

## **Official Gazette of the FBiH, number 3/03**

Based on Articles 4, 9, 23, and 25 of the Law on 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 54 and 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), the Managing Board of the Banking Agency of the Federation of Bosnia and Herzegovina declares

### **DECISION ON CONDITIONS WHEN BANK IS CONSIDERED INSOLVENT**

#### **Article 1**

This Decision closely determines the conditions when the value of bank's liabilities greater than bank's assets, that is, when a bank is considered insolvent.

#### **Article 2**

Value of liabilities from Article 1 of this Decision represents liabilities balance shown in bank's balance sheet.

Value of assets from Article 1 of this Decision represents:

1. bank's assets value estimated in accordance with Decision on Minimum Standards for Managing Bank's Loan Risk and Assets Classification ("Official Gazette of the Federation of BiH", No. \_\_\_\_\_), that is assets value shown in bank's balance sheet reduced by the amount lacking for required reserves for loan and other losses; and
2. amount of excess of objectively estimated income over expenses of the bank to at latest year end of current business year.

#### **Article 3**

As of the effective date of this decision, the Decision on Conditions When Bank is Considered Insolvent ("Official Gazette of the Federation BiH" No. 17/99) cease to exist.

#### **Article 4**

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

No. 01-1-1190-15/02  
Sarajevo, 19th December 2002

**CHAIRMAN OF  
THE MANAGEMENT BOARD  
M.A. Eldar Arnautovic**