

Pursuant to Article 15, paragraph 6, Article 18, paragraph 6, Article 26, paragraph 9, Article 66, paragraph 6, Article 71, paragraphs 4 and 5, Article 72, paragraph 2, Article 75, paragraph 5, Article 94, paragraph 3, paragraph 4, item 3 and paragraph 5, Article 131, paragraph 3, Article 132, paragraph 5 and Article 133, paragraph 7 of the Law on Banks (RS Official Gazette Nos 107/2005, 91/2010 and 14/2015) and Article 15, paragraph 1 of the Law on the National Bank of Serbia (RS Official Gazette Nos 72/2003, 55/2004, 85/2005 – other law, 44/2010, 76/2012, 106/2012, 14/2015 и 40/2015 – Constitutional Court decision), the Executive Board of the National Bank of Serbia issues

**DECISION ON IMPLEMENTING THE PROVISIONS OF THE LAW ON
BANKS RELATING TO GRANTING OF A PRELIMINARY BANK
FOUNDING PERMIT, BANK OPERATING LICENCE AND CONSENTS
AND APPROVALS BY THE NATIONAL BANK OF SERBIA**

I. INTRODUCTORY PROVISION

1. This Decision sets forth detailed conditions and manner of implementing the provisions of the Law on Banks (hereinafter: the Law) based on which the National Bank of Serbia grants a preliminary bank founding permit and a bank operating licence, consents to acts adopted by the founding assembly, prior consent to acquisition of own shares, consent to the bank's articles of association and/or amendments and supplements to the bank's articles of association and founding act, prior consent to the appointment of members of the bank's managing and executive board, prior consent to acquisition of ownership in a bank, prior consent to the appointment of key function holders in a bank, operating licence for a bank which is established through merger by acquisition and prior consent for merger by acquisition, as well as the criteria for defining a first-class bank in the procedure of voluntary termination of bank's operations.

II. ISSUING A PRELIMINARY BANK FOUNDING PERMIT

Detailed conditions for issuing a preliminary bank founding permit

2. The NBS shall issue a preliminary bank founding permit (hereinafter: preliminary permit) subject to fulfilment of conditions relating to:

- 1) bank founders and/or persons that are to hold participation in the bank and their associates;
- 2) bank's founding act and the proposed articles of association;
- 3) business reputation, appropriate qualifications and experience of persons nominated for members of the bank's managing and executive

boards, business reputation of their associates and the ability of persons nominated for members of the bank's managing board to dedicate sufficient time to the execution of tasks within their competence;

4) business reputation of beneficial owners of the bank and their associates;

5) bank's proposed business policy and strategy for the period of three years, bank's plan of activities for the first business year, proposed risk management strategy and policies and proposed capital management strategy;

6) ownership and management structures of the bank and structure of the banking group whose member a bank is to become.

Conditions pertaining to bank founders, beneficial owners and/or persons that are to hold participation in the bank and their associates

3. When assessing the fulfilment of conditions referred to in Section 2, provision 1) hereof, the National Bank of Serbia shall verify the following:

– whether bank founders and/or persons that are to hold participation in the bank and their associates have good business reputation;

– whether bank founders and/or persons that are to hold participation in the bank have appropriate financial and/or asset position;

– whether business activities of the founder or founder's acquiring participation in the bank could trigger a material risk to safe and sound and lawful management of the bank, and/or have a negative impact on the bank's ability to ensure that its operation is in compliance with law, regulations and acts of the National Bank of Serbia;

– whether there are indications that the bank is founded and/or the participation is acquired for the purpose of money laundering, terrorism financing or financing the proliferation of weapons of mass destruction.

Notwithstanding paragraph 1 hereof, if the bank's founder is the Republic of Serbia or its autonomous province, the National Bank of Serbia shall not assess the fulfilment of conditions from that paragraph.

In respect of the founder that intends to acquire a significant or controlling participation in a bank and/or that, due to fragmented ownership, would become the bank's largest single shareholder, the National Bank of Serbia shall assess, in addition to the fulfilment of conditions from paragraph 1 hereof, whether acquisition of ownership in financial sector persons and management of those persons is the founder's strategic goal evident in its business policy documents and/or business practice.

If the bank's founder is a domestic or foreign legal person acquiring participation in the bank on behalf of another person, and/or a person engaged in acquiring, holding or managing stakes in legal persons on other

persons' behalf, the fulfilment of conditions referred to in paragraphs 1 and 3 hereof shall be assessed in respect of persons providing such founder with the funds to be paid in as the initial capital of the bank, and/or in respect of persons on whose behalf participations in the bank are acquired, held or managed, and the National Bank of Serbia may assess the fulfilment of these conditions in respect of the founder as well, if it deems it necessary. If the founder is acquiring participation in a bank independently on its own behalf and provides funds to be paid up as initial capital of the bank from own assets, the fulfilment of conditions referred to in paragraphs 1 and 3 hereof shall be assessed in respect of that founder.

If the bank founder is a foreign bank or a foreign financial sector person subject to supervision by a home-country regulatory authority, in addition to conditions referred to in paragraphs 1 and 3 hereof, conditions from Article 94, paragraph 4 of the Law must also be met.

If the bank is to be founded as a subsidiary of a foreign bank or other foreign financial sector person that is subject to supervision by a home-country regulatory authority, in addition to meeting the conditions from paragraphs 1, 3, 4 and 5 hereof, such foreign bank or other foreign financial sector person referred to in this paragraph must also have the approval of the home-country regulatory authority to participate in founding a bank in the Republic of Serbia, unless no such approval is necessary under the regulations of the said country.

4. Assessment of business reputation referred to in Section 3, paragraph 1, indent 1 hereof shall be conducted in respect of:

- natural and legal persons – bank founders, beneficial owners and their associates;
- persons holding a significant or controlling participation in a legal person referred to in indent 1 of this paragraph;
- members of management bodies of a legal person referred to in indent 1 of this paragraph and their associates – if such legal person is acquiring a significant or controlling participation in a bank and/or if such legal person is acquiring qualifying participation and the National Bank of Serbia deems that the assessment of business reputation of the said persons is necessary for a comprehensive assessment of the legal person's business reputation.

A natural person referred to in paragraph 1 hereof shall be deemed to have good business reputation if he/she has demonstrated in his/her work so far that he/she has personal, moral and professional integrity and ability to manage activities and business risks, as well as if he/she has achieved good results and gained good reputation in the areas in which he/she has worked.

Business reputation of a natural person referred to in paragraph 1 hereof shall be assessed in respect of his/her overall work experience and engagement, and/or management or supervision of other legal persons, as well as business results of legal persons under his/her management. In making this assessment, the National Bank of Serbia shall particularly take into account the following:

- whether the person has been convicted of any offence, the type of sanction or measure imposed and the time which has lapsed since the sanction or measure was imposed and/or whether proceedings are pending against this person for such offence;

- whether an associate referred to in paragraph 1, indents 1 and 3 hereof has been convicted of any criminal offence;

- whether, according to available information, any of the sanctions or measures referred to in indent 1 of this paragraph were imposed on the legal person in which this person is or was a member of a management body, and/or in which such person had or still has a significant or controlling participation;

- whether, according to available information, bankruptcy or court-ordered liquidation was initiated against the legal person in which this person is or was a member of a management body and/or in which such person had or still has a significant or controlling participation;

- whether the accounts of the legal person in which this person is or was a member of a management body and/or in which such person had or still has a significant or controlling participation have been blocked;

- whether the National Bank of Serbia or other competent regulatory authority in the country or abroad have imposed measures against the person or a legal person in which this person is or was a member of a management body and/or in which such person had or still has a significant or controlling participation and/or whether available information indicates that the person has not acted transparently in the conduct of his/her business activities so far or has not been cooperative with competent regulatory authorities;

- whether the person and/or legal person in which this person is or was a member of a management body and/or in which the person had or still has a significant or controlling participation was or currently is on the list of the largest tax debtors published by the Serbian Tax Administration or on the non-performing debtor list in the debt database (Credit Bureau, etc.).

The legal person referred to in paragraph 1 hereof shall be deemed to have a good business reputation if, in its operations so far, it has demonstrated risk management ability and good business results and gained a reputation in the field of its line of activity.

Assessment of business reputation of the legal person referred to in paragraph 1 hereof shall be based on its overall operations, as well as on its

ownership and/or management of other legal persons and, in such assessment, the National Bank of Serbia shall particularly take into account the following:

- whether the person has been convicted of any offence, the type of sanction or measure imposed and the time which has lapsed since the sanction or measure was imposed and/or whether proceedings are pending against the person for such offence;
- whether an associate referred to in paragraph 1, indents 1 and 3 hereof has been convicted of any criminal offence;
- whether, according to available information, a sanction or measure referred to in indent 1 of this paragraph was imposed on the legal person in which the person concerned had or still has a significant or controlling participation;
- whether, according to available information, a bankruptcy or court-ordered liquidation was initiated against the legal person in which the person had or still has a significant or controlling participation;
- whether the accounts of the person or a legal person in which the person concerned had or still has a significant or controlling participation have been blocked;
- whether the National Bank of Serbia or other competent regulatory authority in the country or abroad have imposed measures against the person concerned or a legal person in which the person had or still has a significant or controlling participation and/or whether available information indicates that the person has not acted transparently in the conduct of its business activities so far or has not been cooperative with competent regulatory authorities;
- whether the person concerned and/or a legal person in which the person had or still has a significant or controlling participation was or currently is on the list of the largest tax debtors published by the Serbian Tax Administration or on the non-performing debtor list in the debt database (Credit Bureau, etc.).

A person referred to in paragraph 1 hereof shall be deemed not to have good business reputation in the following cases:

- if he/she has been convicted by a final judgement of criminal offences against economy, property, legal transactions, public order, official duty or judiciary or criminal offences of money laundering or terrorism financing, or criminal offences for which an unconditional prison sentence has been pronounced or similar or comparable criminal offences in accordance with the regulations of a foreign country;
- if an associate or a beneficial owner of that person has been convicted by a final judgement of criminal offences referred to in indent 1 hereof;

- if he/she has committed, in the last ten years, severe breach and/or repeated breaches of regulations governing the prevention of money laundering, terrorism financing and financing the proliferation of weapons of mass destruction.

An associate of the founder, persons that hold or are to hold participation in a bank, nominated members of the managing and executive boards, and beneficial owners of a bank, shall mean:

- any natural person who is a member of a management body or another responsible person in a legal person whose beneficial owner is the founder, person that holds or is to hold participation in a bank, nominated member of the bank's managing and executive boards, and/or beneficial owner of a bank, or in which the founder, person that holds or is to hold participation in a bank, nominated member of the bank's managing and executive boards, and/or beneficial owner of a bank is member of a management body or holding another management position;

- any natural person who is a beneficial owner of a legal person in which a founder, person that holds or is to hold participation in the bank, nominated member of the managing and executive boards, and/or beneficial owner of the bank is a member of a management body;

- any natural person who – jointly with the founder, person that holds or is to hold participation in a bank, nominated member of the managing or executive boards, and/or beneficial owner of the bank – holds beneficial ownership in the same legal person.

5. The National Bank of Serbia shall assess the asset position of the founder – natural person and/or a natural person that is to hold participation in a bank based on the data on assets and liabilities of that person, sources and level of his/her income, issued sureties etc.

A natural person referred to in paragraph 1 hereof shall be deemed to have an appropriate asset position if he/she is able to finance from his/her own assets (excluding borrowed assets) his/her contribution to the bank's capital, and/or perform capital increase when needed.

If the bank founder is a natural person who is a founder and/or a member of a private investment fund or a person under foreign law organised for the purpose of management and disposal of assets (e.g. trust etc.) (hereinafter: person under foreign law), and the assets for the intended investment originate from that fund or the person under foreign law – it shall be deemed that such person has an appropriate asset position if he/she can finance a contribution to the bank's capital, and/or bank's capital increase, when needed, solely from pecuniary assets which represent the assets of the fund

and/or the person under foreign law which he/she is ready to deposit, for the purpose of realising those transactions, with the authorised bank in a country applying the standards on prevention of money laundering, terrorism financing and financing the proliferation of weapons of mass destruction.

A natural person referred to in paragraphs 1 and 3 hereof intending to acquire a qualifying participation in a bank shall be deemed to have an appropriate asset position if he/she has in his/her bank accounts non-committed pecuniary assets needed to purchase the bank's shares, and/or to perform capital increase if needed, as well as non-pecuniary assets in the same amount, and/or in the amount no less than double the amount needed to purchase the bank's shares, and/or to perform capital increase, if the pecuniary assets he/she owns are insufficient to purchase the shares and/or to perform capital increase, if such purchase/capital increase is a precondition for acquisition.

A natural person referred to in paragraphs 1 and 3 hereof intending to acquire a significant participation in a bank shall be deemed to have an appropriate asset position if he/she has in his/her bank accounts non-committed pecuniary assets needed to purchase the bank's shares, and/or to perform capital increase when needed, as well as non-pecuniary assets in double that amount, and/or in the amount no less than triple the amount needed to purchase the bank's shares and/or to perform capital increase if the pecuniary assets he/she owns are insufficient to purchase the shares, and/or to perform capital increase, if such purchase/capital increase is a precondition for acquisition.

A natural person referred to in paragraphs 1 and 3 hereof intending to acquire a controlling participation in a bank shall be deemed to have an appropriate asset position if he/she has in his/her bank accounts non-committed pecuniary assets needed to purchase the bank's shares, and/or to perform capital increase when needed, and non-pecuniary assets no less than triple that amount.

The National Bank of Serbia shall assess the financial position of a founder – legal person and/or legal person that is to hold participation in a bank based on the data from financial statements of such person, and in case of a private investment fund or a person under foreign law – based on assets that represent assets of the fund and/or the person under foreign law, by applying the criteria listed in paragraphs 4 to 6 of this Section.

The legal person referred to in paragraph 7 hereof shall be deemed to be in an appropriate financial position if it is able to finance its contribution to the bank's capital and/or capital increase when needed.

An appropriate financial position is considered to be that of an international development bank which is, pursuant to the decision governing capital adequacy, assigned a credit risk weight of 0%, and that of a foreign bank, other foreign financial sector person, international financial organisation or other legal person that has been awarded, in the latest ranking prior to the submission of the application for preliminary permit, no less than BBB- long-term credit rating as graded by Standard&Poor's or Fitch and/or no less than Baa3 long-term credit rating as graded by Moody's.

6. When assessing whether business activities of the founder or his/her intended acquisition of participation in a bank may trigger a material risk to safe and sound and lawful management of the bank, and/or whether they could have a negative impact on the bank's ability to ensure that its operation is in compliance with law, regulations and acts of the National Bank of Serbia, the National Bank of Serbia shall consider in particular whether business and other activities in which the founder and/or his/her associates are involved are such that the risks associated with them could adversely affect operations of the bank, and/or preclude the founder from exerting a long-term positive impact on the bank's operations or from ensuring the transparency of the banking group whose member the bank is to become.

7. When assessing whether there are indications that the bank is founded and/or the participation is acquired for the purpose of money laundering, terrorism financing or financing the proliferation of weapons of mass destruction, the National Bank of Serbia shall assess if it is possible to determine the source of assets which the founders and/or persons that are to hold participation in the bank intend to invest in the bank's capital and whether, according to the information provided by the authority in charge of preventing money laundering, terrorism financing and financing the proliferation of weapons of mass destruction and other information available to the National Bank of Serbia, these persons or persons related with them were associated with money laundering, terrorism financing or financing the proliferation of weapons of mass destruction.

The following circumstances in particular may point to the existence of an indication referred to in paragraph 1 of this Section:

- a founder and/or a person that is to hold participation in a bank, has permanent or temporary residence and/or head office or is operating in a foreign country with strategic deficiencies in the system for the prevention of money laundering, terrorism financing and financing the proliferation of weapons of mass destruction, and/or the funds for carrying out the transaction originate from that country;
- a founder and/or a person that is to hold participation in a bank is an off-shore legal person within the meaning of the law governing the prevention

of money laundering and terrorism financing or is a person with a participation in an off-shore legal person or is a member of a management body of an off-shore legal person;

- a founder, and/or a person that is to hold participation in a bank has a business relationship with, or carries out the transactions through a shell bank within the meaning of the law governing the prevention of money laundering and terrorism financing, or through another similar institution for which it can be reasonably assumed that it may allow a shell bank to use its accounts;

- whether a founder, and/or a person that is to hold participation in a bank, is obliged, under the regulations of the country of permanent or temporary residence, and/or the country of the head office or country of operation, to have internal acts, keep records and apply internal control procedures pertaining or related to the detection and prevention of money laundering, terrorism financing and financing the proliferation of weapons of mass destruction and whether such person is under the supervision of the competent authority in the country or abroad.

The National Bank of Serbia shall particularly assess whether a founder, and/or a person that is to hold participation in a bank is a public official, close family member of the public official and close associate of a public official within the meaning of the law governing the prevention of money laundering and terrorism financing.

Conditions pertaining to the bank's founding act and the proposed articles of association

8. When assessing the fulfilment of conditions referred to in Section 2, provision 2) hereof pertaining to the bank's founding act, the National Bank of Serbia shall establish whether the act complies with the regulations and whether it contains elements and/or data prescribed by the Law.

The bank's founding act shall be signed by all bank founders, signatures shall be certified by the stamp and place and date of signing shall be stated therein.

The sheets of the founding act must be bound together in a way that prevents their subsequent removal and replacement.

9. When assessing the fulfilment of conditions from Section 2, provision 2) hereof pertaining to the bank's proposed articles of association, the National Bank of Serbia shall verify whether the proposal complies with the Law and the bank's founding act, whether it contains elements and/or data prescribed by the Law and whether these elements and/or data are determined in such a way that it may reasonably be expected that an efficient

system of bank management and efficient internal controls system shall be established ensuring on-going monitoring of risks to which the bank is or may be exposed in its operation.

Conditions pertaining to business reputation, qualifications and experience of nominated members of the managing and executive boards of the bank, business reputation of their associates, and the ability of nominated members of the bank's managing board to dedicate sufficient time to the execution of tasks within their competence

10. When assessing the fulfilment of conditions from Section 2, provisions 3) and 4) hereof, the National Bank of Serbia shall verify whether the nominated members of the bank's managing and executive boards meet the conditions prescribed by the Law and those stipulated in Sections 31 to 35 and Section 39 of this Decision.

Conditions pertaining to the bank's proposed business policy and strategy, programme of activities, proposed risk management strategy and policies and proposed capital management strategy

11. When assessing the fulfilment of conditions from Section 2, provision 5) hereof pertaining to the proposed business policy and strategy of the bank, the National Bank of Serbia shall verify whether, based on the activities the bank is to engage in, the expected sources of financing, target group of clients, planned potential capital increases of the bank and sources of funding for such increases, plan for the expansion of operations and organisational network of the bank as well as other elements envisaged by the proposal, it may reasonably be expected that the bank will develop its operations over the next three years in such a way that its risk profile complies at all times with its established risk propensity.

When assessing the fulfilment of conditions from Section 2, provision 5) hereof pertaining to the bank's programme of activities for the first business year, the National Bank of Serbia shall verify whether the elements of the plan (in particular those pertaining to terms under which the bank will collect and extend funds, especially deposits and loans, terms under which it will approve loans to related persons and persons related to the bank, measures to be taken in the event of any liquidity problems and projections of balance sheet and income statement) are based on prudent assumptions and realistic estimates.

12. When assessing the fulfilment of conditions from Section 2, provision 5) hereof pertaining to the proposed risk management strategy and policies and proposed capital management strategy, the National Bank of Serbia shall verify whether the proposals contain the elements prescribed by the decision governing risk management by a bank and whether, based on the proposals,

it may reasonably be expected that the bank will establish an adequate risk management system.

Conditions pertaining to the ownership and management structures of the bank and the structure of the banking group whose member the bank is to become

13. When assessing the fulfilment of conditions from Section 2, provision 6) hereof, the National Bank of Serbia shall verify whether the proposed ownership and management structures of the bank enable effective prudential supervision of the bank's operations, whether the structure of the banking group whose member the bank is to become is transparent and whether it allows unimpeded supervision of the group on a consolidated basis, as well as whether these structures enable appropriate external and/or internal audit.

Detailed content of evidence and data submitted along with the application for a preliminary bank founding permit

14. Bank founders shall file an application with the National Bank of Serbia for a preliminary bank founding permit on a special form (Annex 1), and enclose the following documents therewith:

- 1) bank's founding act and the proposed articles of association;
- 2) statement by each founder declaring that they will pay the pecuniary portion of initial capital to the temporary account with the National Bank of Serbia, and/or that they will transfer non-pecuniary assets to the bank's initial capital, specifying the exact amount of the respective founder's contribution and/or the estimated value of items and rights invested by the respective founder, including the date and signature certified by a stamp;
- 3) bank's proposed business policy and strategy for the period of three years and programme of activities for the first business year;
- 4) bank's proposed risk management strategy and policies and the proposed capital management strategy;
- 5) documentation and evidence from Sections 36 and 40 hereof – for nominated members of the bank's managing and executive boards;
- 5a) list of associates of the founder, persons that are to hold participation in the bank and beneficial owners of the bank, and data on their business reputation;
- 6) evidence that the conditions specified in Article 94, paragraph 4 of the Law are met, if the bank founder is a foreign bank or a foreign financial sector person subject to supervision by the home-country regulatory authority.

If non-pecuniary assets are to be transferred to the initial capital of the bank, along with the statement referred to in paragraph 1, provision 2) hereof, a document shall also be submitted which proves that the founder owns the

items and/or rights invested, the report on the assessment of their value prepared by an authorized appraiser, as well as the confirmation of the competent authority that these items and rights are not encumbered with mortgage and/or right of pledge.

If the bank founder is a foreign bank or other foreign financial sector person, along with the application referred to in paragraph 1 hereof, the following shall also be submitted:

1) a confirmation of the competent regulatory authority approving the participation of this foreign person in the establishment of a bank in the Republic of Serbia, and/or confirmation by the competent regulatory authority or other competent institution or authority of the home country that no such approval is necessary;

2) confirmation of the competent regulatory authority that it performs supervision on a consolidated basis;

3) operating licence, and/or an appropriate evidence of registration for carrying out financial activity which contains data on the issuance and validity of that licence and/or registration and data on the name and head office of the competent authority that issued the licence, and/or performed the registration;

4) evidence that in the country of the head office and/or registration or in the country of operation, that foreign bank or other foreign financial sector person are subject to supervision of the competent authority and that they apply the regulations on the prevention of money laundering, terrorism financing and financing the proliferation of weapons of mass destruction;

5) description of internal procedures pertaining to the prevention of money laundering and terrorism financing (customer due diligence, sending of data on suspicious transactions and persons to the competent authorities, record keeping, internal controls etc.) and description of the system for the detection and prevention of money laundering, terrorism financing and financing the proliferation of weapons of mass destruction;

6) a written statement of the responsible person stating whether that foreign bank or other foreign financial sector person has any business relationships or carries out transactions with a shell bank, foreign bank or other financial institution of a foreign country which does not apply standards in the area of prevention of money laundering, terrorism financing and financing the proliferation of weapons of mass destruction and/or whether it allowed or still allows such persons to use its accounts.

15. If the bank founder is a domestic or foreign natural person, along with the application and documentation referred to in Section 14 hereof, the following documentation shall also be submitted:

1) photocopy and a scan reading of a valid identity document of that person (ID card or passport);

2) dated and signed professional biography of that person, containing the data on his/her professional engagement and educational qualifications;

3) completed and certified questionnaire for natural persons acquiring/increasing their participation and/or ownership in the bank on the form provided in Annex 2;

4) certificates issued by competent authorities from all relevant records confirming that the person has not been convicted of criminal and other offences and certificates proving that no proceedings have been initiated against that person for any of those offences; 4a) the list of associates from Section 4 of this Decision, with the evidence of their non-conviction;

5) evidence confirming that the person is a tax obligor (e.g. decision issued by the competent authority stating the founder's tax liabilities on all grounds);

6) letter of authorisation, empowering the banks with which the founder holds his/her assets and/or does business to submit to the National Bank of Serbia, at its request, all data regarding the founder's operations, and/or the balance of his/her assets with those banks.

Where for justifiable reasons it cannot obtain evidence of non-conviction referred to in paragraph 1, provision 4a) hereof, the founder and the beneficial owner of a bank may also submit a statement given under financial and criminal liability confirming that their associates have not been convicted, on the form provided in Annex 6. The National Bank of Serbia may at any time request that the founder and beneficial owner submit evidence of non-conviction of those persons or request that evidence directly from the competent authority.

If the bank founder is a natural person who is a founder and/or a member of the private investment fund or a person under foreign law, in addition to the documentation from paragraph 1 hereof, he/she shall also submit:

1) documentation containing data on when that fund or person under foreign law was founded, where its head office is located, what type of fund it is and in which countries it operates and/or invests, and data on the founder and/or member of the fund, and/or the founder, trustee, protector, user, if specified, and the person who has a dominant position in the management of the person under foreign law, on investment policy and objectives, with limitations, if any, on the manner in which that policy and objectives may be amended, data on who are the members holding the largest number of investment units of the fund and whether the fund already holds participation in another bank, together with the opinion of the competent regulatory authority of that bank;

2) contract with an authorised bank from a country which implements international standards in the area of prevention of money laundering and terrorism financing on depositing pecuniary assets of the fund, and/or person under foreign law that are intended for the realisation of the transaction of acquiring participation in the bank;

3) other documentation which the National Bank of Serbia deems necessary.

16. If the bank founder is a domestic or foreign legal person, along with the application and documentation referred to in Section 14 hereof, the following documents shall also be submitted:

1) act of registration of the founder with the competent authority, and/or articles of association or other act governing the organisation and operations of such founder;

2) list of all persons holding participation in the founder within the meaning of Article 2 of the Law – down to natural persons, and/or beneficial owner of the bank, with the basic data on such persons, percentages of their ownership and/or participation in the founder and identity details of members of management and/or supervisory bodies of the founder;

3) certificates issued by competent authorities from all relevant records confirming that those persons, including the beneficial owner of those persons, have not been convicted of criminal and other offences and certificates proving that no proceedings have been initiated against those persons, including the beneficial owner of those persons, for any of those offences;

4) the list of associates from Section 4 of this Decision, with the evidence of their non-conviction;

5) reports on the audit of financial statements of such person for the last two years prepared by a certified auditor, in accordance with regulations of such person's home country, and its financial statements for the period from the date of the latest audit report until the end of the semester preceding the semester in which the application is submitted;

6) completed and certified questionnaire for legal persons acquiring/increasing their participation and/or ownership in the bank on the form provided in Annex 3;

7) letter of authorisation, empowering the banks with which the founder holds its assets and/or does business to submit to the National Bank of Serbia, at its request, all data regarding the founder's operations, and/or the balance of its assets with those banks.

If it is unable, for justifiable reasons, to obtain evidence of non-conviction referred to in paragraph 1, provision 4) of this Section, the founder and the beneficial owner of a bank may submit a statement given under financial and criminal liability confirming that their associates have not been

convicted, on the form provided in Annex 6. The National Bank of Serbia may at any time request that the founder and the beneficial owner submit evidence of non-conviction of those persons or request that evidence directly from the competent authority.

If the bank founder is a legal person which is a founder and/or a member of a private investment fund or a person under foreign law, in addition to the documentation from paragraph 1 hereof, it shall also submit documentation referred to in Section 15, paragraph 3 of this Decision.

If the legal person referred to in paragraph 1 hereof is a local government unit, that paragraph shall apply accordingly to the documentation submitted together with the application from Section 14 hereof.

Together with the documentation referred to in paragraph 1 hereof, the bank founder referred to in that paragraph which is a foreign bank shall also submit the following documentation:

- 1) overview of liquidity movements in the three months preceding the month in which the application is submitted;
- 2) overview of maturity structure of receivables and liabilities at the end of the quarter preceding the month in which the application is submitted.

17. Notwithstanding Section 16 hereof, if the bank founder is a legal person from Section 5, paragraph 9 of this Decision, together with the application and documentation referred to in Section 14 hereof, the following documentation shall also be submitted:

- 1) act of registration of the founder with the competent authority, and/or articles of association or other act governing the organisation and operations of the founder;
- 2) list of all persons holding a participation in the founder within the meaning of Article 2 of the Law, along with basic data on such owners and their associates;
- 3) completed and certified questionnaire for legal persons acquiring/increasing their participation and/or ownership in the bank on the form provided in Annex 3;
- 4) evidence on the founder's rating, together with the opinion of the rating agency.

18. If the bank founder referred to in Sections 16 and 17 hereof is a member of a group of companies or a banking group, when submitting the application from Section 14 hereof it shall enclose the documentation prescribed in Sections 16 and 17 hereof together with the following:

- 1) data on group structure, including a detailed organisational scheme of the group and data on persons holding a significant and/or controlling participation in the group, as well as data on types of activities in which the group and its members are engaged;
- 2) reports on audit of consolidated financial statements of the group for the previous two years prepared by a certified auditor in accordance with regulations of the home country of the ultimate parent company of the group;
- 3) projection of the expected mutual influence of the bank, banking group whose member the bank is to become and members of the group;
- 4) risk management, internal audit and internal controls procedures of the banking group.

19. If the bank founder is the Republic of Serbia or autonomous province, the application and documentation referred to in Section 14 hereof shall be submitted together with the decision of the competent authority on participation in establishment of a bank, specifying the amount of pecuniary assets to be paid in as the initial capital and the value of non-pecuniary assets, according to the assessment of an authorised appraiser, to be transferred to the initial capital.

20. If the bank founder intending to acquire a significant or controlling participation is a domestic or foreign legal person acquiring participation in the bank on behalf of other person and/or a person engaged in acquiring, holding or managing stakes in legal persons on other persons' behalf, such founder shall submit to the National Bank of Serbia the documentation referred to in Sections 14 to 19 hereof for those persons for which the NBS assesses the fulfilment of conditions referred to in Section 3 hereof.

21. For persons which are to hold a participation in a bank, the application from Section 14 hereof must be enclosed with the documentation referred to in Sections 14 to 20 hereof.

22. If based on the documentation and evidence referred to in Sections 14 to 21 hereof it is not possible to establish all facts relevant for deciding on the application for a preliminary permit, the National Bank of Serbia may request that the founder submits other documentation which the National Bank of Serbia deems necessary and/or may establish these facts by interviewing the bank founder on the premises of the National Bank of Serbia, and compile a report thereon.

If data submitted together with the application for a preliminary permit have changed after the submission of the application and prior to the issuance of the permit by the National Bank of Serbia, the bank founder must promptly inform the National Bank of Serbia thereof and supply new data without delay.

III. ISSUANCE OF THE BANK OPERATING LICENCE

Detailed content of evidence and data submitted together with the application for a bank operating licence

23. After obtaining the preliminary permit, bank founders shall submit to the National Bank of Serbia an application for a bank operating licence together with the following:

1) evidence from Article 18, paragraph 2, provision 1) of the Law, as follows:

- order for payment of funds which constitute the pecuniary portion of initial capital to the temporary account with the National Bank of Serbia, and/or certificate of transfer of non-pecuniary assets into the bank's initial capital,

- statement by each founder as to the origin of those assets, including the date and signature certified by a stamp;

2) evidence from Article 18, paragraph 2, provision 2) of the Law, as follows:

- a document on the basis of which it can be established that appropriate business premises have been ensured which the bank will own or use based on a long-term rental or lease contract (e.g. title deed, rental contract, sale contract, gift contract, lease contract), including data on the surface area, location and purpose of such premises and other relevant data proving that these premises allow for smooth performance of operations of the bank in accordance with its proposed business policy and strategy, as well as access to all data and information relevant for the exercise of the supervisory function by the National Bank of Serbia;

- acts of competent authorities issued in the inspection procedure and/or other documents evidencing that business premises meet legal requirements relating to technical equipment, work safety, and environmental protection and enhancement;

- list of equipment obtained (particularly equipment relating to the bank's information system) to enable the smooth conduct of operations of the bank pursuant to its proposed business policy and strategy and access to all data and information relevant for the exercise of the supervisory function by the National Bank of Serbia;

- documents which establish technical features of the obtained equipment as well as the manner in which the equipment was obtained and the length of time for which it is obtained (e.g. sale, gift, rental or lease contract and/or other document evidencing the manner in which the equipment is obtained and the period for which it is obtained), including the description of preparedness of such equipment for the smooth start-up of the bank's operations;

3) evidence from Article 18, paragraph 2, item 3) of the Law, specifically the contract on engagement of an external auditor from the list of external auditors compiled and published by the National Bank of Serbia;

4) evidence referred to in Article 18, paragraph 2, item 4) of the Law based on which it can be established that the organisational structure and human resource capacity of the bank comply with the bank's founding act and proposed articles of association and that they are appropriate from the standpoint of the bank's proposed business policy and strategy and/or programme of activities, as well as that the proposed staffing plan and schedule is aligned with the planned expansion of operations and organisational network of the bank, as follows:

- proposed organisational structure of the bank,
- proposed classification of jobs, by employee, including qualifications and work experience required for each job;
- planned staffing plan and schedule for all classified jobs.

If based on the documentation and evidence referred to in paragraph 1 hereof it is not possible to establish all facts relevant for deciding on the application for the bank operating licence, the National Bank of Serbia may also request that the founder submits other documentation which the National Bank of Serbia deems necessary, while the fulfilment of conditions from Article 18, paragraph 2, item 2) of the Law may also be established by direct inspection of the provided business premises and equipment.

IV. CONSENT TO ACTS OF THE FOUNDING ASSEMBLY

24. The bank founder shall submit to the NBS an application for consent to acts adopted at the founding assembly meeting within five days from their adoption.

Together with the application from paragraph 1 hereof, the founder shall also submit acts adopted at the founding assembly meeting, as follows:

- decision on the appointment of president and members of the managing and executive boards of the bank;
- decision on adoption of the bank's articles of association;
- decision on adoption of the bank's business policy and strategy for the period of three years and programme of activities for the first business year;
- decision on the first issue of shares.

25. The National Bank of Serbia shall grant consent to acts adopted at the founding assembly meeting if it establishes that the following conditions are met:

– that the appointed president and members of the managing and executive boards are persons whose qualifications, experience and business reputation, and for members of the managing board – also their ability to dedicate sufficient time to the execution of tasks within their competence, were assessed by the National Bank of Serbia when deciding on the application for a preliminary bank founding permit or subsequently, pursuant to Article 17, paragraph 2, and in relation with Article 16, paragraph 2 of the Law;

– that bank's articles of association, business policy and strategy, as well as the programme of activities adopted by the founding assembly are identical to those which the National Bank of Serbia assessed when deciding on the application for a preliminary bank founding permit;

– that the decision on the first issue of shares was adopted in compliance with the bank's founding act and regulations.

V. GRANTING PRIOR CONSENT FOR ACQUISITION OF OWN SHARES

26. In the procedure of deciding on the application for prior consent for acquisition of own shares of the bank, the National Bank of Serbia shall grant such consent if the following conditions are met:

1) that the bank's shareholders previously offered bank's shares in secondary sale and the sale of those shares to other persons would cause significant losses to the bank's shareholders;

2) that the bank holds assets generated from its profit from the previous years which may be used for acquisition of own shares.

27. Together with the application from Section 26 hereof submitted on a separate form (Annex 4), the following documentation shall also be submitted:

1) decision of the bank's competent body on the acquisition of own shares which also specifies the terms of such acquisition;

2) public offering of shares and/or other document containing the data on terms on which the shares were offered in the secondary market;

3) statement of the president of the bank's executive board that the bank holds assets generated from its profit that are intended for acquisition of own shares.

Where own shares are acquired through inheritance, legal succession or in other manner irrespective of the will of the bank, instead of submitting the application referred to in paragraph 1 hereof, the bank shall submit to the National Bank of Serbia the notification on acquisition of such shares,

indicating the manner and/or grounds of the acquisition, as well as data on the type, number and total value of shares.

Where based on the documentation and evidence from paragraph 1 hereof it is not possible to establish all facts relevant for deciding on the application referred to in that paragraph, the National Bank of Serbia may also request that the bank submits other documentation which it deems necessary.

VI. GRANTING CONSENT TO ARTICLES OF ASSOCIATION AND/OR AMENDMENTS AND SUPPLEMENTS TO ARTICLES OF ASSOCIATION AND FOUNDING ACT OF THE BANK

Conditions for granting consent to articles of association and to amendments and supplements to the founding act and articles of association of the bank

28. In deciding on the application for consent to the bank's articles of association (including articles of association adopted at the bank's founding assembly meeting) and to amendments and supplements to articles of association, the National Bank of Serbia shall act pursuant to Section 9 hereof.

29. In deciding on the application for consent to amendments and supplements to the founding act, the National Bank of Serbia shall act pursuant to Section 8 hereof, and where amendments to the founding act pertain to the change of the bank's head office, the National Bank of Serbia shall also assess the fulfilment of conditions prescribed with regard to bank's business premises by Article 18, paragraph 2, item 2) of the Law.

Detailed content of evidence and data submitted together with the application for consent to the bank's articles of association and to amendments and supplements to the bank's founding act and articles of association

30. Together with the application for the National Bank of Serbia's consent to the bank's articles of association, the bank shall submit the articles of association adopted at the bank's assembly meeting and the decision on adoption of those articles of association.

Together with the application for consent to amendments and supplements to the bank's articles of association, the bank shall submit:

- amendments and supplements to the bank's articles of association and the decision on adoption of those amendments and supplements at the bank's assembly meeting;

- consolidated articles of association of the bank incorporating amendments and supplements for which the National Bank of Serbia's consent is sought.

Together with the application for consent to amendments and supplements to the bank's founding act, the bank shall submit:

- amendments and supplements to the bank's founding act and the decision on adoption of those amendments and supplements at the bank's assembly meeting;
- consolidated founding act of the bank incorporating amendments and supplements for which the National Bank of Serbia's consent is sought;

If amendments to the bank's founding act pertain to the change of its head office, apart from the documentation referred to in paragraph 3 hereof, the documentation prescribed by Section 23, paragraph 1, provision 2) of this Decision shall also be submitted.

Where based on the documentation and evidence from this Section it is not possible to establish all facts relevant for deciding on the applications referred to therein, the National Bank of Serbia may also request that the bank submits other documentation which it deems necessary.

VII. GRANTING PRIOR CONSENT TO THE APPOINTMENT OF MEMBERS OF THE BANK'S MANAGING BOARD

Detailed conditions for granting prior consent to the appointment of members of the bank's managing board

31. The bank shall submit to the National Bank of Serbia an application for prior consent to the appointment of each person nominated for member of the bank's managing board (hereinafter: nominated person).

The bank shall submit the application from paragraph 1 hereof no later than 30 days before the end of the term in office of a managing board member, in order to obtain timely consent to his/her re-appointment and/or appointment of another person, and/or to ensure continuity of work of the bank's managing board.

When deciding on the application from paragraph 1 hereof the National Bank of Serbia shall assess whether the nominated person has good business reputation and appropriate qualifications and experience enabling him/her to professionally and accountably discharge the function of a managing board member and the ability to dedicate sufficient time to the execution of tasks within his/her competence. Where a person is nominated

for a person independent of the bank, the National Bank of Serbia shall also assess the fulfilment of requirements from Section 35 hereof.

32. The National Bank of Serbia shall assess business reputation of the nominated person pursuant to Section 4, paragraphs 2, 3, 6 and 7 hereof, and in assessing business reputation in case of the re-appointment of a managing board member, it shall particularly take into account the bank's business results.

When assessing the business reputation of the person renominated for a member of the bank's managing board, the National Bank of Serbia shall take into account whether such person acted in accordance with the decision of the National Bank of Serbia and/or another supervisory authority imposing a fine on such person for acting in breach of the provisions of the Law, regulations of the National Bank of Serbia and other regulations and/or whether such person paid such fine or the fine was paid by the supervised entity instead.

33. For the purposes of this Decision, appropriate qualifications shall mean such educational background and/or work experience enabling the nominated person to competently discharge the function for which he/she is nominated, as well as to efficiently manage risks in the bank's operation.

34. The nominated person shall be deemed to possess appropriate qualifications if he/she has completed at least the first level of academic studies (Bachelor's degree) in the areas relevant for banking operation, lasting no less than four years, within the meaning of the law governing higher education.

In addition to persons referred to in paragraph 1 hereof, the following persons shall also be deemed to be appropriately qualified: a person who completed the first level of academic or professional career studies and has minimum ten years of work experience in the field of financial markets, risk management, management of operating risks of legal persons in the financial sector, strategic planning, corporate governance, business policy or strategy making etc. which the National Bank of Serbia assessed as corresponding to managerial jobs in a bank, member of a banking group or other legal person in the financial sector.

In the case referred to in paragraph 2 hereof, the National Bank of Serbia shall assess the work experience of the nominated person, in particular in respect of the following:

- length of employment in previous positions;

- nature and complexity of jobs performed by the nominated person, number of persons accountable to him/her;
- scope of competences, authorisations and responsibilities and right of decision-making.

An appropriate work experience of a nominated person within the meaning of Article 71 of the Law shall mean minimum three years of work experience in a financial sector legal person, within management bodies, in management positions relevant for the performance of core activity of that legal person, in jobs related to advisory services to management bodies of such legal person and/or jobs requiring involvement in designing the legal person's business policy or strategy or minimum six years of work experience in the fields of finance and banking, during which period the nominated person distinguished him/herself as an expert or scientific worker in the fields (e.g. by active participation in special projects or professional gatherings and/or in the capacity of a member of scientific or research staff at a university or scientific institute).

Appropriate experience of other members of the managing board shall mean minimum six years of experience in a management position in a legal person.

34a. The National Bank of Serbia shall assess the ability of the nominated person to dedicate sufficient time to the execution of tasks within his/her competence, within the meaning of Article 71 of the Law, taking into account the following in particular:

- number of managerial positions of the nominated person and/or number of memberships of the nominated person in the managing bodies of legal persons, time to be dedicated to their execution annually, and the responsibility and competence of the nominated person in regard to these positions and/or memberships;

- type, scope and complexity of the activities performed by the legal person in which the nominated person is the manager and/or member of a management body;

- location of the legal person in which the nominated person is the manager and/or member of a management body;

- average number of meetings of the management bodies of the legal persons in which the nominated person is a member during the calendar year, and of the meetings held as needed with competent authorities or stakeholders;

- other activities of the nominated person within or outside the financial sector;

– time that the nominated person needs to dedicate to professional training and development.

A nominated person shall be deemed not to have the ability to dedicate sufficient time to the execution of tasks within his/her competence in the following cases in particular:

– if he/she is at the same time the manager or member of the executive board and member of the supervisory board within the meaning of the law regulating companies, and/or a member of another management body, in more than two legal persons;

– if he/she is a member of the supervisory board within the meaning of the law referred to in indent 1 of this paragraph and/or a member of another management body in more than four legal persons.

When determining the number of managerial positions and memberships in management bodies referred to in paragraphs 1 and 2 hereof, a single position and/or membership shall mean the position and/or membership in management bodies of legal persons within the same group and/or legal persons in which the bank holds qualifying participation.

When assessing the fulfilment of the conditions referred to in paragraph 2 hereof, the nominated person's positions and/or memberships in management bodies of the organisations or entities not established with the primary goal of making profit (e.g. humanitarian and other non-profit organisations) shall not be taken into account.

34b. The bank shall notify the nominated person about the expected time this person should dedicate to the execution of tasks within the competence of the bank's managing board and obtain a statement from such person about his/her ability to meet these expectations.

The bank shall regularly assess the fulfilment of the requirements set out in Section 34a hereof, taking into account the need to be present and actively participate in managing board meetings, time needed to prepare for such participation and the impact of a possibly long-term absence of a managing board member on the execution of the tasks of that board.

Conditions that the person must meet in order to be considered independent of the bank

35. A nominated person shall be deemed independent of the bank within the meaning of Article 71, paragraph of the Law if he/she meets the following conditions:

- does not hold direct or indirect ownership in the bank, member or the banking group to which the bank belongs or the legal person which is the bank's shareholder, nor did it hold such ownership during the year preceding the day of submission of the application from Section 31, paragraph 1 hereof;
- is not employed in the bank, member of the banking group to which the bank belongs or the bank's shareholder, nor was it employed in any of these persons during the year preceding the day of submission of the application from Section 31, paragraph 1 hereof;
- is not a member of the management body of that bank (except in the case of re-appointment of the person discharging the function of the managing board member independent of the bank) or other member of the banking group to which the bank belongs, nor was it a member of such body in the year preceding the day of submission of the application from Section 31, paragraph 1 hereof;
- is not a member of the management body of a person related to that bank;
- does not have debt liabilities to that bank, and/or a member of the banking group to which the bank belongs in excess of RSD 100,000.

Detailed content of evidence and data to be submitted together with the application for prior consent to the appointment of a member of the managing board of the bank

36. Together with the application for prior consent to the appointment of a member of the managing board, the bank shall submit the following documentation and evidence:

1) proposed decision of the bank's competent body on the appointment of the nominated person as member of the managing board, containing in particular a reasoned opinion on the business reputation, expertise, abilities and moral qualities of such person, and a specification of the expected contribution of such person to the work of the management body for which such person is nominated, and/or the reasons why the bank has proposed that the nominated person be appointed to that position, and an assessment of the ability of the person to dedicate sufficient time to the execution of tasks within his/her competence;

2) photocopy and a scan reading of a valid identity document of that person (ID card or passport);

3) data on the composition of the bank's managing board referred to in Article 71 of the Law (number of board members, number of persons independent of the bank, details of the person who is fluent in the Serbian language if the managing board is made up of foreign natural persons only, number of members having appropriate work experience in the field of finance referred to in paragraph 6 of that Article);

4) evidence issued by a competent authority that no investigation has been initiated against such person and/or that such person has not been convicted by a final judgement of an offence that would make him/her unfit for discharging the function of a member of the bank's managing board, and/or evidence of not having been convicted of such offence and evidence that no protective measure has been imposed against such person which would prohibit his/her performance of the activity fully or partly corresponding to the activity of the bank (certificate issued by a competent court and statement from criminal records of the ministry in charge of internal affairs and, in case of a foreign person – certificate issued by the competent authority of the country of which such person is a citizen and a certificate issued by the competent authority of such person's last country of permanent residence);

4a) the list of associates of the member of the managing board referred to in Section 4 of this Decision, with evidence of their non-conviction;

5) completed and certified questionnaire for a person nominated for a member of the managing and executive board of the bank on the form provided in Annex 5;

6) letter of reference containing a reasoned opinion on the business reputation, expertise, abilities and moral qualities of the nominated person provided by minimum two persons based on their professional contacts with the nominated person. The letter of reference may be written by the nominated person's employer, members of management bodies of a member of the banking group to which the bank for whose managing board such person is nominated belongs, by persons who managed or still manage another bank, financial sector person or other legal person (if a person with experience in a management position in a legal person is nominated), by scientific workers, university professors, persons who manage or used to manage authorities in charge of supervising banks or other financial sector persons (other than the authority which conducts the procedure in respect of the application referred to in this paragraph), as well as by persons who, owing to their successful work in the fields of banking and finance, gained professional and personal reputation, but it may not be written by managers of the bank for whose managing board the person is nominated.

7) evidence that the nominated person completed academic or professional career studies of suitable grade level and profile in accordance with Section 34 hereof (diploma and/or certificate of completed studies) and, if it is not possible to reliably ascertain whether the evidence is appropriate, the act issued by a domestic higher education institution on recognition of the diploma of a foreign education institution, as well as evidence on professional training of the nominated person, if any.

If the managing board of the bank is to consist of foreign natural persons only, the bank shall, along with the application from paragraph 1 hereof, submit evidence of active knowledge of the Serbian language for at least one of those persons and the evidence of his/her permanent residence

in the Republic of Serbia. Active knowledge of the Serbian language shall mean such level of language proficiency which enables conducting correspondence in the field of banking and discharge of activities for which the person is appointed, which is proved by a certificate of a foreign language teaching institution and/or competent higher education institution on passing the exam (according to the syllabus) for acquiring such level of knowledge.

If based on the documentation and evidence referred to in Sections 1 and 2 hereof it is not possible to establish all facts relevant for deciding on the application for prior consent to the appointment of a member of the bank's managing board, the National Bank of Serbia may request that the bank submits other documentation which it deems necessary.

If based on the evidence and documentation pertaining to education and experience of the nominated person it is not possible to assess the ability of such person to efficiently manage risks to the bank (his/her knowledge of the bank's risk profile and regulations governing risk management and internal controls systems), this fact may also be established based on an interview with that person on the premises of the National Bank of Serbia, records of which shall be prepared.

If it is unable, for justifiable reasons, to obtain evidence of non-conviction referred to in paragraph 1, provision 4a) of this Section, the bank may submit a statement of a member of the managing board given under financial and criminal liability confirming that his/her associates have not been convicted, on the form provided in Annex 6. The National Bank of Serbia may at any time request that the bank submits evidence of non-conviction of those persons or request that evidence directly from the competent authority.

37. Together with the application for prior consent of the National Bank of Serbia for the renomination of a member of the bank's managing board (hereinafter: reappointment), the bank shall submit the following evidence and documentation:

- proposed decision of the bank's competent body on the reappointment of a member of the bank's managing board, containing in particular a reasoned opinion on the business reputation, expertise, abilities and moral qualities of such person and on whether the person still fulfils the requirements for the performance of the above function, as well as a specification of the expected contribution of such person to the work of the management body for which it is renominated and/or the reasons why the bank has renominated this person for such function;

- information about the total number of meetings of the bank's managing board in the year preceding the year in which the application is submitted, the total number of those meetings held until the day of

submission of the application from this paragraph, the number of meetings which the nominated person attended and the manner in which he/she voted in those meetings, along with copies of minutes from those meetings;

- completed statement of the member of the managing board of the bank whose reappointment is proposed, on the form provided in Annex 7;

- evidence issued by a competent authority that no investigation has been initiated against such person and/or that such person has not been convicted by a final judgement of an offence that would make him/her unfit for discharging the function of a member of the bank's managing board, and/or evidence of not having been convicted of such offence and evidence that no protective measure has been imposed against such person which would prohibit his/her performance of an activity that fully or partly corresponds to the activity of the bank (certificate issued by a competent court and statement from criminal records of the ministry in charge of internal affairs and, in case of a foreign person – certificate issued by the competent authority of the country of which such person is a citizen and a certificate issued by the competent authority of such person's last country of permanent residence);

- list of associates of the person whose reappointment is proposed, with evidence of their non-conviction.

Where for justifiable reasons it cannot obtain evidence of non-conviction referred to in paragraph 1, indent 5 hereof, a bank may also submit a statement of the member of the bank's managing board whose reappointment is proposed given under financial and criminal liability confirming that his/her associates have not been convicted, on the form provided in Annex 6. The National Bank of Serbia may at any time request that the bank submits evidence of non-conviction of those persons or request that evidence directly from the competent authority.

If based on the documentation and evidence from paragraph 1 hereof it is not possible to establish all facts relevant for deciding on the application referred to in that paragraph, the National Bank of Serbia may also request that the bank submits other documentation which it deems necessary.

If there are facts or circumstances which need to be additionally verified with regard to the eligibility of the member of the bank's managing board whose reappointment is proposed or to his ability to efficiently manage risks, the National Bank of Serbia may establish such facts and circumstances also by interviewing this person on the premises of the National Bank of Serbia, and compile a report thereon.

38. The bank shall submit to the National Bank of Serbia the decision of the bank's assembly on appointing a person as member of the bank's managing board within five days from the date of rendering the decision.

VIII. GRANTING PRIOR CONSENT TO THE APPOINTMENT OF MEMBERS OF THE BANK'S EXECUTIVE BOARD

Detailed conditions for granting prior consent to the appointment of a member of the bank's executive board

39. The bank shall submit to the National Bank of Serbia an application for prior consent to the appointment of a bank's executive board member for each nominated person.

The bank shall submit the application from paragraph 1 hereof no later than 30 days before the end of the term in office of an executive board member, in order to ensure timely consent to his/her re-appointment and/or appointment of another person, and/or to ensure continuity in the work of the bank's executive board.

The National Bank of Serbia shall assess whether the person nominated for a member of the executive board has good business reputation and appropriate qualifications in compliance with Sections 31 to 34 hereof.

Appropriate work experience of a person nominated for member of the bank's executive board shall mean, apart from the work experience from Section 34, paragraph 4 hereof, minimum three years of work experience in managing activities of financial sector persons which are not directly related to its core activity, but have an impact on it – if the person is appointed to the bank's executive board with minimum three members, if the bank's articles of association envisage that the person shall be responsible for such activities and if the National Bank of Serbia has assessed that such work experience is relevant considering the type and scope of the activities in question and the size of the organisational unit and number of employees which the person managed.

Detailed content of evidence and data submitted together with the application for prior consent to the appointment of a member of the bank's executive board

40. Section 36 hereof shall accordingly apply to the documentation and evidence submitted together with the application for prior consent to the appointment of a member of the bank's executive board. Along with this application, the bank shall also be required to submit to the National Bank of Serbia the decision of the bank's managing board on the appointment of the nominated person for a member of the bank's executive board.

41. Section 37 hereof, excluding paragraph 1, indent 2 of that Section, shall accordingly apply to the documentation and evidence submitted together with the application for reappointment of a member of the bank's

executive board. Along with this application, the bank shall also be required to submit to the National Bank of Serbia the decision of the bank's managing board on the reappointment of the nominated person for a member of the bank's executive board.

41a. The bank shall regularly, and once every two years at a minimum, submit to the National Bank of Serbia – for the bank's founders, persons holding participation in the bank, beneficial owners of the bank, members of the bank's managing and executive boards, and associates of these persons – evidence issued by the competent authority that no investigation has been initiated against such person and/or that such person has not been convicted by a final judgement of a criminal or other offence, and/or evidence of not having been convicted of such offence and evidence that no protective measure has been imposed against such person prohibiting the performance of an activity that fully or partly corresponds to the activity of the bank (certificate issued by a competent court and statement from criminal records of the ministry in charge of internal affairs and, in case of a foreign person – certificate issued by the competent authority of the country of which such person is a citizen and a certificate issued by the competent authority of such person's last country of permanent residence).

Where for justifiable reasons it cannot obtain the evidence referred to in paragraph 1 hereof for the associates referred to in that paragraph, the bank may submit a statement of the founder, person holding participation in the bank, beneficial owner and/or member of the bank's executive or managing boards given under financial and criminal liability confirming that their associates have not been convicted, on the form provided in Annex 6. The National Bank of Serbia may at any time request that the bank submits evidence of non-conviction of those persons or request that evidence directly from the competent authority.

The bank shall submit the documentation referred to in paragraphs 1 and 2 hereof to the National Bank of Serbia in the period from 1 to 15 October of a given year.

VIIIa. PRIOR CONSENT TO THE APPOINTMENT OF KEY FUNCTION HOLDERS

41b. Immediately after the bank is entered in the business entities register, the bank shall designate the persons to be nominated for key function holders in the bank, based on the submitted data on the organisational structure and human resource capacity of the bank referred to in Section 23, paragraph 1, provision 4) of this Decision and shall submit, within 30 days from the entry of the bank in the business entities register, an application for prior consent to their appointment to the National Bank of

Serbia and, along with this application, the documentation and evidence prescribed in Section 41c of this Decision.

Within the meaning of this Decision, key function holders are the managers of the risk management function, compliance function and internal audit function, if those persons are not members of the bank's management bodies.

The application referred to in paragraph 1 hereof shall be submitted in accordance with the provisions of the decision on detailed conditions and manner of appointing key function holders in banks.

Detailed content of evidence and data to be submitted along with the application for prior consent to the appointment of key function holders

41c. In the procedure for prior consent to the appointment of key function holders, the National Bank of Serbia shall assess whether the nominated person has a good business reputation and appropriate qualifications and experience, laid down by the decision on detailed conditions and manner of appointing key function holders in banks.

Along with the application for prior consent to the appointment of key function holders, the bank shall also submit the following documentation and evidence:

1) decision of the bank's managing board on the appointment of the nominated person as a key function holder in that bank, containing in particular a reasoned opinion on the business reputation, expertise, abilities and moral qualities of such person, and on whether such person fulfils the requirements for performing the above function, and a specification of the expected contribution of that person to the work of the organisational unit whose manager such person is proposed to be and/or the reasons for which the managing board has nominated the above person for such function;

2) a copy and a scan reading of the valid personal document of such person (ID card or passport);

3) evidence issued by the competent authority that no investigation has been initiated against such person and/or that such person has not been convicted by a final judgement of a criminal offence which make him/her unfit to perform a key function, and/or evidence of not having been convicted of such offence and evidence that no protective measure has been imposed against such person prohibiting the performance of an activity that fully or partly corresponds to the activity of the bank (certificate issued by a competent court and statement from criminal records of the ministry in charge of internal affairs and, in case of a foreign person – certificate issued by the competent authority of the country of which such person is a citizen and a

certificate issued by the competent authority of such person's last country of permanent residence);

4) completed and certified questionnaire for the person nominated for the key function holder on the form provided in Annex 5;

5) letter of reference containing a reasoned opinion on the business reputation, expertise, abilities and moral qualities of the person nominated for the key function holder by minimum two persons based on their professional contacts with the nominated person. The letter of reference may be written by the nominated person's employer, current and former members of the bank's management bodies, and current and former managers of the organisational units of the bank to which the person is nominated as manager of the relevant organisational unit and which are in charge of risk management, compliance and internal audit, members of management bodies of a member of the banking group to which the bank in which such person is nominated as the manager of the relevant organisational unit belongs, current and former members of management bodies of another bank or financial sector person, as well as current and former managers of organisational units of another bank in charge of risk management, compliance and internal audit, by scientific workers, university professors, persons who manage or used to manage authorities in charge of supervising banks or other financial sector persons, persons who, owing to their successful work in the field of banking and finance and other relevant areas of the economy, gained professional and personal reputation;

6) evidence that the person nominated as the manager of the relevant organisational unit has completed academic studies of suitable level and profile in accordance with the decision regulating detailed conditions and manner of appointing key function holders in banks (diploma and/or certificate of completed studies) and/or, if it is not possible to reliably ascertain whether the evidence is appropriate, the act issued by a domestic higher education institution on the recognition of the diploma of a foreign education institution, as well as evidence on professional training of the nominated person, if any;

7) statement of the nominated person on the circumstances that could affect the independence of opinion of the nominated person.

If the person nominated for the manager of the relevant organisational unit is a foreign citizen, along with the application referred to in paragraph 1 hereof the bank shall also submit evidence of active knowledge of the Serbian language and a certificate of such person's permanent residence in the territory of the Republic of Serbia. Active knowledge of the Serbian language shall mean such level of language proficiency which enables conducting correspondence and discharge of activities for which the person is appointed, which is proved by a certificate of a foreign language teaching institution and/or competent higher education institution on passing the exam (according to the syllabus) for acquiring such level of knowledge.

If based on the documentation and evidence referred to paragraphs 2 and 3 hereof it is not possible to establish all facts relevant for deciding on the application for prior consent to the appointment of the person nominated for a key function holder, the National Bank of Serbia may request that the bank submits other documentation which it deems necessary.

If based on the documentation and evidence relating to the education and experience of the person nominated for the key function holder it is not possible to assess his/her ability to manage the organisational unit for whose manager he/she is nominated in an efficient and high-quality manner, the National Bank of Serbia may establish such fact also by interviewing this person on the premises of the National Bank of Serbia, and compile a report thereon.

IX. PRIOR CONSENT FOR ACQUISITION OF OWNERSHIP

42. Prior to acquiring participation in a bank and/or direct or indirect ownership in a bank, which provides 10% to 20%, over 20% to 33%, over 33% to 50% and over 50% of voting rights, each person shall apply for the National Bank of Serbia's prior consent to the acquisition of such participation and/or ownership.

In deciding on the application from paragraph 1 hereof, the National Bank of Serbia shall assess the fulfilment of conditions prescribed in Sections 3 to 7 hereof.

The application referred to in paragraph 1 hereof shall contain data on the number, type and total nominal value of shares to be acquired, as well as on the total percentage of voting rights stemming from such shares.

The applicant referred to in paragraph 1 hereof shall enclose with the application also the documentation referred to in Section 14, paragraph 1, provision 6) and paragraph 3 and Sections 15 to 20 of this Decision, as well as the contract specifying rights and obligations of participants in the procedure of acquiring participation in a bank which *inter alia* contains: provisions related to the prevention of money laundering, terrorism financing and financing the proliferation of weapons of mass destruction, data on the flow and realisation of the transaction, data on the source from which pecuniary assets intended for the planned investment (capital increase) originate, as well as the contract with an authorised bank on depositing the assets intended for the realisation of the transaction, if the applicant's assets originate from a private investment fund or a person under foreign law.

The acquirer intending to acquire over 20% to 33% of voting rights in the bank shall submit to the National Bank of Serbia, in addition to the documentation from paragraph 4 hereof, the programme of activities for the next year. The acquirer intending to acquire over 33% to 50% of voting rights in the bank shall submit to the National Bank of Serbia, in addition to documentation from paragraph 4 hereof, the programme of activities for the next two years, while the acquirer intending to acquire over 50% of voting rights in the bank shall submit to the National Bank of Serbia, in addition to documentation from paragraph 4 hereof, the programme of activities for the next three years.

Notwithstanding paragraph 5 hereof, if the acquirer intends to acquire 50% or less voting rights in the bank, but due to the bank's ownership structure is to become the largest single shareholder, such acquirer shall submit to the National Bank of Serbia the programme of activities for the next three years.

The programme of activities referred to in paragraphs 5 and 6 hereof shall contain in particular the business strategy and/or objectives and guidelines pertaining to the bank whose shares are acquired.

As provided by the provisions of the Law relating to the acquisition of ownership, a person is understood to hold indirect ownership of a bank, if the direct owner has acquired the bank's shares on behalf of such person, or if such person acts with the direct owner as a single acquirer within the percentage of the direct owner's stake in the bank, as well as in other cases where the National Bank of Serbia assesses that there is a possibility for such person to exercise ownership rights in the bank effectively by using the ownership of the direct owner.

The application referred to in paragraph 1 hereof shall contain data on persons related to the acquirer in the manner referred to in Article 95 of the Law and the percentage of participation acquired by each of those persons. The National Bank of Serbia shall assess the fulfilment of prescribed conditions for all persons constituting the acquirer concerned which are to acquire, individually, 10% and more voting rights in the bank and it may assess the fulfilment of those conditions for other persons as well.

The bank shall notify the National Bank of Serbia of each acquisition of direct or indirect ownership in the bank which provides to the acquirer 5% and more voting rights, within five days from learning of such acquisition.

The notification referred to in paragraph 10 hereof shall, in particular, contain identity details of the acquirer (name and surname and number of the

valid identification document), percentage of acquired voting rights and the date of such acquisition.

The bank has an obligation to regularly provide and update documentation on changes in the ownership structure of shareholders holding participation in the bank.

X. ESTABLISHING THE CRITERIA FOR DEFINING A FIRST-CLASS BANK IN THE PROCEDURE OF GRANTING CONSENT TO THE BANK'S DECISION TO TERMINATE OPERATIONS

43. Along with the application for the National Bank of Serbia's consent to the bank assembly's decision to terminate the bank's operations, the bank shall submit the said decision, as well as unconditional, irrevocable bank guarantee payable on first demand, issued by a first-class bank in the amount that guarantees full coverage of obligations of the bank in favour of the Deposit Insurance Agency (hereinafter: Agency), as well as other documentation demanded by the National Bank of Serbia and needed for the consideration of the application.

The first-class bank from paragraph 1 hereof shall mean a bank which, in the latest ranking, has been awarded no less than BBB- long-term credit rating as graded by Standard&Poor's or Fitch and/or no less than Baa3 long-term credit rating as graded by Moody's.

XI. GRANTING OPERATING LICENCE AND CONSENT IN RESPECT OF THE BANK'S STATUS CHANGES

44. Together with the application for operating licence for a bank which is founded by merger, the merging banks shall submit documentation prescribed by Article 132, paragraph 2 of the Law, as well as:

1) letter of authorisation for the person to cooperate with the National Bank of Serbia in the procedure of issuing a bank operating licence, which has to be dated and signed by the presidents and members of the executive boards of merging banks, with their signatures certified by stamp;

2) founding act, which shall in addition to the elements prescribed by the Law, contain the following:

- names and head offices of merging banks,
- legal succession of the bank founded by merger in respect of all rights and obligations of the merging banks;
- data on the manner of entering into books the business changes arising in the period between the date of conclusion of the merger contract (founding act) and the date of compiling the balance sheet, and/or

the date of entry of the bank founded by merger in the register of business entities.

45. A bank to which another bank is merged by acquisition shall apply to the National Bank of Serbia for consent to merger by acquisition and enclose documentation prescribed by Article 133 of the Law, as well as the reports from Article 51 of the Law as at the day the merger by acquisition is set to take place.

XII. SUBMISSION OF PRESCRIBED DOCUMENTATION AND EVIDENCE OF PAYMENT OF FEE

46. The prescribed documentation submitted in compliance with this Decision shall be presented in the original or certified copy.

Certificates issued by competent authorities confirming that a person has not been convicted and/or certificates confirming that no criminal, misdemeanour or economic offence proceedings are conducted against the person shall not be older than six months.

The documents from paragraph 1 hereof shall be in the Serbian language and if they are in a foreign language, the original or certified copy of such document shall be submitted along with its certified translation in the Serbian language rendered by a sworn-in-court translator, except in case of financial statements of legal persons in the English language.

If the documentation referred to in paragraph 3 hereof is neither in the Serbian nor in the English language and it is not possible to obtain its translation into Serbian, the translation into English shall be submitted and translation from English into Serbian, rendered by a sworn-in-court translator.

47. Pursuant to this Decision, the applicants shall submit to the National Bank of Serbia, together with the prescribed documentation, evidence of payment of the fee in accordance with the decision on uniform fees charged for services provided by the National Bank of Serbia.

48. The bank shall submit to the business registers agency an application for registration of any change requiring the National Bank of Serbia's consent in accordance with the Law and this Decision, and to notify the National Bank of Serbia thereof.

49. Annexes attached to this Decision are integral thereto.

XIII. TRANSITIONAL AND FINAL PROVISIONS

50. The procedures initiated in accordance with the Decision on Implementing the Provisions of the Law on Banks Relating to Granting of a Preliminary Bank Founding Permit, Bank Operating Licence and Consents by the National Bank of Serbia, as well as Provisions Relating to the Establishment of Criteria for Defining a First-Class Bank (RS Official Gazette, Nos 43/2011, 43/2013, 107/2014 and 30/2015 – other decision) shall be completed in accordance with the provisions of that Decision.

51. This decision repeals the Decision on Implementing the Provisions of the Law on Banks Relating to Granting of a Preliminary Bank Founding Permit, Bank Operating Licence and Consents by the National Bank of Serbia, as well as Provisions Relating to the Establishment of Criteria for Defining a First-Class Bank (RS Official Gazette, Nos 43/2011, 43/2013, 107/2014 и 30/2015 – other decision).

52. This decision shall enter into force on the eighth day following its publication in the RS Official Gazette.

NBS EB No 82
28 September 2015

Belgrade

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

Jorgovanka Tabaković, PhD

*Independent provisions of the Decision on Amendments and Supplements to the Decision on Implementing the Provisions of the Law on Banks Relating to Granting of a Preliminary Bank Founding Permit, Bank Operating Licence and Consents and Approvals by the National Bank of Serbia
(RS Official Gazette, 29/2018)*

13. The procedures initiated in accordance with the Decision on Implementing the Provisions of the Law on Banks Relating to Granting of a Preliminary Bank Founding Permit, Bank Operating Licence and Consents and Approvals by the National Bank of Serbia (RS Official Gazette, No 82/2015) shall be completed in accordance with the provisions of that Decision.

14. This decision shall be published in the RS Official Gazette and shall enter into force on 1 June 2018.

*Independent provisions of the Decision on Amendments and Supplements to the Decision on Implementing the Provisions of the Law on Banks Relating to Granting of a Preliminary Bank Founding Permit, Bank Operating Licence and Consents and Approvals by the National Bank of Serbia
(RS Official Gazette, 51/2025)*

26. The procedures initiated in accordance with the Decision on Implementing the Provisions of the Law on Banks Relating to Granting of a Preliminary Bank Founding Permit, Bank Operating Licence and Consents and Approvals by the National Bank of Serbia (RS Official Gazette, Nos 82/2015 and 29/2018) shall be completed in accordance with the provisions of that Decision.

27. Banks shall submit the documentation specified in Section 21 of this Decision¹ to the National Bank of Serbia for the first time in the period 1–15 June 2026.

28. Banks shall file to the National Bank of Serbia an application for prior consent to the appointment of risk management, compliance and internal audit managers for the first time by no later than 2 October 2025.

29. This Decision shall enter into force on 25 June 2025 and shall apply as of 1 October 2025.

¹ The documentation specified in Section 41a of this consolidated version.