

Pursuant to Article 124, paragraph 5 of the Law on Banks (RS Official Gazette, Nos 107/2005, 91/2010, 14/2015 and 19/2025) 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, 40/2015 – CC decision, 44/2018 and 19/2025), the Executive Board of the National Bank of Serbia hereby issues

DECISION
ON TERMS AND CONDITIONS OF GRANTING CONSENT TO BANKS
FOR ESTABLISHING OR ACQUISITION OF SUBORDINATED
COMPANIES

1. This decision sets forth the terms and conditions of granting consent to banks by the National Bank of Serbia for establishing or acquisition of subordinated companies in the Republic of Serbia or abroad (hereinafter: consent).

2. Subordinated companies of a bank may only be financial sector entities within the meaning of the law governing banks.

Notwithstanding paragraph 1 hereof, a bank's subordinated company may also be a non-financial sector entity, provided it performs activities that represent a direct extension of the operations the bank carries out in accordance with the law governing banks.

The activities referred to in paragraph 2 hereof include the management of real estate acquired through the collection of the bank's loans, the sale of such real estate, and other activities the National Bank of Serbia determines to represent a direct extension of bank operations.

The subordinated companies of a bank referred to paragraphs 1 and 2 hereof may be the bank's subsidiary or associated companies within the meaning of the law governing banks.

3. A bank establishing or acquiring a subordinated company shall file with the National Bank of Serbia a written application for relevant consent.

In support of the application referred to in paragraph 1 hereof, the bank shall submit the following to the National Bank of Serbia:

1) decision on establishing or acquisition of a subordinated company issued by the bank's competent body, containing data on the amount of the

bank's planned investment in the establishing or acquisition of the subordinated company, and on the bank's participation in the company;

2) information on the business reputation, appropriate qualifications, and experience of the persons nominated for members of the management body of the subordinated company (including the professional biography of the persons and a letter of reference from the employer of the nominated individuals or the legal entity with which that individual cooperates professionally), as well as a list of and information on the associates of those persons within the meaning of the law governing banks;

3) draft programme of activities for a three-year period prepared by the bank for the subordinated company, specifying in particular the planned activities, expected sources of finance, target client group, plans regarding the expansion of operations and organisational network, and in case of establishing – also a projection of the balance sheet and income statement for the year in which the subordinated company is being established;

4) projection of the subordinated company's impact on the bank's operations for a three-year period, prepared pursuant to the draft programme of activities referred to in indent 3) hereof – which in case of establishing also includes a projection of the balance sheet and income statement for the year in which the subordinated company is being established;

5) drafts of the bank's internal acts relating to risk management, compliance control, and internal audit – at the level of the bank and its subordinated company and/or the banking group – which will define the manner in which these functions are to be performed at that level and in relation to all of the bank's subordinated companies, including the subordinated company being established or acquired;

6) information on all legal and natural persons to hold participation in the subordinated company (business name, head office, and activity of the legal person; ownership structure and beneficial owner of that person; name and address of the natural person; amount of the participation; and a brief overview of their business activities in the past three years);

7) an act issued by the authority responsible for the protection of competition, proving that the establishment or acquisition of a bank's subordinated company in the Republic of Serbia does not result in a violation of competition as defined by the law governing competition protection;

8) other documentation deemed necessary by the National Bank of Serbia.

The bank shall ensure that the drafts of internal acts referred to in paragraph 2, indent 5) hereof, or their amendments and supplements, are signed by the persons responsible for the functions referred to in that indent, and that, after obtaining the consent referred to in Section 6 of this Decision, they may be adopted by the competent body of the bank.

For the purpose of establishing or acquiring a subordinated company referred to in Section 2, paragraph 2 of this Decision, the bank shall submit, along with the application and the documents referred to in paragraphs 1 and 2 of this Section, the following documentation as well:

- 1) a detailed description of the activities that represent a direct extension of bank operations in accordance with Section 2 of this Decision, and a description of the actions the bank has already undertaken in relation to those activities;
- 2) data on the number of employees in the company referred to in this paragraph and their qualification structure;
- 3) information confirming that the bank's investment in the company referred to in this paragraph will not exceed the limits related to investment risks as defined by the law governing banks;
- 4) other documentation deemed necessary by the National Bank of Serbia.

4. In addition to documents prescribed by Section 3 hereof, the bank which is to acquire a subordinated company shall also submit to the National Bank of Serbia the following reports and data:

- 1) reports on the audit of the subordinated company's financial statements for the preceding two years, as well as financial statements for at least one reporting period of the current year;
- 2) data on whether the subordinated company holds ownership stake and/or participation in any other legal entity, and if so since when, data on the level of such ownership stake and/or participation in absolute and percentage terms as at the day preceding the date of filing the application for consent.

5. Banks shall not be required to submit data and/or documents specified in Section 3, paragraph 2, indents 2), 3) and 6) hereof for establishing or acquisition of a subordinated company in the Republic of Serbia if such company is a bank, financial leasing provider, insurance undertaking or voluntary pension fund management company.

6. The National Bank of Serbia shall grant consent if it assesses that:

- 1) the establishing or acquisition of a subordinated company shall not threaten the bank's financial standing;
- 2) the bank's risk exposure is in line with the prescribed levels;
- 3) the bank's consolidated performance indicators are in line with the prescribed levels;

4) the bank's systems of organization, management, decision-making, internal controls and information technology enable adequate management of the risks in the banking group operations;

5) the structure of the banking group is transparent as stipulated by the law governing banks;

6) the establishing or acquisition of a subordinated company in the Republic of Serbia shall not result in violation of competition as defined by the law governing the protection of competition;

7) there is appropriate cooperation between the National Bank of Serbia and the regulatory body of a foreign country in which the bank is to establish or acquire a subordinated company.

7. The National Bank of Serbia shall decide on the application referred to in Section 3 hereof within 60 days following the date of its submission.

8. A bank that was granted consent for establishing or acquisition of a subordinated company as an associated company shall submit to the National Bank of Serbia, for the purpose of acquiring that company as a subsidiary, an application for consent and the documents referred to in Sections 3 and 4 of this Decision.

The National Bank of Serbia shall grant the consent referred to in paragraph 1 of this Section under the terms and conditions prescribed by this Decision.

9. The provisions of this Decision shall apply also to the granting of the National Bank of Serbia's prior consent to the acquisition of a qualifying holding within the meaning of the law governing the capital market.

10. The documentation prescribed by this Decision shall be submitted in the original or certified copy.

The documentation referred to in paragraph 1 hereof shall be written in Serbian, and if in a foreign language, the original or certified copy of the document shall be accompanied by a translation into Serbian rendered by a sworn-in-court interpreter.

11. The applicant under this Decision shall submit to the National Bank of Serbia, in addition to the prescribed documentation, a proof of payment of the fee prescribed by the decision determining the single tariff under which the National Bank of Serbia charges fees for the services provided, as well as a proof of payment of the republic administrative fee in accordance with the law governing republic administrative fees.

12. The procedures for obtaining the National Bank of Serbia's consent for establishing or acquisition of a subordinated company initiated before the start of application of this Decision in accordance with the Decision on Terms and Conditions of Granting Approval to Banks for Setting Up or Acquisition of Subordinated Companies (RS Official Gazette, No 60/2007) shall be completed in accordance with the provisions of that decision.

13. This Decision repeals the Decision on Terms and Conditions of Granting Approval to Banks for Setting Up or Acquisition of Subordinated Companies (RS Official Gazette, No 60/2007).

14. This Decision shall enter into force on the eighth day following its publication in the RS Official Gazette and shall apply as of 1 October 2025.

NBS EB No 21
9 May 2025
B e l g r a d e

Chairperson
NBS Executive Board
G o v e r n o r
National Bank of Serbia

Dr Jorgovanka Tabaković, sgd.