

Sarajevo, 23.03.2020

Subject : Public announcement

For purpose of ensuring adequate and timely information for the general public regarding measures/regulations the FB&H Banking Agency (hereinafter: the Agency) has approved in order to mitigate economic effects caused by COVID-19 and preserve financial stability of the banking sector in the Federation of Bosnia and Herzegovina, we use this opportunity to make the following public announcement:

The Agency's decisions on temporary measures of banking system entities (banks and non-deposit financial institutions) for mitigation of negative economic effects of COVID-19 prescribe key measures to mitigate adverse effects for the banking system, citizens and the economy in the Federation of B&H. Such measures include approval of debt relief to customers (legal entities and private individuals) being directly or indirectly affected by negative effects of extraordinary circumstances, introduction of special rules for credit risk management that banking system entities shall apply when approving special measures to customers and introduction of preventive measures by banking system entities to preserve their own capital positions.

With the said decisions, the Agency has provided banking system entities with a wide range of options in sense of their ability to adjust and act under the current circumstances – approval of these special measures: moratorium (a loan repayment postponement), grace period (over principal repayments for installment loans to last up to 6 months), tenor prolongation for installment loans, bullet loans, revolving loans and transaction account overdrafts up to 6 months (whereas, during this period, customers would be allowed to use the exposure portion remaining undrawn as of the modification date), approval of additional exposure amount to bridge over current liquidity problems, as well as other measures ensuring easier settlement of customers' loan obligations and establishment of sustainable operations.

In addition, banking sector entities may include other modalities to adjust the manner and dynamics of debt repayment, adequate relief measures and other forms of support to private individuals and legal entities as borrowers.

It is important to note that the Agency's decisions allow banking system entities to freely chose one of the defined special measures or a modality including one or several such measures. Also it is worth noting that banking system entities shall start processing applications of customers affected by economic effects of the emergency state, but they can also on their own decide to apply these measures independently if realising particular customer has no means to getting in contact with them.

We would like to emphasise herewith that the banking system in the Federation of B&H is safe, stable and ready to respond to all the challenges and that the concept of development and implementation of the regulatory framework is such that includes constant plans for stressful conditions like the one we are facing today.

As a part of its regular activities, the Agency will monitor daily changes and needs, as well as status of implementation of its decisions. According to its assessment of current conditions, it may enact additional measures to support operations of banking system entities and the overall economy under these extraordinary circumstances.

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