

Pursuant to Article 115, paragraph 10 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 and 14/2015), the Executive Board of the National Bank of Serbia issues the following

**D E C I S I O N**  
**ON DETAILED CONDITIONS AND MANNER OF CARRYING OUT**  
**TEMPORARY ADMINISTRATION IN A BANK**

1. This decision sets out detailed conditions and manner of carrying out temporary administration in a bank, conditions for the appointment of a temporary administrator, his powers and duties, objectives and tasks of the temporary administration, term of the temporary administrator, reporting to the National Bank of Serbia (hereinafter: NBS) and other issues pertaining to temporary administration in the bank.

2. The NBS shall introduce temporary administration in a bank by issuing a decision on the appointment of one or more persons as temporary administrators (hereinafter: decision on the introduction of temporary administration) when it assess that the removal of all or some members of the bank's management bodies, and/or the replacement of other persons holding managing positions in the bank are insufficient to remedy the bank's situation.

By its decision on the introduction of temporary administration, the NBS shall specify in particular:

- 1) the objectives and tasks of temporary administration;
- 2) whether the temporary administrator is to replace the managing and/or executive board of the bank or to manage the bank jointly with these bodies, and the powers and duties of the temporary administrator;
- 3) the division of responsibilities between the temporary administrator and the managing and/or executive board of the bank, and the acts and legal actions in respect of which these bodies must obtain the opinion and/or consent of the temporary administrator – if the bank is managed jointly by the temporary administrator and these bodies.
- 4) reporting to the NBS;
- 5) the remuneration of the temporary administrator;
- 6) the term of the temporary administrator.

3. The introduction of temporary administration in a bank and/or the appointment and removal of the temporary administrator shall be entered into the register of business entities as of the date of issuing the decision on the

introduction of temporary administration, which the NBS shall submit to the agency in charge of maintaining the register of business entities.

Should the decision on the introduction of temporary administration authorise the temporary administrator to act on behalf of the bank, the certified signature of the temporary administrator shall be submitted to the agency referred to in paragraph 1 hereof, along with the decision, in order to be entered into the register referred to in the same paragraph, while data on the appointment of the temporary administrator shall also be published on the NBS website.

4. The person referred to in Section 2, paragraph 1 hereof must be independent from the bank and must meet the requirements laid down in Article 72 of the Law on Banks (hereinafter Law).

A person independent of the bank shall be a person who:

1) holds no direct or indirect ownership in the bank or in a member of the banking group to which the banks belongs, and/or whose family members hold no such ownership;

2) is not a member of the managing or executive board of the bank, the bank's committees defined by the Law, or management bodies of a member of the banking group to which the bank belongs, and/or whose family members are not members of these bodies, committees and boards;

3) is not a contractual party in a contractual relationship with the bank or a member of the banking group to which the bank belongs which might have a negative impact on his impartiality and independence, and who had not been in such a contractual relationship within a year prior to the day of the introduction of temporary administration.

Family members referred to in paragraph 2 hereof shall have the meaning set forth by the Law.

The proving of fulfilment of the requirements referred to in paragraph 1 hereof shall accordingly be governed by the decision on implementing the provisions of the Law relating to prior consent of the NBS to the appointment of members of the managing and/or executive board of the bank.

5. The objectives and tasks of temporary administration may relate to ascertaining the true financial condition of the bank, managing entire or part of the bank's business with a view to preserving or restoring the appropriate financial position of the bank and/or its safe and sound operation, supervision over the implementation of activities ordered by the decision of the NBS,

supervision over the performance of activities of the managing or executive board and other bank's committees and the similar.

6. The temporary administrator may not confer the powers set forth by the decision on the introduction of temporary administration to other persons and he shall be accountable for the discharge of his duties to the NBS.

Should the decision on the introduction of temporary administration stipulate that the temporary administrator is to replace the managing and/or executive board of the bank, functions of members of these boards shall terminate as of the date of entry into force of the decision, and the functions of these boards shall be transferred to the temporary administrator.

By its decision on the introduction of temporary administration referred to in paragraph 2 hereof, the NBS shall determine the powers and duties of the temporary administrator in accordance with the competences of the managing and/or executive board, as well as with rights, duties and responsibilities of members of these bodies established by the Law, bank's articles of association and the law governing companies.

7. The decision on the introduction of temporary administration which stipulates that the temporary administrator is to manage the bank jointly with the managing and executive board shall set out the powers and duties of the temporary administrator in a manner that clearly divides responsibilities of the temporary administrator and these bodies.

The decision on the introduction of temporary administration referred to in paragraph 1 hereof shall set forth the powers of the temporary administrator necessary to accomplish objectives and tasks referred to in Section 5 hereof which may include attending of the meetings of the managing and executive board of the bank, convening the meetings of these boards and other bank's committees, proposing the agenda of such meetings, proposing the adoption of appropriate decisions, requesting appropriate reports of the managing and executive boards, as well as other committees and relevant units of the bank etc.

The bank shall give the temporary administrator referred to in paragraph 1 hereof the access to all organisational parts and premises of the bank, enable his communication with managers and employees of the bank and put at his disposal the business books and other documents necessary to accomplish objectives and tasks referred to in Section 5 hereof.

The managing and executive board of the bank shall obtain from the temporary administrator referred to in paragraph 1 hereof prior consent

and/or an opinion about certain acts adopted and legal actions undertaken by these bodies, which shall be determined by the decision on the introduction of temporary administration referred to in the same paragraph.

Acts and legal actions referred to in paragraph 4 hereof may relate to a decision of the managing or executive board on loan approving and providing other financial services to persons related to the bank, bank's borrowing, bank's investing in assets and other legal entities, selling of bank's assets, introducing new products, determining the remuneration of members of the bank's management bodies and management, including bonuses and rewards paid to these persons or other employees of the bank, determining the amount of assets necessary for bank's operation etc.

Prior to convening the bank's assembly and setting the agenda of the assembly's meeting, the temporary administrator shall obtain consent from the NBS, whereby the decision on the introduction of temporary administration referred to in paragraph 1 hereof may prescribe that such consent must also be obtained prior to undertaking certain legal actions.

8. The temporary administrator shall, within 30 days from the date of the appointment and/or 30 days prior to the expiry of his term, submit to the NBS a report on the bank's operations and financial condition containing an assessment of the bank's financial position and prospects for the improvement of the bank's operations.

Should the decision on the introduction of temporary administration stipulate that the temporary administrator is to manage the bank jointly with the managing and executive board of the bank, the report referred to in paragraph 1 hereof shall also be submitted to these bodies which may file objections against the report and submit them to the temporary administrator and the NBS within five days from the date of receipt of the report.

The temporary administrator shall submit to the NBS his opinion on the objections referred to in paragraph 2 hereof, within 5 days from the date of their receipt.

Along with the report referred to in paragraph 1 hereof, the temporary administrator shall submit to the NBS an action plan for the accomplishment of objectives and tasks referred to in Section 5 hereof for the following quarter.

The temporary administrator shall, on a minimum quarterly basis, submit to the NBS a report on actions undertaken to accomplish the objectives and tasks referred to in Section 5 hereof, the extent to which such objectives and

tasks have been accomplished and the planned activities and deadlines for their implementation in the following period.

The temporary administrator shall submit the report referred to in paragraph 5 hereof upon any request of the NBS.

The temporary administrator referred to in paragraph 2 hereof shall immediately inform the NBS of any circumstances that may lead to the bank's failure to implement the imposed measures and deterioration of the bank's financial condition, as well as of the planned distribution of the bank's profit to shareholders, members of the management bodies and employees, if he assesses that such distribution could lead to the violation of Article 25 of the Law.

Based on the reports and information referred to in this Section and other data at its disposal, the NBS may impose any of the measures referred to in Article 110 of the Law, and/or introduce special management if resolution procedure has been initiated in respect of the bank.

9. The NBS shall determine remuneration of the temporary administrator, with particular regard to the scope of duties, powers and tasks of the temporary administrator stipulated by the decision on the introduction of temporary administration, the average monthly wage of members of the managing and executive board over the three months preceding the adoption of the decision on the introduction of temporary administration, the amount of assets provided for the bank's operation during the temporary administrator's term, financial condition of the bank and other data significant for determination of this remuneration.

Remuneration to the temporary administrator shall be paid by the bank into which the temporary administration has been introduced.

10. The temporary administrator shall be appointed for a term no longer than a year, whereby this term may be extended by a decision if the NBS determines that the conditions referred to in Article 115 of the Law continue to be met.

Should the term of the temporary administrator be extended, he shall inform the bank's shareholders of the reasons for such extension.

The NBS may, at any time during the term of the temporary administrator, issue a decision to remove him, and may also change the temporary administrator's powers and duties determined in the decision on the introduction of temporary administration.

11. Temporary administration shall cease:

1) with the expiry of the deadline set in the decision on the introduction of temporary administration, and/or the decision referred to in Section 10, paragraph 1 hereof on the extension of the temporary administrator's term;

2) prior to the expiry of the deadline referred to in provision 1) hereof, if the NBS assesses that the objectives and tasks referred to in Section 5 hereof have been accomplished or that the bank's financial condition has been remedied to such extent that temporary administration is no longer necessary;

3) with the introduction of special management;

4) with the appointment of a bankruptcy or liquidation administrator.

In case referred to in paragraph 1, provision 2) hereof, the NBS shall issue a decision on the termination of temporary administration which it shall submit to the agency in charge of maintaining the register of business entities so as to enter the termination of the temporary administration into the register.

12. This decision shall be published in the RS Official Gazette and shall enter into force on 1 April 2015.

NBS Executive Board No 17  
26 March 2015

Belgrade

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

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