

Pursuant to Article 21, paragraph 1 of the Law on the National Bank of Serbia ("RS Official Gazette", Nos. 72/2003 and 55/2004), Article 89, paragraph 4 and Article 91, paragraph 2 of the Law on Banks ("RS Official Gazette", No. 107/2005), the Governor of the National Bank of Serbia hereby issues

D E C I S I O N
ON TERMS AND CONDITIONS
OF GRANTING AND REVOKING CONSENT REGARDING OPENING
BRANCHES OR SETTING UP REPRESENTATIVE OFFICES OF BANKS
ABROAD

1. This Decision shall set forth terms and conditions of granting and revoking consent for opening branches or setting up representative offices of banks abroad (hereinafter: consent) by the National Bank of Serbia.

2. A bank opening a branch or setting up a representative office abroad (hereinafter: the founding bank) shall submit an application for consent in written form to the National Bank of Serbia.

3. In support of the application for consent regarding the opening of a branch abroad, the founding bank shall submit to the National Bank of Serbia:

- 1) details on its name, head office and address;
- 2) details on activity, i.e. type of banking and other financial operations to be performed by the respective branch abroad;
- 3) data on its equity stake;
- 4) data on its financial standing (financial statement with certified auditor's opinion for the preceding business year);
- 5) decision on the opening of a branch abroad issued by the bank's competent body;
- 6) draft articles of association, contract or any other enactment based on which the branch shall operate abroad;
- 7) selections from regulations of the country where the branch shall be opened, pertaining to the activity and authorities of such branch;
- 8) statement of commitment in written form ensuring legal protection of invested funds in accordance with the laws of the country where the branch shall be opened, as well as liability commitment towards the branch up to the amount of invested funds;
- 9) statement of commitment in written form ensuring supervision of operations of its branch abroad:

10) details of the name of the managing director nominated for the branch abroad, enclosing as follows:

- statement by the nominated person to confirm adherence to Article 72, paragraph 3, item 12 of the Law on Banks,
- statement by the nominated person confirming that he/she is not a member of any management board of any other bank,
- certificate issued by the competent authority proving that the nominated person has never been convicted of any criminal charges and sentenced to prison or convicted of criminal charges referred to in Article 72, paragraph 3, item 3 of the Law on Banks, and/or other punishable act which would make such person unfit for carrying out managerial functions,
- certified photocopy of the nominated person's identity card showing his/her unique personal ID number – for domestic natural persons, and/or certified photocopy of a passport showing the number, date and country of issue and passport expiration date – for foreign natural persons,
- at least a three-year proven track record in a managerial position in a financial sector entity or six-year proven track record in banking and finance,
- letter of recommendation by the director of the legal entity employing the nominated person or the director of the legal entity with which such person has business cooperation, containing argued opinion on the professional and moral characteristics of such person, as well as on his/her potential contribution to the legality and stability of operations of the branch abroad,
- professional resume.

4. In addition to the application for consent for setting up a representative office abroad, the founding bank shall submit to the National Bank of Serbia documentation specified in Section 34 hereof together with the decision on the appointment of a person in charge of operations of such representative office issued by the competent body of the founding bank and such person's business resume.

5. The provisions hereof pertaining to the opening of branches of banks abroad shall apply to the setting up of any other organizational form of banking abroad.

6. In the consent issuing procedure, the National Bank of Serbia shall assess in particular the founding bank's financial standing.

7. The National Bank of Serbia shall render decision on the applications referred to in Sections 3, 4 and 5 hereof within 30 days from the submission of duly completed application.

Decision referred to in paragraph 1 hereof shall be final in character.

8. Within a year from the issue of the decision referred to in Section 7 hereof, the founding bank shall submit to the National Bank of Serbia:

- excerpt from the register of a foreign country showing that the branch, representative office or any other organizational form of the bank abroad have been registered in accordance with regulations of the country where they were opened, in the original or certified copy, with translation;
- articles of association, contract or any other enactment based on which the branch, representative office or any other organizational form of the bank abroad operates.

If the registration procedure referred to in paragraph 1 of this Section should take longer than the period specified therein, the founding bank shall immediately submit an explanatory note to the National Bank of Serbia. The documents specified by that Section shall be submitted within 15 days from the date of entry into the register.

If the registration procedure is not completed within the period specified by that Section, the National Bank of Serbia shall revoke the consent granted to the founding bank.

9. The founding bank shall be obligated to submit to the National Bank of Serbia a report on operations of its branch, representative office or any other organizational form abroad for the preceding year by 31 March of the current year, as well as to notify the National Bank of Serbia immediately of any changes of relevance to its operations.

10. In the event that the branch, representative office or any other organizational form of the bank abroad ceases to operate, the founding bank shall immediately notify the National Bank of Serbia thereof. If otherwise, the National Bank of Serbia shall revoke the consent granted to the founding bank.

11. In cases specified by Section 8, paragraph 3 and Section 10 hereof, the National Bank of Serbia shall issue a decision to revoke the consent granted to the founding bank.

Decision referred to in paragraph 1 hereof shall be final in character.

12. This Decision shall supersede the Decision on the Granting of Approval for the Founding of a Bank Abroad, Opening of a Branch, Business Unit or Representative Office Abroad ("RS Official Gazette", No. 23/2005).

13. This Decision shall enter into force on the date following its publication in the "RS Official Gazette", and shall be applied as of 1 October 2006.

D. No. 67
21 June 2006
B e l g r a d e

G o v e r n o r
National Bank of Serbia

Radovan Jelasic, sign.