

## **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 Federation Bosnia and Herzegovina" No. 9/96, 27/98, 20/00, 45/00 and 58/02) and article 69 of the Law on Banks ("Official Gazette of Federation of Bosnia and Herzegovina" No. 39/98, 32/00, 48/01, 27/02, 41/02 and 58/02) Managing Board of the Banking Agency of Federation of Bosnia and Herzegovina declares

### **DECISION ON MINIMUM STANDARDS FOR RECORDING BANK'S LOAN ACTIVITIES**

#### **Article 1**

Bank may issue a loan, perform other placement or investment and undertake potential liability (hereinafter: loan) only on the basis of an adequate agreement in written form.

Bank is obliged to request and get from its loan applicant, whose request is a subject of consideration, at least data, information and records in accordance with the provisions of Decision on minimum standards for managing bank's loans risk and assets classification (FBiH Official Gazette, 47/98 - hereinafter: Decision) and this Decision.

Bank that has approved the loan is able to transfer its actual receivables according to the same basis, but only on the basis of written agreement on transfer or in some other way anticipated by the law.

Bank can perform changes in the deadlines or some other conditions of the loan only in written form by adequate changes and additions (annexes) to the agreement.

#### **Article 2**

Bank is obliged to open a loan file for each loan approved on the date of its approval, and to maintain this file as long as the loan is not repaid or liquidated (regulated) in other manner, except in the cases prescribed by this Decision.

Loan officer is responsible to keep and maintain loan files and his responsibility is to assure full and reliable records in loan file.

#### **Article 3**

Loan file needs to contain all records related to the loan approved, and at least the following:

1. request for the loan signed by the applicant, mentioning purpose of the loan, all notes and records from which you can see the contents made between the bank and debtor-user, after the loan agreement has been signed;
2. applicant's foundation documents, if it is legal entity;
3. documents proving the representative's authorization, if the agreement is signed by the representative in the name of the applicant;
4. original loan agreement;
5. latest financial report, including balance sheet, income statement, report on cash flows, etc., signed by the applicant on the date of its submission;
6. employment certification and salary or amount of applicant's income per year, if it is individual;
7. documents which need to be submitted for a check out and evaluation of debtor-user's financial condition and its capability to repay the loan according to the conditions from agreement with the analysis done, that is, authorized by bank's responsible officer which determines that debtor-user's cash flows are available for loan repayment;
8. decision from bank's adequate officials regarding loan approval, containing maturity date, interest and other conditions under which the loan has been approved;
9. records proving the purpose of loan;
10. if the applicant is a representative of some other entity, then a copy of document that proofs that is required;
11. for the loan secured by collateral or guarantee, the records mentioned in Decision;
12. if it is applicable, records with the cash amount for which loan property has been insured with insurance company;
13. for the loan approved for the purpose of construction, reconstruction or adaptation of real estate, pro forma invoice, records on actual use of granted funds, report on check outs done by the bank or records on reception of the construction and at the same time attesting final construction works.
14. in the case of changes and additions to the loan agreement, after the loan approval, the records that would determine and define such action.
15. records which would follow and prove loan repayment in whole or partially, and present the source (method) of loan repayment (payments by debtor-user or collateral performance);
16. records indicating financial condition of guarantor for the loan approved;
17. records presenting measures undertaken by the bank towards non-performing debtor-user, etc.

#### Article 4

In the case when the bank gets a right to have a receivable based on loan in whole or partially, it is obliged to open loan file for such a loan at the date when the agreement regarding the transfer of receivables rights has been signed.

In the loan file from paragraph 1 of this article, bank is obliged to put together complete records (or the copies authorized by salesman, that is, previous owner

of the receivables - hereinafter: receivables salesman) that were previously existed in salesman's loan file, and adjust them to the requirements of this decision.

The records from paragraph 2 in relation to the right from paragraph 1 of this article, the following should be included as minimum:

1. information - the statement from the receivables salesman regarding degree of debtor's performance in relation to the fulfillment of its obligations;
2. agreement on transfer of receivables rights which would, besides other things, include provisions regarding the conditions of loan servicing (if there are any) and data exchange and records related to the loan repayment schedule between the salesman and bank-buyer of the receivables.
3. copies of the records with the criteria determined by the receivables salesman for loan approved (receivables rights);
4. all records related to the collateral or guarantee related to the right vested on receivables.

#### Article 5

In the case when the bank sales its receivables rights (hereinafter: bank-salesman of the receivables), it is obliged to put together the agreement signed on transfer and the records on all obligations related to these receivables in the loan file of the receivables sold.

If the agreement on receivables transfer anticipates that bank-salesman of the receivables gives a guarantee for full performance of the obligations by the debtor based on the receivables sold, than bank-salesman of the receivables could not close loan file of such receivables as long as the debtor does not fully performs its obligations in accordance with the agreement on receivables transfer.

#### Article 6

Loan debtor-user may be changed only with the approval by the bank-creditor.

Bank is obliged to have at least following records on the loans when the debtor-user is changing:

1. records related to the new user in accordance with all prescribed requirements;
2. bank's approval in written form to transfer the debt to the new debtor-user, as well as the agreement on debt transfer between previous and new debtor-user and its related records;
3. changes and additions to the agreement, related to the changes of debtor-user, in written form and signed by the bank and new debtor-user;
4. adequate additional records composed for new debtor-user, if new debtor-user has additional or new collateral instead of the previous one.

Article 7

Bank is required to open the loan file for its guarantees, until the obligation by the entity for which the bank has issued the guarantee is fulfilled.

Article 8

As of the effective date of this decision, the Decision on Minimum Standards for Recording Bank's Loan Activities ("Official Gazette of the Federation BiH" No. 47/98) cease to exist.

Article 9

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

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Sarajevo, 19th December 2002

CHAIRMAN OF  
THE MANAGEMENT BOARD  
M.A. Eldar Arnautovic