

Official Gazette of the FBiH, number 3/03

Based on articles 4, 9 and 25 of the Law on the Banking Agency of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation BiH" No. 9/96, 27/98, 20/00, 45/00 and 58/02) and article 61 in relation to article 69 of the Law on Banks ("Official Gazette of the Federation BiH" No. 39/98, 32/00, 48/01, 27/02, 42/02 and 58/02), Managing Board of the Banking Agency of the Federation BiH declares

DECISION ON THE PROCESS OF DETERMINATION OF RECEIVABLES AND DISTRIBUTION OF ASSETS AND LIABILITIES IN LIQUIDATION OF BANKS

Article 1

This Decision closely regulates the process of determination of receivables and distribution of assets and liabilities, that is determination of priorities in distribution of assets and liabilities in the process of bank liquidation.

Article 2

A receivable, that is bank's assets, in the sense of article 1 of this Decision, includes:

1. Assets items in the bank's balance sheet; and
2. Off-balance sheet items of the bank representing:
 - a) Bank's potential receivables;
 - b) Previously charged off loan and similar losses; and
 - c) Items related to all instruments a bank received from its debtors for the purposes of securing the collection of its receivables (collateral).

Bank's liabilities, in the sense of article 1 of this Decision, include:

1. Liabilities items in the bank's balance sheet; and
2. Off-balance sheet items representing its contingent liabilities to other entities such as issued guarantees, issued letters of credit and other similar instruments.

As for receivables within the liabilities stated in paragraph 2 of this article, creditors are required to register them with the liquidation administrator in accordance with article 61 of the Law on Banks (hereinafter: the Law).

Article 3

A process of payment of liabilities during liquidation is performed in accordance with priorities based on provisions in article 63 of the Law.

Payment of bank's liabilities during the liquidation process is performed in accordance with the Plan of liquidation representing an integral part of the

Report on financial condition of the bank developed by the liquidation administrator and approved by the Banking Agency of the Federation BiH.

Article 4

Offset of receivables with counter-receivables can only be conducted by following the line of priorities in article 63 of the Law.

Article 5

Based on his/her decision, liquidation administrator can suspend payment of bank's liabilities to a bank employee being subjected to the process of determination of responsibility for his/her actions or lack of actions that contributed poor financial condition of the bank. This suspension can last until finalization of the mentioned process.

Suspension stated in previous paragraph also relates to the entities related to the bank.

Article 6

Exception from limitation stated in article 3 of this Decision applies to those employees engaged to work in the process of bank liquidation by the liquidation administrator and this is exclusively based on the arrangement in place during the liquidation process.

Article 7

As of the effect date of this Decision, the Decision on the Process for Determination of receivables and distribution of assets and liabilities during bank liquidation ("Official Gazette of the Federation BiH" No. 3/00 and 53/00) is no longer valid.

Article 8

This Decision comes into effect on the day of its declaration and it will be published in the "Official Gazette of the Federation BiH".

No. 01-1-1190-16/02
Sarajevo, 19th of December 2002

CHAIRMAN OF
THE MANAGING BOARD

M.A. Eldar Arnautović