

“Official Gazette of the FBiH”, number: 55/07

Based on Articles 4, 9 and 25 of the Law on Banking Agency of the Federation of Bosnia and Herzegovina (“Official Gazette of the Federation of Bosnia and Herzegovina”, number 9/96 and 27/98, 20/00, 45/00, 58/02, 13/03, 19/03, 28/03, 47/06 and 59/06) and Articles 20 and 41, in relation to Article 69 of the Law on Banks (“Official Gazette of the Federation of Bosnia and Herzegovina”, number 39/98, 32/00, 48/01, 27/02, 41/02, 58/02, 13/03, 19/03 and 28/03), Managing Board of the Banking Agency of the Federation of Bosnia and Herzegovina, at the session held on 26.7.2007., declared

**DECISION
ON CHANGES AND AMENDMENTS TO
THE DECISION ON MINIMUM STANDARDS FOR
CAPITAL MANAGEMENT IN BANKS**

Article 1

In Decision on Minimum Standards for Capital Management in Banks (“Official Gazette of the FBiH“, number 3/03, 18/03 and 53/06), hereinafter: Decision, Article 7 has been changed to read:

„According to the Law, and in regards to this Decision, bank's capital is composed of the following: a) core capital (Tier 1), as defined by Article 8 of the Decision, b) supplementary capital (Tier 2), as defined by Article 9 of the Decision and c) additional capital (Tier 3).

Additional capital serves as coverage for market risks. As additional capital, banks may exclusively use surplus of core and supplementary capital over the needs for coverage of credit risk. For that purpose, usage of additional capital must not exceed 250 % of usage of core capital.

At least 28,5% of market risks must be covered by the core capital that is not used for coverage of any other risk.

Net capital is the capital amount reduced by offsetting items as defined by Article 10 of this Decision“.

Article 2

In Paragraph 1, Article 15 of the Decision, after the word „decision“, at the end of sentence, full stop is deleted; comma and the words are added to read: „increased by other risk weighted items“.

Article 3

This Decision becomes effective as of the eighth day of its publishing in the “Official Gazette of the Federation of BiH”.

Number:01-1-1181-9/07
Sarajevo, 26.7.2007.

CHAIRMAN OF
THE MANAGING BOARD
M.A. Eldar Arnautovic