

Pursuant to Article 15, paragraph 1 of the Law on the National Bank of Serbia ("RS Official Gazette", Nos 72/2003, 55/2004 and 44/2010) and Article 27a, paragraph 5 of the Law on Voluntary Pension Funds and Pension Schemes ("RS Official Gazette", Nos 85/2005 and 31/2011), the Executive Board of the National Bank of hereby issues

D E C I S I O N
ON CONDUCT OF EXTERNAL AUDIT AND CONTENTS OF EXTERNAL
AUDITOR'S REPORT

1. This Decision prescribes the terms and conditions for conducting external audit and the basic contents of the external auditor's report on audit of financial statements of a voluntary pension fund management company (hereinafter: the company) and financial statements of a voluntary pension fund (hereinafter: the fund).

2. The company shall select an external auditor:

1) which shall ensure that at least one of its employees engaged in the company's audit has a minimum three year track record of auditing financial statements of financial institutions;

2) whose reports submitted in the previous calendar year, and/or in the last year were not rejected by the National Bank of Serbia, and whose selection, i.e. inclusion in the list of external auditors was not refused by the National Bank of Serbia;

3) which is not a person related to the company, and whose employees engaged in the company's audit are not persons related to the company.

3. All financial statements of the company and/or fund shall be subject to audit by an external auditor.

External auditor's reports on conducted audit referred to in paragraph 1 of this item (hereinafter: audit reports) shall be prepared in compliance with the law governing audit of financial statements, International Audit Standards and this decision.

The audit report shall include:

- 1) external auditor's report and opinion;
- 2) the company and fund's financial statements examined and appraised;
- 3) letter on company and/or fund's financial statement presentation;

4) external auditor's analyses.

5. External auditor's report shall include the auditor's opinion on whether the audited financial statements show the company and/or fund's business performance and financial position truthfully and objectively in all material respects in compliance with the law governing accounting and audit, regulations of the National Bank of Serbia and International Financial Reporting Standards.

6. Audit report shall also include a letter on company and/or fund's financial statement presentation, signed by a responsible person from the company and the person responsible for compiling of financial statements.

By the letter referred to in paragraph 1 of this item the company confirms to the external auditor that it has fulfilled all the requirements pertaining to compiling of financial statements of the company and/or fund, in compliance with the accounting regulations and standards and that all the relevant information were provided to the external auditor, that the information is truthful and accurate and that all the transactions performed are recorded and presented in those financial statements.

7. In the report on audit of the fund's financial statements the external auditor shall particularly assess compliance between the structure of investments of the fund's assets with the criteria set by the decision regulating maximum amounts, terms and conditions and the manner of investment of the fund's assets and the fund's investment policy.

8. Analyses of the external auditor shall include, as a minimum: analysis of the system of internal controls, analysis of the accounting system and compliance with business records regularity requirements, analysis of the information system and analysis of the findings of external controls.

The analysis of the system of internal controls shall include external auditor's assessment of whether the company has adequate procedures in place for performing business activities concerning fund assets management as well as relations with related persons which are adequate from the standpoint of the nature, complexity and level of risk of a particular activity and whether the established procedures are applied.

The analysis of the accounting system and compliance with business records regularity requirements shall include the external auditor's assessment of whether the business records of the company and fund are kept, and/or financial statements compiled and presented by a professional and whether the company keeps its business records regular and updated, in

such manner as to enable the verification of the correctness of entry, keeping and use of data, insight in the sequence of entries and all changes in business records, as well as the assessment on whether the records are updated and whether they present a good foundation for the preparation of all financial and other statements on a daily basis, i.e. whether all the transactions are properly recognized and valued and shown in correct accounts.

The analysis of the information system shall include the external auditor's assessment of the company's information system, the assessment of whether adequate internal controls are in place regarding this system, and the assessment of adequacy of system management, paying special attention to the system's compliance with the regulations.

The analysis of external controls' findings shall include the overview of all external controls performed during the financial reporting period and the external auditors' comment on such findings.

10. Along with the audit report, the company shall submit to the National Bank of Serbia the external auditor's management letter delivered to the company following the audit completion. In the management letter, the auditor shall specify irregularities, weaknesses and omissions identified during audit and give recommendations for their removal.

11. The company shall publish the audit report on its website, together with its financial statements.

12. Representatives of the National Bank of Serbia and external auditors may hold meetings regarding the auditing of financial statements of the company and fund prior to the commencement of audit, in its course and after its completion.

13. If specifically requested by the company whose financial statements are audited, the external auditor's report may also contain supplementary data and information.

14. As of the effective date of this Decision, the Decision on the Contents of Report on Audit of Financial Statements of the Voluntary Pension Fund Management Company and Voluntary Pension Fund ("RS Official Gazette", No 27/2006) shall cease to be valid.

15. This Decision shall be published in the "RS Official Gazette", and shall enter into force on 1 January 2012.

NBS Executive Board No 60
11 August, 2011

Belgrade

Chairman
of the Executive Board of the National Bank
of Serbia
Governor
of the National Bank of Serbia

Dejan Šoškić, PhD