

Official Gazette of the Federation of BiH, number 7/03

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 of BiH" No. 9/96, 27/98, 20/00, 45/00 and 58/02) and Article 46 in relation to Article 69 of the Law on Banks ("Official Gazette of the Federation of BiH" No. 39/98, 32/00, 48/01, 27/02, 41/02 and 58/02), Managing Board of the Banking Agency of the Federation of BiH declares

DECISION ON AMOUNT AND CONDITIONS FOR APPROVING LOANS TO THE BANK EMPLOYEES

Article 1

In the sense of Article 46, paragraph 3 of the Law on Banks (henceforth: the Law), this decision prescribes in details minimum standards for approving loans to bank employees.

Article 2

A bank can approve loans to bank employees permanent employment contracts as it is regulated by the Law, this decision and bank policies for approval of loans to bank employees (henceforth: the policies) which are approved and monitored by the supervisory board upon the proposal of the bank management.

Supervisory board of the bank is responsible for bank's actions to comply with the provisions of this decision.

Article 3

As a minimum, the policies should include the following:

1. the loans can be approved to employees of the bank only for their personal needs (housing, payments of goods etc). The loans can not be approved for financing of other business activities of bank's employees,
2. if employee of the bank is also member of any body in the bank which gives proposals or passes approvals for loans, the employee can not take part in the voting process while the body makes decision about approval of the loan to him/her,
3. the amount of the loan approved for one employee can not exceed KM 150,000.00.

Article 4

Bank is required to submit a quarterly report to the Agency on the status of loans approved to bank employees as of reporting date, no later then 30 days from the last day of the reporting quarter.

Report in paragraph 1 of this Article should include amount of total loans approved to bank employees and a percentage of such loans in the total capital of the bank

The report is prepared within the Form 3, schedule F.

Article 5

All loans approved by banks to their employees as of effective date of this decision, which are not in accordance with the requirements in the same, can be used by their beneficiaries and repaid upon agreed terms, but the bank can not extend the same or increase their amounts.

Article 6

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

No. 01-1-160-3/03
Sarajevo, 29th January 2003

CHAIRMAN OF
THE MANAGEMENT BOARD
M.A. Eldar Arnautović