



Based on Articles 4, 9, and 25 of Law on Banking Agency of the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of BiH", number 9/96 and 27/98, 20/00, 45/00, 58/02, 13/03, 19/03, 47/06, 59/06 and 48/08) and Article 38 of Law on Banks ("Official Gazette of the Federation of BiH", number 39/98, 32/00, 48/01, 27/02, 41/02, 58/02, 13/03, 19/03 and 28/03), the Management Board of the Banking Agency of the Federation of Bosnia and Herzegovina, at the session held on 22.12.2009., proclaimed

## **DECISION**

### **ON PROVISIONAL MEASURES FOR RENEGOTIATION OF CREDIT LIABILITIES OF CITIZENS AND LEGAL ENTITIES IN BANKS**

#### **Article 1**

In order to mitigate any adverse effects caused by the global financial crisis, this Decision sets forth the provisional measures to relate to renegotiation, that is, restructuring of credits that have been originated by banks to citizens and legal entities.

#### **Article 2**

- (1) Banks may, upon request made by citizens or legal entities, perform renegotiation of all their credit liabilities, based on which the debtor should not have delinquency or should not have delinquency over 90 days, except the approved current account overdraft that cannot be subject of renegotiation.
- (2) Credit liabilities specified in Paragraph (1) of this Article refer to all matured and non-matured principles, matured and not paid interests and fees, or any potential costs related to the process of providing collateral for claims.

#### **Article 3**

The process of claim restructuring results by creation of a new claim regulated in the contract, if such claim replaces all balance sheet claims of such debtor or a portion of such claims, due to deterioration of financial condition of the debtor, while terms under which the existing claim was approved have substantially changed (especially in regard to extension of maturity of principal and/or interest, interest rate decrease or claim decrease or other material changes making easier the position of the debtor who is temporarily experiencing some difficulties to service her/his liabilities).

#### **Article 4**

Renegotiation, that is, restructuring of credit liabilities, in light of this Decision, refer to extension of final credit maturity to at least 12 months by which the credit installments should be decreased.

## **Article 5**

If a single payment has been agreed for credit with a grace period agreed, restructuring could be performed only by converting the claim with a single payment into the claim to be paid in monthly installments.

## **Article 6**

- (1) Prior to approval of credit renegotiation, and upon debtor's request, bank is obliged to transparently inform the debtor of all credit renegotiation effects.
- (2) Terms related to the approved credit renegotiation (time duration, amount of the renegotiation approved, amount of individual installments, and interest, etc.) shall be determined by a bank in an analysis of financial condition, performance, and overall exposure of the debtor, and its projected cash flows, in accordance with its internal policies and procedures prepared in accordance with Decision on Minimum Standards for Credit Risk Management and Asset Classification of Banks („Official Gazette of the Federation of BiH, number 3/03, 54/04, and 68/05).
- (3) In process of renegotiation of debtor's credit liabilities, bank is obliged to take into account its liquidity position and ensure minimum standards for liquidity risk management, especially in the segment of maturity match between financial assets and financial liabilities, capital adequacy during the current period, as well as the period subsequent to the approved renegotiation, and its overall financial condition.
- (4) Upon approval of the loan renegotiation, bank shall sign a contract or an annex to the contract with the debtor to precisely state mutual rights and obligations resulting from the renegotiation.

## **Article 7**

- (1) In the renegotiation process, bank may restructure credits of citizens, in light of this Decision, if the following conditions are met:
  - 1) Debtor has submitted request in written form,
  - 2) Debtor has attached corresponding documentation proving:
    - a) layoff without personal fault, or
    - b) material reduction of salary or other regular personal income of at least 20%, upon criteria determined by the bank's internal procedures, or
    - c) irregular transfer of salary or other regular personal income – delinquency of at least 3 months, or
    - d) situation of not being able to regularly service credit liabilities for some other reason, as result of the causes for creation of conditions as specified under a), b) and c) of this Item.
  - 3) debtor does not have any delinquency and does not have delinquency over 90 days in repayment of the credit subject to restructuring,
  - 4) the bank has assessed that extending the claim maturity would allow debtor, in the upcoming period, to regularly meet its liabilities towards the bank.
- (2) Under the terms specified in Paragraph (1) of this Article, restructuring could be made for credit originated maximum to 70.000 KM, or credit with debt balance at

the time of renegotiation not exceeding the mentioned amount, or credit originated for apartment purchase (regardless of the credit amount approved) for residency or debtor's intention to reside, while the credit is secured by a marketable collateral.

- (3) In the asset classification process, bank may treat the restructured credit of citizen, under the terms specified in this Article, as a new credit.

#### **Article 8**

Bank may restructure credit of legal entity, in light of this Decision, if the following conditions are met:

- 1) Debtor has submitted request in written form,
- 2) Debtor is solvent,
- 3) Debtor does not have any delinquency and does not have delinquency over 90 days in repayment of credit subject to restructuring,
- 4) The bank has estimated that extending the term of claim would allow debtor, in the upcoming period, to regularly meet all of its liabilities to the bank.

#### **Article 9**

- (1) In the asset classification process, bank may treat the restructured credit of legal entity, which prior to restructuring did not have any delinquency, as a new credit, while any further classification will depend on a regular repayment of liabilities and other elements as specified in Decision on Minimum Standards for Credit Risk Management and Asset Classification of Banks.
- (2) In case of renegotiation of legal entity's credit, which at the moment of restructuring and upon provisions specified in Decision on Minimum Standards for Credit Risk Management and Asset Classification of Banks, meets the criteria for classification in category B, bank is obliged to keep it in category B, at least for the upcoming period during which the debtor shall regularly repay at least 3 consecutive installments.
- (3) After the deadline specified in Paragraph (2) of this Article, in case the debtor regularly services its liabilities from the new contract or annex to the contract, bank may perform a new classification of this claim.
- (4) If the debtor does not perform its liabilities from the new contract or annex to the contract, bank may not perform new restructuring in light of this Decision, while any further classification will be performed in accordance with Decision on Minimum Standards for Credit Risk Management and Asset Classification of Banks.

### **Article 10**

- (1) Credits renegotiated in accordance with Decision on Temporary Renegotiation of Credit Liabilities of Citizens and Proceeding of Banks in the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of BiH, number 40/09 and 53/09) and their classification, shall remain effective until expiration of deadlines anticipated in the mentioned decision (up to 12 months).
- (2) Other credits that have been renegotiated during 2009 that meet the mentioned conditions, as specified in Articles 8 of this Decision, may have the classification treatment as specified in Article 9 of this Decision.
- (3) As for all other credits that have been renegotiated during 2009 that do not meet the mentioned conditions, as specified in Articles 8 of this Decision, banks are obliged to classify in accordance with the provisions of Decision on Minimum Standards for Credit Risk Management and Asset Classification of Banks.

### **Article 11**

Banks shall not perform renegotiation and restructuring of credits, in light of this Decision, in a way to deteriorate debtors' position (interest rate increase, payment of renegotiation fee, etc.), apart from some potential costs related to the process of providing collateral for claims.

### **Article 12**

- (1) Banks are obliged to maintain separate detailed records on renegotiations approved in a way that all activities, individual and overall approvals, and their effects should be clear and available to authorized bodies of the bank and of the Banking Agency of the Federation of Bosnia and Herzegovina (hereinafter: FBA) with purpose to conduct supervision.
- (2) Banks are obliged to submit to the FBA their quarterly reports in written and electronic form on renegotiation of credit liabilities performed during the quarter, in accordance with the REP Form, find as attachment to this Decision, as its integral part, within 30 days as of the last day of reporting quarter.
- (3) Banks are obliged to submit to the FBA their onetime report in written and electronic form on all renegotiated loans during 2009 that meet the conditions specified in this Decision as of 31.12.2009. (based on an interim and final report), in accordance with deadlines prescribed to the Form specified in Paragraph (2) of this Article.

### **Article 13**

- (1) Banks shall express the effects of credit classification applied, as specified in Article 10, Paragraph (2) of this Decision, in their balance sheets and income statements for December 2009, without any possibility to make changes of prior statements.
- (2) Credit classifications upon renegotitation performed after 2009 shall be subject of corresponding reporting period.

#### **Article 14**

Decision on Temporary Renegotiation of Citizens' Credit Liabilities and Proceeding of Banks in the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of BiH, number 40/09 and 53/09), as of the effective date of this Decision, shall no longer be valid.

#### **Article 15**

Legal entities and citizens could submit their request for renegotiation of credit, in accordance with this Decision, at latest by 31.12.2010.

#### **Article 16**

This Decision comes into force as of the eight day of its publishing in "Official Gazette of the Federation of BiH".

**Number: U.O. 17-2/09  
Sarajevo, 22.12.2009.**

**CHAIRMAN OF  
MANAGEMENT BOARD**

**M. Sc. Haris Ihtijarević, B.Sc. (Econ.)**





/ bank's name /

/ identification number/

**Report on renegotiation of credit liabilities as of \_\_\_\_\_**

**FORM: REP**

Number of renegotiation requests sent \_\_\_\_\_

Number of renegotiation requests approved \_\_\_\_\_

**SCHEDULE OF RENEGOTIATION CREDIT LIABILITIES APPROVED**

Ord. No.	DEBTOR'S NAME	Amount of credit/other placements	Amount of matured interest	Total renegotiated debt	Grace period approval (YES - NO)	Extension of maturity date (YES-NO)	Classification category prior to renegotiation	Classification category after renegotiation	Amount of decrease in CLR based on renegotiation	Delinquency of prior repayments /max no. of days/	Current repayment - delinquency days	Citizens (C) or Legal Entities (LE) and a mark for Resident (R) or Nonresident (NR)  Independent Activity (IA)
1	2	3	4	5=3+4	6	7	8	9	10	11	12	13
<b>I</b>	<b>Legal Entities</b>											
	<b>TOTAL I:</b>											
<b>II</b>	<b>Citizens</b>											
	<b>TOTAL II:</b>											
	<b>TOTAL (I + II):</b>											

/First name and last name / signature / tel.number of authorized person/

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