON THE UNIFORM METHOD OF CALCULATING AND DISCLOSING THE EFFECTIVE INTEREST RATE ON LOANS AND DEPOSITS OF SAVING CREDIT ORGANIZATIONS

Article 1

By means of this Decision, the Banking Agency of Republika Srpska (hereinafter: the Agency) shall stipulate a uniform method of calculating and disclosing the active effective interest rate on loans approved, i.e. passive effective interest rate on deposits collected.

Article 2

The effective interest rate in the sense of this Decision is the decursive interest rate, which is calculated on an annual basis, using a compound interest calculation, in a way that discounted cash income is equated with discounted cash expense of approved loans, that is, collected deposits.

In the calculation of the effective interest rate on loans approved with depositing the funds, the cash funds of that deposit are also included (deposit cash flows).

Article 3

When discounting, i.e. reduction to the present value of all future income and expense of cash funds under the loan agreement, i.e. the deposit agreement, the calendar number of days in a month and 365/366 days in a year shall be applied.

Article 4

The effective interest rate is expressed as a percentage with two decimal places, with rounding of other decimal, and is valid from the day of calculation.

The effective interest rate is expressed by the expression "effective interest rate" or with the abbreviation "EIR".

Article 5

Data on loans that the saving-credit organization (hereinafter: SCO) is offering, i.e. the deposits it is collecting are:

a) data included in the calculation of the effective interest rate, namely:

- the amount of the nominal interest rate on loans, i.e. deposit,

- the amount of fees and commissions that SCO charges the client in the loan approval procedure, i.e. collecting deposits,

- the amount of fees and commissions known on the day of calculation, which SCO calculates to the client during the implementation of the loan agreement, i.e., the deposit agreement,

b) data not included in the calculation of the effective interest rate, namely:

- criteria for revaluation and indexation of loans, i.e. deposits, data on the foreign currency with which the loan is indexed or other criteria for revaluation and for indexation of loans, i.e. deposits,

- costs that are not known on the day of calculation, but may arise during the implementation of loan agreement, i.e. the deposit agreement.

Article 6

SCO shall be obliged to calculate the effective interest rate and make it available to the public and clients.

Article 7

The effective interest rate shall be displayed clearly and conspicuously in the premises of SCO, in advertising and in the media, and in the same way expresses also the foreign currency used for loan indexation or other criteria for revaluation and for indexation of loans, i.e. deposits.

Article 8

The effective interest rate must not be less noticeable than other data, and when disclosing it, SCO should use the term "effective interest rate" or the abbreviated term "EIR".

Article 9

SCO shall be obliged to inform clients about an effective interest rate before receiving requests for loan approval, i.e. making deposits, as well as before signing the loan or deposit agreement.

Article 10

The loan or deposit agreement must contain the appropriate provision from which it must be clear that the client is familiar with the conditions of the loan, i.e. deposit and effective interest rate, and that a loan repayment plan, i.e. a payment plan deposit is handed to the client.

Article 11

When establishing a loan transaction, that is, a deposit transaction with the client, SCO shall be obliged to provide the client with a repayment plan with a clearly indicated effective interest rate. Also, SCO shall be obliged to archive the repayment plan in the loan or deposit file.

Article 12

If the effective interest rate is changed due to a change in the elements on the basis of which it is calculated, SCO shall inform the client in writing about that change before the start of the application of the changed effective rate.

Article 13

Methodology for calculating the effective interest rate on loans and deposits, and the minimum content of the repayment plan is stipulated by the Instruction for the implementation of the Decision on the uniform method of calculating and disclosing the effective interest rate on loans and deposits of saving-credit organizations.

Article 14

SCOs shall be obliged to submit to the Agency monthly reports on weighted nominal and effective interest rates stipulated by the Decision on the form and content of the report SCOs submit to the Agency.

Article 15

This Decision shall enter into force on the eighth day after its publication in the "Official Gazette of Republika Srpska" and shall be applied as of 1 July 2007.

Number: UO-323/07
Date: 30 March 2007
Banja Luka

PRESIDENT OF THE
MANAGEMENT BOARD
Prof. PhD Novo Plakalović