



BANKING LICENSING MANUAL

PRISHTINA, JULY 2017

Pursuant to Article 36, paragraph 1, subparagraph 1.4, of Law no. 03 / L-09 on the Central Bank of the Republic of Kosovo, and Article 16 of the Statute of the Central Bank of the Republic of Kosovo, and pursuant to Law no. 04 / L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions, the Executive Board, at the meeting held on July 14, 2017, approved the following:

BANKING LICENSING MANUAL

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1. INTRODUCTION

The Central Bank of the Republic of Kosovo (CBK) is exclusively responsible for the licensing, regulation and supervision of banks in the Republic of Kosovo pursuant to Article 23 paragraph 1 of Law no. 03 / L-209 on the Central Bank of the Republic of Kosovo (hereinafter the Law on the CBK) and Article 4 paragraph 1 of the Law no. 04 / L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions (hereinafter Law on Banks).

The applicable legal framework, inter alia, defines the CBK as competent for:

- licensing of banks;
- revocation of bank licenses;
- management or supervision of the rehabilitation procedure (official administration) and initiation of bankruptcy proceedings;
- assessment of the terms and approval / rejection of the transactions specified in chapter 4 of this manual.

Those interested in establishing a bank must initially apply to the CBK for a banking license to carry out banking activities. Foreign banks headquartered outside the Republic of Kosovo, interested in obtaining a banking license, may be licensed by the CBK to carry out banking activities as subsidiaries or branches of the bank, for details refer to Appendix IV – Foreign Banks¹.

In the context of banking licensing, the CBK's overall objective is to provide a comprehensive and transparent process that helps secure a safe, sustainable and competitive banking environment. In pursuit of this objective, through increasing transparency and encouraging efficiency and competitiveness, the CBK has reviewed banking licensing policies, procedures and practices in order to provide a dynamic, efficient and structured framework. The Banking Licensing Manual has been an important part of this process.

The Banking Licensing Manual sets out the necessary conditions and procedures to be met by entities applying for obtaining a banking license with the goal of having sound and stable banking entities supported by strong and experienced shareholders in the banking industry enter the market. Such banking entities carry out well-balanced risk-managed activities, are able to cope and develop in the conditions of free competition in the international financial market enabled by an open and integrated market and are able to meet the capital and liquidity requirements in crisis situations. In this way they can support the development of the country's economy and offer quality and efficient banking services and products to the public in a transparent manner.

The manual provides specific guidelines on receiving and evaluating applications and specifies the minimum required documentation for application for banking licensing. It should be noted that the manual is meant as a procedural guide only and does not include all the factors, as they can be evaluated later during the analysis phase. During the application process additional information may be required by the CBK depending on the complexity of the situation. However, the manual serves as a guide to all potential parties interested in establishing a bank and at the same time facilitates the handling of applications for banking

¹ All banking licensing criteria apply to affiliated subsidiaries or branches unless otherwise specified.

licensing by the staff of the Department for Licensing and Standardization within the CBK, which will use it as a reference manual, work guide and as a training tool.

The manual structure is as follows:

Chapter two (2) of the manual outlines the core part of the application process ranging from the pre-application phase, application phase, and post-application phase. The pre-application phase outlines the basic issues, including the decision whether the establishment of a bank is the right option for the interested parties and what the alternatives may be. Those interested in establishing a bank may find this part very useful as it includes the details of the pre-application meetings in which the CBK's expectations are shared, enabling the understanding of what this implies for the applicant and its resources, and which is deemed to be beneficial for both parties: the interested and the CBK.

The application phase clarifies what the further steps will be once it is finally decided to apply to be established as a new bank. This section begins with the listing of minimum required documentation for application and continues with a structured discussion regarding the main components of the banking licensing application according to their significance in CBK's decision-making. This section of this chapter concludes with the clarification regarding the formal submission of the application to the CBK.

The post-application phase determines what criteria CBK assesses in the application for banking licensing, laying down the reasons for a positive decision or negative decision as well as the time it takes to make a decision. The post-application phase concludes with the optional phase in this process, called the preliminary approval or refusal of the license, which is decided after reviewing and evaluating all the documents and information received as part of the application in this process.

The third chapter (3) covers the final phase of banking licensing which takes place after preliminary approval. This phase begins with the application of the bank proposed for licensing after the fulfillment of the obligations determined by the decision for preliminary approval. During this phase, the CBK also conducts a pre-opening examination at the premises of the proposed bank, for verification of the conditions for starting the banking business. The final phase ends with the granting of a license or its refusal.

Other transactions that are carried out after the bank licensing and the commencement of its operations requiring prior approval by the CBK are outlined in chapter four (4) of this manual. This chapter also specifies the documentation required for approval of such transactions, deadlines and review procedures.

The Manual concludes with Chapter Five (5) which includes Anexes providing detailed explanations on specific issues adding further to the contents of the manual and the forms required for application for banking licensing and approval of other transactions.

For any additional clarification or individual questions, interested parties are recommended to check the "Frequently Asked Questions" section at the CBK website and Anexes: I - Licensing Process and II - Licensing Requirements, III - Alternatives to Banking Licensing and IV - Foreign Banks or directly contact the Department for Licensing and Standardization at the CBK via email Licencimi@bqk-kos.org or via telephone number +381 (0) 38,222,055.

1.1. Definitions

All expressions used in this manual shall have the same meaning as defined in Article 3 of the Law on Banks and / or as defined below for the purposes of this manual..

Bank – a shareholder company engaged in the business of banking, including a subsidiary or a branch of a foreign bank;

Affiliate - a subsidiary of a bank, a legal entity of which such bank is a subsidiary or a legal entity that is under common control with such bank;

Subsidiary - any legal entity in which another person or group of persons acting in concert holds directly or indirectly (i) the equivalent of fifty percent or more of any Tier of voting shares or (ii) a significant interest that permits such person or group of persons to exercise control over the legal entity in which such shares are held;

Banking group - a bank and its affiliates and any other entities that the CBK determines by regulation or order should be taken into account for purposes of consolidated supervision;

Branch - a place of business which forms a legally dependent arm of a bank that is not separately incorporated, through which a bank may be permitted to engage in the business of banking, including other management and administrative functions;

Office - a place of business which e cila i përgjigjet degës së bankës e pa themeluar me vete, through which a bank may be permitted to engage in the business of banking;

Business of Banking - the business of accepting deposits from the public and employing such funds either in whole or in part for the purpose of granting credit or making investments at the bank's own risk;

Director - any person appointed by the shareholders to serve as a member of a bank's Board of Directors;

Representative office - a place of business that forms a legally dependent arm of a bank, and that is not separately incorporated, where activities are limited to the provision of information and liaison activities and studying markets and investment opportunities, and where a bank is not permitted to engage in the business of banking;

Senior Manager - the chief executive officer, deputy executive officer, chief financial officer, chief operating officer, and chief risk officer of a bank and any person, who (i) reports directly to the board or participates or has authority to participate in major policymaking functions of the bank, whether or not such person has an official title or receives compensation for such actions, and (ii) is designated as a senior manager by the CBK. In the case of a foreign bank licensed to operate one or more branches in Kosovo, a senior manager is deemed: the chief executive officer, deputy executive officer, chief financial officer, chief operating officer, and chief risk officer and any other person CBK defines as senior manager;

Merger - means the merger of two or more banks through the transfer of total assets and liabilities to a new bank;

Acquisitions -means the process of purchasing or acquiring a part or a whole company (a joint stock company).

2. APPLICATION PROCESS FOR BANKING LICENSING

This chapter opens with the break-down of the pre-application phase as the initial stage of the banking licensing process and discusses basic elements such as the decision on the establishment of a bank and provides details on the prior to application informational meeting as the most important part of this phase. The chapter then continues with the elaboration of the application phase which begins with the taking of final decision to apply for banking licensing. This section includes information about what the banking licensing application should contain. The application phase is followed by post-application phase which elaborates on what the CBK assesses and how long it may take to make a decision. The chapter concludes with the clarification of the optional phase in this process, known as the prior approval.

2.1. Pre-application phase

Those interested in banking licensing, depending on the business plan or activities they want to initially undertake, should assess whether the establishment of a bank is the only option or the option most appropriate for them. There are a number of alternatives that can be taken instead of establishing a bank that allow for the provision of certain bank services at a potentially lower cost than the establishment of a bank. For example, if the objective is not receiving deposits, but rather lending to certain segments or individuals residing in a specific area of the country or if the objective is lending to small local enterprises or non-profit organizations, the establishment of a non-bank financial institution or microfinance institution could be a more appropriate alternative. While there are varying degrees of legal restrictions imposed on the scope or magnitude of some of these alternative options, it must be kept in mind that these conform to different levels of regulation.

Finally, interested parties are advised to refer to more detailed information on each of the alternatives in Anex III - Alternatives to Banking Licensing to see if the establishment of a bank may be the most appropriate alternative for their vision.

When, after the consideration of the alternatives, the interested parties have found that the establishment of a bank is the best choice and are ready to start the process, they should contact the CBK to request the prior to application informational meeting. The request for the meeting is sent by the authorized representative of the applicant to the contact email of the Department for Licensing and Standardization: Licencimi@bqk-kos.org. The CBK accepts applications for banking licensing only if the informational meeting was held preliminarily.

Informational meeting

Prior to conducting the banking licensing informational meeting with the CBK, the interested parties should thoroughly review this manual in order to familiarize themselves with all banking licensing procedures.

Informational meeting is mandatory because it provides information to interested parties related to:

- understanding the licensing process and what happens at different phases;
- understanding of CBK expectations;
- identifying any particular concerns CBK may have in the beginning that can help with the decision whether the interested parties want to spend time and money in an application that may have little chances to progress further;
- the submitting of as complete an application as possible.

Prior to the informational meeting, the interested applicants should be prepared to present a high level brief summary of the business proposal, which should include as a minimum::

- the reasonableness of the bank's establishment as well as the initial business strategy specifying which products will be offered, how they will be offered and the target market;
- funding sources – where the funding will be received from and whether there are any investors and / or funds in the country;
- ownership and management team - details of the proposed owners and managers, if known;
- timeline - an overview and timeline of the plan for establishing a new bank.

The informational meeting is chaired by the Governor or Deputy Governor for Financial Supervision (DGFS) or any of his delegates, the Director of the Department for Licensing and Standardization, and a senior officer responsible for licensing activities. Consequently, all major shareholders of the proposed new bank should participate in the meeting. During the meeting, interested applicants are encouraged to ask questions about the licensing process or any possible unclarities in order to ensure that the application is prepared in the most effective way. The Department for Licensing and Standardization should always keep the minutes of informational meetings as evidence of this process in the applicant's file.

The informational meeting provides an opportunity to the parties interested in applying to discuss their plans with CBK and gives CBK the opportunity to find out more about those plans. Consequently, at the end of the meeting it is expected that the interested parties will have a clearer picture of the banking licensing process and that the application when submitted will be of sufficient quality for the CBK to make a decision as promptly as possible. The pace at which the parties interested in applying make forward through the pre-application phase depends largely on them and how well they are prepared.

2.2. Application Phase

After the informational meeting, applicants can start preparing the CBK application for bank licensing. This section begins with the list of supporting documents that should be part of the application for banking licensing. The rest is structured around the main components of the banking licensing application according to their weight in CBK's decision-making, as the business plan, the leadership structure, funding, and letter of support when applicable for the establishing of a branch or a subsidiary of a foreign bank. The final step of this phase is the clarification regarding the formal submission of the application to the CBK.

The application for banking licensing should be accompanied by the following information as set out in Article 7 of the Law on Banks:

- the constituent documents of the proposed bank, including an original document or a notarized copy under which it was established, and the proposed address of the main office;
- the name, nationality, place of residence, qualifications, experience and business and professional background of each director, principal shareholder and senior manager of the proposed bank or the foreign bank, including business and professional history for the past ten (10) years;
- the amount of the authorized and subscribed capital of the proposed bank or the foreign bank, including the amounts that have been paid and the legal source of the capital;

- a business plan setting out, inter alia, the organizational structure of the proposed bank or the foreign bank, the type of banking activities envisaged, projected financial statements for three years and, if applicable, audited financial statements and annual reports for the past two (2) years;
- a list of shareholders that hold or would hold five (5%) percent or more of the proposed bank or the foreign bank's shares, and the ultimate beneficial owners of those shares, stating their name, address and respective shareholdings;
- for each Director or Senior Manager or principal shareholder of the proposed bank or the foreign bank, an official statement from the Court disclosing any convictions for offenses by a criminal Court, personal bankruptcy filings, disqualifications from practicing a profession, or past or present involvement in a managerial function of a body corporate or other undertaking subject to insolvency proceedings, if any;
- in any case where the applicant is a foreign bank proposing to establish a subsidiary bank or branch office in Kosovo, a statement from the home country supervisor that it has no objection to the proposed establishment of operations in Kosovo and exercises a global consolidated banking supervision over the foreign bank;
- proof of payment of the license fee;
- the documents required in the application form and any additional information as the CBK reasonably deems appropriate.

An integral part of the application should also be the information set out in the Regulation on Licensing of Banks and Branches of Foreign Banks.

2.2.1. Business Plan

The Business Plan is one of the key elements in the decision-making process for granting a license, as the prerequisite for establishing a bank that supports and does not jeopardize overall financial stability in the country is the proper strategic business planning.

The business plan of the proposed bank should initially contain the statement of the bank's general philosophy and determine its vision for financial sustainability and its future. It should also be constructed in such a way as to clearly elaborate the long-term strategic development of the proposed bank in the target market. The plan should enable the assessment of the implementation of the long-term development strategy through the clear identification of medium and short-term business plans supported by the financial projections. The long-term strategy of the proposed bank should be translated into specific goals and measurable medium- and short-term objectives which should justify the projected growth and be supported by the proposed bank's capital, thus justifying the financial projections.

The business plan, to be acceptable by the CBK, should contain, at a minimum, the following information:

- business overview: the overall strategy of the proposed bank and details of the planned banking activity;
- market analysis including the analysis of direct and indirect competition;

- financial analysis including the disclosure of the structure of assets, liabilities and capital as well as financial projections for the first three (3) years of operation;
- important banking functions;
- bank leadership structure.

Business overview

The business overview initially discloses the applicant's history in which information is provided about the organization, the activity it exercises and the geographic reach of its branches to proceed further with the general strategy of the proposed bank broken down into short and medium term goals which should be specific, clear and measurable. This section is also expected to contain the argument on the proposed bank's added value to the financial system of the country.

This section of the plan should also include the disclosure of the planned banking activity, specifically the details of the products and services that are planned to be offered as well as the future objectives regarding these products and services. The planned activity should also include the growth trend of deposits, credit growth, planned interest rates, and other banking activities envisaged.

Market analysis

In the business plan, the proposed bank should present a market analysis where the banking industry needs to be described with sufficient details to enable the identification of the challenges and prospects which the proposed bank will face. This section should clearly identify and adequately describe the target market in which the activities described in the previous section are expected to be provided. Also, in the market analysis, the proposed bank should identify the market needs for the proposed products and services and argue that these needs are met through the banking activity it plans to offer. To the extent necessary for making business decisions, the trends of the development of the target market should also be described.

An important component of market analysis is competition analysis. The proposed bank in its business plan should clearly identify direct and indirect competition within the target market and the factors that may have an impact on its development strategy. In the analysis of competition should also be presented the position of the proposed bank versus the identified competition.

Market analysis should also include clear identification of regulatory requirements applied to the target market as well as the strategy that the proposed bank will pursue to ensure compliance with them. An integral part of the market analysis should also be the competitive analysis or SWOT analysis, i.e the analysis identifying the strengths and weaknesses of the proposed bank versus competition, regulatory requirements and the market in general.

The market analysis should be based on the use of available economic data so that all plans reflect the reality and are as realistic as possible. The information sources used are reviewed for their credibility and are important in reviewing the data.

Organizational Structure

The Business Plan shall set out the entire organizational structure of the proposed bank in sufficient detail as to enable the assessment of the adequacy of the structure in accordance with legal and regulatory

requirements for the exercising of banking activity. In order to facilitate the CBK evaluation process, in this section should be presented an organogram which should contain the following information:

- organizational chart with individual names, as needed;
- composition of the board of directors;
- list of committees and main responsibilities (provide names of potential members);
- job description of senior managers including average wage limits (including remuneration or other non-monetary payments, i.e. vehicles, accommodation);
- staff planning (number of staff/departments).

Within the organizational structure, the proposed bank should disclose plans around establishing key banking functions required under the applicable legal framework, such as the risk management function; the compliance function, the audit and/or internal controls function. The proposed bank should specifically outline plans regarding the establishing of risk management function that will monitor the bank's risk profile, including credit, market, liquidity, operating, compliance, reputation, legal, and other risks of the bank as well as the implementation of risk management policy and procedures, including the efficiency and independence of the risk management function within the bank. Sufficient information should also be disclosed for other functions deriving from the legal framework.

In the case when a bank license applicant applies for a license to establish a branch of a foreign bank, the organizational structure presented in the Business Plan is not required to contain the composition of the board of directors and the list of committees.

Financial Analysis

The Business Plan of the proposed bank should also contain the financial analysis including the disclosure of the structure of assets, liabilities and capital as well as the financial projections for the first three years of operation.

Within the assets and liabilities structure, the proposed bank shall present the advantages and disadvantages of the proposed structure, including interest rate analysis and any action to be taken to reduce the risks as well as techniques and systems for managing them. For the capital structure, the proposed bank shall clarify in its Business Plan the manner or the basis used to achieve the proposed capital structure and provide reasons as to how the proposed amount is sufficient for the carrying out of the planned banking activity. CBK expects the proposed bank to possess a sufficient capital amount to effectively compete in the market and to adequately support planned operations. Considering that this is a key element in the decision-making process for granting of license, this section is elaborated in more detail in point 2.2.2 of this chapter.

Financial projections in the Business Plan of the proposed bank shall show future trends in assets, liabilities and capital, volume for each type of service (product), fixed asset investments, and remuneration for management and staff. Financial projections shall be made based on plans and planned objectives (which shall be submitted as part of the application), market analysis and strategies discussed above. The form of these required financial projections is presented in Annex D - Form of Financial Projections, in this Manual.

2.2.2. Capital

One of the key criteria considered when deciding whether to approve or reject a bank license application is the committed capital that is planned to be invested and the source of its funds. In order to carry out banking activity in the Republic of Kosovo, an applicant for a banking license must allocate a minimum initial capital of not less than seven (7) million Euro as set out in Article 15 of the Law on Banks and Article 4 of the Regulation on Licensing of Banks and Branches of Foreign Banks.

The minimum capital must be paid in cash and its funds cannot originate from:

- loans granted by the bank into which capital payment is being made; or
- loans where the bank receiving capital is a guarantor;
- loans from other banks in Kosovo, except if they are collateralized one hundred percent (100%) with approved securities held by third party as a custodian.

Shares issued in exchange for services shall not be treated as paid-in capital. Also, payments or expenses for the purchase or lease of premises and equipment, as well as other operating expenses shall not be included in the initial minimum capital amount or the minimum amount of the deposit in the capital equivalent.

Regardless of the minimum capital referred to above, the capital of the proposed bank shall be sufficient to meet the regulatory requirements and provide a hedge for the proposed bank, especially during the initial organization and initial stages of operation. The CBK has the right to require an increase of minimum capital for the proposed bank, based on its application, namely the Business Plan and financial projections. In addition to the committed capital, the proposed bank shall present in the documentation plans for its growth during the first three years. It should also outline how the proposed bank plans to ensure compliance with the CBK Regulation on Bank Capital Adequacy and other capital-related regulations.

In the capital structure, the applicant shall also indicate the number of authorized shares, the number of shares to be issued, the nominal value per share and the selling price per share. For shareholders holding more than five percent (5%) of bank shares, their financial records shall be provided (refer to Annex B and C in this Manual). The financial data will include the balance sheet and income statement (profit/loss) for the past three years. The CBK will assess proposed shareholders holding over ten percent (10%) of shares to determine their current financial capability or their related interests that could adversely affect the proposed bank.

Information provided to the CBK shall be signed by the shareholders with proof of their accuracy and completeness. The CBK shall verify the resources and require that the amount of capital be paid prior to the issuance of the license.

If the applicant for a bank license applies to be licensed as a branch of a foreign bank, the requirements set out above in this chapter shall not apply. However, any foreign bank applying to establish a branch of a foreign bank in the Republic of Kosovo shall deposit with the CBK, an amount of seven (7) million Euros as initial capital for the Capital Equivalency Deposit (CED) requirement, as required by Article 17 of the Law on Banks and Article 4 of the Regulation on Licensing of Banks and Branches of Foreign Banks. Therefore, the initial amount required to be held as CED is the same and has the same function as that of the minimum capital referred to above.

Suitability of Shareholders

Suitability of prospective principal shareholders is also a very important element in the CBK assessment. To verify the suitability of shareholders, the applicant shall provide in his banking licensing documentation some evidence of financial sustainability for any prospective principal shareholders. This includes evidence of timely fulfilment of past financial obligations and an existing sound financial standing. The applicant shall submit valid legal documentation certifying the payment of all fiscal obligations from the prospective principal shareholder. Such document shall be issued not later than 30 days from the date of application.

During the review of the application, the CBK shall independently verify the identity of persons who control the bank or who are proposed to control it. This authorization includes the collection of evidence and documents in formal procedures according to the respective administrative procedures.

The CBK will assess the ownership structure of the potential bank as a whole and the individual suitability of the shareholders in order to ensure that the ownership structure will not hinder the effective supervision of the bank. The above-mentioned requirements are constant requirements for existing shareholders and prospective new shareholders. The suitability of prospective principal shareholders shall be assessed in accordance with the requirements of Articles 7 and 37 of the Law on Banks. For this purpose, the CBK has the right to collect evidence in accordance with Article 6 of the Regulation on Licensing of Banks and Branches of Foreign Banks. For more information about documentation and details refer to Annex B and C of this Manual.

This requirement does not apply to applications of foreign banks to establish branches in the Republic of Kosovo.

2.2.3. Leadership structure

Senior management is very important for the success of a new bank. The selection of a highly qualified and professional senior management, as well as of an adequate board of directors, is one of the most important tasks of the proposed bank. The proposed chief executive officer should be actively involved in the development and completion of the license application and should be fully informed of the proposed Business Plan of the proposed bank, as that person should directly and successfully apply the proposed plan of the bank.

The suitability of the proposed directors and senior managers is considered crucial in the CBK process for licensing and supervising banks. As part of the licensing process, Articles 26 and 35 of the Law on Banks, the Regulation on Directors and Senior Managers of Banks and the Regulation on Corporate Governance of Banks have defined the "fit and proper" criteria and the independence criteria for the appointment of directors and senior managers. Elements that are considered for these criteria include: data on criminal offences, financial soundness, civil action against individuals for personal debt pursuit, refusal of membership or exclusion from professional organizations, sanctions applied by regulators of similar industries and previous suspicious business practices. Each principal shareholder, director, or senior manager must meet the fit and proper criteria with respect to the respective position.

The CBK may conduct investigations related to the background of the persons proposed as senior managers, directors and principal shareholders of the proposed bank or managers of foreign bank branches or representative offices. These investigations may be carried out to verify whether the proposed persons

meet the criteria foreseen by the legislation in force to be appointed to those positions. The CBK may share with the regulators of other financial institutions any information it receives as a result of its investigations.

A person is not considered fit to be a director and senior manager if the same:

- has been convicted of crimes or found guilty of criminal offences under the Criminal Code;
- by a court decision, has been denied the exercise of activities within the competence of the board of directors; and
- is older than seventy (70) years old on the day of the appointment.

As soon as the bank becomes aware of circumstances indicating that any director or senior manager may not be the fit and proper person, it shall immediately notify the CBK.

Applicants for a bank license shall submit the following information on bank directors and senior managers:

- the decision of the decision-making body regarding these appointments;
- individual report (CV according to Annex A of this Manual) for the named person;
- legalised/notarized copy of university education documentation;
- official proof by the competent court, indicating any possible punishment for criminal offences and any criminal proceedings that may be taking place against the proposed person;
- consent/authorization to verify the criminal past and obtain other information regarding the information provided;
- additional information that may be considered appropriate by the CBK.

The information that should be provided in the Application Form for each individual includes:

- the title or specific position proposed in the new bank;
- name and identity information;
- related individuals, related companies and business partners (only for those who apply as current or prospective shareholders);
- education;
- professional experience, including current employment information and previous employment information, which should include at least five years of experience in banking and financial services;
- professional references;
- previous applications;
- participation in problematic financial situations;
- criminal offenses and disciplinary measures;
- financial statements/net value.

For verifying experience and solvency, besides the reference letters as additional documents, the CBK may also request chronological evidence of pension contributions by employers from the Kosovo Pension Savings Trust (KPST) or alternative pension institutions, the Tax Certificate (TAK) regarding the timely

payment of tax liabilities as well as the authorization to allow collection of information from the Credit Registry of Kosovo (CRK) to verify the credit history.

The proposed person must sign certifying that the above information is true and accurate according to his/her knowledge. If any material changes in the application occurs prior to the decision on the application for a license, the individual must inform the CBK within five days of such change taking place. If the required staff is still to be determined, the applicants then must provide a plan for the type of candidates, i.e. experience, education for those to be employed in these positions.

In addition to what was stated above, directors are also subject to the following requirements:

- the Board of Directors shall consist of an uneven number of not less than five (5) directors and all shall have a right to vote. Majority of these members shall be independent, non-executive directors, and at least one of them should be resident in Kosovo;
- the Board of Directors shall be elected by the bank's shareholders at the annual general meeting of shareholders and shall be responsible for drafting its policies, including risk management policies and those for overseeing their implementation;
- the Board of Directors shall elect a chairperson from among its members, except that the chief executive officer cannot be the chairman;
- directors other than the chief executive officer shall be appointed for terms of not more than four years and may be re-elected for subsequent terms;
- the chief executive officer serves on the board according to the official duty and without right to vote so long as he or she holds office;
- to ensure that there will be no possibility of conflict of interest, the shares of independent directors, together with any associated individual, shall not exceed one percent (1%) of any Tier of voting shares or total capital of a bank or any holding company of the group the bank belongs to;
- the Board of Directors shall not delegate its responsibilities to others; and
- the names of directors shall be entered into a Registry maintained at the CBK.

The CBK shall use the following criteria to conduct the evaluation prior to giving its approval to any individual proposed as a director or senior manager:

- directors and senior managers shall have the appropriate formal qualifications as well as the personal skills that enable them to critically and adequately assess the important policies and strategic issues the bank faces and to clearly articulate their views on such matters;
- directors and senior managers shall have sufficient business leadership experience;
- directors and senior managers shall hold a university degree in Economics, Finance or Jurisprudence or other relevant fields as well as business experience, at least five (5) years in banking and financial services. Directors and senior managers shall have sufficient knowledge of the duties they receive and are trusted with and of the duties they propose to perform for the benefit of depositors' interests as well as of the legal framework under which banks operate in Kosovo;

- directors and senior managers shall demonstrate the timely fulfilment of past financial obligations and an existing sound financial standing;
- directors and senior managers shall demonstrate knowledge of the legal framework under which banks operate in the Republic of Kosovo;
- the personal background of directors and senior managers shall demonstrate that they are completely independent and possess personal qualities, above everything else, the integrity needed to carry out their duties;
- they shall not have been dismissed from a post in any bank by the CBK; they shall not have been convicted by a criminal court for a criminal offence for which they are or could have been sentenced to a term of imprisonment of one year or more, where there was no fine option;²
- they shall not have been debtors in a bankruptcy or insolvency proceeding within ten (10) last years;
- they shall not have been fired or suspended by the competent authority from exercising the duties of the profession due to improper personal behaviour;
- they shall not have been directors or seniors manager of a bank whose license was revoked or whose insolvency or forced (non-voluntary) liquidation was initiated during their mandate.³

The requirements for shareholders and directors mentioned above in this point do not apply in cases when the foreign bank applies for the establishment of branch of a foreign bank.

2.2.4. Letter of Support

In cases where applicants are interested in establishing a branch or subsidiary of a foreign bank, the CBK shall request a statement from the home country supervisor that there is no objection to the start of the proposed activities in Kosovo and that it exercises consolidated global banking supervision of the activity of foreign bank as required by Article 37 paragraph 3.8 of the Law on Banks and Article 7 paragraph 3 of the Regulation on Licensing of Banks and Branches of Foreign Banks. In cases where the legislation of the home country of the foreign bank provides for prior approval of establishing subsidiaries and branches outside its jurisdiction, the letter of approval (agreement statement) shall then be submitted to CBK. CBK also requires a letter of support from the parent bank of the applicant, addressed to the CBK containing the following text: (The CBK may require the parent bank to update this letter from time to time.)

“We are writing to you to confirm that [name of the potential bank] is a subsidiary, entirely owned by [name of the parent bank]. The group structure attached indicates the chain of ownership between [name of the parent bank] and [name of the potential bank].

It is in the interest of [name of the parent bank] that the [name of the potential bank] continues to fulfil its liabilities and obligations toward customers, at all time.

² In special circumstances, once satisfied with the qualifications, professional experience and behaviour of the person, the CBK may exempt a director or senior manager from this point after the expiration of the ten-year period for the relevant case.

³ In special circumstances, once satisfied with the qualifications, professional experience and behaviour of the person, the CBK may exempt a director or senior manager from this point after the expiration of the period provided for the relevant case and from the provisions of subparagraph 1.1 of this Article after the expiration of the ten-year period for the relevant case.

Therefore we recognize the responsibility and legal obligations which may exist to protect its financial stability. Through this letter, we ensure you that [name of the parent bank] is always able to fulfil liabilities of [name of the potential bank] and we whereby confirm that [name of the parent bank] will fulfil this responsibility.”

2.2.5. Submission of the application

After holding the informational meeting and after reviewing the application phase as set out in this Manual, applicants shall be ready to submit a formal application for banking licensing at the CBK. Prior to submitting the application, applicants shall review it to check that they have provided adequate answers to all questions and have attached all supporting documents.

It is important for applicants to keep in mind that they always be open and honest with the CBK as the success of the application will be affected if CBK discovers that applicants have deliberately withheld information or provided false or incomplete facts. Applicants shall also share with the CBK any other information they consider the CBK should be aware of. If the applicants are in doubt about anything, they are asked to share it with the CBK. The CBK also recommends applicants to address all issues and actions the CBK has identified jointly with them during the pre-application phase prior to submitting their application. If the information provided by the applicants is inaccurate or incomplete, this will, at a minimum, delay their application.

Applications for a banking license together with the full documentation required by the Law on Banks and CBK's internal acts shall be submitted in written and electronic (scanned) form to the CBK. As an integral part of the application, applicant shall complete the **Application Form for Banking License** that is attached as Annex (Annex 2) to this Manual and which can be downloaded from the CBK's official website (www.bqk-kos.org). The form shall be signed by all founding shareholders and submitted to the CBK with a physical presence of the representatives of the founding shareholders of the proposed bank or of the foreign bank in cases when they are interested in opening a branch in Kosovo.

The documentation provided as an integral part of the application shall be in one of the two official languages of the Republic of Kosovo, either in the original copy or in a legalised copy. In the case of documentation issued by the competent authorities of a foreign country, the documentation shall be certified by the responsible authorities of that foreign country and in accordance with the provisions of the relevant legal acts of other applicable laws in the Republic of Kosovo.

For reviewing applications for banking licensing, the CBK has set appropriate fees based on Article 86 of the Law on Banks. All required application fees are listed in the Fee Schedule (fee scheme) at the official CBK website and are non-reimbursable, regardless of CBK's decision. Applications shall be deemed incomplete, and, consequently not processed, if the licensing fee is not paid.

2.3. Post-application phase

After the formal submission of the application for banking licensing, the CBK shall make the initial evaluation to verify whether the submitted application is complete. In order for the application to be evaluated as complete, all required forms shall be submitted to the CBK, which shall be fully and correctly filled and the information provided shall be of sufficient quality and detail as to allow the CBK to complete its evaluation. Also, in order for the application to be evaluated as complete, it shall incorporate responses to CBK comments provided during the pre-application phase.

The first evaluation shall be made by the CBK within ninety (90) days after the day of receipt of the application, and the CBK shall notify the applicant in writing whether the documentation is complete or not. If the submitted documentation is not complete or if additional information is required, the CBK shall notify the applicant of any deficiencies or inconsistencies with the applicable legislation together with the request for additional information or documents required. During this period, the CBK may hold meetings with the applicant to receive any additional information or any changes regarding the application. During these meetings, minutes shall be kept which shall be recorded in the application file. It is worth noting that the CBK may require additional information or certain changes/improvements if deemed reasonable at any stage of the licensing process.

The deadline for submitting additional information or documents is no later than ninety (90) days from the date of notification. If the required additional information or documents are submitted within the deadline, CBK shall notify the party that the application is now complete. If the data and/or documentation required for licensing are not completed by the applicant within ninety (90) days after the date of notification, the CBK shall terminate the procedures for reviewing the application for licensing. In case of termination of the procedure for reviewing the application for licensing, the CBK shall notify the applicant in writing.

2.3.1. Review of application

After verifying that the application is complete and after informing the applicant, the CBK shall begin with the evaluation where a thorough analytical examination of the application is made. This evaluation enables the CBK to determine whether the proposed bank will operate in a safe and sustainable manner and will have a reasonable opportunity to succeed. The evaluation is done by the Department of Licensing and Standardization as well as by the Division of Reporting and Analysis at the Banking Supervision Department, whose responsibility is to evaluate the Business Plan of the proposed bank taking into account the fact that they possess all the analytical information and reports of the banking industry.

The evaluation shall always be based on the information submitted with the application as well as other information available to the CBK as a result of its supervisory review. Also, the CBK will require the necessary references and opinions from the local supervisory authorities of the country of the proposed bank or the countries where the group companies are present, when applicable. The information received from the CBK during the investigation may be shared with other regulators of financial institutions. In the event of a change of information submitted to the CBK, the applicant shall notify the CBK of such changes regardless of the stage the application for licensing is undergoing.

If, as a result of the evaluation, the CBK finds minor technical deficiencies or technical discrepancy with the regulatory requirements, the applicant shall be notified of them and is required to make the necessary changes in order to be eligible. The review process shall be completed with a recommendation report from the Department of Licensing and Standardization, to which is attached the recommendation of the Division of Reporting and Analysis in the Banking Supervision Department, in accordance with the conclusions drawn from the evaluation of the Business Plan of the proposed bank. The recommendation shall be presented to the Deputy Governor for Financial Supervision, which then through the Deputy Governor for Financial Supervision shall be submitted to the CBK's Executive Board for making its decision.

2.4. Preliminary approval

After reviewing the application, the CBK shall preliminarily approve or reject the applicant's application for a banking license. The decision approving or rejecting the licensing of a bank or of a branch of a foreign bank shall be taken within ninety (90) days from the date of the applicant being notified that the application for licensing is complete as defined in Article 8, paragraph 1 of the Law on Banks. The CBK shall immediately inform the applicant of the decision. Under the legislation in force, the Executive Board of the Central Bank has the power to approve or refuse to grant licenses or permits to banks and to revoke such licenses and permits.

The CBK shall refuse to grant a license if the criteria set out in the Law on Banks and this Manual are not met, if the applicant has deliberately offered counterfeit documentation and if it deems that the issuance of such a license would:

- jeopardize the financial soundness of the proposed bank or of the banking system in general;
- jeopardize the interests of the depositors of the proposed bank, or would substantially reduce the competition.

The CBK shall preliminarily approve a license only if the following conditions are met:

- if the Business Plan is based on accurate analysis based on reasonable assumptions and thus realistic and competitive in the market;
- the proposed bank or the foreign bank will comply with all provisions of the Law on Banks;
- the organizational structure of the proposed bank and of its subsidiaries and the proposed ownership structure will allow the CBK to exercise effective and consolidated supervision.
- the qualifications, experience, integrity and reputation of each director, principal shareholder and senior manager demonstrate that they are fit and proper for the Business Plan of the proposed bank and banking activities as defined by the CBK in Articles 35 and 37 Law on Banks;
- the legal source of capital funds is proven, as well as the financial capacity for investing the planned funds and for the realization of the funding necessary for the sustainable continuation of the activity of the institution.

Besides as noted above, the preliminary approval of a license application with respect to a subsidiary or branch of a foreign bank shall be made only if:

- the foreign bank is authorized to engage in the activity of accepting deposits or funds in the form of deposits in the jurisdiction of the country where its head office is located;
- the responsible supervisory authority of the country where the head office of the foreign bank is located has given its written consent for granting such license; and
- The CBK determines that the foreign bank is adequately supervised on a consolidated global basis by its supervisor in the home country. The supervisor from the home country shall accept in writing that it is aware of the granting of the new license and agrees to provide information to the CBK on its request.

In the case of preliminary approval of a license application, the CBK shall determine all conditions for the bank to which it is granted a license to commence its operations. Such conditions may include:

- payment of initial capital that shareholders have to make to the bank;
- hiring and training of bank staff;
- renting or purchasing of operating equipment and selecting of operating systems, including internal audit and controls;
- renting, purchasing or possession of the bank premises;
- engagement of an external auditor in accordance with Article 54 of the Law on Banks;
- any other condition the CBK may deem as reasonably appropriate.

According to Article 8, paragraph 6 of the Law on Banks, if within one (1) year a bank fails to comply with the conditions for obtaining a license to commence the activity, the preliminary approval of the application shall be revoked.

The applicant shall begin to organize the bank as soon as it receives the notice of preliminary approval by the CBK. However, the bank shall not start operation until a final license is issued.

3. LICENSING

This chapter describes the stage of granting a banking license as the final stage of the banking licensing process. The chapter begins with the steps that the applicant has to undertake after obtaining the preliminary approval, then continues by clarifying the process of pre-opening examination where the CBK verifies the fulfilment of the predefined criteria and concludes with the final step of issuing the banking license.

Upon receipt of the preliminary approval for a banking license, the applicant shall start to organize the proposed bank and fulfil the conditions set by the CBK. The applicant shall have one (1) year from the date of preliminary approval of the licensing application to complete the organization of the proposed bank. During the organization stage, the bank employs its staff, establishes its banking premises in the proposed countries, pays the capital, develops its banking systems, and so on. Failure to complete the organization within this period shall lead to revocation of the preliminary approval.

In case of changes in the information on the basis of which the CBK has issued the preliminary approval, the applicant for a license shall notify the CBK in writing of the newly created facts or circumstances. This notice shall be sent to the CBK immediately after the creation of new circumstances, but not later than fifteen (15) days after the emergence of the circumstances mentioned. If the changes occurring during the stage of organization substantially change the facts on which the CBK has based its preliminary approval, such an approval may be revoked.

Revocation of preliminary approval may result from changes in:

- the composition of the organizing group;
- Chief Executive Officer;

- distribution of ownership;
- negative information on principal shareholders, directors and senior managers, which have not been disclosed previously;
- the financial position of the proposed shareholders;
- the state of the parent company as a guarantor company;
- state of branches or of the participating banks;
- contents of the operational plan.

Nevertheless, the CBK may accept proposals for minor changes, especially changes that may be useful for the bank to be established. However, for this purpose, all proposed changes are considered by their relevance and their effects on the basis used to grant the preliminary approval.

3.1. Applying for a licence

After fulfilling the criteria established for obtaining the preliminary approval for a license as well as the criteria set out in Article 8, paragraph 5 of the Law on Banks, the bank to be established shall apply in writing to the CBK for obtaining the final license. As explained above, the final license application which proves the fulfilment of the criteria set by the CBK shall be completed within one (1) year from the date of the preliminary approval. Applicants are encouraged to meet all of the criteria set out in the decision on preliminary approval of the application for a license and to apply for a final license in the shortest possible period of time. This encouragement is made in order to avoid potential problems with regard to completing the documentation as well as additional explanations related to this process and which affect the decision on the final license, since any supplement or clarification shall be made by observing the one (1) year term defined above. This also affects the possibility of obtaining a final license as soon as possible and therefore the entire process of reviewing and deciding on the final license is influenced by the dynamics of the applicant's action regarding the fulfilment of the criteria for the decision on the preliminary approval of the application for a license.

The formal application is made by submitting the following documentation:

- a written request as well as a brief description of when the opening is planned to occur;
- a bank document certifying the payment of the minimum initial capital amount or the transfer of the equivalent amount of the deposit equivalent to the capital for the branches of foreign banks, in accordance with the conditions laid down in Articles 15 and 17 of the Law on Banks;
- registration of the business as a legal entity or registration of a foreign bank branch at the Ministry of Trade and Industry;
- sub-legal acts/bank statute;
- a valid document for obtaining the right to use the premises where the banking and financial activity will be carried out. Premises shall be legalized and have proper documentation issued by the competent authorities;

- relevant contracts with insurance companies regarding the insurance of facilities and equipment from major risks (fire, earthquake, floods), with any of the insurance companies licensed by CBK;
- contracts for the protection of premises and equipment by the companies of physical protection and security licensed by the competent body in the Republic of Kosovo;
- the respective contracts with insurance companies for the insurance of cash in vault and cash in circulation the bank has to hold during its activity.

The final license application includes the above-mentioned documents as well as the standard conditions (detailed below) for organizing a bank. The standard conditions set out the most important points the applicant and the new banks shall monitor, many of which are incorporated in the pre-opening examination explained below.

Standard conditions include:

- employment and training of the bank staff (consider the number and the experience of the bank staff associated with the expected volume of the business);
- renting/purchasing of equipments for operation and establishment of the operating system, including internal auditor and controls, adequate installation of equipment, security procedures, etc.;
- the engagement of an external auditor;
- a review of written policies for risk management (monitoring, management, control and reporting of each risk);
- a review of written policies on market risk, including liquidity and funding management;
- a review of written policies for credit risk, including control of large exposures and credit assessment, credit review and credit provisions (to ensure they reflect the requirements of CBK regarding loan loss provisions as detailed in the Regulation on Credit Risk Management and other relevant regulations);
- a review of written procedures for operation and internal control;
- identifies any area of bank operations, where lines of authority and reporting responsibility are not clearly defined;
- effective segregation of duties;
- effective procedures established for cash control;
- effective procedures established for accounting and reporting;
- effective procedures established for control and holdover;
- adequate procedures established to mitigate the prevention of money laundering;
- a review of IT system related to the operations, including IT service providers, IT backup providers, and business continuity plan at an alternative location; and
- any other conditions that CBK considers appropriate.

3.2. Pre-opening examination

Within fifteen (15) days of the completion of the documentation required under sub-chapter 3.1 of this Chapter, CBK shall carry out the pre-opening examination (POE) of the bank to be established. POE is the last step of bank licensing process carried out by the CBK in order to determine whether all technical and security conditions have been met as defined by the CBK regulation on minimum security requirements and commitments undertaken with the application for preliminary licensing. The examination is carried out by the Licensing and Standardization Department in cooperation with the Banking Supervision Department at the CBK.

Upon completion of POE, the Examining Team prepares a report regarding the fulfilment of conditions for starting a banking business. If the POE ascertains that any technical and security conditions have not been met, or there are numerous exceptions or significant deviations from preliminary approval, the CBK shall notify the bank to be established and shall request the fulfillment of the required conditions or the correction of identified deviations. The deadline for fulfilling the conditions or correction of the deviations shall be ten (10) days from the date of notification. If conditions are not fulfilled or deviations not corrected within the time limit set above, preliminary approval may be revoked.

3.3. Granting of license

Within forty five (45) days from the date of POE, CBK shall make a decision by which it approves or refuses granting of the final license of a bank or branch of a foreign bank. If the CBK determines that the conditions set out in Article 8, paragraph 5, of the Law on Banks, Article 11 of the Regulation on Licensing of Banks and Branches of Foreign Banks, as well as with the decision for preliminary approval, have been met, it shall issue a decision for granting of license and the bank will become a member of the Deposit Insurance Fund of Kosovo.

4. APPROVAL OF OTHER TRANSACTIONS

This chapter sets out the transactions that are carried out after the licensing of the bank and the commencement of its operations and which require prior approval by the CBK, as well as the documentation required by the CBK for approving such transactions, deadlines and screening procedure. The chapter concludes with the specification of transactions for which only CBK notification is needed.

According to the Law on Banks, the following transactions of the banks in Kosovo, require the prior approval by CBK:

- changes in the Articles of Association and/or statute including the name of the bank;
- principal shareholders;
- appointment of the directors and senior managers;
- opening and relocation of the branches and offices within the country;
- closing the branches and offices within the country;
- opening the branches and subsidiaries outside of Kosovo;

- external auditor;
- mergers and acquisitions of banks;
- acquisitions by banks of equity interest in other financial institutions.

The request for approval of the above mentioned transactions as well as the documentation attached to the application must be submitted by the bank and must be in one of the two official languages of the Republic of Kosovo, either in an original or a legalised copy. Within thirty (30) days after the day of receipt of the complete application for the approval of any of the aforementioned transactions, the CBK shall approve or reject such request.

In cases where the request is incomplete or additional information is required, the CBK shall notify the applicant of the deficiencies or inconsistencies with the applicable legislation together with the request for additional information or documents required. The deadline for submission of additional information or documents is not later than fifteen (15) days from the date of notification. CBK discontinues the procedure of reviewing the relevant request if the requested data and / or documentation is not filled out by the bank within fifteen (15) days after the date of notification. In the event of termination of the review procedure regarding the application, the CBK shall notify the bank in writing.

Once the request is considered complete, the CBK reviews it and makes the decision on it based on the legal provisions that are described below in this chapter depending on the nature of the transaction. The CBK immediately informs the bank of the decision. In cases of refusal, the notice of the refusal of the request shall state the reasons for which the application was rejected.

4.1. Changes in the Articles of Association, statute including the name of the bank;

The Statute and Articles of Association are the documents or acts which serve for the establishment, organization and governance of the bank. None of the banks operating in Kosovo, other than a foreign bank licensed to operate with one or more branches in Kosovo, may change its Article of Association or Statute without prior approval in writing by the CBK, as defined by Article 22 of the Law on Banks. A foreign bank with a branch or subsidiary licensed in Kosovo shall notify the CBK of any changes in its Articles of Association or the Statute within thirty (30) days from the effective date of any such changes.

For the approval of changes to the Articles of Association and / or Statute including the name of the bank, banks must submit a written request to the CBK along with the following information:

- a brief description of the points proposed to be amended as well as an explanation of why they are being changed;
- the decision of the shareholders' meeting for these changes;
- Articles of Association and/or Statute after the changes.

The name change, i.e. the proposed new bank name, should be in accordance with Article 5 paragraph 3 of the Law on Banks, the Law on Business Organizations and the Law on the Use of Languages. The CBK shall approve the proposed changes within thirty (30) calendar days from the date of receipt of the complete application, if such changes do not contravene the applicable legislation.

4.2. Principal shareholders

The ownership structure of a bank is of critical interest, therefore the CBK shall evaluate this structure in its entirety as well as individual suitability of existing and potential principal shareholders who intend to be owners of the shares in the bank. For this purpose, the Article 37 of the Law on Banks stipulates that no person, acting directly or indirectly, alone or in concert with another person, shall become a principal shareholder (with 10% or more) in a bank without obtaining prior written authorization from the CBK. Also, no principal shareholder, acting directly or indirectly, alone or in concert with another person, may increase their ownership interest in a bank above 10, 20, 33, 50 or 75 percent (%) of the equity without obtaining prior approval from the CBK.

Applications for acquisition of equity interests in a bank or increases in holdings of equity interests in a bank shall be made in writing and submitted to the CBK together with the following information:

- the report of the joint-stock company (CR) or CV's of individual shareholders included in the Annexes B and C of this Manual;
- the name, nationality, place of residence, and business or professional history for the past ten (10) years of the applicant, and any ultimate beneficial owner of the applicant that, as a result of the transaction, would indirectly acquire five percent (5%) or more of the equity interests of the bank;
- a list of undertakings in which the proposed owners, including the ultimate beneficial owners (as described above), holds participations, specifying the size of such participations and the registered address of those undertakings;
- for each natural person applicant, an official statement from the Court disclosing any convictions for offenses by a criminal court, personal bankruptcy filings, disqualifications from practicing a profession, or past or present involvement in a managerial function of a body corporate or other undertaking subject to insolvency proceedings, if any;
- for each legal entity applicant, audited financial statements for the past three (3) years;
- the terms and conditions of the proposed acquisition;
- the source and amount of the funds to be used in making the acquisition;
- any plans or proposals regarding a major change in the bank's business, corporate structure or management;
- in any case where the acquisition would cause the bank to become a subsidiary of a foreign bank, a statement that the foreign supervisory authority responsible for the prudential supervision of the foreign bank in its home country has no objection to the proposed establishment of operations in Kosovo, and exercises global consolidated banking supervision over the foreign bank; and
- such other information as the CBK may require.

In making a determination whether to approve an application to acquire an equity interest in a bank, the CBK shall evaluate the proposed acquisition according to the same criteria that apply in determining preliminary or final approval of an application for a license, including, but not limited to, the expected effects of the proposed acquisition in the financial sustainability of the bank, the resulting ownership structure of

the bank and its effect on the CBK's ability to conduct both solo and consolidated supervision and suitability of the proposed shareholders and their standing in the financial markets.

The Bank shall also notify the CBK of any acquisition of shares within five (5) days of the acquisition of the amount of shares equal to or exceeding five percent (5%) of the equity but not exceeding ten percent (10%) thereof. The notification is made in a way that contains information that may be required by the CBK.

The abovementioned restrictions do not apply to the acquisition of shares in a foreign bank that is licensed to operate with one or more branches in Kosovo, as long as the foreign bank notifies the CBK of any acquisition where the amount of shares acquired is equal to or exceeds five percent (5%) of the foreign bank's equity.

4.3. Appointment of Directors and Senior Managers

Each bank is managed by the Board of Directors and the Senior Management, and consequently the composition of the Board of Directors and senior management is critical for the success of a bank. Article 34 of the Law on Banks stresses that no person shall become a Director or Senior Manager of a bank without obtaining prior approval from the CBK.

For the approval of appointment of the directors and senior management, the banks must submit an application in writing to the CBK along with the following information:

- decision of the decision-making body for these appointments;
- individual report (CV according to Annex A of this manual) for the appointed person;
- legalised/notarized copy of the university background;
- official proof by the competent court displaying any eventual convictions for criminal offences and any criminal proceedings that may be taking place against the proposed person;
- consent/authorization for the verification of the criminal past and obtaining of other information related to the information provided;
- other additional information that may be considered as necessary by CBK.

The proposed directors and senior managers of banks must meet the "fit and proper" criteria as well as the criterion of independence for obtaining approval. These criteria must be met continuously for so long the directors and senior managers hold their positions in the bank.

Also for the purpose of evaluating the proposed persons as a director and senior manager, the CBK uses the following criteria as defined in Article 35 paragraph 1 of the Law on Banks to make the assessment before granting its approval to each proposed individual as a director or senior manager:

- has not been removed from an office at a bank by the CBK; or has not been convicted by a criminal court of an offense for which the person was or could have been sentenced to imprisonment for a term of one year or more without the option of a fine;⁴

⁴ In special circumstances, once satisfied with the qualifications, professional experience and behavior of the person, the CBK may exempt a director or senior manager from requirement of this point after the expiration of the ten-year period in the relevant case.

- has not been a debtor in a bankruptcy or insolvency proceeding within the past ten (10) years;
- has not been disqualified or suspended by a competent authority from practicing a profession on grounds of personal misconduct;
- has not been a Director or Senior Manager of a bank whose license has been revoked or whose insolvency or other involuntary liquidation has been initiated during the Director’s or Senior Manager’s term of office.⁵

According to the Regulation on Directors and senior Managers of banks, the proposed directors and senior managers of the banks should provide evidence that they possess the following:

- **Integrity** – Directors and senior managers must have a personal history that demonstrates that they are properly independent and that they possess the personal qualities, principles and integrity necessary to assume their duties;
- **Sound Judgment** – Directors and senior managers must have a formal education and personal abilities to enable them to critically and adequately assess significant policy and strategy issues that will be faced by their bank and to clearly articulate their views on such issues;
- **Leadership**– Directors and senior managers must have sufficient leadership and business experience;
- **Competence** – Directors and senior managers must have a university degree in economy, finance or jurisprudence, or other relevant fields, and business experience, with at least five years’ experience in banking and financial services. Directors and senior managers must have a sufficient understanding of the fiduciary obligations they propose to assume in the best interests of depositors, as well as the legal framework under which banks operate in the Republic of Kosovo;
- **Financial soundness** – Directors and senior managers must demonstrate prompt satisfaction of past personal financial obligations as well as a current sound personal financial condition.
- **Legal environment** – Knowledge of the legal framework under which banks operate in the Republic of Kosovo.

The CBK may choose to interview any director and senior manager proposed. Pursuant to Article 24 paragraph 5 of the Law on banks, the following persons cannot be directors in a certain bank:

- a person convicted of a crime or found guilty of economic criminal offenses under the Criminal Code;
- a person who, according to a court decision, has been denied the exercise of activities within the competence of the board of directors; and
- a person older than seventy (70) years on the day of appointment.

⁵ In special circumstances, once satisfied with the qualifications, professional experience and behavior of the person, the CBK may exempt a director or senior manager from requirement of this point after the expiration of the period provided for the respective case and under the provisions of sub-paragraph 1.1 of this Article after the expiration of the ten-year period in the relevant case.

Also, pursuant to Article 35 paragraph 3. of the Law on banks a person may not be appointed or elected as a Director or Senior Manager of a bank if, at any time during the immediately preceding six (6) months, the person has served in a position with the CBK.

When reviewing the application for the approval of directors, the CBK will also assess compliance with the requirements as set out in Articles 13 and 15 of the Regulation on Corporate Governance of Banks. For the verification of experience and solvency, besides the reference letter as additional documents, the CBK may also request chronological evidence of pension contributions by employers from the Kosovo Pension Savings Trust (KPSI) or alternative pension institutions, Tax Certificate (TAK) Regarding the timely payment of tax liabilities as well as the authorization to allow the obtaining of information from the Credit Registry of Kosovo (CRK) to verify the credit history.

Given that the Law on Banks requires CBK approval also for appointing external experts from the field of accounting or auditing to the audit committee (external auditing committee member), then all the above-mentioned requirements will also apply in the case of assessing applications for their approval.

The requirements for the director including the external expert from the area of accounting or audit in the audit committee referred to in the above paragraph shall not apply to a foreign bank that is licensed to operate with one or more branches in Kosovo.

4.4. Opening and relocation of the branches and offices within the country

The bank that decides to establish or relocate a branch/office within the country including the central office must obtain prior approval from the CBK as set out by Article 11, paragraph 1 of the Law on Banks and Article 3 of the Regulation on Opening and Closing Inside and Outside of the Republic of Kosovo of Branch Offices and Subsidiaries of banks. To approve the opening and relocation of branches and offices within the country, banks must submit a written request to the CBK along with the following information:

- the application form under the Annex 3 of this Manual (application form for opening or relocation of branches /office within Kosovo);
- a description of the planned branch activities;
- the agreement/contract on the insurance of the premises and equipment's with the insurance companies licensed by the CBK to operate in the Republic of Kosovo;
- agreement / contract on the protection of premises and appliances with the companies providing the service of physical security and protection in the Republic of Kosovo;
- the rent Agreement / contract under based on which the subject is vested with the right to use the premises where the branch office shall carry out the banking activity;
- the correct address of the new branch office; and
- the notification in writing for the completion of the technical and security conditions in accordance with the applicable legal acts and by-laws, for the conduction of the banking activity;
- proof of payment of the fee;
- other additional information that may be considered appropriate by the CBK.

Upon completion of the application by the bank, the CBK performs the pre-opening examination as defined in Article 3, paragraph 7 of the Regulation on Opening and Closing Inside and Outside the Republic of Kosovo of Branch Offices and Subsidiaries of Banks.

After the review of the application together with the relevant documentation and performing the pre-opening examination, the CBK decides on the approval or refusal of the application based on the following criteria within thirty (30) calendar days from the date of receipt of the complete application.

The CBK's decision to approve or decline an application is made based on the following criteria:

- impact of the branch office opening or relocation in the community in which the branch office will be or is located;
- results of a CBK examination of the branch office facility. The bank shall demonstrate to the satisfaction of the CBK that the branch office is operationally ready to serve the public in terms of its computer systems, staffing, and security. Sound risk management systems should also be in place including written policies and procedures for branch office operations;
- the CBK considers the bank's capacity and constraints, including the size and financial condition of the bank, its profitability and capital adequacy. Also, the CBK will consider any enforcement actions taken against the bank, either existing or in the past, in the decision to approve or deny a branch office application.

The CBK has the right to suspend the exercise of the branch office activity, if it concludes that the technical and security conditions for the exercise of the banking activity are not met.

4.5. Closing of branches and offices within the country

Before the bank closes a branch or office in Kosovo, it shall obtain a prior approval in writing by the CBK, as defined with Article 11 of the Law on Banks and Article 4 of the Regulation on Opening and Closing Inside and Outside the Republic of Kosovo of Branch Offices and Subsidiaries of Banks. For this purpose, the bank shall submit to the CBK a prior written notice of at least sixty (60) days for closing of the branch, whenever it proposes to close the branch at which deposits are received, payments made or money lent.

The required notice of closing a branch office should include the following:

- identification of the branch office to be closed;
- the proposed date of closing;
- a detailed statement of the reasons for the decision to close the branch office; and
- statistical or other information in support of the branch office closing.

Each bank that proposes to close a branch office is required to provide notices of the branch office closing about which it also informs the CBK, as follows:

- a written notice is required to be sent to customers of the branch office of the proposed closing at least thirty (30) calendar days prior to the proposed closing date;
- the bank shall post a notice to branch office customers in a conspicuous manner on its premises for at least thirty (30) calendar days prior to the proposed closing date. The notice should state the

proposed date of closing and identify where customers may obtain service following that date or provide a telephone number for customers to call to determine such alternative sites; and

- a notice of the proposed branch office closing is required to be published in a local media at least thirty (30) calendar days prior to its closing.

Banks are encouraged to assist customers that are impacted by a branch office closing in finding alternative banking services after the closing date. If customer accounts of a closed branch office are transferred to another branch office of the bank, no fee should be charged to customers for the transfer. When clients agree, customer accounts of a closed branch office are transferred to another bank(s), the bank should provide customers with assistance in moving accounts, including covering the expense of any account opening fees at the bank receiving the accounts.

The CBK recognizes that the expansion or reduction of its branch office network is a business decision of a bank. However, the CBK could temporarily prohibit a bank from closing a branch office up to thirty (30) calendar days, if in the judgment of the CBK the branch office closing will have a significant negative impact on the availability of banking services in the community served by that branch office. The CBK will base its decision on a branch office closing on the information provided in accordance with the requirements of this Regulation, and on any public comments received in connection with the branch office closing.

4.6. Opening of a branch and subsidiaries outside the country

A bank other than a foreign bank shall obtain prior written approval of the CBK before establishing or acquiring a branch or a subsidiary in another jurisdiction as determined pursuant to Article 11 paragraph 2 of the Law on Banks and Article 5 of the Regulation on Opening and Closing Inside and Outside of the Republic of Kosovo of Branch Offices and Subsidiaries of Banks. The banks must submit an application in writing with the CBK for the opening of a branch office outside the Republic of Kosovo accompanied with the following documentation:

- application form under the Annex 4 of this Manual (Application form for the opening of a branch office/Subsidiary outside Kosovo);
- the decision of the decision-making organ on the approval of this expansion outside the Republic of Kosovo;
- the location and the area purposed for the carrying out of the activity, from proposed branch office;
- a copy of the regulations and procedures of proposed branch office, with the defined activities to be carried out;
- the business-plan for the branch office for the first three years of the activity;
- the capital amount to be invested abroad, as well as the payments or costs for the purposes of purchase or hire the work premises and equipment's, and other operational costs;
- information about the person/persons proposed as directors of the branch office, accompanied by a brief description of the respective competences;
- the expectation of the bank for its financial result following the accomplishment of this expansion and its impact on the financial state of the bank;
- the organizational structure of the branch office together with the proposed number of employees;

- the proposed name to be used by the branch office, that shall correspond to the bank name;
- information on the deposit insurance scheme in the country where the branch office shall be open; and
- any other information that might be deemed necessary by the CBK.

In order to open a subsidiary outside the Republic of Kosovo, banks shall submit an application in written form to the CBK, accompanied by the following documentation:

- the decision of the decision-making organ on the approval of this expansion outside the Republic of Kosovo;
- the location and the area purposed for the carrying out of the activity, from proposed branch office;
- a copy of the regulations and procedures of proposed branch office, with the defined activities to be carried out;
- the capital amount to be invested abroad, as well as the payments or costs for the purposes of purchase or hire the work premises and equipment's, and other operational costs;
- the business-plan of the subsidiary and the expectation of the network expansion impact on the financial state of the bank for the first three years of the activity;
- information about the two principal administrators of the subsidiary;
- information for the identity, residency or head office, as well as, the commercial data of the current year for each person who shall own qualifying holdings in the subsidiary;
- the banking activities the subsidiary expects to carry out.

Within thirty (30) calendar days from the date of its receipt of a complete application for a branch license, the CBK shall approve or deny the application for opening of the branch or subsidiary outside the Republic of Kosovo.

The branches of banks that are opened outside the territory of the Republic of Kosovo shall carry out only those activities stipulated in the decision for granting the license to the parent bank.

4.7. External auditor

The bank shall have the prior approval of the CBK in regards to the external auditor, pursuant to Article 54 of the Law on Banks. For this purpose, as set out in Article 4 paragraph 3 of the Regulation on External Audit of Banks, together with the application for approval, the bank shall provide to the CBK:

- the proposal of its Audit Committee and its Board of Directors or of the relevant authority of parent bank in case of a branch of a foreign bank, for appointment of the external auditor;
- an audit program for the audit of the bank;
- a description of the use of resources in the audit mission;
- external auditor's letter of commitment or the contract of supplied service;

- a relevant document that proves sufficient experience of external auditor or its staff which carries out the auditing in the field of audit of banks or other financial institutions;
- a certificate issued from the Kosovo Council for Financial Reporting (KCFR) containing the recent external auditor's result of the quality for the external auditor (this certificate will not be required by the CBK until the KCFR is able to issue such a certificate); and
- a written declaration of external auditor for meeting the criteria set forth in Article 7 of Regulation on External Audit of Banks.

Applications for approval must be submitted to the CBK before 30 June of each year as set forth under the Article 4 paragraph 2 of the Regulation on External Audit of Banks. Continuous employment of the same external auditor is limited to three years or three consecutive audits and may participate in auditing of the same bank again, after the expiry of a period of at least one (1) year.

Based on the application in writing, the CBK shall approve as external auditor of a bank only:

- an external auditor licensed in Kosovo in accordance with the Law on Financial Reporting;
- an external auditor who has at least three (3) years of experience in the area of audit of the financial statements of banks or other financial institutions or whose auditing staff has such experience.

Approval given to the external auditor is limited to a specific bank and is valid for one financial year.

Requests for external auditors do not apply to a foreign bank that is licensed to operate with one or more branches in Kosovo.

4.8. Bank mergers and acquisitions

Article 39 of Law on Banks stresses that no bank shall merge or consolidate with any other bank or acquire, either directly or indirectly, all or substantially all of the assets of, or assume the liabilities of, any other bank, except with the preliminary approval of the CBK. Article 3 of CBK Regulation on mergers and acquisitions of banks determines information required before the bank is reorganized through the merger with any other financial institution or company.

If the intention of the applicant for merger is to create a new bank then the CBK shall handle that merger as an application for a new bank license as set out in Article 7 of the Law on Banks and Chapter 2 and 3 of this Manual.

The request for approval for the reorganized bank through the merger must be supported by the following documentation:

- the decision of the Shareholders Assembly of bank and financial institution involved in the operation for the approval of their reorganization through the merger;
- the draft/agreement and the detailed report of the merger operation, signed by the legal representatives of banks involved in the merger. The agreement and the report are compiled in writing and in compliance with the applicable legislation;

- the report of the independent licensed experts of various fields, to assess the terms of the merger draft-agreement;
- the draft-chart of the bank after the accomplishment of the merger operation;
- the strategic and operational plans to accomplish the merger, including the needed analyses of the acquisition and the financial projection statements for the merger bank;
- in case of changes for the directors and senior managers of the merger bank, the documentation in compliance with the applications for director shall be submitted as set out in the Law on Banks and Regulation on Directors and Senior Managers of the Banks;
- the new structure of the bank's shareholders.

The terms mentioned in the beginning of this chapter do not apply to the banks' requirements for mergers and acquisitions. For this purpose, the CBK will discuss with the bank the timeline that will be required for prior approvals allowing the bank to initiate discussions with the other party or parties involved without the CBK's engagement. However, deadlines may not exceed the deadlines set out in chapter 2 of this manual.

The CBK shall approve the mergers process if:

- the merger does not jeopardize financial condition of the merger bank;
- the bank has the system of organization, management, decision making and information technology which enables it to integrate completely the merged bank in the manner that does not jeopardize its functions;
- the merger is economically viable;
- any anti-competitive effect is clearly overridden from the benefits in the commodity and needs of the community to be served; and
- this does not result in a negative effect on the Deposit Insurance Fund of Kosovo.

It is the responsibility of the bank to obtain such approvals from other authorities that might be necessary before the transaction can be consummated).

4.9. Acquisitions of equity interest in financial institutions.

The acquisition by banks of the equity interest in financial institutions cannot be done without the approval of the CBK. Article 40 of the Law on banks, states that without the preliminary approval of the CBK, no bank shall:

- establish or acquire, directly or indirectly, an important interest in a financial institution;
- increase its equity interest in a financial institution; or
- accept collateral as an important interest in a financial institution.

Pursuant to Article 4 of the CBK Regulation on the Mergers and Acquisitions of Banks depending on the nature and size of transactions, the CBK shall determine which additional information are necessary before

the request for approval of acquisition can be reviewed. In principle, the documentation required for the review of these applications is as follows:

- the decision of the Shareholders Assembly of bank and financial institution involved in the operation for the approval of their reorganization through the acquisition;
- the agreement/draft and the detailed report of the acquisition operation, signed by the legal representatives of banks involved in the acquisition. The agreement and the report are compiled in writing and in compliance with the applicable legislation;
- the report of the independent licensed experts of various fields, to assess the terms of the acquisition draft-agreement;
- the draft-statute of the bank after the accomplishment of the acquisition operation;
- the strategic and operational plans to accomplish the acquisition, including the needed analyses of the acquisition and the expectations of the financial statements for the acquiring bank;
- in case of changes for the directors and senior managers of the acquisition bank, there shall be the documentation submitted in accordance with the requirements for the directors as set out in the applicable Law and the above Chapter;
- the new structure of the bank's shareholders.

The CBK will consider the application in terms of the impact on the capital of the acquiring bank, the capacity of the management of the acquiring bank and any changes contemplated to the board and senior management of the acquiring bank. When reviewing these applications, the CBK will also assess the financial performance from the final examination made in lieu of the investment bank and the final report of the external auditor of the financial institution to be acquired.

The terms mentioned in the beginning of this chapter do not apply to banks' applications for acquisitions in financial institutions. For this purpose, The CBK will also discuss with the bank the timeframe that will be necessary for preliminary approvals allowing the bank to initiate discussions with the other party or parties involved without commitment on the CBK's part. However, the time limits referred to in this paragraph may not exceed the deadlines set out in Chapter two (2) of this Manual.

CBK shall approve the acquisition process if, according to its assessment:

- acquisition does not jeopardize financial condition of the acquiring bank;
- the bank has the system of organization, management, decision making and information technology which enables it to integrate completely the acquired institution in the manner that does not jeopardize its functions;
- acquisition adequately protects the rights of depositors and other creditors of the acquiring bank;
- the acquisition is economically viable;
- any anti-competitive effect is clearly dominant from the benefits in the commodity and needs of the community to be served; and

- if this does not result in a negative effect on the Deposit Insurance Fund of Kosovo.

When the institution in which is invested is also regulated by the Law on Banks, the CBK shall also consider the appropriateness of the investment bank as a shareholder of the institution in which it is invested in accordance with the relevant Articles of the Law on Banks.

4.10. Opening of Representative Offices

No foreign bank may establish or operate a representative office in Kosovo without a permit from the CBK, as defined in Article 10 of Law on Banks. The CBK may grant a permit for a representative office in Kosovo, provided that the CBK is satisfied that the foreign bank will limit the activities of the representative office to the provision of information and liaison activities and studying markets and investment opportunities, and that the foreign bank will not engage in the business of banking in Kosovo through the representative office.

Pursuant to Article 3 of the Regulation on the opening of the representative offices inside and outside the Republic de Kosovo, a foreign bank's application to open a representative office in the Republic of Kosovo shall be supported with the following documentation:

- the decision of the competent organ of the foreign bank for the opening of a representative office;
- the statement of the foreign bank, by virtue of which it is committed to implement all the obligations that arise with the establishment in the Republic of Kosovo and the activity of the representative office;
- the purpose of its opening;
- the expected duration of the representative office's activity, its address and telephone number;
- the names of proposed persons as directors of the representative office accompanied by their curriculum vitae (education, profession, experience, etc.);
- the expected number of the office employees;
- the registration document of the representative office in the Ministry of Trade and Industry; and
- any approval if required from the supervisory authority of the respective country for the opening of the representative office.

The representative office of a foreign bank shall be registered and shall use the same name as that of the parent bank, by adding the words "Representative Office".

Pursuant to Article 4 of the Regulation on the opening of the representative offices inside and outside the Republic de Kosovo, in order to open a representative office outside the Republic of Kosovo, banks licensed by the CBK to carry out banking activities in Kosovo, shall submit an application in writing to the CBK.

The Application of the foreign bank for opening of the representative office in the Republic of Kosovo shall be accompanied with the following documentation:

- the decision of the decision-making organ for the approval of this expansion outside the Republic of Kosovo;

- the location and the area for the purposed representative office from the requesting bank;
- a copy of the procedures and objectives for the proposed representative office, with the defined activities planned to be carried out;
- the capital amount to be invested abroad, as well as the payments or costs for the purposes of purchase or hire the work premises and equipment's, and other operational costs;
- information about the person/persons proposed as directors of the representative office, accompanied by a brief description of the respective competences;
- the organizational structure of the representative office together with the proposed number of employees;
- the expected duration of the activity of the representative office.

CBK grants prior approval for expansion of the bank outside the Republic of Kosovo after reviewing the received documentation as mentioned above.

The application of banks for the opening of representative offices is reviewed by the CBK based on the terms and conditions set out in the Regulation on the Opening of the Representative Office inside and outside the Republic of Kosovo. Within sixty (60) calendar days from the date of receipt of the application for representation office, the CBK approves or refuses the application and specifies the terms and conditions for such an office.

4.11. Transactions which require only CBK notification

Transactions carried out following licensing of the bank and commencement of its operations for which CBK does not require prior approval but for which notifying CBK is required are as follows:

- the resignation of senior directors and managers;
- re-appointment of senior directors and managers;
- changes in the organizational structure, if such change is not reflected in the bank's statute;
- changes in the ownership of shareholders holding less than five percent (5%) of the capital;
- acquisition of stock from five percent (5%) to ten percent (10%).

The Bank shall notify the CBK within thirty (30) days of the changes made specified above and upon receipt of the notification the CBK shall inform the bank of receipt of the notification.

5. ANNEXES TO THE MANUAL

An integral part of this manual is the following annexes:

- I – Banking Licensing Process
- II – Banking Licensing Criteria,
- III – Alternatives to Banking Licensing
- IV – Foreign Banks

- 1 – Checklist for Completion and Submission of Application
- 2 – Application Form for Banking License
- 3 – Application Form for opening or relocating Branch /Office within Kosovo
- 4 – Application Form for Opening a Branch / Subsidiaries Of Banks Outside Republic Of Kosovo

- A – Individual CV
- B – Shareholder Company Report (SC)
- C – CV for Individual Shareholders
- D – Forms of Financial Projections

6. REPEAL

Upon entry into force of this Manual, the Banking Licensing Manual approved by the Executive Board on 10 February 2014 shall be repealed.

7. ENTRY INTO FORCE

This Manual shall enter into force on the date of its approval.

Bedri Hamza

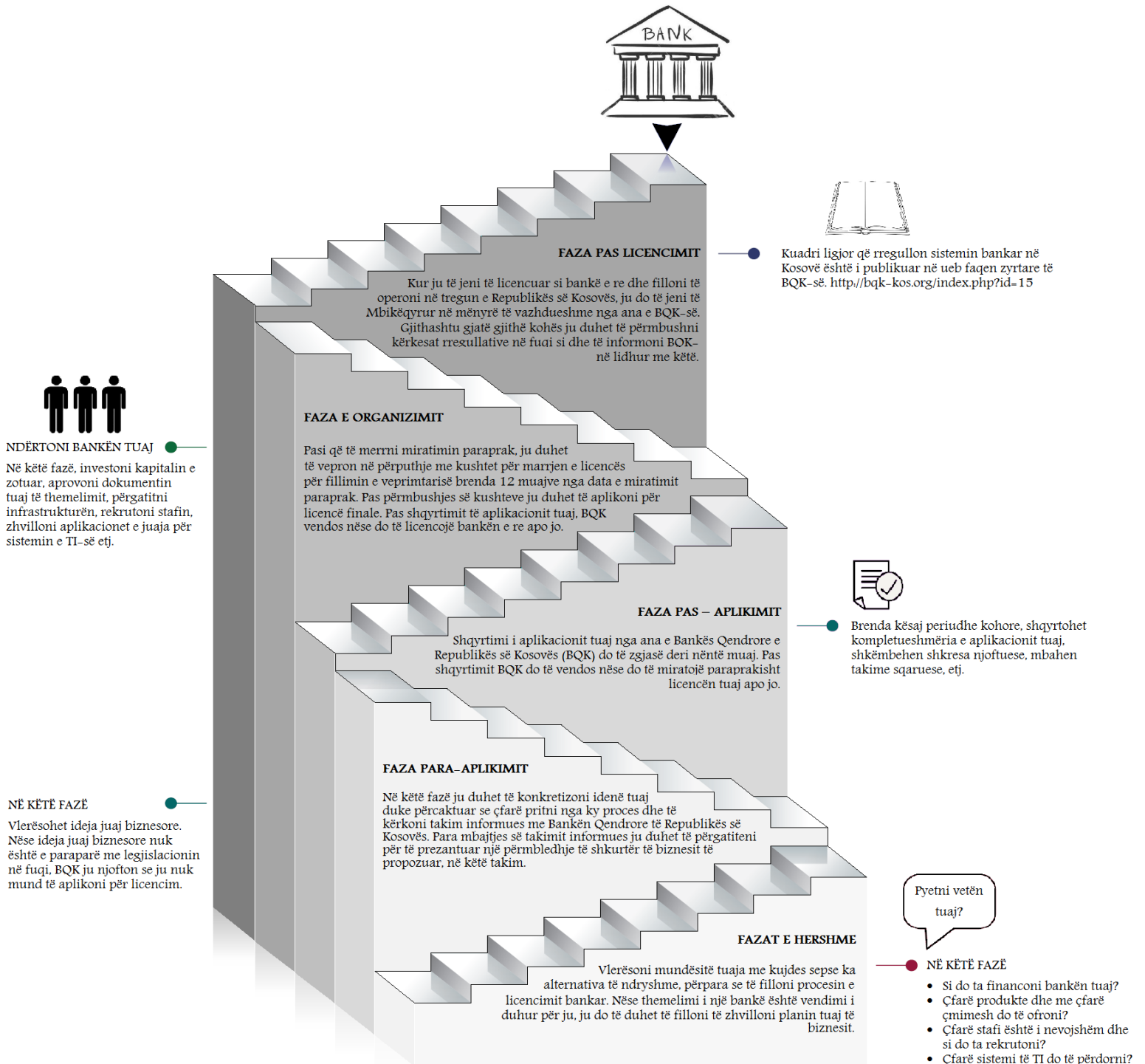
Chairman of the Executive Board

ANNEXES TO THE MANUAL



BANKA QENDRORE E REPUBLIKËS SË KOSOVËS
CENTRALNA BANKA REPUBLIKE KOSOVO
CENTRAL BANK OF THE REPUBLIC OF KOSOVO

SHTOJCA I – PROCESI I LICENCIMIT BANKAR



Kur jeni të gatshëm të filloni këtë proces, ju lutem kontaktoni Departamentin e Licencimit dhe Standardizimit për të caktuar takim informues para aplikimit në.



ANNEX II - CBK CRITERIA FOR BANKING LICENSING

The banking licensing criteria in the Republic of Kosovo are defined in Article 8, paragraph 3 and 4 of Law no. 04 / L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions. Under these provisions, the Central Bank of the Republic of Kosovo (CBK) shall approve banking license only if it is satisfied that:

1. the business plan is based on sound analysis under reasonable assumptions;
2. the organizational structure of the proposed bank and its affiliates will permit CBK to effectively exercise supervision on a consolidated basis;
3. the proposed bank or the foreign bank will comply with all provisions of this Law;
4. the qualifications, experience and integrity of its Director or Senior Manager are appropriate for the proposed bank's business plan and banking activities;
5. the principal shareholders of the proposed bank or the foreign bank are fit and proper as determined by the CBK under Article 35 and 37 of this Law; and
6. the ownership structure of the bank will not hinder effective supervision.

In cases when dealing with applications for licensing as a subsidiary or branch of a foreign bank, applicant institutions must also meet the following criteria:

1. The foreign bank is authorized to engage in the business of receiving deposits or deposit-like funds in the jurisdiction where its head office is located;
2. The competent authorities that supervise the foreign bank at its headquarters have given their written consent to the granting of such license; and
3. The CBK determines that the foreign bank is adequately supervised on a global consolidated basis by its home country supervisor. The Home Country Supervisor must acknowledge in writing that is aware of the granting of a new license and agrees to provide information to the CBK upon request.

However, the CBK shall deny a license if, in its reasonable judgment, issuing such license would:

- jeopardize the financial soundness of the proposed bank or the banking system more generally;
- endanger the interests of the proposed bank's depositors; or
- substantially lessen competition.



ANNEX III - ALTERNATIVES TO BANKING LICENSING

Depending on the business plan or activities that the interested parties wish to undertake, establishing a bank is not the only option or the most appropriate option. There are two other alternatives of being established as a financial institution (Microfinance Institutions - MFIs and Non-Bank Financial Institutions - NBFIs) which are allowed to provide some of the services that are provided by banks at potentially lower costs than the establishment of a bank. The main distinguishing feature between banks and these institutions is the deposits collection, activity allowed only for banks. However, MFIs may be engaged in receiving deposits (with prior approval from the Central Bank of the Republic of Kosovo), but in no case can an MFI engage in deposit collection that exceeds fifty percent (50%) of the capital surplus or the maximum amount of one hundred and twenty-five thousand (125,000) Euros, whichever is smaller. If interested parties intend to engage in other financial activities (not related to deposit collection) they may also consider receiving CBK's approval for the establishment of NBFIs through which they may engage in other financial activities.

Exercise of allowed activities for financial institutions without prior approval (licensing / registration) by the Central Bank of the Republic of Kosovo is a criminal offense.

Microfinance Institutions

Microfinance Institution is a legal entity organized as joint stock company, which provides as its primary business loans and a limited number of financial services to micro and small legal entities, low-income households and low-income persons. Activities allowed for microfinance institutions are as follows:

- providing payment services related to loans granted to clients;
- acquiring funds by grant or borrowings for the purpose of lending or for their own use;
- borrowing from and placing funds in markets and specified institutions approved by the CBK for the purpose of managing their liquidity;
- acquiring, owning, leasing, renting, maintaining, transferring, selling or disposing of any movable or immovable property that is used for carrying out their business;
- providing financial, technical and professional assistance and training to their clients or assisting them in obtaining services in such areas;

- microfinance institutions may also engage in such other financial activities, as may be determined by the CBK by Regulation or Ordinance; and
- The CBK may also prohibit or restrict any registered microfinance institution from engaging in any of the permitted activities set out in this Article of this law. In such a case, CBK will provide reasons in writing for its decision.

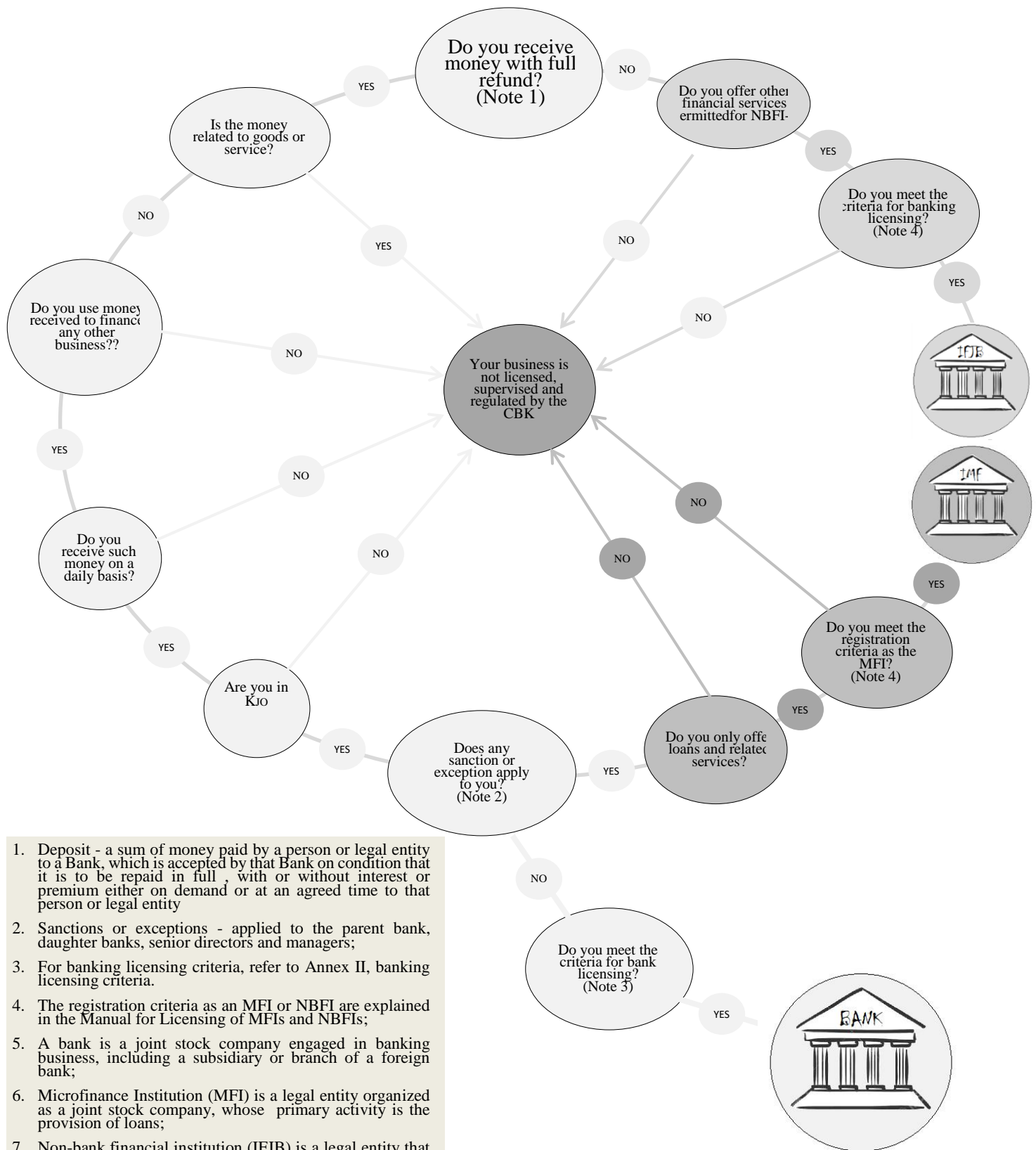
The requirements for banking licensing are also applicable to MFI registration (licensing), while the licensing procedure is explained in the MFI and NBFi Registration Manual. After obtaining registration (licensing), MFIs have the right to provide all the activities allowed for MFI.

Non Bank Financial Institution

Non Bank Financial Institution (NBFI) - a legal entity that is not a bank and not a microfinance institution that is registered (licensed) by the CBK to be engaged in one or more of the permitted activities for NBFI. The main purpose of NBFIs is to extend credit, enter into loans and lease agreements; underwrite, or trade securities; act as an investment company, or investment advisor; or provide other financial services such as foreign exchange/money changing; credit cards; factoring or guarantees; or provide other financial advisory, training or transactional services. . As part of their purpose NBFIs may also engage in the following activities:

- providing payment services in connection with credit extended to clients;
- acquiring funds by grant, investment or by borrowings for the purpose of lending or for their own use;
- borrowing from and investing funds in markets and institutions approved by the CBK for the purpose of managing their liquidity;
- providing credit to finance the purchase of equipment;
- acquiring, owning, leasing, renting, maintaining, transferring, selling or disposing of any movable or immovable property that is used for carrying out their business;
- transfers and remittances of money, or payment services, on payments originating within or outside the country; and
- providing financial, technical and professional assistance and training to their clients or assisting them in obtaining services in such fields.

When applying for registration (licensing), the applicant must specify the activities which it plans to offer, since CBK registration for NBFI is issued only for the specific requested activities. Expanding activities after registration is a transaction that requires prior approval from the CBK. If interested parties wish to establish a NBFI including the loan granting activity, they should consider limits on the maximum loan amount to be provided to a person by NBFIs. Therefore, the maximum amount of loan that a non-bank financial institution can grant to a single person or a legal entity may not exceed twenty percent (20%) of the current loan portfolio. CBK may also prohibit or restrict any NBFIs from engaging in any permitted activities. In this case, CBK will give written reasons for its decision.



1. Deposit - a sum of money paid by a person or legal entity to a Bank, which is accepted by that Bank on condition that it is to be repaid in full, with or without interest or premium either on demand or at an agreed time to that person or legal entity
2. Sanctions or exceptions - applied to the parent bank, daughter banks, senior directors and managers;
3. For banking licensing criteria, refer to Annex II, banking licensing criteria.
4. The registration criteria as an MFI or NBFIs are explained in the Manual for Licensing of MFIs and NBFIs;
5. A bank is a joint stock company engaged in banking business, including a subsidiary or branch of a foreign bank;
6. Microfinance Institution (MFI) is a legal entity organized as a joint stock company, whose primary activity is the provision of loans;
7. Non-bank financial institution (IFJB) is a legal entity that is neither a bank nor a microfinance institution that is registered (licensed) by the CBK to engage in one or more of the activities allowed for NBFIs.



ANNEX IV - FOREIGN BANKS

Foreign bank is a legal person that is organized, has its head office and holds a license to engage in the business of banking in a jurisdiction other than Kosovo. Foreign banks may operate in Kosovo as affiliated subsidiaries or branch office.

Distinguishing features

Distinguishing features between affiliates and branch offices of foreign banks are of different nature, either in terms of organization or supervision. First, an affiliate means a subsidiary of a foreign bank that is under common control with such a bank while a branch office of a foreign bank means a legally dependent arm of a bank that is not separately incorporated, through which the foreign bank engages in banking activities in the Republic of Kosovo.

The affiliate of a foreign bank is subject to all legal requirements established by Law no. 04 / L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions in the same manner as domestic banks. Unlike affiliates, branch offices of foreign banks are not subject to the following legal requirements:

- Criteria for Members of Board of Directors and changes to Members of Board of Directors do not apply to branch offices of foreign banks. The foreign bank branch office will not be required to establish a Board in Kosovo.
- Central Bank of Republic of Kosovo (CBK) requirements shall not apply to branch offices of foreign banks for the establishment of committees insofar as comparable and acceptable requirements for the CBK are implemented by law according to which the foreign bank is licensed in its parent jurisdiction.
- Legal requirements for minimum regulatory capital shall not apply to branch offices of foreign banks. For capital purposes, branch offices of foreign banks shall maintain a capital equivalency deposit at CBK which should be paid in cash from the parent bank in order to exercise of the activity in the Republic of Kosovo.
- Dividend distribution does not require prior approval from CBK for a foreign bank that is licensed to operate one or more branch offices in Kosovo. However, the branch office of a foreign bank must consistently maintain the capital equivalency deposit pursuant to paragraph 2 of Article 17 of Law no. 04 / L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions.
- Changes to charter and statute do not require prior approval by CBK, but only notice.

- The approval of major shareholders is not required for branch offices of foreign bank insofar as the foreign bank notifies the CBK of any acquisition where the amount of the shares acquired is equal to or exceeds five percent (5%) of the foreign bank's capital.
- The legal requirements for transactions with bank-related persons shall not apply to a foreign bank that is licensed to operate with one or more branch offices in Kosovo.
- The external auditor of the branch office of foreign bank shall not require approval by the CBK insofar as comparable and acceptable requirements for the CBK are implemented by law according to which the foreign bank is licensed in its home jurisdiction.

If the CBK concludes that the operations of a branch are systemically important to the Kosovo financial system, due to their size or any other feature, the CBK has the right to require the bank in Kosovo to transform from branch into a subsidiary. The basic criteria that may lead CBK to this decision are the following restrictions:

- The average value of the foreign bank branch assets during two (2) consecutive quarters exceed ten (10%) percent of the total assets of the banking system;
- The average value of the foreign bank branch deposits during two (2) consecutive quarters exceed ten (10%) percent of total deposits of the banking system.

The CBK may require a foreign bank that is licensed to operate one or more branches in Kosovo to convert the branch to a subsidiary of the foreign bank if:

- there is a material change in the ownership or management of the foreign bank for which CBK has reasonable grounds for concern;
- there is a material decline in the financial condition of the foreign bank or the foreign bank is subject to sanctions by its home country supervisor for material violations of law or regulations or unsafe or unsound practices;
- the CBK considers that the operations of the branch might endanger financial stability of the banking sector or be detrimental to the interest of the depositors, or
- the CBK considers the supervision of the home country supervisor to be inadequate.

Each foreign bank operating in a branch in Kosovo shall maintain claims on residents of Kosovo in excess of its liabilities to residents of Kosovo by such amount as specified by regulation or order of the CBK.



ANNEX 1
CHECKLIST OF DOCUMENTATION
AND SUBMISSION OF
APPLICATION FOR BANKING
LICENSING

NOTES

This form serves as a checklist for completing and submitting Bank Licence Application, which can be downloaded from the Central Bank of the Republic of Kosovo (CBK) website. When completing the application form, you should not modify or delete any of the questions. Alternatively, if the completing of the application form is not possible through the computer, you can print out the form and complete it in CAPITAL LETTERS AND IN BLUE INK.

Request for submitting information in the checklist should be provided to CBK in support of the banking licence application form. All the listed information should be provided in order for the application to be completed. All the listed information should be checked in order to have a complete application. The checklist shall not contain broad information according to banking licence application; the applicant should provide broader required information when necessary, according to the specific nature of the proposed business.

Note:

- Complete all sections of this checklist.
- Insert the relevant section number (from the application), in the column of boxes entitled ‘Applicant’. (The last column is for Central Bank use only)
- Write N/A in case any of the requirements of this list does not apply in your case.
- Where the checklist states ‘confirm’, an ‘X’ will be accepted as a confirmation.

		Applicant		CBK
1	Applicant Details			
1.1	Full name and address in the Application Form			
1.2	Contact details of an authorised person who will receive the correspondence from CBK in relation to the application form (i.e. name, address, telephone, fax and e-mail)			
1.3	Contact details of professional advisors or consultants in relation to the application for the banking license (if applicable), (i.e. name, address, telephone, fax and e-mail)			
1.4	Confirm that CBK can collaborate with assigned professional adviser (in 1.3) in respect of the licence application	<input type="checkbox"/>		

2	Overview of Parent Bank/Group			
2.1	Full name and address of parent bank/group			
2.2	Brief history / parent bank/group background			
2.3	Overview on the ownership and structure of parent bank/group			
2.4	Is the applicant a subsidiary of:	Yes/No		
	a. An International Bank	<input type="checkbox"/>		
	b. An International Banking Group	<input type="checkbox"/>		
	c. A financial conglomerate	<input type="checkbox"/>		
	d. Other (provide details)	<input type="checkbox"/>		
	Where applicable			
	i. Confirm that the supervisory authority in the country of origin of that bank or group exercises effectively its supervising responsibilities on a consolidated basis	<input type="checkbox"/>		
	ii. Confirm that the applicant has taken the preliminary approval from the supervisor authority of his country	<input type="checkbox"/>		
2.5	Organisation chart of the group			

	a. Legal structure of each of the entities concerned			
	b. Percentage of share holding by the parent company			
	c. Details as to where the applicant will be positioned in the group			
	On parent bank/group provide:			
2.6	Information on industry ranking, size of parent bank on local and global scale			
2.7	Main activities/lines of business			
2.8	Details of main areas of global activity of parent bank/group			
2.9	Details of main areas of EU activity of parent bank/group			
2.10	Financial standing details for parent bank/group i.e. summary (in tabular format) for the last three (3) years			
	a. Income and profitability			
	b. Balance Sheet			
	c. Asset Quality			
	d. Capital Adequacy			
	e. Leverage			
2.11	Debt ratings for parent bank/group; i.e. Moody's and S&P credit rating of parent bank/group and commentary thereon (this should include details of any upgrades/downgrades in the last 3 years and reasons therefore)			
2.12	Confirm that the board of the parent bank has approved the submission of application for the banking licence to the CBK (the decision of the decision-making body should be submitted)	<input type="checkbox"/>		

3	Regulatory Supervision			
3.1	Contact details in respect of the group/parent bank's home regulator(s)/Supervisor(s)			
	Write	Yes/No		
3.2	Has the parent bank/group, within the last five (5) years, received regulatory approval for new entities in any other jurisdiction?			
3.3	Has the parent bank/group applied to establish an entity, (over the last five (5) years) in any other jurisdiction, which was either withdrawn or refused?			
3.4	Has the parent bank/group been subject to an investigation into allegations of fraud, misconduct or malpractice by any regulatory authority (over the last five (5) years) in any other jurisdiction?			
3.5	If 'yes' in relation to 3.4 provide full details thereof.			

4	Ownership Structure			
4.1	Details of			
	a. All direct holders of shares or other interests of the applicant			
	b. All indirect holders of shares/interests of the applicant			
	(Clearly outline whether there is any holding company involved in the ownership structure – the rationale for such a structure should be provided)			

4.2	Confirm that Annex B and C of the application form have been completed (and the required supporting documentation is attached) in relation to each shareholder identified in 4.1 (a) and (b)	<input type="checkbox"/>		
	Confirm that			
4.3	Applicant is independent of dominant interests	<input type="checkbox"/>		
4.4	Financial situation of the parent bank/financial institutions is such as it may provide new equity for the bank to be established as it may be required in the future. (A letter of comfort is required from the parent bank confirming that 'the subsidiary/branch will be in a position to meet its liabilities as they fall due for as long as the parent bank/shareholder continues to hold the majority of the equity)	<input type="checkbox"/>		

5	Objectives and Proposed Operations			
5.1	Clearly set out			
	a. The objectives			
	b. Full details of the applicant's proposed banking business which must include a description of all products that will be offered, anticipated customer base, etc.			
5.2	Detailed information on funding sources for financing planned activities (e.g. deposits etc)			
5.3	Outline of all the products/services to be promoted by the applicant			
5.4	If applicable, overview of market research which has been undertaken regarding the establishment of a bank and its proposed activities			
5.5	Applicant's distribution network for products/services			

6	Legal Structure			
6.1	Confirm that applicant will be registered in Kosovo and subject to Kosovo laws and regulations.	<input type="checkbox"/>		
6.2	Outline the legal structure of the applicant (as a Joint Stock Company)			
6.3	Confirm that the following documentation accompanies this checklist			
	a. A copy of the applicant establishment draft papers	<input type="checkbox"/>		
	b. A draft copy of the applicant's statute (the final copy will be required upon licensing of the applicant)	<input type="checkbox"/>		
	c. Audited financial reports for the last two (2) years, where the applicant is incorporated	<input type="checkbox"/>		

7	Organisation of the Applicant			
	The bank shall manage their business in accordance with sound principles of corporate governance			
7.1	Board of Directors			
	Details of proposed Board of Directors			
	a. Executive Directors			
	b. Non-executive Directors			

	c. Proposed frequency of board meetings and location			
	d. Potential conflicts of interest (if any, including details of how they will be addressed)			
7.2	For this point, you should also provide			
	a. Organisation structure of the applicant's corporate governance			
	b. Details of all management committees and members			
	- Credit Risk Committee			
	- Asset and Liability Committee ("ALCO")			
	- Risk and Compliance Committee; if applicable			
	- Remuneration Committee; if applicable			
	- Nomination Committee; if applicable, and			
	- Other relevant committees.			
	These data should include			
	- Composition thereof			
	- Meetings frequency			
	- General responsibilities/Terms of Reference			
	- Reporting lines			
	- Details of sub-committees (if applicable)			
	Senior Management/ Other staff			
7.3	Detailed organisation chart for applicant			
7.4	Details of organisation structure/management team (to include the CEO, Key Finance Officer, Key Operations Officer, Bank Risk Officer, Internal Auditor, and any person reporting directly to the Board or participates or is authorized to participate into the main policy-making functions of the Bank), i.e. CVs, job titles, responsibilities, reporting lines, etc.			
7.5	Confirm that "Annex A - Individual CV" in respect of each of the members of the Board of Directors/Senior Management is completed.			

8	Risk oversight			
	Detailed information is required in respect of the following key functions:			
8.1	Audits			
	Where the size or nature of the operations of the applicant allows it, a properly staffed internal audit function should exist (which has direct access to the board of directors or an appropriate committee of the board) that reports to the board/audit committee			
	a. Outline the role of internal audit			
	b. Include details of whether internal audit will be outsourced to parent bank or carried out locally			
	c. Outline frequency of internal audits			
	d. The audit function should be independent from the operational activities of the applicant			
8.2	Compliance			
	a. Indicate who will be responsible for the compliance function			
	b. Set out compliance reporting lines, processes, key compliance responsibilities, etc.			

	Confirm that the compliance officer will be independent from the operational activities of the applicant.	<input type="checkbox"/>		
8.3	Risk Management			
	a. Outline the scope of the risk management function			
	b. Identify the major risks that the applicant faces, and detail how the applicant proposes to monitor, manage, control and report on each of these risks (in relation to each of its proposed business lines)			
	c. Describe the applicant's definition of material risk. In doing so, please describe how a risk is determined to be non-material, the role of the applicant's board in reviewing this definition and the role of senior management in developing the definition.			
	d. Demonstrate that comprehensive risk management systems commensurate with the scope, size and complexity of the applicant's activities, including derivatives and associated risks, will be in place, incorporating:			
	- Continuous measuring, monitoring and controlling of risk			
	- Accurate and reliable management information systems			
	- Timely management reporting			
	- Thorough audit and control procedures			
8.4	Treasury			
	a. Outline the treasury activities of the applicant and include information on the management of liquidity and funding.			

9	Capital, Funding and Solvency			
9.1	Capital			
	Set out full details of			
	a. The capitalisation of the applicant (at time of submission of the application) and projected figures for licensing date (if changes planned) - splitting it between share capital, capital contribution, etc.			
	(Initial capital in the form of paid up shares must not be less than €7 million)			
	b. Subordinated debt (if applicable)			
	The draft agreement should be submitted for review and be accompanied by a legal confirmation			

10	Financial Information and Projections			
10.1	Provide audited accounts in respect of the group for the last 3 years			
	a. Projected Income Statement (including notes to the accounts)			
	b. Projected Balance Sheet (including notes to the accounts)			
	c. Prudential Ratios & Capital Structure			
	d. Projected Key Financial Indicators (e.g. Return on Earnings, Cost/Income, etc.)			

11	Further important information for application			

I confirm that

- I am authorised by the applicant to make this banking licence application on its behalf;
- The information set out in the application and supporting documentation is complete, correct and accurate; and
- There is willingness and a capacity on the part of the applicant to comply with codes, prudential and legislative requirements applicable to credit institutions on a continuous basis.

Signed:

Name:

Title:

Name of employer:

Date

/ /

Provisions in this document should not be deleted nor amended in any manner. The CBK may, under the provisions of Law No.4/L-093 on Banks, Microfinance Institutions and Non-Banking Financial Institutions, particularly, Article 14 of Law on Banks, revoke a licence if the holder of the licence has obtained the licence through false statements or any other irregular means.



ANNEX 2

BANKING LICENCE
APPLICATION FORM

2 GUIDELINE NOTES

This form serves as a banking licensing application, which can be downloaded from the Central Bank of the Republic of Kosovo (CBK) website. When completing the application form, you should not modify or delete any of the questions. Alternatively, if the completing of the application form is not possible through the computer, you can print out the form and complete it in CAPITAL LETTERS AND IN BLUE INK. Write N/A in case any of the requirements of this form does not apply in your case.

Each section of the application form outlines documents to be attached. Additional information and documents may be provided, where appropriate. All documents must be signed and dated properly.

The application must include the list of contents, showing all the attached documents for each section. If the same document is required in more than one section (e.g., individual CV-s or Company Reports (CR)), it should be provided only once, indicating in all relevant boxes the section that the hard copy is attached to.

If the rows in any of the following tables in the application are not enough, or the respective table needs to be repeated, you can print that page more than once.

This application must be completed in one of the official languages of the Republic of Kosovo. Financial Statements and other attached documents must be submitted in their original language accompanied by a certified translation in one of the official languages of the Republic of Kosovo.

Unless otherwise indicated, all absolute amounts are expressed in thousands of Euros, without decimals. Conversion of other currencies in Euro is made using the exchange rate at the last date of the month as published by CBK. Percentages should be expressed using only one decimal digit.

Licensing and Standardisation Department personnel is available for consultation regarding the course of preparing the licensing application, and it will try to provide appropriate guidance, where required. CBK may request, through Licensing and Standardization Department personnel, any additional document or explanation as deemed reasonably appropriate for evaluation by CBK.

If the application is incomplete, CBK will not process it. Also, if the application does not provide complete information that may affect the CBK evaluation, it may result in significant processing delays. CBK does not take the responsibility for any loss caused to the applicant by any delay.

In addition, it should be understood that after the issuance of the banking license, if discovered during the assessment that incomplete or false information has been provided, CBK may revoke license under the Law no. 04 / L-093 on banks, microfinance institutions and non-bank financial institutions, which entered into force on 12 April 2012; hereinafter "Law on Banks".

1. Parent Bank/Financial Institution					
1.1. The name of the parent bank/financial institution					
3					
1.2. The place where the parent bank/financial institution is incorporated					
4					
1.3. External auditor(s) and audits for the last three (3) years					
YEAR	AUDITOR		AUDITOR'S OPINION		
1.4. Countries where the parent bank/financial institution is present (data from the last annual financial statements)					
COUNTRY	OWN ASSETS			PROFITS	
	AMOUNT	%	PARTICIPATION IN THE MARKET	AMOUNT	%
Total		100.00 %			100.00 %
1.5. Main financial data for the last three (3) years					
YEAR	CAPITAL ADEQUACY	TIERI	TOTAL ASSETS	PROFITS	
1.6. The last external credit classification given to the parent financial institution					
KOSOVO CREDIT RATING AGENCY	MID-TERM RATING		LONG-TERM RATING		
	RATING	DATE	RATING	DATE	
1.7. The name of home supervisor of parent bank/financial institution					
1.8. Date of Statement Agreement of the home supervisor that there are no objections for establishing the bank in Kosovo 5 (no application will be considered without a positive Statement Agreement of the home supervisor)					
1.9. Specific terms of Statement Agreement of the home supervisor, if any					

1.10. Existing legal restrictions on exchange of banking information (if any, if specific to the bank)				
1.11. Specific conditions imposed for conducting banking business from any supervisory authority				
SUPERVISOR	COUNTRY	CONDITIONS	PERIOD	
1.12. Date and the signer (name and position) of the letter from the parent bank declaring the intention for establishing the bank in Kosovo and for providing guarantee and support				
1.13. Previous applications for a banking license which are rejected, or revoked banking licenses (if any, one row for each case)				
COUNTRY	SUPERVISOR	DATE	REJECTED/REVOCED	REASONS
1.14. Significant sanctions imposed in the past three (3) years (if any, one row for each case) <input type="checkbox"/>				
COUNTRY	SUPERVISOR	DATE	SANCTION	REASONS

DOCUMENTS TO BE ATTACHED TO SECTION 1:

- Parent bank/financial institution background;
- The legalised registration certificate of the parent company (if applicable);
- Audited financial statements for the past three (3) years;
- The Statement Agreement from home supervisor;
- Letters from supervisors imposing special conditions to conduct financial business;
- The letter from the Parent Bank/Financial Institution stating the intention for establishing the bank in Kosovo and specific guarantees and ensured support;
- Related documents and detailed descriptions of any rejected and revoked license;
- Related documents and detailed descriptions of any significant sanction imposed in the last three (3) years.

2. Applicant Company/Potential Bank	
2.1. Proposed name of the potential bank	
6	
2.2. The type of company (joint-stock company, Limited Liability Company, etc.)	
7	
2.3. The address of the company's headquarter	
8 Street:	
9 City	
10 Zip code	
11 Telephone	
12 Fax	
13 E-mail	

DOCUMENTS TO BE ATTACHED TO SECTION 2:

- Business registration certificate (if applicable)

3. Representatives of the Applicant Company/Potential Bank						
3.1. The person appointed as a spokesperson, who will serve as the primary contact between the Applicant Company/Potential Bank and CBK:						
NAME	LAST NAME	ID NUMBER	ROLE IN PROCESS	POSTAL ADDRESS	TELEPHONE NUMBER	E-MAIL
3.2. Legal representatives of the Applicant Company/Potential Bank						
NAME	LAST NAME	ID NUMBER	ROLE IN PROCESS	POSTAL ADDRESS	TELEPHONE NUMBER	E-MAIL
3.3. External companies and professional support						
NAME / COMPANY	BUSINESS/OCCUPATION	ID/BUSINESS REG. NUMBER	ROLE	POSTAL ADDRESS	TELEPHONE NUMBER	E-MAIL

DOCUMENTS TO BE ATTACHED TO SECTION 3:

- Authorization of legal representatives;
- ID copies;
- Legal representatives: CVs, according to the format listed in Annex A;
- Foreign companies: Company Reports (CR), according to the format listed in Annex B;
- External professionals: CVs, according to the format listed in Annex A.

4. Ownership of the Applicant company / Potential Bank :

4.1. Share of equity directly owned by the parent financial institution /bank

14

4.2. Individuals and other companies that are direct shareholders and each owning more than five percent (5%) of equity

NAME / COMPANY	ID/BUSINESS REGISTRATION NUMBER	COUNTRY	INCORPORATION / DATE OF BIRTH	% OF EQUITY	RELATIONSHIP WITH THE PARENT FINANCIAL INSTITUTION	PHONE NUMBER	EMAIL ADDRESS
TOTAL				%			

4.3. For each company mentioned in the previous tables (direct shareholders owning more than five percent (5%) of equity of the applicant company/potential bank), provide the full list of beneficiary shareholders

NAME / COMPANY	NUMBER OF BUSINESS REGISTRATION	COUNTRY	INCORPORATION	% OF EQUITY	BENEFICIAL SHAREHOLDER	PHONE NUMBER	EMAIL ADDRESS

4.4. Explanation of Shareholder Structure

DOCUMENTS TO BE ATTACHED TO SECTION 4:

- Individual Shareholders: CV, under the format listed in Annex C;
- Company Shareholders: Shareholder Company Report (CR), under Annex B;
- Group structure chart, including relations of shares between companies and the percentage of capital;

	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-

5.6. The proposed internal auditors and the main positions of control (use as many rows as needed)

NAME	ID NUMBER	COUNTRY	DATE OF BIRTH	YEARS OF FINANCIAL EXPERIENCE	POSITION	POSITION IN THE PARENT FINANCIAL INSTITUTION / BANK	PHONE NUMBER
					Internal Auditor		
					Compliance Officer		

DOCUMENTS TO BE ATTACHED TO SECTION 5:

- Statute and Articles of Association;
- Organizational structure scheme;
- Detailed description on the committees;
- Individuals: CVs according to the format listed under Annex A, CBK's web site, at Applications.

6. Business Objectives	
6.1. Financial services and products to be provided	- - - - - -
6.2. Key segments of customers to be pursued	- - - - - -
6.3. Main lines of business	- - - - -
6.4. Geographic areas to be covered (network)	- - - - - -
6.5. Main distribution channels	- - - - -
6.6. Assessments of business volume for the next three (3) years	- - -
6.7. Assessments of profitability for the next three (3) years	- - -

DOCUMENTS TO BE ATTACHED TO SECTION 6:

- Business plan for the next three (3) years, including rational assumptions;
- Quantitative financial projections for the next three (3) years in the CBK form listed on the CBK web site (bqk-kos.org) under Applications; Annex D- Form of financial projections.

7. Risks

A brief description of the relative importance of each of the following risks considering the main lines of business of the bank and how this risks will be controlled and managed

A brief description of how important are each of the following risks that may be estimated in the main lines of business of the bank and how these risks can be controlled and managed

7.1. Credit risk	15
7.2. Liquidity risk	16
7.3. Operational risk	17
7.4. Interest rate risk	18
7.5. Other risks - - -	19

20 DOCUMENTATION TO BE ATTACHED TO SECTION 7:

- Risk Policy and Strategies.

8. Capital adequacy

8.1. Initial capital equivalency deposit for branches:

21

8.2. Initial capital for subsidiaries (one row per type of shares):

TIER / TYPE OF SHARE	NUMBER OF SHARES	NOMINAL VALUE	NOMINAL AVERAGE PAR VALUE	SHARE PREMIUM	PAID-IN CAPITAL	MINIMUM % OF INITIAL CAPITAL	AUTHORIZED CAPITAL	% OF PAIDIN CAPITAL
				22				23
24 TOTAL				25				26

8.3. Assessed regulatory capital ratios (%) for the first 3 years:

VITI	CAPITAL RATIOS	RISK-WEIGHTED ASSETS	REGULATORY CAPITAL
		27	
		28	

DOCUMENTS TO BE ATTACHED TO SECTION 8:

- Detailed description of each tier/type of share characteristic;
- Capital strategy.

9. Potential added value to the financial system of Kosovo

9.1. The potential added value provided by the new bank to the Kosovo financial system in relation to

Available products and financial services	- - - - -
Prices and best rates to customers	- - - - -
Financial access in certain customer segments	- - - - -
Geographical distribution	- - - - -
Liquidity	
Other issues	- - - - -

29

DOCUMENTATION TO BE ATTACHED TO SECTION 9:

- Analysis of potential added value of the new bank to the financial system of Kosovo.

I/we hereby declare that the Law on Banks is met and that the documents herein are true and accurate to the best of my/our knowledge. Any substantial change to the details in the particular stated here or in any of the referred documents will be immediately communicated to the CBK no later than five days after the date of such change taking place.

Failure to do so may result in non-approval of this application.

Signed on

/ /

Signature of the Applicant's representative 1

Full name:

Signature of the Applicant's representative 2

Full name:

I/We hereby submit the payment concerning this banking license application according to the CBK Fees Scheme, published on the official website: www.bqk-kos.org, as required by Article 86 of the Law on Banks.

The amount paid: €

Transfer no:

Payment date:

Paid by:

(Full names)

Signature:

DATE/STAMP OF THE COMPANY



ANNEX

APPLICATION FORM FOR
OPENING/REGISTRATING
A BANK BRANCH/OFFICE
WITHIN THE REPUBLIC OF
KOSOVO

GUIDELINE NOTES

This form serves as an application for the opening and relocation of bank branches and offices within the Republic of Kosovo, which can also be downloaded from the website of the Central Bank of the Republic of Kosovo (CBK). When completing the form, you should not change or delete any of the questions. If completing this form is not possible through the computer, you can print out the same and fill it in CAPITAL LETTERS AND IN BLUE INK. If any of the requirements of this form do not apply to your case write down N/A.

This application must be completed in one of the official languages of the Republic of Kosovo.

Licensing and Standardisation Department personnel are available for consultation regarding the course of preparing this application. CBK may request, through the Licensing and Standardization Department personnel, any additional document or explanation as deemed reasonably appropriate for assessment by the CBK.

If the application is incomplete, CBK will not process it. Also, if the application does not provide complete information that may affect the CBK evaluation, it may result in at least significant processing delays. CBK does not take the responsibility for any loss caused to the applicant by any delay.

Information on Bank Identification	
Name of Bank	
Head Office Location	
Address	
Zip Code	
City	
Information on the Identification of the Application (tick the appropriate box)	
The application has been submitted for obtaining the approval to	
<input type="checkbox"/>	Open a branch/office at the following address
<input type="checkbox"/>	Relocate a branch/office at the following address
<input type="checkbox"/>	Relocate the head office at the following address
Location	
Address	
Zip Code	
City	
For Relocation	
If it is a relocation of the branch office, indicate the current address	
Address	
Zip Code	
City	
Request for additional information or any other communication regarding this proposal should be addressed to:	
Name	
Title	
Postal Address	
Telephone number	

Statutory and Regulatory Factors

1. Legality

For the opening or relocation of bank branches/offices

Is there any restrictions imposed by the Regulation on opening or relocation of the branch/head office at this location?

YES

NO

Are there other legal issues involved in this proposal?

YES

NO

If Yes, provide legal analysis and fully clarify legal issues

2. Bank Facilities

Will the cost foreseen for opening or relocation of the branch, result in an investment in of bank facility that exceeds the limitations set forth in the CBK Regulation on limits to holdings of movable or immovable property?

YES

NO

If Yes, or if prior approval is not granted, has the request for investment been attached in the application or submitted to the Banking Supervision Department?

YES

NO

Has the bank provided adequate protection for the facility and equipment with any insurance company licensed by the CBK?

YES

NO

Has the bank provided facility and equipment protection with any adequate physical security company in the Republic of Kosovo?

YES

NO

If applicable, has the bank concluded a lease agreement that entitles it to use the branch/office facility to carry out banking activities?

YES

NO

YES

Has the bank provided CBK a written notice on the meeting technical and security conditions in accordance with applicable legal acts and the statute for carrying out banking activities?	<input type="checkbox"/>	NO
If this will be a new branch, will it provide loan services as well as deposit services?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
If not, explain the types of services and deposit services to be provided		

The Date of Planned Opening/Relocation

I/we plan the opening/relocation , and hereby wish that CBK acts on this application no later than / / . I/we hereby certify that the Board of Directors of the Bank has authorized the completion of this application and that to the best of my/our knowledge it does not contain any misrepresentations or change of facts in the documents. Any substantial change to the details declared herein or in any of the referred documents will be immediately communicated to the CBK within a period not later than five days from such change taking place.

Signature of Authorized Officer _____

Name _____

Title _____

Date _____ / /

I/we hereby submit the payment regarding this application pursuant to the CBK Fees Scheme, published on the official website: www.bqk-kos.org

Amount paid: €

Transfer No.:

Payment date:

Paid by:

Signature:

(Full names)

OFFICIAL DATE /STAMP OF THE COMPANY



ANNEX

APPLICATION FORM FOR
OPENING OF BRANCHES AND
SUBSIDIARIES OF BANKS
OUTSIDE REPUBLIC OF
KOSOVO

GUIDELINE NOTES

This form is intended as an application form for opening of the branch or subsidiaries of banks outside the Republic of Kosovo, which is available for download at the web site of the Central Bank of the Republic of Kosovo (CBK). During the completion, you should not modify or delete any of the questions. If the completion of this application form is not possible by means of the computer, then you can print it out and fill it in CAPITAL LETTERS IN BLUE INK. If any of the requirements of this application form is not applicable in your case, write N/A.

This application form must be completed in one of the official languages of the Republic of Kosovo.

Licensing and Standardisation Department personnel are available for consultations regarding the course of preparing this application form. CBK may request, through the Licensing and Standardisation Department, any additional document or explanation as deemed appropriate for assessment by CBK.

If any application form is incomplete, CBK will not process it. Also, if the application does not provide complete information that may affect the CBK evaluation, it may result in significant processing delays. CBK does not take responsibility for any loss caused to the applicant by any delay.

Information on Bank Identification

Name of bank	
--------------	--

Head Office Location:	
-----------------------	--

Address:	
----------	--

Zip Code:	
-----------	--

City:	
-------	--

Information for the Identification of the Application
(For all applications for opening a branch/subsidiary outside of Kosovo)

The application is submitted for licence to:

<input type="checkbox"/>	Open a branch at the following address
--------------------------	--

<input type="checkbox"/>	Open subsidiary at the following address
--------------------------	--

Location

Address:	
----------	--

Zip Code:	
-----------	--

City:	
-------	--

Request for additional information or other communication with regard to this proposal should be sent to:

Name	
------	--

Title	
-------	--

Email address	
---------------	--

Telephone number	
------------------	--

Statutory and Regulatory Factors

3. Legality		
For the opening of a branch/subsidiary		
Was this expansion outside Kosovo approved by the Board of Directors of the Bank?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
Is there any restriction imposed by the Regulation on opening or relocation of the branches/subsidiaries in this location?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
Is there any other legal issue involved in this proposal?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
If Yes, provide legal analysis and fully discuss the legal issue		
4. Bank Facilities		
Will the cost foreseen for opening or relocation of the branch/subsidiary result in an investment of bank facilities that exceed the limitations set forth by the CBK Regulation on limits to holdings of real estate and immovable property?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
If yes, or if prior approval is not granted, has the request for investment been attached in the application, or presented to the Bank Supervision Department?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
5. Organisation and Activities		
Has the Bank included the organizational structure of the Office, along with the proposed number of employees, as well as the person(s) proposed as Office Director, accompanied by a description of their respective competences?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
Has the Bank provided the business plan for the office for the first three (3) years of their activity, including the completion of applications requested in Annex D- Financial Projections Form , available at CBK official website under Applications: www.bqk-kos.org ?	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO
	<input type="checkbox"/>	YES

Have the Bank include information on the deposit insurance scheme in the country where the branch will be opened?	<input type="checkbox"/>	NO
6. Only for the Subsidiary of the Bank		
If this application form is for opening a subsidiary, have the following additional information been included:		
Information on the identity, location or head office and current year business data for each person possessing qualifying assets in the subsidiary	<input type="checkbox"/>	YES
	<input type="checkbox"/>	NO

Desired Date of Action

_____ / ____ / ____ .

Signature of Authorised Official

Name

Title

Date

_____ / ____ / ____

I/we hereby submit the payment regarding this application pursuant to the CBK Fees Scheme, published on the official website: www.bqk-ks.org

Amount paid: €

Transfer No.:

Payment date:

_____ / ____ / ____

Paid by:

(Full names)

Signature:

Assignment

DATE / COMPANY STAMP



ANNEX A

INDIVIDUAL CV

GUIDELINE NOTES

This application form is intended as application form for bank requirements on the approval of individual shareholders, directors and senior managers, which can be downloaded from the website of the Central Bank of Kosovo (CBK). During the completion, you should not modify or delete any of the questions. If the completion of this application form is not possible by means of the computer, then you can print it out and fill it in CAPITAL LETTERS IN BLUE INK. If any of the requirements of this application form is not applicable in your case, write N/A.

Each section of Annex A requires the information necessary for submission. Depending on the specific circumstances of each case, the CBK may require, through the Licensing and Standardisation Department personnel, additional clarification or information which is considered necessary for its assessment, including the original supporting documentation of the given information.

Regardless, the applicant may also provide other information and additional documents from those requested by CBK, in case they are deemed as adequate in order to clarify and better explain the situation. In any case, the submitted documents should be dated and signed.

Any material change from the information provided in Annex A, during the time the application submitted, is being reviewed, it should immediately be disclosed to CBK.

Annex A should be filled out in one of the official languages of the Republic of Kosovo. Other attached documents should be submitted in their original language, accompanied with a certified translation in one of the official languages of Republic of Kosovo.

Unless stated otherwise, all absolute amounts should be expressed in thousands of Euros, without decimal digits. Conversion of other currencies in Euro is made using the exchange rate of the last date of the month as published by CBK. Percentage figures should be expressed with the use of only one decimal digit.

Licensing and Regulation Department personnel are available to provide advice and will try to provide the right instructions accordingly.

If Annex A is not complete or does not disclose all the information which can influence the CBK evaluation, it may result in significant proceeding delays. CBK cannot claim responsibility for any loss caused to the applicant by any delay.

If during the evaluation period it is found that incomplete or false information is presented, CBK may withdraw the registration/approval pursuant to the Law No. 04/L-093 on Banks, Microfinance Institutions and Non Bank Financial Institutions, effective on 12 April 2012 (hereinafter Law on Banks).

Name of the individual: _____

This CV is part of the following application form:

Name of the potential applicant bank/company

Type of application

Current or potential role

<input type="checkbox"/>	Bank licence	<input type="checkbox"/>	Director
<input type="checkbox"/>	Changes in control	<input type="checkbox"/>	Senior Manager
<input type="checkbox"/>	Changes in management	<input type="checkbox"/>	External professional
<input type="checkbox"/>	Other (specify): _____	<input type="checkbox"/>	Other (specify): _____

1. IDENTIFICATION DATA

1.1. Name and Surname:

Name

Middle name

Surname

1.2. Address

Street

Zip code

City

Region/Country

1.3. Date of birth (dd/mm/yyyy)

/ /

1.4. Place of birth

City

Region

Country

1.5. Gender

Male Female

1.6. Current citizenship

Country

Initial date

1.7. Previous citizenship (if different from the current):

Country

Initial date

Final date

2. EDUCATION BACKGROUND

2.1. The highest education level achieved (university, high school etc.):

EDUCATION LEVEL	INSTITUTION	PERIOD	DIPLOMA
█	█	█	█
█	█	█	█
█	█	█	█

2.2. Specific vocational trainings:

SUBJECT	INSTITUTION AND PLACE	YEAR(S)	OVERALL TRAINING PERIOD
█	█	█	█
█	█	█	█
█	█	█	█
█	█	█	█
█	█	█	█

3. PROFESSIONAL EXPERIENCE

3.1. Employment or self-employment in reverse chronological order (current employment first):

PERIOD (mm/yyyy)	INSTITUTION /COMPANY AND COUNTRY	POSITION	MAIN FUNCTIONS	DISCHARGED OR REQUESTED TO RESIGN (Y/N)
█	█	█	█	█
█	█	█	█	█
█	█	█	█	█
█	█	█	█	█
█	█	█	█	█

3.2. Banking/ financial experience in reverse chronological order, current experience first (only if not mentioned in the previous table)

PERIOD	INSTITUTION /COMPANY	PROJECT / CASE	POSITION	MAIN FUNCTIONS
--------	----------------------	----------------	----------	----------------

4. PROFESSIONAL AND ASSOCIATIONS REFERENCES

4.1. Professional references not related, or in any way associated with the annex attached to this application form (at least three):

NAME	INSTITUTION / COMPANY	POSITION	POSTAL ADDRESS	TELEPHONE	EMAIL ADDRESS

4.2. Professional associations:

PROFESSIONAL ASSOCIATIONS	MEMBERSHIP SINCE	POSITION HELD

5. PARTICIPATION IN DIFFICULT FINANCIAL SITUATIONS

5.1. Participation in a company under administration, bankruptcy or liquidation during association/relation or within three (3) years of leaving.

COMPANY	POSITION	% of CAPITAL	PROCESS	INITIAL DATE

5.2. Participation in non-performing loans, as a borrower or guarantor:

CREDITOR	BORROWER	PERSONAL PARTICIPATION	AMOUNT	DATE

6. CRIMINAL OFFENCES AND DISCIPLINARY MEASURES


6.1. Any sanction by any court against you/or any business or company which you have cooperated with as a senior manager, director or important shareholder (with 5 % of the capital or more):


DATE	COURT	BUSINNES/COMPANY	POSITION	% of CAPITAL	OFFENSE	SANCTION

6.2. Sanctions by any law enforcement agency against you, the business or company with which you were related as a senior manager, director or important shareholder (with 5 % of the capital or more):

DATE	AGENCY	BUSINESS/COMPANY	POSITION	% of CAPITAL	OFFENSE	SANCTION

I hereby declare that the above statements and the documents submitted are true and correct to the best of my knowledge and belief. Any substantial changes to the information stated herein or in the referred document will be immediately communicated to the authorities within a period not later than five (5) days from the date of such changes taking place.

Date: _____ 

Place: _____ 

Signature: _____

Full name: _____ 



ANNEX

SHAREHOLDERS COMPANY
REPORT (CR)

GUIDLINE NOTES

This application form is intended as application form for bank requirements on the approval of shareholders organised as business organization, which can be downloaded from the Central Bank of Kosovo (CBK) website. During the completion, you should not modify or delete any of the questions. If the completion of this application form is not possible by means of the computer, then you can print it out and fill it in CAPITAL LETTERS IN BLUE INK. If any of the requirements of this application form is not applicable in your case, write N/A

Each section of Annex B describes the information necessary for submission. Depending on the specific circumstances in each case, the CBK may ask, through the Licensing and Regulation Department personnel, for additional clarifications or information which is considered as needed for the assessment, including the original support documentation of the given information.

However, the applicant may also provide information and other documents from those requested by CBK if they are deemed as adequate in order to clarify and explain the situation better. In any case, the submitted documents should be dated and signed.

Any change in the documentation from the information provided in Annex B, during the time the application submitted, is being reviewed, it should immediately be disclosed to CBK.

Annex B should be completed in one of the official languages of the Republic of Kosovo. Other attached documents should be submitted in their original language, accompanied with a certified translation in one of the official languages of Republic of Kosovo.

Unless stated otherwise, all absolute amounts should be expressed in thousands of Euros, without decimals. Conversion of other currencies in Euro is made using the exchange rate of the last date of the month as published by CBK. Percentage figures should be expressed with the use of only one decimal digit.

Licensing and Regulation Department personnel are available to provide advice and will tend to provide the right instructions accordingly.

If Annex B is incomplete or does not disclose all the information which can influence the CBK evaluation, it may result in significant delays for proceeding. CBK cannot claim responsibility for any loss caused to the applicant by any delay.

If during the evaluation period it is found that incomplete or false information is presented, CBK may withdraw the registration/adoption pursuant to the Law No. 04/L-093 on Banks, Microfinance Institutions and Non Bank Financial Institutions, effective on 12 April 2012 (hereinafter Law on Banks).

Company name:	
[REDACTED]	
This CR is part of the following application form:	
[REDACTED]	
Name of the potential applicant bank/company:	
[REDACTED]	
Type of Application	Actual or potential role
<input type="checkbox"/> New bank licence	<input type="checkbox"/> Shareholder
<input type="checkbox"/> Changes in control	<input type="checkbox"/> Other (specify): [REDACTED]
<input type="checkbox"/> Other (specify) [REDACTED]	

1. IDENTIFICATION DATA	
1.1. Full name and designation	
[REDACTED]	
1.2. Type of company (Joint Stock, Limited Liability Company, etc.)	
[REDACTED]	
1.3. Date and place of registration as in Articles of Association (dd / mm / yyyy)	
[REDACTED] / [REDACTED] / [REDACTED]	
1.4. Business Registration Number:	
3. [REDACTED]	
1.5. Address of Company Headquarters	
4. Street	[REDACTED]
5. Zip code	[REDACTED]
6. City	[REDACTED]
7. Telephone	[REDACTED]
8. Fax	[REDACTED]
9. E-mail address	[REDACTED]

2. OWNERSHIP AND CONTROL

2.1. Individuals and companies who are direct shareholders and each of them holding more than 5% of the capital of the reported company:

NAME / COMPANY	ID/BUSINESS REG. NUMBER	COUNTRY	MAIN BUSINESS/ACTIVITY	INCORP. / BIRTH DATE	% OF CAPITAL	BASIC CONTROLLER	TELEPHONE NUMBER	EMAIL ADDRESS
Total								

2.2. Rationale on the shareholder structure

3. RELATED COMPANIES AND INDIVIDUALS

3.1. Related companies

COMPANY	BUSINESS REG. NUMBER	COUNTRY	MAIN BUSINESS/ACTIVITY	INCORP. DATE	% OF CAPITAL OWNED BY REPORTED COMPAN	OVERALL INVESTMENT OF THE REPORTED COMPANY	BASIC CONTROLLER	TELEPHONE NUMBER	EMAIL ADDRESS
Total									

3.2. Related individuals

NAME	ID NUMBER	DATE OF BIRTH	PLACE	ASSOCIATED COMPANY	BUSINESS REG. NUMBER	% OF OVERALL CAPITAL (DIR.+IND.)	RELATIONS WITH COMPANY	TELEPHONE NUMBER	EMAIL ADDRESS
█	█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█	█

3.3. Business Partners

NAME/COMPANY	ID/BUSINESS REG.NUMBER	BASIC CONTROLLER	BUSINESS/ACTIVITY	RELATIONS	% OF CAPITAL OWNED
█	█	█	█	█	█
█	█	█	█	█	█
█	█	█	█	█	█

4. Professional Activity

4.1. Main lines of business

BUSINESS LINES	ANNUAL TURNOVER	ANNUAL PROFITS
█	█	█
█	█	█
█	█	█

4.2. Main clients/customers

CLIENT/ COSTUMER	BUSINESS LINE	ANNUAL TURNOVER
█	█	█
█	█	█
█	█	█

4.3. The main activity in connection with banking services

PERIOD	FINANCIAL INSTITUTION	PROJECT/ACTIVITY	ANNUAL TURNOVER
█	█	█	█
█	█	█	█
█	█	█	█

5. REFERENCES AND PROFESSIONAL ASSOCIATIONS (DO NOT APPLY TO RELATED COMPANIES OF THE POTENTIAL APPLYING COMPANY/ BANK)

5.1. Professional references, which are not related in any way or associated with the application form for which this appendix is attached (at least three (3))

NAME	INSTITUTION/ COMPANY	POSITION	POSTAL ADDRESS	TELEPHONE	EMAIL ADDRESS

5.2. Professional Associations:

PROFESSIONAL ASSOCIATION	MEMBER SINCE	POSITION

6. PREVIOUS APPLICATIONS

6.1. Participation in previous applications

DATE	REGULATORY AGENCY	TYPE OF APPLICATION	ROLE	FINAL DECISION

7. PARTICIPATION IN TROUBLED FINANCIAL SITUATIONS

7.1. Participation in a company that has been under administration, bankruptcy or liquidation during association/relation or within three (3) years after departure

COMPANY	RELATIONS	PROCESS	START DATE

7.2. Participation in delinquent loans, as borrowers or guarantors

CREDITOR	BORROWER	POSITION	AMOUNT	DATE	LOSSES

8. CRIMINAL OFFENSES AND DISCIPLINARY MEASURES

8.1. Sanctions by any court

DATE	COURT	ACTION	SANCTION
■	■	■	■
■	■	■	■
■	■	■	■

8.2. Sanctions by any law enforcement agency

DATE	AGENCY	ACTION	SANCTION
■	■	■	■
■	■	■	■
■	■	■	■

9. FINANCIAL STATEMENTS (ONLY FOR THOSE COMPANIES THAT ARE APPLYING AS EXISTING OR POTENTIAL SHAREHOLDERS?)

This section should be completed only by those companies that apply as existing or potential shareholders. Detailed information on the financial statements for the last three years should be attached as supplement to the following information.

9.1. Financial Statements at least for the last three (3) years:

DATE	EXTERNAL AUDITOR
■	■
■	■
■	■

9.2. Summary of financial statements for the last three (3) years:

ASSETS				LIABILITIES			
TYPE	YEAR X AMOUNTS	YEAR X-1 AMOUNTS	VITI X-2 AMOUNTS	TYPE	YEAR X AMOUNTS	YEAR X-1 AMOUNTS	YEAR X-2 AMOUNTS
Cash in banks	■	■	■	Bank loan	■	■	■
Receivables	■	■	■	Payable Accounts	■	■	■
Inventory	■	■	■	Other liabilities	■	■	■
Fixed assets	■	■	■	TOTAL LIABILITIES	■	■	■
Other assets	■	■	■	NET VALUE	■	■	■
TOTAL ASSETS	■	■	■	TOTAL LIABILITIES AND NET VALUE	■	■	■

9.3. Other assets and liabilities (details when they are higher than five percent 5% of total assets)

YEAR	ASSETS / LIABILITIES	DESCRIPTION	AMOUNT
■	■	■	■
■	■	■	■
■	■	■	■

9.4. Profit and loss for the past three (3) years:

PROFIT AND LOSS	YEAR X AMOUNTS	YEAR X-1 AMOUNTS	YEAR X-2 AMOUNTS
Sales	■	■	■
The cost of sales	■	■	■
General expenses	■	■	■
NET ORDINARY INCOMES	■	■	■
Extraordinary items (net)	■	■	■
TOTAL NET INCOME	■	■	■

9.5. Net cash flow for the last three years (amounts and dates)

NET CASH FLOW	YEAR X	YEAR X-1	YEAR X-2
	■	■	■

We declare that the statements contained herein and the submitted documents are true and accurate to the best of our knowledge and belief. Any substantial changes to the information stated herein or in the referred documents shall be communicated immediately to the authorities no later than five (5) days from the date of such changes taking place.

Date _____

Place _____

Signature _____

Full name: _____

Position: _____

Signature _____

Full name: _____

Position: _____



ANNEX C

CV OF INDIVIDUAL
SHAREHOLDER

GUIDELINE NOTES

This form serves as an application for bank request for approvals of individual shareholders, which can also be downloaded from the Central Bank of the Republic of Kosovo (CBK) website. When filling the form, you should not change or delete any of the questions. If the completion of this form is not possible by means of a computer, then you can print out the same and fill it in with CAPITAL LETTERS IN BLUE INK. If any of the requirements of this form do not apply to your case write N/A.

Each section of Annex C requires the information to be submitted. Depending on the specific circumstances of each case, the CBK may, through the Licensing and Standardization Department staff, request clarifications or any additional information deemed necessary for the assessment, including original supporting documents of the information provided.

Regardless, the applicant may also provide additional information and additional documents other than those required by the CBK if they are considered appropriate to better clarify and explain the situation. In any case, all submitted documents must be signed and dated.

Any material changes to the information provided in Annex C, taking place during the time while the application for which it is submitted is being reviewed, should immediately be disclosed to the CBK.

Annex C must be completed in one of the official languages of the Republic of Kosovo. The Financial Statements and other attached documents must be submitted in their original language, accompanied by a certified translation into one of the official languages of the Republic of Kosovo.

Except if it is required otherwise, all absolute amounts should be expressed in thousands of Euros, with no decimal digits. Conversion of other currencies in Euro is made using the exchange rate on the last day of the following month as published by the CBK. Percentage figures should be expressed using only one decimal digit.

The staff of the Licensing and Standardization Department is available to be consulted and will try to provide the right instructions where it is required.

If Annex C is incomplete or does not provide all the complete information that may affect the CBK's assessment, it may result in significant delays in processing the application. CBK shall not be held responsible for any losses incurred to the applicant from any delay.

If, during the assessment period, it is discovered that incomplete or false information was provided, the CBK may revoke the registration / approval under Law no. 04 / L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions, which entered into force on 12 April 2012 (hereinafter Law on Banks).

Name of individual: _____

██████████

This CV of the shareholder is part of the following application

██████████

Name of applying Company/Potential Bank

██████████

Type of application

Current or potential role

New bank license

Shareholder

Changes in control

Other (specify): ████████████████████

7. IDENTIFICATION DATA

7.1. Name and surname:

Name

Middle name

Surname

7.2. Address

Street

ZIP code

City

Region/Country

7.3. Date of birth (dd/mm/yyyy)

/ /

7.4. Place of birth

City

Region

Country

7.5. Gender:

Male

Female

7.6. Present Citizenship

Country

Initial date

7.7. Previous Citizenship (if different from the present)

Country

Initial date

Final date

8. Related Individuals, Related Companies and Business Partners

8.1. Related Companies - companies controlled by reported individuals

COMPANY	BUSINESS REG. NUMBER	COUNTRY	MAIN BUSINESS / ACTIVITY	DATE OF ESTABLISHMENT	OVERALL PERCENTAGE OF CAPITAL (DIR.+IND.)	OVERALL INVESTMENTS IN THE COMPANY	TELEPHONE NUMBER	EMAIL ADDRESS
█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█

8.2. Related Companies - companies where the reported individual is a basic controller, individual shareholder, director, and/or senior manager

COMPANY	BUSINESS REG. NUMBER	COUNTRY	MAIN BUSINESS / ACTIVITY	DATE OF ESTABLISHMENT	OVERALL PERCENTAGE OF CAPITAL (DIR.+IND.)	OVERALL INVESTMENTS IN THE COMPANY	TELEPHONE NUMBER	EMAIL ADDRESS
█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█

8.3. Related Individuals - basic controllers, individual shareholders, directors and senior managers of related companies

NAME	ID NUMBER	DATE OF BIRTH	COUNTRY	RELATED COMPANY	BUSINESS REG. NUMBER	OVERALL PERCENTAGE OF CAPITAL (DIR.+IND.)	RELATION WITH THE COMPANY	TELEPHONE NUMBER	EMAIL ADDRESS
█	█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█	█
█	█	█	█	█	█	█	█	█	█

8.4. Related Individuals - Relatives of the reported individual

NAME OF RELATIVE	ID NUMBER	BUSINESS/ ACTIVITY	RELATION
█	█	█	█
█	█	█	█
█	█	█	█

8.5. Related Individuals - relatives of individuals related other than the reported individual

NAME OF RELATIVE	ID NUMBER	BUSINESS/ACTIVITY	RELATED INDIVIDUAL	RELATION

8.6. Business Partners

NAME / COMPANY	ID/NUMBER OF BUSINESS REG.	BASIC CONTROLLER	BUSINESS / ACTIVITY	RELATION	% OF OWNED CAPITAL

9. EDUCATION BACKGROUND

9.1. The highest level of education achieved (University, High School etc)

Educational level	Institution	Period	Diploma

9.2. Specific professional training

Subject	Institution	Year(s)	Overall time of training

10. PROFESSIONAL EXPERIENCE

10.1. Employment or self-employment in reverse chronological order (current employment first)

PERIOD	INSTITUTION / COMPANY	POSITION	MAIN FUNCTIONS	DISCHARGED OR REQUESTED TO RESIGN (Y/N)

10.2. Banking/financial experience in reverse chronological order, most recent experience first (unless it is mentioned in the previous table)

11. PREVIOUS APPLICATIONS

11.1. Participation in previous applications:

DATE	REGULATORY AGENCY	TYPE OF APPLICATION	ROLE	FINAL DECISION
■	■	■	■	■
■	■	■	■	■
■	■	■	■	■

12. PARTICIPATION IN PROBLEMATIC FINANCIAL SITUATIONS

12.1. Participation in a company that is in administration, bankruptcy or liquidation during co-operation, or within three years after leaving

COMPANY	POSITION	% CAPITAL	PROCESS	START DATE
■	■	■	■	■
■	■	■	■	■
■	■	■	■	■

12.2. Participation in delinquent loans, as a borrower or guarantor

CREDITOR	BORROWER	PERSONAL PARTICIPATION	AMOUNT	DATE	FINAL LOSS
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■
■	■	■	■	■	■

13. CRIMINAL OFFENSES AND DISCIPLINARY MEASURES

13.1. Any sanction by any court against you / or a business, company you have co-operated with as senior manager, director or important shareholder (with five percent (5%) or more of the capital)

DATE	COURT	BUSINESS/COMPANY	POSITION	% of CAPITAL	OFFENSE	SANCTION
■	■	■	■	■	■	■
■	■	■	■	■	■	■
■	■	■	■	■	■	■

13.2. Sanctions by any law enforcement agency against you, the business or the company you are related with as a senior manager, director or significant shareholder (with five percent (5%) or more of the capital)

DATE	AGENCY	BUSINESS/ COMPANY	POSITION	% CAPITAL	OFFENSE	SANCTION
■	■	■	■	■	■	■
■	■	■	■	■	■	■
■	■	■	■	■	■	■

14. FINANCIAL STATEMENTS (NET VALUE)

Complete the following financial data for the last three years:

14.1. Financial statements data for the last three (3) years (net value) (dd/mm/yyyy):

■ / ■ / ■	■ / ■ / ■	■ / ■ / ■
-----------	-----------	-----------

14.2. Summary of financial statements for the past three (3) years:							
ASSETS				LIABILITIES			
TYPE	YEAR X AMOUNTS	YEAR X-1 AMOUNTS	YEAR X-2 AMOUNTS	TYPE	YEAR X AMOUNTS	YEAR X-1 AMOUNTS	YEAR X-2 AMOUNTS
Cash, bank deposits, tradable securities				Immovable Property Mortgages			
Pension funds				Other banking loans			
Real estate				Other liabilities			
Property interests				TOTAL LIABILITIES			
Other assets				NET VALUE			
TOTAL ASSETS				TOTAL LIABILITIES AND NET VALUE			
14.3. Details of ownership interests (one row for business or company):							
LEGAL FORM OF BUSINESS	REGISTRATION NUMBER	NATURE OF BUSINESS	POSITION	% CAPITAL	CALCULATED VALUE	LAST YEAR TURNOVER	LAST YEAR PROFITS
14.4. Other assets and liabilities (provide details when higher than (5%) of total assets)							
YEAR	ASSETS / LIABILITIES		DESCRIPTION		AMOUNT		
14.5. Net income for the last three (3) years							
NET INCOME				YEAR X AMOUNTS	YEAR X-1 AMOUNTS	YEAR X-2 AMOUNTS	
Wages and Salaries							
Interests and capital gains on financial investments							
Property gains (net, positive or negative)							
Other incomes							
INCOMES							
Ordinary personal expenses							
Financial expenses							
Tax							
EXPENSES							
NET INCOME							
14.6. Net cash flow for the last three (3) years (amounts and dates)							
NET CASH FLOW					YEAR X	YEAR X-1	YEAR X-2

I hereby declare that the statements presented here and the submitted documents are true and accurate to my best knowledge and belief. Any substantial changes in the particulars stated herein or the referred documents will be immediately communicated to the authorities within a period not exceeding five (5) days from the date of such changes taking place.

Date



Place



Signature



Full name



Annex D – Financial projections form

				Emri i bankës potenciale	
				Adresa e biznesit:	
				Nr. i regjistrimit	
('000 Euro)					
Balanci i Gjendjes		Viti 1	Viti 2	Viti 3	
Mjetet					
Paratë dhe depozitat në bankat qendrore					
Depozitat në banka					
Mjetet financiare të mbajtura për tregtim					
Mjetet financiare të përcaktuara në vlerën fer					
Mjetet financiare në dispozicion për shitje					
Kreditë dhe paradhëniet për institucionet kreditore					
Kreditë dhe paradhëniet për klientët					
Mjetet financiare të mbajtura deri në maturitet					
Mjetet me marrëveshje të riblerjes					
Derivativat mbrojtëse					
Investimet në prona					
Mjetet jo-rjedhëse që mbahen për shitje					
Mjetet e tjera të prekshme					
Mjetet e paprekshme					
Investimet në kompanitë partnere dhe në entitete me kontroll të përbashkët					
Mjetet aktuale tatimore					
Pasuria e tatimit të shtyerë					
Mjetet tjera					
Gjithsej Mjetet		-	-	-	
Ekuiteti i aksionarëve					
Kapitali i aksionarëve					
Primi i aksioneve					
Instrumente tjera të kapitalit					
Aksionet e thesarit (-)					
Rezervat rivlerësuese					
Rezervat tjera					
Fitimet e mbajtura					
Fitimi neto për periudhën					
Ekuiteti përgjithshëm i aksionarëve		-	-	-	
Interesat jo-kontrolluse		-	-	-	
Gjithsej Ekuiteti		-	-	-	
Detyrimet					
Burimet nga bankat qendrore					
Detyrimet financiare që mbahen për tregtim					
Detyrimet financiare të përcaktuara në vlerën fer					
Burimet nga institucionet e tjera kreditore					
Burimet dhe kreditë tjera të klientëve					
Letra me vlerë të borxhit					
Detyrimet financiare që ndërlidhen me asetet e transferuara					
Detyrimet e përfitimeve penzionale					
Derivativat mbrojtëse					
Detyrimet e përfshira në mjetet jo-qarkulluese që mbahen për shitje					
Provizione					
Detyrimet qarkulluese të taksave					
Detyrimet e shtyra të taksave					
Detyrimet vartëse					
Detyrimet tjera					
Gjithsej Detyrimet		-	-	-	
Gjithsej Ekuiteti dhe Detyrimet		-	-	-	

Emri i bankës _____
 Adresa e biznesit: _____
 Nr. i regjistrimit _____

(000 Euro)

Pasqyra e të Ardhurave	Viti 1	Viti 2	Viti 3
Interesi dhe të hyrat e ngjashme			
Interesi dhe shpenzimet e ngjashme			
Margjina e normës së interesit	-	-	-
Shpenzimet e provizioneve për humbje nga kreditë (neto)			
Të hyrat nga instrumentet e ekuitetit			
Të hyrat nga tarifat dhe komisionet			
Shpenzimet për tarifat dhe komisionet			
Fitimet/(humbjet) neto për mjetet dhe detyrimet financiare të përcaktuara në vlerën fer			
Fitimet/(humbjet) neto për mjetet dhe detyrimet financiare që mbahen për tregtim			
Fitimet/(humbjet) neto për mjetet financiare në dispozicion për shitje			
Fitimet/(humbjet) neto për mjetet tjera			
Fitimet/(humbjet) neto nga këmbimet valutore			
Fitimet/(humbjet) e tjera nga operacionet			
Gjithsej të hyrat operative	-	-	-
Shpenzimet e personelit			
Shpenzimet e përgjithshme dhe administrative			
Shpenzimet e zhvleftësimit dhe amortizimit			
Gjithsej shpenzimet operative	-	-	-
Shpenzimet e provizioneve për asetet financiare përveç kredive (neto)			
Shpenzimet e provizioneve për asetet jofinanciare (neto)			
Provizionet tjera (neto)			
Fitimet neto operative	-	-	-
Pjesëmarrja e fitimit të ndërmarrjeve partnere dhe ndërmarrjeve të përbashkëta të llogaritura sipas metodës së ekuitetit			
Fitimet neto para tatimeve	-	-	-
Tatimet në të ardhurat aktuale			
Tatimet e shtyera në të ardhurat			
Fitimet neto të periudhës	-	-	-
Fitimet neto të periudhës prej aktiviteteve jooperacionale			
Fitimet neto që u atribuohen interesave jo-kontrolluese			
Fitimet neto që u atribuohen aksionarëve	-	-	-

Emri i bankës potenciale				
Adresa e biznesit:				
Nr. i regjistrimit				
Composition of Regulatory Capital	Viti 1	Viti 2	Viti 3	
Kapitali i klasës së parë				
Kapitali aksionar dhe tepricat e ndërlidhura me të	- €	- €	-	€
Fitimet që nuk janë shpërndarë:				
prej të cilave: Fitimet e mbajtura	- €	- €	-	€
Fitimet neto të periudhës	- €	- €	-	€
Fitime tjera që nuk janë shpërndarë	- €	- €	-	€
Shtesat në kapitalin e klasës së parë				
Aksionet preferenciale të përhershme	- €	- €	-	€
Zbritjet nga kapitali i klasës së parë				
Emri i mirë dhe njetet e paprekshme	- €	- €	-	€
Investimet në ekuitetin e bankave dhe në institucione tjera financiare	- €	- €	-	€
Pasuria e tatimit të shtyrë	- €	- €	-	€
Huazimet ndaj personave të ndërlidhur me bankën (përveç huazimeve të mbuluara me para të gatshme)	- €	- €	-	€
Gjithsej kapitali i klasës së parë	-	-	-	-
Kapitali i klasës së dytë (plotësues)				
Rezervat për humbjet nga kreditë	- €	- €	-	€
Aksionet preferenciale të zakonshme	- €	- €	-	€
Aksionet preferenciale me afat	- €	- €	-	€
Instrumentet e konvertueshme të borxhit	- €	- €	-	€
Borxhet e varura	- €	- €	-	€
Gjithsej kapitali i klasës së dytë	- €	- €	-	€
Gjithsej kapitali	- €	- €	-	€
Kërkesat për përbërjen e kapitalit rregullativ				
Rezervat për humbjet nga kreditë/MPRr (Deri në 1.25%)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Borxhet e varura /Gjithsej kapitali të klasës së parë (Deri në 50%)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Gjithsej kapitali i klasit të dytë / Gjithsej kapitali i klasit të parë (Deri në 100%)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Përshkrimi	Viti 1	Viti 2	Viti 3	
Zërat në Bilancin e Gjendjes				
Gjithsej ekuiteti	- €	- €	-	€
Gjithsej njetet	- €	- €	-	€
Mjetet e Peshuara në Rrezik (MPRr)				
Rreziku kreditor				
Rreziku operacional				
Gjithsej MPRr-të	- €	- €	-	€
Treguesi i Mjaftueshmërisë së Kapitalit				
Raporti i kapitalit të klasës së parë (Mbi 8%)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Raporti i gjithsej kapitalit (Mbi 12%)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Raporti i levës (%)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

