



**MICROFINANCIAL
INSTITUTIONS AND NON-
BANK FINANCIAL
INSTITUTIONS REGISTRATION
MANUAL**

PRISHTINA, JULY 2017

Pursuant to Article 36, paragraph 1, sub-paragraph 1.4 of the Law No. 03/L-209 on Central Bank of the Republic of Kosovo, and Article 16 of the Statute of 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 in its meeting held on 14 July 2017, approved:

MICROFINANCIAL INSTITUTIONS AND NON-BANK FINANCIAL INSTITUTIONS REGISTRATION MANUAL

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1. INTRODUCTION

The Central Bank of the Republic of Kosovo (CBK) has exclusive responsibility for licensing/registration, regulation and supervision of Microfinance Institutions (MFIs) and Non-Bank Financial Institutions (NBFI) in the Republic of Kosovo under Article 23, paragraph 1 of the Law No. 03/L-209 on the Central Bank of the Republic of Kosovo (hereinafter the Law on CBK) and Article 4, paragraph 1 of the Law No. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions (hereinafter the Law on Banks, MFI and NBFI).

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

- registration of MFIs and NBFI;
- revocation of MFI and NBFI registrations;
- management or supervision of the rehabilitation procedure (official administration) and initiation of bankruptcy procedures;
- evaluation of the terms and approval/rejection of the transactions specified in chapter three (3) of this manual.

All the parties interested in establishing an MFI or NBFI must initially apply for registration in the Central Bank of the Republic of Kosovo (CBK). The primary activity of MFI is provision of loans and provision of a limited number of financial services to micro and small legal entities, low-income households and low-income persons as it is set forth in Article 93 of the Law on Banks, MFIs and NBFIs. Whereas NBFIs are engaged in one or more of the following activities: provision of loans, lending and financial leasing contracts, underwriting, trade in, mediation or distribution of securities, acting as an investment company or investment adviser or providing other financial services such as foreign currency exchange; credit cards; factoring, or guarantees, or other financial, educational-training, advisory and operational services, as well as other activities as determined by the CBK. Allowed activities for NBFI, are specifically set out in Article 94 of the Law on Banks, MFIs and NBFIs. While NBFIs may engage in one or more of the above-mentioned activities, which have varying degrees of legal constraints commensurate to different levels of regulation, it should be noted that this manual will be used appropriately depending on the particular activity, and this applies in particular to the activity of foreign currency exchange.

In the context of registration of MFIs and NBFIs, the overall objective of the CBK is to provide a comprehensive and transparent process that helps to provide a safe, sustainable and competitive environment with the goal of having sound and sustainable MFIs and NBFIs supported by strong and experienced shareholders in the financial industry enter the market. Such MFIs and NBFIs perform well-balanced risk -managed activities, are able to cope and develop under the conditions of free competition in the international financial market that an open and integrated market provides 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 provide the public with quality and efficient banking services and products in a transparent manner.

MFIs and NBFIs registration manual sets out the necessary conditions and procedures that need to be fulfilled by entities applying for obtaining a registration from CBK. The manual provides specific guidelines for receiving and assessing applications and determines the minimum required documents for application

for registration. It should be noted that the manual is a procedural guide only and does not include all the factors, that can be evaluated during the analysis. Additional information may be required by the CBK during the application process, depending on the complexity of the situation. However, the manual serves as a guide for all potential interested parties to establish MFIs and/or NBFIs and at the same time facilitates the handling of registration applications by the staff of the Licensing and Standardization Department within the CBK, which will use it as a reference manual, work guide and as a training tool.

Below is presented the structure of the manual:

Chapter two (2) of the manual elaborates the application process, starting 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 an MFI or NBFIs is the right thing for the interested parties and what the alternatives may be. The parties interested in establishing an MFI or NBFIs may find this part useful because it includes details of pre-application meetings in which the CBK's expectations are shared, which enables the understanding of what this means for the applicant and its sources, matters which are considered useful for both parties: interested parties and the CBK.

The application phase begins with the listing of minimum required documentation for application and continues with the structured discussion regarding the main components of the application for registration, according to their relevance in terms of CBK decision. At the end of this section, in this chapter is included the explanation regarding the formal submission of the application to the CBK.

The post-application phase determines what are the components the CBK assesses in the application for registration of MFIs and NBFIs, clarifies the reasons for the positive or negative decision as well as the time needed to take a decision on the application for registration. The post-application phase ends with the optional phase in this process, the positive decision on registration or rejection decision, which is taken after reviewing and evaluating all documents and information submitted as an application in the process. During this phase, the CBK may also perform on-site inspection at the proposed MFI's or NBFIs facilities in order to verify the conditions for commencing a financial business.

Other transactions that are carried out after the registration of MFIs or NBFIs and which require prior approval by CBK are explained in chapter three (3) of this manual. This chapter also specifies the required documentation for approval of these transactions, deadlines and the reviewing procedure.

The Manual concludes with chapter four (4) which includes Annexes providing detailed explanations on specific issues by supporting the contents of the manual and the required application forms for MFI/NBFIs registration and approval of other transactions.

For any additional explanation or individual questions, interested parties are recommended to check the section "Frequently Asked Questions" on the CBK website as well as the Annex I - Registration Process, II - Registration Criteria and III - Alternatives to Bank Licensing to this manual or to directly contact the Licensing and Standardization Department in CBK via email address Licencimi@bqk-kos.org or via phone number +381 (0) 38 222 055.

1.1. Definitions

All terms used in this manual shall have the same meaning as defined in Article 3 of the Law on Banks, MFIs and NBFIs and / or as defined below for the purposes of this Manual:

Microfinance Institution - a legal entity organized as a joint stock company under the Law on Business Organizations, which provides as its primary activity loans and a limited number of financial services to micro and small legal entities, low-income households and low-income persons;

Non Bank Financial Institution (NBFI) - a legal entity that is not a bank and not a microfinance institution that is licensed by the CBK under this Law to be engaged in one or more of the following activities: to extend credit, enter into loans and leases contracts financial-leasing, underwrite, trade in or distribute securities; act as an investment company, or as an investment advisor; or provide other financial services such as foreign exchange and money changing; credit cards; factoring; or guarantees; or provide other financial advisory, training or transactional services as determined by CBK.

Leasing – financial activity defined in the Law No. 03/L-103 on Leasing.

Investment adviser –advising on the purchase and sale of financial instruments (shares, bonds of business organizations and local government, treasury bonds and bonds issued by the state, instruments issued by the CBK, trade receipts, shares or quotas of investment funds, such as and other financial instruments comparable to the assets and liabilities that are evaluated and approved by the CBK as such) upon client's order as well as for study, preparation and supervision of the implementation of the investment plan prepared for the client.

Factoring –financial activity through which NBFI buys receivable accounts from the client. The subject of the factoring contract are the existing and/or future loans/debts of the customer account that have arisen and/or will arise from the sale of the goods and/or services from the supplier to the customer (debtor). Client account loans/debts, which are subject to the factoring contract, may be domestic or international.

Guaranties – guarantee issued by the NBFI to assume the obligation of the debt of a borrower, if the borrower is unable to pay the debt. The guarantee may be limited or unlimited, by making the guarantor liable for a part or all of the debt.

Money transfer and receiving service or payments services for domestic and abroad payments – financial activity authorized by NBFI that enables the transfer of money and/or execution of payment transactions. Money transfer or payment abroad is performed through an international authorized/recognized electronic transfer system, where funds are received by a payer, without creating any accounts on behalf of the payer or the payee, for the sole purpose of transferring the relevant amount to the payee or another payment institution acting on behalf of the payee and/or when such funds are received on behalf of the payee and made available to him/her.

Foreign currency exchange – the activity of selling/purchasing the foreign currencies in cash.

Agent – a person acting on behalf and for the account of NBFI for the purpose of exercising financial activity of money transfer and payment services, as defined in the relevant contract of the agent with NBFI.

Director – a person appointed by the shareholders or founders to serve as a member of the Board of Directors of MFIs/NBFIs.

Senior manager – Chief executive officer / general manager, deputy chief executive officer / general manager, chief financial officer, chief operating officer, chief risk officer of MFI/NBFI, and any person other than the director who (i) directly reports to the board or participates or has the authority to participate

in the main policy-making functions of the MFI/NBFI, regardless whether that person has an official title or receives compensation for such actions and (ii) has been appointed as a senior manager by the CBK.

MFI/NBFI office - a place for business activity that forms a legally dependent MFI/NBFI unit/office, through which the MFI/NBFI may be allowed to engage in financial activity;

Mergers - merger of two or more MFIs/NBFIs through the transfer of the total of assets and liabilities to a new MFI/NBFI;

Acquisitions - the process of purchasing or acquiring a part of, or the entire company.

2. PROCESS OF APPLICATION FOR REGISTRATION

This chapter begins with the elaboration of the pre-application phase as the initial stage of registration of MFI and NBFI and it clarifies 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 submission of the application for registration. This section includes information about what the application for registration should contain. The application phase is followed by the post-application phase detailing what CBK evaluates and how long it may take to take a decision. The chapter ends with the clarification of the optional phase in this process related to the decision to approve or reject the registration, which is taken upon reviewing and evaluating all documents and information received as an application in this process.

2.1. Pre-application phase

All those parties that are interested to get registered as MFI and NBFI, depending on the business plan or activities they plan to undertake, should initially assess whether establishment as an MFI or NBFI is the most appropriate option for them. The difference between MFI and NBFI is related to the activities allowed for these institutions. If it is intended the engagement solely in lending activity and lending-related activities as well as receiving deposits for lending to certain segments or individuals residing in a specific part of the country or if lending is intended for small local enterprises or non-profit organizations, then establishment as an MFI may be a more appropriate alternative.¹ Whereas if it is planned to be engaged in activities other than lending, such as: payment services, leasing, factoring etc., then NBFI may be a more appropriate option.² Finally, interested parties are advised to refer to more detailed information on each of the alternatives in Annex III - Alternatives to Bank Licensing in order to see what is the most appropriate option for their vision.

If, following the evaluation of the alternatives, the interested parties are convinced that the establishment of an MFI or NBFI is the appropriate option and are ready to start the process, they should contact the CBK to request the appointment of a prior-to-the application informational meeting. The request for the meeting is sent by the authorized representative of the applicant to the email address of Licensing and Standardization Department: Licencimi@bqk-kos.org. CBK accepts applications for registration as MFI or NBFI only if the informational meeting was held preliminarily.

¹ MFIs that plan to be engaged in receiving deposits, besides registration as MFI, should also receive prior approval for this activity.

² NBFIs are not allowed to be engaged in receiving deposits.

Informational meeting

Prior to conducting the informational meeting with the CBK, interested parties should thoroughly review this manual in order familiarize themselves with all procedures related to the registration of MFI and NBFI.

The informational meeting is mandatory for the registration of MFI and NBFI as it enables:

- understanding the registration process and what happens at different stages;
- understanding CBK expectations;
- identifying any particular concerns that CBK may have at first, which could help the interested parties decide whether they want to spend time and money in an application that could have little chances to progress further;
- submission of properly completed application.

Before holding the informational meeting, the parties interested in applying should be prepared to present at the meeting a short summary of the business proposal, which should in minimum include:

- the rationale for the establishment of MFI or NBFI as well as the initial business strategy specifying which products will be offered, how they will be offered and the target market;
- funding sources - how will they be funded and whether there are any investors and / or funds in place;
- ownership and management team - details of the proposed owners and managers, if known;
- timeline - an overview and deadline of the plan to establish a new MFI or NBFI.

The informational meeting is led by the Deputy Governor for Financial Supervision (DGFS), the Director of the Licensing and Standardization Department or any of their delegates, and a senior officer responsible for licensing activities. Accordingly, all major shareholders of proposed MFI or NBFI should participate in the meeting. During the meeting, the parties interested in applying are encouraged to ask questions about the registration process and the possible ambiguities for the purpose of ensuring that the application is prepared in the most effective way. The Licensing and Standardization Department should always keep minutes of informational meetings as evidence of this process in the applicant's file.

At the end of the meeting it is expected that interested parties will have a clearer picture of the registration process as MFI or NBFI and that the application when submitted will be of sufficient quality for CBK to take a prompt decision. The pace at which the parties interested in applying progress through the pre-application phase depends largely on them and how well they are prepared.

2.2. Application phase

After the informational meeting, applicants may start preparing the application for registration in CBK as an MFI or NBFI. Clarification of the application phase begins with the listing of the supporting documents that should be part of the application for registration. The other part is structured around the main components of the application for registration according to their relevance in terms of CBK decision, which are the business plan, management structure, funding, and letters of support in cases when it applies for the establishment of a subordinate entity of foreign financial institution, if applicable. This phase concludes with the clarification of the formal submission of application to the CBK.

The application for registration as MFI should be accompanied by the following information as defined by Article 7 of the Law on Banks, MFI and NBFI:

- 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, residence, qualifications, experience as well as business and professional background of each director, principal shareholder and senior manager of the proposed MFI, including business and professional history for the past ten (10) years;
- the amount of the authorized and subscribed capital of the proposed MFI, 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 proposed MFI, the type of activities envisaged, 3-year projected financial statements 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 MFI shares, and the ultimate beneficial owners of these shares, stating their name, address and respective shareholdings;
- for each director, principal shareholder, and Senior Manager of the proposed MFI, an official statement from the Court disclosing any convictions for offenses by a criminal Court, personal bankruptcy filings, disqualifications from practising 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 financial institution proposing to establish a subordinate MFI in Kosovo, a statement from the home country supervisor that it has no objection to the proposed establishment of operations in Kosovo and that it exercises a global consolidated financial supervision over the MFI activities, if applicable;
- proof of payment of registration fee;
- documents required in the application form and other additional information that may be considered appropriate by the CBK.

The NBFi registration application must be accompanied by the following information as defined in Article 5 of the Regulation on the Registration, Supervision and Activities of Non-Bank Financial Institutions (hereinafter the Regulation on NBFi):

- NBFi constituent documents, including an original document or a notarised copy based on which it was established, and the proposed address of the headquarters;
- a copy of business registration documents;
- the name, nationality, residence, qualifications and experience of the NBFi's director or senior manager;
- the amount of committed NBFi's capital, including the amount to be paid and the legal source of capital;

- the business plan which includes, inter alia, the organizational structure of the proposed NBFi, planned financial activities and 3-year projected financial statements;
 - a list of NBFi shareholders, stating their names, address and shares;
 - name, nationality, residence, business and professional background, and audited financial statements of each main shareholder of the NBFi for the last three (3) years, if applicable;
 - for any director or senior manager or major shareholder of NBFi's, official proof issued by the Court which reveals any punishment on a criminal offence, personal bankruptcy files, disqualification from the exercise of profession and previous or current involvement in a managerial position of a corporate or other entrepreneur body which has undergone insolvency proceedings, if any;
 - for each director or senior manager engaged or to be engaged, a proof of professional qualification and experience must be provided;
 - in all cases when the applicant is a foreign financial institution which applies to establish a NBFi in Kosovo, a statement of the supervisor from the home country, if applicable, stating that there is no objection for the establishment of operation in Kosovo and that it exercises consolidated supervision on the NBFi;
 - list of planned tariffs for provision of products and services;
 - document on the use of the information technology operative system and the operative system/software applied in the performance of financial electronic services transactions;
 - institutions for provision of payment service within the country are requested to provide a copy of the signed agreement or another relevant document with relevant institution on the performance of payment services;
 - institutions for provision of payment services abroad should have an agreement with international system authorized for electronic transfers;
 - proof of payment of registration fee;
- the required documents in the application form and other additional information that may be considered appropriate by the CBK.

The above-mentioned documentation requirements in NBFi's applications that plan to be engaged only in the foreign exchange activity will be applied appropriately.

2.2.1. Business plan

The Business plan is one of the key elements in the decision process for granting registration to MFIs or NBFIs.

The business plan of proposed MFI or NBFi should be drafted in such a way as to clearly detail the long-term strategic development of the proposed MFI or NBFi in the target market, given its financial sustainability. The long-term strategy of the proposed MFI or NBFi needs to be translated into specific

goals and measurable medium-term and short-term objectives that should justify the anticipated growth and be supported by the proposed MFI or NBIF capital, thus justifying the financial projections.

In order for the business plan to be acceptable by the CBK, it must contain at least the following information:

- business overview: the overall strategy of the proposed MFI or NFI and the details on the planned financial 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 the financial projections for the first three years of operation;
- important functions;
- the management structure of the proposed MFI or NBFI.

Business overview

In the business overview it is initially disclosed the applicant's history in which information is provided about the organization, the activity it exercises and the geographic reach of its offices to proceed further with the overall strategy of the proposed MFI or NBIF broken down into short and medium term goals which should be specific, clear and measurable.

In this part of the plan should also be disclosed the planned financial activity, namely 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 the foreseen financial activities.

Market analysis

In the business plan, the proposed MFI or NBFI should present a market analysis where the financial industry needs to be described in sufficient details to enable the identification of challenges and prospects which the proposed MFI or NBFI 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 MFI or NBFI bank should identify the market needs for the proposed products and services and argue that these needs are met through the financial activity it plans to offer.

An important component of market analysis is competition analysis. The proposed MFI or NBFI 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 MFI or NBFI 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 MFI or NBFI 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 MFI or NBFI 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.

Organizational Structure

The business plan should present all the proposed organizational structure of the MFI or NBFi in sufficient detail to enable the evaluation of the adequacy of that structure in accordance with legal and regulatory requirements for the exercising of financial activity. In order to facilitate the CBK evaluation process in this section, an organogram should be presented which should contain the following information:

- organizational scheme with individual names, as needed;
- composition of the board of directors;
- list of committees and main responsibilities (the names of potential members to be provided);
- description of the senior managers position;
- staff planning (number of employees / departments).

Within the organizational structure, the proposed MFI or NBFi should disclose plans around establishing the key functions required by the applicable legal framework such as the risk management function, compliance function, audit function and / or internal controls. The proposed MFI or NBFi, especially those planning to engage in lending activity, should outline plans regarding the establishing of risk management function that will monitor the proposed MFI or NBFi risk profile.

Financial Analysis

The proposed MFI or NBFi business plan should also contain 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 structure of assets and liabilities, the proposed MFI or NBFi should present the advantages and disadvantages of the proposed structure. For the capital structure, the CBK expects the MFI or NBFi to have a sufficient capital available to compete effectively in the market and to adequately support the planned operations. Given that this is a key element in the decision process for granting registration, this section is elaborated more specifically in point 2.2.2. of this chapter.

The financial forecasts or projections in the proposed MFI or NBFi business plan should show future trends in assets, liabilities and capital, the volume for each type of service (product), fixed asset investments and remuneration for management and staff. The form of these required projections is presented in Annex D - Form of Financial Projections, of this manual.

2.2.2. Capital

One of the key criteria considered when deciding for approval or rejection of an application for registration as MFI or NBFi is the committed capital that is planned to be invested and the source of funds. As stipulated

in Article 101 of the Law on MFIs, Banks and NBFIs, the minimum amount of capital required to exercise financial activity as an MFI is not less than two hundred thousand (200,000.00) euros. Whereas the amount of minimum capital required to exercise financial activity as NBFIs is stipulated in Article 4 of the NBFIs Regulation, depending on the financial activity that is planned to be exercised:

- Granting loans – EUR 300,000;
- Leasing /agreements on loans and renting – EUR 150,000 ;
- Investment advisor - EUR 100,000;
- Factoring – EUR 150,000;
- Guarantees - EUR 150,000;
- Payment services - EUR 100,000 ;
- Currency exchange - EUR 10,000.

For every proposed NBFIs requesting to enter into more than one activity, the minimum required capital shall be in accordance with the amount determined for each activity.

The minimum capital shall be paid in cash and its funds cannot be derived from:

- loans from banks where capital payments are made; or
- loans when the bank receiving capital is a guarantor;
- loans from other banks in Kosovo, unless collateralised one hundred percent (100%) with securities approved and held by a third party as a custodian.

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

CBK has the right to demand the increase of the minimum capital for the proposed MFI planning to deal with the activity of receiving deposits, based on its application, namely the business plan and financial projections. It should also be explained how the proposed MFI or NBFIs plans to ensure compliance with CBK Regulations.

In the capital structure the applicant must 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 MFI or NBFIs shares, their financial records should be provided (refer to Annex B & C to this manual). The financial data will include the balance sheet and income statement (profit / loss) over the past three years. The CBK will evaluate the proposed shareholders holding over ten percent (10%) of the shares to determine their current financial capability or their connected interests that could negatively impact the proposed MFI or NBFIs.

Information provided to the CBK should be signed by shareholders with proof of their accuracy and completeness. The CBK will verify the sources and will require that the capital amount be paid before the registration is issued.

Shareholders Suitability

The suitability of key potential shareholders is also a very important element in the CBK's evaluation. To verify the suitability of the shareholder, the applicant in his registration documentation must provide evidence of financial sustainability for each potential key shareholder. This includes evidence of the timely fulfilment of past financial obligations and an existing sound financial standing. The Applicant must submit valid documentation certifying the payment of all tax liabilities by the potential principal shareholder. Such document must be issued no later than thirty (30) days from the date of application.

To assess the shareholder suitability, CBK has the right to collect evidence in accordance with the Instruction no. 01/2015 on Criminal Checks for Main Shareholders, Directors and Senior Managers of Financial Institutions. For more information about documentation and details refer to Appendix B and C of this manual.

2.2.3. Leadership structure

Senior management is very important for the success of a new MFI or NBF. Designating a Chief Executive Officer and other highly qualified and professional senior management as well as an appropriate Board of Directors is one of the most important tasks of the MFI or proposed NBF. The proposed Chief Executive Officer should be actively involved in developing and completing the application for registration and should be fully familiar with the proposed MFI or NBF business plan, as that person should successfully and directly implement the proposed MFI or NBF plan.

Article 97 of the Law on Banks, MFIs and NBFs, as well as the NBF Regulation have defined the composition, the "fit and proper" criterion and the independence criterion for the approval of directors and senior managers of MFI and NBF. Elements that are considered regarding these criteria include: data on criminal offenses, financial status, civil action against individuals for the pursuit of personal debt, sanctions applied by regulators of similar industries and prior suspicious business practices.

The CBK may conduct background checks of the persons proposed as senior managers, directors and principal shareholder of the proposed MFI or NBF. These investigations may be carried out to verify whether the proposed persons meet the criteria foreseen by the legislation in force to be appointed in 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 eligible to be a director if the same:

- has been convicted of a crime or found guilty of criminal economic offenses under the Penal Code;
- has been denied by a court decision to exercise activities within the competence of the board of directors.

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

Applicants for registration as MFI and NBF, for directors and senior managers must submit the following information:

- the decision of the decision-making body for these appointments;

- individual report (CV according to Annex A of this manual) for the appointed person;
- a legalised/notarized copy of university education;
- official testimony by the competent court, disclosing any possible charge for criminal offenses 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;
- other 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 proposed special title or position in the MFI or the new NBFi;
- name and identification data;
- related individuals, affiliated companies and business partners (only for those applying as current or potential shareholder);
- education;
- professional experience, including current employment information and previous employment information that should include at least five years of experience in financial services;
- professional references;
- prior applications;
- participation in problematic financial situations;
- criminal offenses and disciplinary actions;
- financial statements/net value.

For verification of experience and solvency, in addition to the letter of reference 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, Tax Certificate (TAK) regarding the timely payment of tax liabilities, as well as authorization to allow the obtaining of information from the Kosovo Credit Registry (CRK) to verify the credit background.

The proposed person must sign certifying that the above information is true and accurate according to his/her knowledge. If there is any material change in the application prior to the application for registration decision, the individual must inform the CBK within five (5) days of such changes taking place.

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

- the Board of Directors shall consist of an uneven number of not less than three (3) members and all have a right to vote. Majority of these directors should be independent, non-executive directors;
- the Board of Directors shall be elected by the MFI or NBFi shareholders at the Annual General Meeting of Shareholders and shall be responsible for establishing its policies, including risk management policies, and for supervision of their implementation;

- the Board of Directors will elect a Chairperson from among its members;
- the Board of Directors may not delegate its responsibilities to others;
- the names of directors shall be entered into a Registry maintained at the CBK.

The CBK uses the following criteria to make the evaluation before giving its approval for appointment of any individual proposed as a director or senior manager:

- Directors and senior managers must have the appropriate formal qualifications and personal skills that enable them to critically and adequately assess the important policies and strategic issues, which MFI and NBFIs will face, and clearly articulate their views on such issues;
- Directors and senior managers must have a university degree in economics, finance or jurisprudence, or other relevant field and business experience, at least three (3) years in banking and financial services. Directors and senior managers must have sufficient knowledge on the obligations they take and are entrusted with, and that they propose to perform for the benefit of depositors' interests as well as the legal framework under which MFIs / NBFIs operate in Kosovo;
- Directors and senior managers must demonstrate the timely fulfilment of past financial obligations and sound existing financial standing and be of high ethical and professional repute;
- has not been removed from a position at a financial institution by the CBK; 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;³
- is not / 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.

2.2.4. The letter of support

In cases where applicants are interested in establishing a subsidiary of a foreign financial institution, the CBK requires from the applicant a statement from the home country supervisor, if applicable, that there is no objection to the start of the proposed activities in Kosovo, and that it exercises consolidated global supervision of the activity. In cases where the legislation of the home country of the foreign MFI and NBFIs requires prior approval for the cases of opening of subsidiaries outside its jurisdiction, a letter of approval shall be submitted to CBK. In these cases, the CBK also requires a letter of support from the parent financial institution of the applicant for registration, addressed to CBK, minimally formulated as follows: (The CBK may require from the parent financial institution to update this paper from time to time.)

“We are writing to you to confirm that [the name of the proposed MFI or NBFIs] is a subsidiary wholly owned by [the name of the parent financial institution]. The attached group structure shows the ownership chain between [the name of the parent financial institution] and [the name of the proposed MFI or NBFIs].

³ In special circumstances, once satisfied with the qualifications, professional experience and behavior of the person, the CBK may exclude a senior director or manager from this requirement upon the expiration of the ten-year period in the relevant case.

It is in the interest of *[the name of the parent financial institution]* that *[the name of the proposed MFI or NBF]* continues to fulfil its liabilities and obligations towards customers at all times.

Therefore we recognize the responsibility over it and the legal obligations that may exist to safeguard its financial stability. Through this paper we assure you that the *[name of the parent financial institution]* is always able to meet the liabilities of *[the name of the proposed MFI or NBF]* and we confirm that *[name of the parent financial institution]* will fulfil this responsibility.”

2.2.5. Submission of application

After the informational meeting and the review of the application phase in this manual, applicants may submit to the CBK a formal application for registration as an MFI or NBF. Before submitting the application, applicants must 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 comes to understand that applicants have deliberately withheld information or provided false or incomplete facts. Applicants should also share with the CBK any other information that they think CBK should be aware of. If the applicants are in doubt about anything, they are required to share it with the CBK. CBK also recommends applicants to address all issues and actions that CBK has identified with them during the pre-application phase, before submitting their application. If the information provided by the applicants is inaccurate or incomplete, this will, at a minimum, delay their application.

Applications for registration as MFI or NBF along with the full documentation required by the Law on Banks, MFIs and NBFs and CBK internal acts shall be submitted in written and electronic form (scanned) to the CBK. As an integral part of the application, the **Registration Application Form**, which is found as Annex 2 to this manual, as well as on the official CBK website (www.bqk-kos.org), must be completed. The form must 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 MFI or NBF.

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

For reviewing applications for MFI and NBF registration, the CBK has set appropriate fees based on Article 115 of the Law on Banks, MFIs and NBFs. All required application fees are listed in the CBK Schedule of Fees at the CBK official website and are non-reimbursable, regardless of CBK's decision. Applications shall be deemed incomplete, and are therefore not considered if the licensing fees has not been paid.

2.3. Post- application phase

After the formal submission of the application for registration as MFI or NBF, CBK makes the first evaluation to verify whether the submitted application is complete or not. In order for the application to be assessed as complete, all required forms must be submitted to the CBK, which must be fully and correctly

compiled and the information provided should be of sufficient quality and details, to allow the CBK to complete its evaluation. Also, to be fully assessed, the application should incorporate responses to CBK comments provided during the pre-application phase.

The first evaluation is made by the CBK within ninety (90) days after the day of receipt of the application, and the CBK notifies the applicant in writing whether the documentation is complete. If the submitted documentation is incomplete or if additional information is required, the CBK will notify the applicant of any deficiencies or non-compliance with the applicable legislation along with the request for additional information or documents required. During this period, the CBK may hold a meeting with the applicants to obtain any additional information or regarding any changes related to the application. During these meetings minutes will be kept and will be recorded in the application file. It is worth noting that the CBK may request additional information or specific changes / improvements when deemed reasonable at any phase 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, the CBK will notify the party that the application is complete. If the data and/or documentation required for licensing is not completed by the applicant within ninety (90) days after the date of notification, the CBK shall discontinue the procedures for reviewing the application for licensing. In case of discontinuation of the procedure for reviewing the application for registration, the CBK shall notify the applicant in writing.

2.4. Review of the application

After verifying that the application is complete and duly informing the applicant, CBK begins the evaluation in which a thorough analytical review of the application is performed. The evaluation is performed by the Department for Licensing and Standardization, as well as by the Division of Reporting and Analysis at the Banking Supervision Department, who is responsible for the evaluation of the proposed MFI or NBF Business Plan taking into account the fact that they possess all the information and analytical reports related to this industry.

The evaluation will 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 activities. Also, the CBK will request the necessary references and opinions from the local supervisory authorities of the proposed MFI or NBF countries or countries where the group companies are present, when applicable. Information obtained by the CBK during the investigation may be shared with other financial institution regulators. In case of changes to information submitted to the CBK, the applicant shall notify the CBK of the changes made regardless of the stage the submitted application is undergoing.

If as a result of the evaluation the CBK ascertains 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 concludes with a recommendation report from the Department for Licensing and Standardization, which is coupled with the recommendation of the Division of Reporting and Analysis in the Banking Supervision Department in conformity to the conclusions drawn from the evaluation of the proposed MFI or NBF Business Plan. The recommendation is presented to the Deputy Governor for Financial Supervision, and which through the Deputy Governor for Financial Supervision is provided to the CBK Executive Board for making its decision.

2.5. Decision regarding the application for registration

After reviewing the application, the CBK shall approve or reject the application for registration as MFI or NBF. The decision approving or rejecting the registration of an MFI or NBF shall be made within ninety (90) days from the date of applicant's notification that the application for registration is complete. The CBK immediately informs the applicant of the decision. By mutual agreement between the CBK and the applicant, the period for taking the decision may be extended for up to ninety (90) days as defined in Article 92, paragraph 4 of the Law on Banks, MFIs and NBFs.

The CBK shall reject the approval of the MFI registration if the criteria set out in the Law on the MFIs and NBFs and this manual are not met or if the applicant has deliberately offered counterfeit documentation or if it considers that the issuance of such a license will:

- endanger the financial sustainability of the proposed MFI/NBF or the financial system in general;
- endanger the interests of the proposed MFI depositors; or
- substantially lessen the competition.

The CBK shall reject the approval of NBF registration if the conditions set out in the Law on Banks, MFIs and NBFs and in this Manual are not met or if the applicant has deliberately provided false information.

The CBK shall approve the registration of an MFI / NBF only if the following conditions are met:

- the business plan is based on accurate analysis based on reasonable assumptions and thus realistic and competitive in the market;
- the proposed MFI / NBF will act in compliance with all provisions of the Law on Banks, MFIs and NBFs;
- the proposed organizational structure and ownership structure will allow the CBK to exercise effective and consolidated supervision;
- the qualifications, experience, integrity and reputation of its directors, director or senior manager are proper and fit for the proposed business plan and financial activities as set out in Articles 35 and 97 of the Law on Banks, MFIs and NBFs, Article 16 of the Regulation on NBFs, as well as the Instruction No. 01/2015 on Criminal Checks for Principal Shareholders, Directors and Senior Managers of Financial Institutions;
- the legal source of capital funds is proven, and the financial capacity for investing the planned funds, as well as the realization of the necessary funding for the sustainable continuation of the activity of the institution; and
- the competent authorities overseeing the foreign financial institution at its headquarters have given their written consent for granting such registration.

Pursuant to Article 92, paragraph 5 of the Law on Banks, MFIs and NBFs, the registration of the MFIs or NBF is approved for an indefinite period of time and can not be transferred. Upon registration, the MFI or NBF commences the activity within six (6) months from the date of the notification of registration. If the MFI or NBF does not start its activity within this time period, the registration shall be deemed void. However, the MFI or NBF may reapply for registration.

The CBK may conduct an on-site inspection of the MFI or NBFi prior to the commencement of the activity for which it has been registered. The purpose of this examination is to assess whether the office in question has created conditions to meet the obligations established by the technical and security conditions of the premises in which the entity will exercise its activity.

3. APPROVAL OF OTHER TRANSACTIONS

This chapter regulates transactions that are performed after the registration of the MFI or NBFi and the commencement of its operations requiring prior approval by the CBK. This chapter also specifies the documentation required by the CBK to approve such transactions, deadlines and review procedures. The chapter concludes with the specification of transactions which only require CBK notification.

According to the legislation in force, the following actions of MFIs and NBFIs in Kosovo require prior approval by the CBK:

- change of MFI or NBFi name;
- changes to charter (articles of association) and / or the statute;
- key shareholders;
- appointment of directors and senior managers;
- expansion of the NBFIs activities;
- sale of over twenty percent (20%) of the portfolio;
- opening and relocation of offices within the country;
- closure of offices within the country;
- registration of agents;
- cancelation of agents' registration;
- external auditor;
- mergers and acquisitions of MFIs or NBFIs;

The request for approval of the above mentioned actions as well as the documentation attached to the application must be submitted by the MFIs or NBFIs, and must be in one of the two official languages of the Republic of Kosovo, either in original or a legalised copy.

In cases when the application is incomplete or additional information is required, the CBK will notify the MFI or NBFi of the deficiencies or inconsistencies with the applicable legislation along with the request for additional information or documents required. The deadline for submission of additional information or documents is no later than fifteen (15) days from the date of notification. The CBK discontinues the procedures for the reviewing of the relevant application if the required data and/or documentation are not completed by the MFI or NBFi within fifteen (15) days after the date of notification. In case of discontinuation of the application review procedure, the CBK shall notify the MFI or NBFi in writing.

Once the application is considered to be complete, the CBK reviews and decides on that application based on the legal provisions described below in this chapter, depending on the nature of the transaction. Within thirty (30) days after the day of receipt of the complete application for the approval of any of the above mentioned transactions, the CBK shall approve or reject such request. The CBK shall immediately inform the MFI or NBFIs about the decision taken. In the case of rejection, the notice of the application rejection shall contain the reasons for which the application was rejected.

3.1. Change of name

The change of MFI or NBFIs name requires prior approval by the CBK, pursuant to Article 95, paragraph 1, subparagraph 1.1 of the Law on Banks, MFIs and IFIs, and Article 14, paragraph 1, paragraph 1.2 of the NBFIs Regulation. For the approval of the name change, the MFI or NBFIs must submit to the CBK a written request with the following documents attached:

- decision of the decision-making body regarding the name change; and
- documents stating the reasons for the change.

The change of name, respectively the proposed new MFI or NBFIs name should comply with the Law on Banks, MFIs and NBFIs, the Law on Business Organizations and the Law on the Use of Languages.

3.2. Changes to charter (Articles of Association) and / or statute

Charter and statute are the documents or acts that serve for the establishment, organization and governance of MFIs and NBFIs. MFIs and IFIs operating in Kosovo may not change its charter or statute without the prior written approval by the CBK as provided for in Article 14, paragraph, 1 subparagraph 1.1 of the NBFIs Regulation.

For the adoption of changes to charter and / or statute, the MFI or NBFIs must submit a written request to the CBK along with the following information:

- a brief description of the points proposed to be changed, and the reason for the changes;
- the decision of the shareholders' assembly for these changes;
- charter and / or the statute after the changes.

The CBK approves the proposed changes in case these changes are not in contradiction with the applicable law, within thirty (30) days from the date of receipt of the complete application.

3.3. Principal shareholders

The ownership structure of an MFI or NBFIs is of particular interest; therefore CBK will assess this structure as a whole, as well as the individual appropriateness of the existing and potential shareholders who intend to be the shareholders in the MFI or NBFIs. Article 95, paragraph 1, sub-paragraph 1.5 of the Law on Banks, MFIs and NBFIs, as well as Article 14, paragraph 19 of the NBFIs Regulation stipulates that all transactions and actions related to its share capital, resulting in changes to the list of shareholders who hold ten percent (10%) or more of the share capital and / or voting rights in the company, must obtain prior approval by the CBK.

The requests for the acquisition of equity interest of an MFI or NBFBI or increase of capital ownership interests in an MFI or NBFBI must be made in writing and submitted to the CBK along with the following information:

- the report of the Joint Stock Company (CR) or CVs of individual shareholders contained in Annex B and C of this manual;
- the name, nationality, place of residence and business background for the past ten (10) years of the applicant or any beneficial owners who would, as a result of the transaction, indirectly benefit five percent (5%) or more of the MFI or NBFBI equity interest;
- the list of enterprises in which the proposed owners, including the beneficial owners (as described above) hold shares, specifying the level of such share and the registered addresses of these enterprises;
- for any natural person, a statement from the Court disclosing any convictions for offenses by a criminal court, personal bankruptcy files, 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, audited financial statements for the past three (3) years;
- deadlines and terms of the proposed acquisition;
- the source and amount of funds used in the exercise of acquisition;
- in any case where the acquisition of the shares would have the effect that the MFI or NBFBI becomes a subsidiary of a foreign financial institution, a statement from the responsible supervisory authority of the home country that there are no objections to starting the activity in Kosovo and that it exercises consolidated global oversight of MFI or NBFBI established in Kosovo, if applicable; and
- other information that may be required by the CBK.

When deciding to approve an application for acquisition of equity interests of an MFI or NBFBI, the CBK shall assess the proposed acquisition under the same criteria that apply to the approval of a registration application, including but not limited to the expected effects of the proposed acquisition in the financial sustainability of the MFI or NBFBI, the resulting MFI or IFIB ownership structure and its effect on the CBK's ability to conduct an exclusive and consolidated oversight and the appropriateness of the proposed shareholders and their position in the financial markets.

MFIs and NBFIs should also notify the CBK of any changes in the ownership of shareholders holding less than ten percent (10%) of the capital. The notification is made in a way that contains the information that may be required by the CBK.

3.4. Appointment of directors and senior managers

Each MFI and NBFBI⁴ is managed by the Board of Directors and Senior Management. The composition of the Board of Directors and Senior Management is very important for the success of an MFI or NBFBI.

⁴ NBFIs with currency exchange as their only operation should have their governance organized in accordance with the legal act the institution

According to Article 97 of the Law on Banks, MFIs and NBFIs, no person may assume the office of Director or Senior Manager in an MFI or NBFI without prior approval by the CBK.

For the approval of the appointment of Directors and Senior Managers, the MFI or NBFI must submit a written request to the CBK, along with the following information:

- the decision of the decision-making body for these appointments;
- individual report (CV according to Annex A of this manual) for the appointed person;
- a legalized/notarized copy of university education degree;
- official testimony by the competent court, disclosing any final sentence for criminal offenses and any criminal proceedings that may be taking place against the proposed person;
- consent / authorization for verification of the criminal record and acquiring of other information with regards to the information provided;
- any additional information as deemed reasonably appropriate by CBK.

The directors and senior managers of MFIs and NBFIs, for approval by the CBK, must meet the "fit and proper" criteria, as well as the independence criterion. These criteria should be met in continuity throughout the time the directors and senior managers hold their positions in the MFIs or NBFIs.

Directors are also subject to the following requirements:

- the board of directors consists of an uneven number of not less than three (3) members. Majority of these directors should be independent, non-executive directors⁵;
- the board of directors shall be elected by the MFI⁶ or NBFI shareholders;
- Directors' names shall be entered into a Registry maintained at the CBK.

The CBK uses the following criteria to make the evaluation before granting its approval to any individual proposed as a director or senior manager:

- has not been removed from a position at a financial institution by the CBK; 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;⁷
- is not / 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.

submits to the CBK and for which it obtains the approval by the CBK.

⁵ Independent Director, for the purpose of this manual, shall mean a Director who is independent of senior management or persons associated with the senior management.

⁶ In cases when the MFI has the status of an NGO, directors are elected by the assembly of members or the board of directors, depending on the form of their organization, association or fund.

⁷ In special circumstances, once satisfied with the qualifications, professional experience and behavior of the person, the CBK may exclude a senior director or manager from this requirement upon the expiration of the ten-year period in the relevant case.

- possesses a university degree / higher education degree in economics, finance or jurisprudence or in other fields that correspond with these fields;
- has three (3) years of experience in financial services or in any other area deemed appropriate by the CBK;
- must have high ethic and professional reputation.

Also, the CBK may choose to interview any proposed director or senior manager.

The following persons may not be directors of an MFI or NBFi:

- a person convicted of a crime or found guilty of criminal economic offenses under the Criminal Code;
- a person who, according to a court decision, has been denied to exercise activities within the competence of the board of directors;

Given that the Law on Banks, MFIs and NBFIs requires CBK approval for appointment of external experts from the field of accounting or auditing to the Audit Committee (external auditing committee member), all of the above mentioned requirements will also apply in the case of assessing the requirements for their approval.

3.5. Expansion of NBFi activities

NBFi's requesting to engage in activities other than those approved, should obtain prior approval by CBK according to paragraph 1.4 of Article 14 of the Regulation on NBFIs. Requests for the exercise of additional activity by a NBFi should be made in writing and submitted to the CBK along with the following information:

- decision for exercising additional activities by decision-making body;
- document certifying the payment of additional amount of the minimum capital;
- policies and procedures necessary to conduct additional activity;
- forecast for the next three upcoming years for financial projections of the additional activity and the impact on the entity's overall financial situation.

The foreseen NBFi registration criteria explained in chapter two (2) of this manual shall also apply when assessing the application for approval of additional NBFi activity, depending on the additional activity to which it applies.

3.6. Sale of portfolio

Portfolio comprises the main activity of MFIs and NBFIs and its sale in the amount of twenty percent (20%) of the active portfolio requires prior approval by the CBK under Article 95, paragraph 1, subparagraph 1.3 of the Law on Banks, MFIs and NBFIs as well as Article 14, paragraph 1, subparagraph 1.7 of the Regulation on NBFIs.

For approval of the sale of portfolio, MFIs and NBFIs must submit a written request to the CBK, attaching the following documentation:

- decision on these transactions of the decision making body;
- copy of the agreement signed between the NBFIs and acquiring financial institution.

CBK shall approve the sale of the portfolio if:

- the sale of the portfolio does not endanger the financial standing of the MFI or NBFIs;
- the sale is economically reasonable;
- the sale does not give rise to anti-competitive effect;

The sale of 100% of the portfolio shall be treated as merger or acquisition of MFIs or NBFIs.

The CBK shall approve or reject the request within thirty (30) calendar days from the date of receipt of the complete application.

3.7. Opening and relocating offices within the country

MFIs and NBFIs deciding to establish or relocate an office must obtain prior approval from the CBK as defined in Article 95 paragraph 1, subparagraph 1.2 of the Law on Banks, MFIs and NBFIs. For the approval of opening and relocation of offices within the country, MFIs and NBFIs should submit a written request to the CBK along with the following information:

- decision to open or relocate the offices by the decision making body;
- brief description of reasons for opening, relocating offices;
- the notification in writing for the completion of the technical and security conditions. The steps taken regarding the fulfillment of these conditions as well as the photographs proving such a thing should be specified in this notice.
- any information as deemed reasonably appropriate by CBK.

Before or after approval the CBK may conduct an inspection at MFI and NBFIs offices where the activity is planned.

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

The CBK decides on the approval or refusal of the request based on the following criteria:

- the impact of opening or relocating to the community in which the office is or will be located;
- The MFI or NBFIs should demonstrate to convince the CBK that the office is operationally ready, to serve the public with the conditions of its computer system, staff and security;
- financial standing of MFI or NBFIs.

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

3.8. Closure of offices within the country

Before closing an office in Kosovo, MFIs and NBFIs must obtain prior written approval from the CBK as defined in Article 95, paragraph 1, subparagraph 1.2 of the Law on Banks, MFIs and NBFIs as well as Article 14 paragraph 1 sub-paragraph 1.5 of the Regulation on NBFIs. For this purpose, the MFI or NBFIs must submit a prior notice to CBK ten (10) days before closing the office.

The notice on closing of offices should include the following documentation which proves:

- identification of the office to be closed and the proposed closing date;
- decision on closing the office by the decision-making body;
- the report on the reasons for the decision to close the office;

The CBK shall approve or reject the request within thirty (30) calendar days from the date of receipt of the complete application.

3.9. Registration of NBFIs agents

NBFIs exercising payment activity may also perform their activity through agents approved by the CBK under Article 12 of the Regulation on NBFIs. Agents exercise the financial activity of payment service on behalf of NBFIs. The request for the approval of agents is submitted by NBFIs by attaching the following information:

- copy of the business registration for the proposed agent;
- the identity of directors and persons responsible for managing the agent to be used for the provision of payment services and evidence that they are capable and appropriate persons;
- contract concluded between the agent and the NBFIs, whereby all relevant rights and obligations regarding the performance of financial activity are determined;
- information on the office, and technical and security conditions for exercising the financial activity;
- a description of the internal control mechanisms that will be used by agents in order to comply with the obligations in relation to the Law on Prevention of Money Laundering and Prevention of Terrorist Financing;
- evidence for meeting the requirements of capital foreseen in Article 4, paragraphs 3 and 4 of the Regulation on NBFIs.

The premises for agents' activities shall be physically separated from other commercial activities.

According to Article 12, paragraph 3 of the Regulation on the Registration, Supervision and Activities of Non-Banking Financial Institutions, in cases when the agent is a bank, branch of a foreign bank or registered financial institution, NBFIs shall only notify the CBK.

The CBK decides on the approval or refusal of the request based on the following criteria:

- the impact of the agent in the community in which his office is or will be located;
- the agent's office is operationally ready to serve the public with the conditions of its computer system, staff and security;

- meets the requirements of capital as set out in Article 4 of the Regulation on NBFIs
- financial standing of MFI or NBFIs.

According to Article 13 of the Regulation on NBFIs, agents shall not serve for more than one NBFIs.

3.10. Withdrawal of agent registration

Withdrawal of agent registration is done as a result of termination of NBFIs' cooperation with its agent. However, prior to termination of the cooperation with the agent, NBFIs must obtain prior written approval from the CBK, as defined in Article 95, paragraph 1, subparagraph 1.2 of the Law on Banks, MFIs and NBFIs, as well as Article 14 paragraph 1 sub-paragraph 1.5 of the Regulation on NBFIs. For this purpose, the NBFIs must send the CBK a notice ten (10) days prior to the termination of the cooperation contract.

The notice of termination of cooperation with the agent should include the following documentation which proves:

- identification of the agent with which the cooperation will be terminated and the proposed termination date;
- the decision to terminate the cooperation of the decision-making body;
- the report with the reasons for the decision to terminate the cooperation;

The CBK can withdraw the agent's registration without termination of NBFIs' cooperation.

3.11. External auditor

Based on Article 103 of the Law on Banks, MFIs and NBFIs, any MFI and NBFIs should obtain prior approval from the CBK for the appointment of external auditors.

For this purpose, together with the application for approval, MFIs and NBFIs should provide the CBK:

- the proposal of the MFI or NBFIs for the appointment of the external auditor;
- audit program;
- 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 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 on meeting of the criteria set forth in the Regulation on the External Audit of MFIs and NBFIs.

Applications for approval must be submitted to the CBK before June 30 of each year for the respective year. Continuous employment of the same external auditor is limited to three years or three consecutive

audits and may participate in the audit of the same MFI or NBFi again after the expiry of a period of at least one (1) year.

The CBK shall approve an external auditor of a MFI or NBFi only if:

- the external auditor is licensed in Kosovo in accordance with the Law on Financial Reporting;
- the external auditor has at least three (3) years of working experience in the area of audit of financial statements of financial institutions or its member staff conducting the audit shall have such experience.

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

3.12. Mergers and acquisitions

No MFI and/or NBFi may merge with any other MFI or NBFi without prior approval by the CBK, as defined in Article 95, paragraph 1.4 of the Law on Banks, MFIs and NBFIs.

If the aim of the applicant for a merger is to create a new MFI or NBFi, the CBK shall treat that merger as a new registration application as set out in chapter two (2) of this manual.

The application for approval for the MFI or NBFi reorganized through the merger should be accompanied by the following documentation:

- the decision of the assembly of shareholders of the MFI or NBFi and other financial institution involved in the action to approve their reorganization through merger;
- agreement/draft and detailed report of the merger process, signed by the legal representatives of the institutions involved in the merger process. The agreement/draft and report shall be drafted in writing and in accordance with the legislation in force;
- draft statute of MFI or NBFi upon completion of the merger process;
- strategic and operational plans to conduct merger, including required acquisition analysis and projected financial statements for the MFI or NBFi merged;
- in case of a change of directors and senior managers of the MFI or the NBFi merged, the documentation must be submitted in accordance with the requirements for directors as defined in the Law on Banks, MFIs and NBFIS and this manual;
- new structure of MFI or NBFi shareholders.

The timeframes set out at the beginning of this chapter shall not apply to the applications of MFIs or NBFIs for mergers and acquisitions. For this purpose, the CBK will discuss with the MFI or NBFi the timeframe necessary for prior approvals allowing the MFI or NBFi to initiate discussions with the other party or parties involved without the CBK's engagement. However, the timeframes for these applications cannot exceed the timeframes set out in chapter two (2) of this manual.

CBK shall approve the merger process if:

- the merger does not endanger the financial standing of the MFI or NBFi merged;

- the MFI or NBFIs has a system of organization, management, decision making and information technology that enables full integration of the MFI or NBFIs merged in such a way as not to jeopardize its functioning;
- the merger is economically reasonable.

The MFI or NBFIs is in charge for obtaining approvals from other authorities which may be required before the transaction is completed.

3.13. Transactions requiring only CBK notification

Transactions carried out after the registration of the MFI or NBFIs and after the commencement of its operations and for which no prior approval is required by the CBK but for which CBK requires a notice, are as follows:

- the resignation of directors and senior managers;
- re-appointment of directors and senior managers;
- changes in the organizational structure, if this change is not reflected in the statute of the MFI or NBFIs, director or senior manager;
- changes in the ownership of shareholders holding less than ten percent (10%) of the capital;
- cases where the agent is a bank, branch of a foreign bank or registered financial institution.

MFI or NBFIs shall notify the CBK within thirty (30) days from the date of such changes taking place. Upon receiving the notice, the CBK shall inform the MFI or NBFIs about the receipt of the notice.

4. MANUAL ANNEXES

The following are an integral part of this manual:

I- MFI/NBFIs Registration Process

II- MFI/NBFIs Registration Criteria

III- Alternatives to Banking Licensing

1 – Checklist for Completion and Submission of Application

2 – Application Form for MFI/NBFIs Registration

3 – Application Form for opening or relocating Offices

A – Individual CV

B – Shareholder Company Report (CR)

C – Individual Shareholders CV

D – Financial Projections Forms

5. ENTRY INTO FORCE

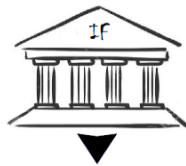
This Manual shall enter into force on the date of its approval.

Bedri Hamza

Chairman of the Executive Board

MANUAL ANNEXES

SHTOJCA I – PROCESI I REGJISTRIMIT TË IMF-VE DHE IFJB-VE



NDËRTONI INSTITUCIONIN TUAJ
 Në këtë fazë, realizoni investimin e zotuar, përgatitni infrastrukturën, rekrutoni stafin, zhvilloni aplikacionet e juaja për sistemin e TI-së etj. çdo herë në pajtim të plotë me legjislacionin në fuqi të BQK-së. Kuadri ligjor që rregullon sistemin financiar në Kosovë është i publikuar në ueb faqen zyrtare të BQK-së. <http://bqk-kos.org/index.php?id=15>

NË KËTË FAZË
 Vlerësohet ideja juaj biznesore. Nëse ideja juaj biznesore nuk është e paraparë me legjislacionin në fuqi, BQK ju njofton se ju nuk mund të aplikoni për licencim.

FAZA PAS REGJISTRIMIT

Kur ju të jeni të regjistruar si IMF apo IFJB e re dhe filloni të operoni në tregun e Republikës së Kosovës, ju do të jeni të Mbikëqyrur në mënyrë të vazhdueshme nga ana e BQK-së. Gjithashtu gjatë gjithë kohës ju duhet të përmbushni kërkesat rregullative në fuqi si dhe të informoni BQK-në lidhur me këtë.

FAZA PAS – APLIKIMIT

Shqyrtimi i aplikacionit tuaj nga ana e Bankës Qendrore e Republikës së Kosovës (BQK) do të zgjasë deri nëntë muaj. Pas shqyrtimit BQK do të vendos nëse do të miratojë regjistrimin e institucionit tuaj apo jo.

FAZA PARA-APLIKIMIT

Në këtë fazë ju duhet të konkretizoni idenë tuaj duke përcaktuar se çfarë pritni nga ky proces dhe të kërkoni takim informues me Bankën Qendrore të Republikës së Kosovës. Para mbajtjes së takimit informues ju duhet të përgatiteni për të prezantuar një përmbledhje të shkurtër të biznesit të propozuar, në këtë takim.

FAZAT E HERSHME

Vlerësoni mundësitë tuaja me kujdes sepse ka alternativa të ndryshme, përpara se të filloni këtë proces. Nëse themelimi i një IMF-je apo IFJB-je është vendimi i duhur për ju, ju do të duhet të filloni të zhvilloni planin tuaj të biznesit.



Brenda kësaj periudhe kohore, shqyrtohet kompletueshmëria e aplikacionit tuaj, shkëmben shkresa njoftuese, mbahen takime sqaruese, etj.

Pyetni vetën tuaj?

NË KËTË FAZË

- Si do ta financoni IMF/IFJB-në tuaj?
- Çfarë produkte dhe me çfarë çmimesh do të ofroni?
- Çfarë stafi është i nevojshëm dhe si do ta rekrutoni?
- Çfarë sistemi të TI do të përdorni?



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

+381 (0) 38 / 222 055 Licencimi@bqk-kos.org
 Rr. Garibaldi nr. 33, Prishtinë, Republika e Kosovës

Informacione dhe materialet lidhur me procesin e regjistrimit të IMF-ve dhe IFJB-ve mund t'i merrni edhe përmes ueb faqes zyrtare të BQK-së www.bqk-kos.org



ANNEX II – CBK CRITERIA FOR MFI/NBFI REGISTRATION

The Microfinance Institutions (MFI) Registration Criteria in the Republic of Kosovo are set out 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 the MFI registration when the following conditions are satisfied:

1. the business plan is based on sound analysis under reasonable assumptions;
2. the organizational structure of the proposed MFI will permit CBK to effectively exercise supervision on a consolidated basis;
3. MFI 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 MFI business plan and activities planned;
5. the principal shareholders of the proposed MFI are fit and proper as determined by the CBK under Article 35 and 37 of this Law;
6. the ownership structure of the MFI will not hinder effective supervision.

In cases related to licensing applications as a subsidiary of the foreign financial institution, applicants must also meet the following criteria:

1. the competent authorities that supervise the MFI at its home country have given their written consent to the granting of such registration;
2. the CBK determines that the MFI 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 registration of MFI and agrees to provide information to the CBK upon request.

The CBK shall however deny the registration of the MFI if, in its reasonable judgment, issuing such registration would:

- jeopardize the financial soundness of the proposed MFI or the financial system more generally;
- substantially lessen competition.

In the meantime, the criteria for registration of Non-Bank Financial Institutions (NBFI) in the Republic of Kosovo are set out in paragraph 6, paragraph 2, sub-paragraph 2.1 of the Regulation on the Registration, Supervision and Activities of Non-Banking Financial Institutions. The CBK shall decide to approve the NBFI registration if the following conditions are fulfilled:

- founders have a good reputation, legal source of capital funds, financial capabilities for investing planned funds and financial capabilities for conducting the necessary financing for the sustainable continuation of this institutions activity;
- qualifications, experience and reputation of members of the board of directors and executive chief, are adequate for implementing the business plan;
- the business plan submitted should be real and competitive in the market.

However, CBK rejects the approval of the NBFI registration if the requirements of the Regulation on the Registration, Supervision and Activities of Non-Bank Financial Institutions are not met or if the information in the application has been found false.

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 suitable option possible. There are two other alternatives of founding a financial institution (Microfinance Institutions - MFIs and Non-Banking Financial Institutions - NBFIs) which are allowed to offer some of the services provided by banks at potentially lower costs than the establishment of a bank. The main distinguishing feature between banks and these institutions is the receiving of deposits, which is an 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 surplus of its capital 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 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 (license/registration) by the Central Bank of the Republic of Kosovo is a criminal offense.

Microfinance Institutions

Microfinance Institution (MFI) is a legal entity organized as a joint stock company, the primary activity of which is the provision of loans and the provision of a limited number of financial services for micro and small legal entities, low-income households and persons with low incomes. Activities allowed for microfinance institutions are:

- providing payments services in connection with loans extended to clients;
- acquiring funds by grant or by borrowings for the purpose of lending or for their own use;
- borrowing from and placing funds in markets and specified institutions that have been 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 fields;
- microfinance Institutions may also engage in such other financial activities as the CBK may determine by Regulation or Order; 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, the CBK will provide reason(s) in writing for its decision.

The criteria for banking licensing are also applicable to MFI registration (licensing), while the licensing procedure is explained in the MFI and NBFI Registration Manual. On the occasion of registration (licensing), MFIs have the right to provide all the activities allowed to the MFI.

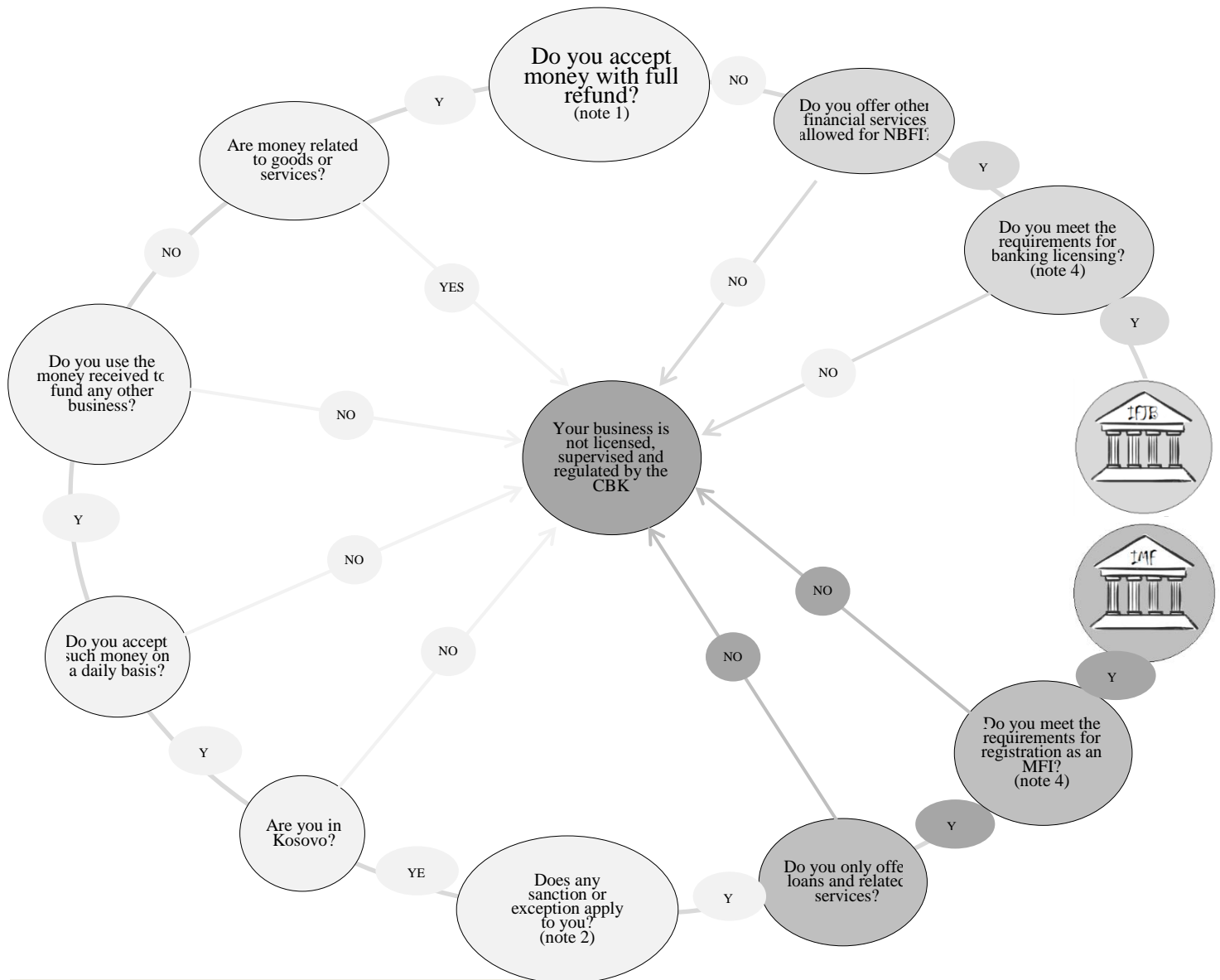
Non-Bank Financial Institutions

Non-Bank Financial Institution (NBFI) is a legal entity that is neither a bank nor a microfinance institution, which is registered (licensed) by the CBK to engage in one or more of the activities allowed for NBFI. The main purpose of Non-Bank Financial Institutions 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 Non-Banking Financial Institutions 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 placing 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;
- transferring and receiving 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), applicants must correctly specify the activities they plan to provide, as CBK registration for NBFI is issued for required activities. Adding of post-registration activities is a transaction requiring prior approval by the CBK. If the interested parties are willing to set up NBFIs with a credit granting activity, they should take into account the limitations on the maximum loan amount that NBFI may provide to a person. Therefore, the maximum amount of credit a Non-Bank Financial Institution can extend to a single person or a legal entity may not exceed twenty percent (20%) of the current loan portfolio. The CBK may also prohibit or restrict any NBFI from engaging in any of the permitted activities. In this case, CBK will give written reasons for its decision.

The registration procedure is explained in the MFI and NBFI Registration Manual.



1. Full refund money (deposit) - a sum of money paid by a person or legal entity to a bank, which is accepted by the 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, directors and senior managers;
3. For banking licensing criteria, refer to Annex II the banking licensing criteria.
4. The criteria for registration as MFI or NBFI are explained in the MFI and NBFI licensing manual;
5. A bank shall be a joint stock company engaged in banking activities, including a subsidiary or a foreign bank branch;
6. Microfinance Institution (MFI) is a legal entity organized as a joint stock company, the primary activity of which is the provision of loans;
7. Non-Bank Financial Institution (NBFI) 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 NBFI.

Do you meet the requirements for banking licensing?
(note 3)

Y





ANNEX

CHECKLIST FOR COMPLETION
AND SUBMISSION OF
APPLICATION FOR MFI/NBFI
REGISTRATION

NOTES

This application form serves as a checklist for completion and submission of the application for registration as a Microfinance Institution (MFI) or a Non-Bank Financial Institution (NBFI) which can also be downloaded from the Central Bank of the Republic of Kosovo (CBK) website. When completing the form, you should not modify or delete any of the questions. If completing this form is not possible through the computer, you can print out the form and fill it in CAPITAL LETTERS AND IN BLUE INK.

The request for information presented in the checklist should be provided to the CBK in support of the application for registration as MFI or IFJB. All listed information should be provided in order to constitute a complete application. The checklist does not imply that we refer at length to all relevant information regarding the application for registration as MFI or IFJB and the applicant should provide broader required information accordingly, depending on the specific nature of the proposed business.

Note:

- Complete all sections of this checklist.
- Insert the relevant section number (from application), in the column of boxes entitled ‘Applicant’. (The last column is for Central Bank use only).
- If any of the requirements of this list do not apply to your case put N/A.
- Where the checklist states ‘confirm’ a ‘√’ 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 serve as a contact person with the CBK regarding the application (i.e. name, address, telephone, fax, e-mail, etc.). | | | |
| 1.3 | Contact details of professional advisors or consultants in relation to the application for the MFI or NBFi registration application (if applicable), (i.e. name, address, telephone, fax, e-mail, etc.). | | | |
| 1.4 | Confirm that CBK can collaborate with assigned professional adviser (in 1.3) in respect of the registration application | <input type="checkbox"/> | | |

| | | | | |
|----------|---|--------------------------|--|--|
| 2 | Overview of Parent Financial Institution/Group | | | |
| 2.1 | Full name and address of parent/group | | | |
| 2.2 | Brief history/ parent/group background | | | |
| 2.3 | Overview on the ownership of parent/group | | | |
| 2.4 | Is the applicant a subsidiary of: | Yes/No | | |
| | a. An International Financial Institution | <input type="checkbox"/> | | |
| | b. An International Financial Group | <input type="checkbox"/> | | |
| | c. A financial conglomerate; or | <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 MFI, NFI 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 holding of shares by the parent company | | | |
| | c. Details as to where the applicant will be positioned in the group | | | |
| | On parent/group provide | | | |
| 2.6 | Information on industry ranking, size of the parent financial institution on local and global scale | | | |
| 2.7 | Main activities/lines of business | | | |
| 2.8 | Details of main areas of global activity of parent/group | | | |
| 2.9 | Details of main areas of EU activity of parent/group | | | |
| 2.10 | Financial standing details for parent/group i.e. summary (in tabular format) for the last three (3) years | | | |
| | a. Income and profitability | | | |
| | b. Financial Statements | | | |
| | c. Asset Quality | | | |
| | d. Capital Adequacy | | | |
| | e. Leverage | | | |
| 2.11 | Debt ratings for parent/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 has approved the submission of the application for establishment of a MFI or NFI registration to the CBK. (the decision of the decision-making body should be submitted) | <input type="checkbox"/> | | |

| | | | | |
|----------|---|--------|--|--|
| 3 | Regulatory Supervision | | | |
| 3.1 | Provide contact details in respect of the group/parent's Home regulator(s)/Supervisor(s) | | | |
| | Write: | Yes/No | | |
| 3.2 | Has the parent/group, within the last 5 years, received regulatory approval for new entities in any other jurisdiction? | | | |
| 3.3 | Has the parent/group applied to establish a regulated entity, (over the last 5 years) in any other jurisdiction, which was either withdrawn or refused? | | | |
| 3.4 | Has the parent/group been subject to an investigation into allegations of fraud, misconduct or malpractice by any regulatory authority (over the last 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 in the applicant | | | |
| | b. All indirect holders of share/interests | | | |
| | (Clearly outline whether there are any holding companies 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 above in 4.1 (a) and (b) | <input type="checkbox"/> | | |
| | Confirm that: | | | |
| 4.3 | Applicant is independent of dominant interests | <input type="checkbox"/> | | |
| 4.4 | The financial standing of the parent financial institution is such that it can provide such new capital for the MFI or NBFIs being established as it may be required in the future. (A letter of comfort is required from the parent financial institution confirming that the subsidiary/branch will be in a position to fulfill its responsibilities for as long as the parent financial institution/shareholders 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 financial business which must include a description of all products that will be offered, anticipated customer base, etc. | | | |
| 5.2 | Detailed information on the sources of funding for financing of planned activities (e.g. deposits, etc.) | | | |
| 5.3 | Outline of all the products/services to be promoted by the applicant | | | |
| 5.4 | If applicable, an overview of market research undertaken regarding the establishment of a MFI or NBFIs and its proposed activities | | | |
| 5.5 | Applicant's distribution network for services/products | | | |

| | | | | |
|----------|--|--------------------------|--|--|
| 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 (i.e joint stock company). | | | |
| 6.3 | Confirm that the following documentation accompanies this checklist | | | |
| | a. A copy of the applicant establishment draft document | <input type="checkbox"/> | | |
| | b. A draft copy of the applicant statute (The final copy will be required upon registration of the applicant) | <input type="checkbox"/> | | |
| | c. Last audited financial reports where the applicant is incorporated (for the last two years) | <input type="checkbox"/> | | |

| | | | | |
|----------|---|--|--|--|
| 7 | Organization of the Applicant | | | |
| | MFI or NBFIs shall manage their business in accordance with sound corporate governance principles | | | |
| 7.1 | Board of Directors | | | |
| | Details of the proposed Board of Directors | | | |
| | a. Executive Directors | | | |
| | b. Non-executive Directors | | | |
| | c. Proposed frequency of board meetings and location; and | | | |
| | d. Potential conflicts of interest (if any, including details of how they will be addressed) | | | |
| 7.2 | Also for this item you must provide | | | |
| | a. The organizational structure of the applicant's corporate governance | | | |
| | b. Details of all management committees and members, e.g, | | | |
| | - Credit Risk Committee | | | |
| | - Asset and Liability Committee ("ALCO") | | | |
| | - Risk and Compliance Committee; if applicable | | | |
| | - Remuneration Committee (if applicable) | | | |
| | - Nomination Committee (if applicable) | | | |
| | - Other relevant committees | | | |
| | Details 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 organizational structure of the applicant | | | |

| | | | | |
|-----|---|--|--|--|
| 7.4 | Details of the organizational structure/management team (to include the Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief 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 MFI or NBF), i.e., CVs, job titles, responsibilities, reporting lines, etc. | | | |
| 7.5 | Confirm that "Annex A - Individual CVs" is completed in respect of each of the members of the board of directors/senior management. | | | |

| | | | | |
|----------|---|--------------------------|--|--|
| 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 warrants it, a properly staffed internal audit function should exist (which has direct access to the board of directors or an appropriate board committee) , that reports to the board/audit committee. | | | |
| | a. Outline the role of internal audit | | | |
| | b. Include details of whether the internal audit will be ousourced to parent financial institution or carried out locally | | | |
| | c. Outline the 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 intends 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 | | | |

| | | | | |
|--|--|--|--|--|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

I confirm that

- I am authorized by the applicant to make this application for registration as MFI or NBFII on its behalf;
- The information provided in the application and supporting documentation is complete, correct and accurate; and
- There is a 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, that entered into force on April 12, 2012, hereafter “Law on Banks”, particularly, Article 14 of Law on Banks, revoke a registration if the information provided is false.



ANNEX I

APPLICATION FORM FOR
REGISTRATION AS MFI/NBFI

INSTRUCTION NOTES

This form serves as an application for registration as a Microfinance Institution (MFI) or Non-Bank Financial Institution (NBFI), which can also be downloaded from the Central Bank of the Republic of Kosovo (CBK) website. When completing the form, you should not modify or delete any of the questions. If completing this form is not possible through the computer, you can print out the form and fill it in CAPITAL LETTERS AND IN BLUE INK.

Each section of this 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 CVs 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 in any of the following tables in the application, there are no sufficient rows, or the respective table needs to be repeated, you can print out the 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 into one of the official language 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 before the end of the month as published by the CBK. Percentages should be expressed using only one decimal digit.

Licensing and Standardization Department staff 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 staff, any additional document or explanation as deemed reasonably appropriate by CBK.

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

If discovered that registration is obtained through incomplete or false information, the CBK may, under the provisions of Law no. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions, that entered into force on April 12, 2012, hereinafter "Law on Banks", revoke the registration.

1. Parent Financial Institution

MANUAL ANNEXES

1.1. Name of the parent financial institution

2

1.2. The place where the parent financial institution is incorporated

3

1.3. External auditor(s) and audits for the last three (3) years

| YEAR | AUDITOR | AUDITOR'S OPINION |
|------|---------|-------------------|
| | | |
| | | |
| | | |

1.4. Countries where the parent financial institution is present (data from the last annual financial statements)

| COUNTRY | OWN ASSETS | | | EARNINGS | |
|---------|------------|----------|-----------------------------|----------|----------|
| | 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 | TIER I | TOTAL ASSETS | PROFITS |
|------|------------------|--------|--------------|---------|
| | | | | |
| | | | | |
| | | | | |

1.6. The last external credit rating given to the parent financial institution

| KOSOVO CREDIT RATING AGENCY | SHORT-TERM RATING | | LONG-TERM RATING | |
|-----------------------------|-------------------|------|------------------|------|
| | RATING | DATE | RATING | DATE |
| | | | | |
| | | | | |
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| | | | | |

1.7. Name of home supervisor of the parent financial institution**1.8.** Date of Statement of Agreement of the home supervisor stating there are no objections to the establishment of the MFI or NBFi in Kosovo

4 (no application will be considered without a positive statement of the supervisor in the home country)

1.9. Specific terms of the Statement of Agreement, if any

| 1.10. Existing legal restrictions on exchange of financial information (if any, if they are specific to the MFI or NBFi or not) | | | | |
|--|------------|------------|--------------------|---------|
| | | | | |
| 1.11. Specific conditions imposed for conducting financial business from any supervisory authority | | | | |
| SUPERVISOR | COUNTRY | CONDITIONS | | PERIOD |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| 1.12. Date and signatory (name and position) of the letter from the parent financial institution declaring the intention for establishing a MFI or NBFi in Kosovo and for providing guarantee and support | | | | |
| | | | | |
| 1.13. Declared specific guarantees and support from parent financial institution | | | | |
| | | | | |
| 1.14. Previous applications for licensing/registration which are rejected, or revoked licenses/registrations (if any, one row for each case) | | | | |
| COUNTRY | SUPERVISOR | DATE | REJECTED / REVOKED | REASONS |
| | | | | |
| | | | | |
| | | | | |
| 1.15. Significant sanctions imposed in the past three (3) years (if any, one row for each case) | | | | |
| COUNTRY | SUPERVISOR | DATE | SANCTION | REASONS |
| | | | | |
| | | | | |
| | | | | |

DOCUMENTS TO BE ATTACHED TO SECTION 1:

- Parent financial institution background;
- Legalised registration certificate of the parent company (if applicable);
- Audited financial statements for the last three (3) years;
- Statement of Agreement from home supervisor;
- Letters from supervisors imposing special conditions to conduct financial business;
- Letter from the parent financial institution stating the intention for establishing a MFI or NBFi in Kosovo, specific guarantees, and ensured support;
- Related documents and detailed descriptions of any refused and revoked license/registration;
- Related documents and detailed descriptions of any significant sanctions imposed in the last three (3) years.

2. Applicant Company/potential MFI or NBFI

MANUAL ANNEXES

2.1. Proposed name of potential MFI or NBFI**2.2.** Type of company (joint stock company, limited liability company, etc.)**2.3.** Address of company headquarters

Street

City

ZIP code

Phone

Fax

E-mail

2.4. Activities for which approval is required
(applies only to NBFI)

Credit granting

Leasing / loan and rent agreements

Investment Adviser

Factoring

Guarantees

Payment service (home and abroad)

Currency Exchange

Other (specify)_____

DOCUMENTS TO BE ATTACHED TO SECTION 2:

- Legalised business registration certificate of the potential MFI or NBFI.

3. Representatives of Applicant Company/potential MFI or NBFI**3.1.** The person designated as a spokesman who will serve as the initial contact point between the applicant company /potential MFI or NBFI and the CBK

| NAME | SURNAME | ID NUMBER | ROLE IN THE PROCESS | POSTAL ADDRESS | PHONE NUMBER | E-MAIL |
|------|---------|-----------|---------------------|----------------|--------------|--------|
| | | | | | | |
| | | | | | | |

3.2. Legal Representative of Applicant Company/ potential MFI or NBF

| NAME | SURNAME | ID NUMBER | ROLE IN THE PROCESS | POSTAL ADDRESS | PHONE NUMBER | E-MAIL |
|------|---------|-----------|---------------------|----------------|--------------|--------|
| | | | | | | |
| | | | | | | |

3.3. Support from foreign companies and professionals

| NAME / COMPANY | BUSINESS / PROFESSION | ID / BUSINESS REGISTRATION NUMBER | ROLE | POSTAL ADDRESS | PHONE NUMBER | E-MAIL |
|----------------|-----------------------|-----------------------------------|------|----------------|--------------|--------|
| | | | | | | |
| | | | | | | |

DOCUMENTS TO BE ATTACHED IN SECTION 3:

- Authorization of legal representatives;
- ID copies;
- Legal Representatives: CVs, according to the format listed in Annex A;
- Business letters of appointment;
- External 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 FMI or NBFI (subsidiaries only)

4.1. Capital's percentage directly owned by the parent financial institution

4.2. Individuals and other companies that are direct shareholders and each of them holding more than 5% of the capital

| NAME/COMPANY | ID/BUSINESS REG. NUMBER | COUNTRY | INCOPORATION/ DATE OF BIRTH | % OF THE CAPITAL | RELATIONSHIP WITH THE PARENT FIN. INST. | TELEPHONE NUMBER | E-MAIL |
|--------------|-------------------------|---------|-----------------------------|------------------|---|------------------|--------|
| | | | | | | | |
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| | | | | | | | |
| TOTAL | | | | % | | | |

4.3. For each company mentioned in the previous tables (direct shareholders with more than five percent (5%) of the capital of applicant company/potential MFI or NFBI), provide the full list of beneficiary shareholders

| NAME/COMPANY | BUSINESS REG. NUMBER | COUNTRY | INCOPORATION | % OF THE CAPITAL | BENEFICIARY SHAREHOLDER | TELEPHONE NUMBER | E-MAIL |
|--------------|----------------------|---------|--------------|------------------|-------------------------|------------------|--------|
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4.4. Outline of the structure of shareholders

DOCUMENTS TO BE ATTACHED TO SECTION 4:

- Individual shareholders: CV`s, according to the format listed in Annex C;
- Company shareholders: Company Shareholder Report (CR), in line with Annex B;
- Group structure chart, including relations of shares between the companies and the percentage of capital.

| | | | |
|--|---|---|---|
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |

5.6 Proposed internal auditors and main control positions (use as many rows as needed)

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

THE DOCUMENTS TO BE ATTACHED TO SECTION 5:

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

| 6. Business Objectives | |
|---|-----------------------|
| 6.1. Financial products and services to be offered | - - - - - |
| 6.2. Main customer segments to be pursued | - - - - - |
| 6.3. Main line of business | - - - - |
| 6.4. Geographical areas to be covered (network) | - - - - - |
| 6.5. The main distribution channels | - - - - - |
| 6.6. Assesed business volume for the next three (3) years | - - - |
| 6.7. Assessments of profitability for the next three (3) years | - - - |

THE 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 years using the CBK form listed in the CBK website (bqk-kos.org) under Applications Annex D- Financial Projections Form.

| | |
|---|--|
| 7. Risks | |
| A brief description on the relative importance of each of the following risks, considering the main lines of business of the MFI or NBF and the manner this risk 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 MFI or NBF and how these risks can be controlled and managed: | |
| 7.1. Credit risk | |
| 7.2. Liquidity risk | |
| 7.3. Operational risk | |
| 7.4. Interest rate risk | |
| 7.5. Other risks - - - | |

DOCUMENTATION TO BE ATTACHED TO SECTION 7:

- Risk policy and strategy.

| 8. Capital adequacy | | | | | | | | |
|---|------------------|---------------|---------------------------|----------------------|-----------------|------------------------------|--------------------|----------------------|
| 8.1. Initial capital equivalency deposit for branches | | | | | | | | |
| 5 | | | | | | | | |
| 8.2. Initial capital for subsidiaries (one row per each share type) | | | | | | | | |
| CLASS/TYPE OF SHARE | NUMBER OF SHARES | NOMINAL VALUE | NOMINAL AVERAGE PAR VALUE | SHARE PREMIUM | PAID-IN CAPITAL | MINIMUM % OF INITIAL CAPITAL | AUTHORIZED CAPITAL | % OF PAID-IN CAPITAL |
| | | | | 6 | | | | 7 |
| 8 TOTAL | | | | 9 | | | | 10 |
| 8.3. Assessed regulatory capital ratios (%) for the first 3 years | | | | | | | | |
| YEAR | CAPITAL RATIOS | | | RISK-WEIGHTED ASSETS | | REGULATORY CAPITAL | | |
| | | | | 11 | | | | |
| | | | | 12 | | | | |

DOCUMENTS TO BE ATTACHED TO SECTION 8:

- Detailed description of each tier/share type.
- Capital Strategy.

9. Potential added value in the financial system of Kosovo

9.1. Potential value provided by the new MFI or NBFi to the financial system of Kosovo 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 | - - - - - |

DOCUMENTATION TO BE ATTACHED TO SECTION 9:

- Analysis of potential added value of the MFI of NBFi to the financial system of Kosovo.

I/we hereby declare that the Law on Banks, MFI and NBFi is fulfilled and that the statements given here and the documents herein are true and accurate to the best of my/our knowledge. Any substantial change to the details contained herein or in any of the referred documents will be immediately communicated to the CBK no later than five (5) days from the date of such change taking place.

Failure to do so may result in disapproval 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 application for the registration of MFI or NBFi 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
CLOSING AND
RELOCATION OF MFI/NBFI
OFFICES

GUIDELINE NOTES

This form serves as an application for the opening of Microfinance Institution (MFI) and Non-Banking Financial Institution (NBFI) 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 modify or delete any of the questions. If completing this form is not possible through the computer, alternatively you can print out the form and fill the same with CAPITAL LETTERS AND IN BLUE INK.

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

Licensing and Standardisation Department personnel is available for consultation regarding the course of preparing the licensing application. 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.

Information on MFI/NBFI Identification

Name of MFI/NBFI

Head Office Location

Address

Zip Code

City

Information on Identification of Application (tick the appropriate box)

The application has been submitted for obtaining approval to

Open an office at the following address

Relocate an office at the following address

Relocate the head office at the following address

Location

Address

Zip Code

City

For relocation

If it is a relocation of the 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

Address

Telephone number

| Statutory and regulatory factors | | |
|--|--------------------------|-----|
| 1. Legality | | |
| For opening or relocation of the MFI/NBFI offices | | |
| Is there any restriction imposed by the legislation in force on opening or relocation of the office at 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 legal issues | | |
| 2. Facilities of MFI/NBFI | | |
| Will the cost foreseen for opening or relocation of the office result in an investment in the facility that exceeds the limitations set forth by the CBK regulation on limits to holdings of real estate and movable 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 |
| Has the MFI/NBFI provided adequate protection for the facility and equipment with any insurance companies licensed by CBK? | <input type="checkbox"/> | YES |
| | <input type="checkbox"/> | NO |
| Has the MFI/NBFI ensured facility and equipment protection with any adequate physical security company in Kosovo? | <input type="checkbox"/> | YES |
| | <input type="checkbox"/> | NO |

| | | |
|--|--------------------------|-----|
| If applicable, has the MFI/NBFI concluded a rent agreement that vests it with the right to use the branch/head office facility for carrying out financial activities? | <input type="checkbox"/> | YES |
| | <input type="checkbox"/> | NO |
| Has the MFI/NBFI provided a written notice to CBK on meeting technical and security conditions in accordance with applicable legal acts and statute for performing financial activities? | <input type="checkbox"/> | YES |
| | <input type="checkbox"/> | NO |

Planned opening/relocation date

I / we plan opening / relocation of the office whose approval we request with this application to be no later than / / . I hereby certify that the MFI/NBFI Board of Directors has authorized the completion of this application and which to the best of my knowledge does not contain any misstatements 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 authorities not later than five (5) days after such change taking place.

Signature of the Authorized Officer _____

Name _____

Title _____

Date _____ / / _____

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

The amount paid: € _____

Transfer No: _____

Payment date:

Paid by:

(Full names)

Signature:

DATE/STAMP OF THE COMPANY



ANNEX A

INDIVIDUAL CV's

GUIDELINE NOTES

This form serves as an application for approval of individual shareholders, directors and senior managers of Microfinance Institutions (MFI) and Non-Banking Financial Institutions (NBFI) 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 modify or delete any of the questions. If completing this form is not possible through the computer, alternatively you can print out the form and fill the same with CAPITAL LETTERS AND IN BLUE INK.

Each section of this Annex outlines information to be provided. Depending on the specific circumstances in each case, the CBK may ask, through the Licensing and Regulation Department staff, for any additional clarifications or information as deemed reasonably appropriate for evaluation, including the original support documentation of the given information.

However, the applicant may also provide information and documents additional to those requested by CBK if they are deemed as appropriate to provide more clarification. In any case, all submitted documents must be signed and dated properly.

Any material changes to the information provided in Annex A during the time when the application for which the information is submitted is being reviewed, should immediately be disclosed to CBK.

Annex A should be filled out in one of the official languages of the Republic of Kosovo. 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 before the end of the month as published by the CBK. Percentages should be expressed using only one decimal digit.

Licensing and Regulation Department staff is available for consultation and will try to provide appropriate guidance.

If Annex A is incomplete or does not disclose all the information that may affect the CBK evaluation, this may result in significant delays in processing the application. CBK shall not be held responsible for any losses caused to applicant by any delay.

If during the evaluation period is discovered that incomplete or false information is presented, CBK may withdraw the licence pursuant to the Kosovo Law No. 04/L-093 on Banks, Microfinancial institutions and Non-Banking Financial Institutions, that has become effective on 12 April 2012 (hereinafter the Law on Banks, MFI and NBFI).

Name of the individual

██████████

This CV is part of the following application

██████████

Name of the Applicant Company/Potential MFI or NBF

██████████

Type of application

Current or potential role

New registration as MFI or NBF

Director

Changes in control

Senior Manager

Changes in management

External professional

Other (specify) ██

Other (specify) ██

| | |
|--|---------------------------------|
| 1. IDENTIFICATION DATA | |
| 1.1. Name and surname | |
| Name | █ |
| Middle name | █ |
| Surname | █ |
| 1.2. Address | |
| Street | █ |
| Postal code | █ |
| Town | █ |
| Region/Country | █ |
| 1.3. Date of birth (dd/mm/yyyy) | |
| █ / █ / █ | |
| 1.4. Place of birth | |
| City | █ |
| Region | █ |
| Country | █ |
| 1.5. Gender | |
| <input type="checkbox"/> Male | <input type="checkbox"/> Female |
| 1.6. Current Citizenship | |
| Country | █ |
| Initial date | █ |
| 1.7. Previous Citizenship (if different from the current) | |
| Country | █ |
| Initial date | █ |
| Final date | █ |

| 1.8. Type of Identification Document | | ID Number | Country |
|--------------------------------------|-----------------------|-----------|---------|
| <input type="checkbox"/> | National ID | | |
| <input type="checkbox"/> | Passport | | |
| <input type="checkbox"/> | Residence Permit | | |
| <input type="checkbox"/> | Other (specify) _____ | | |

1.9. Phone numbers (including state and city prefix)

| | |
|----------|--|
| Landline | |
| Mobile | |

1.10. Electronic address

| |
|----------------------|
| <input type="text"/> |
|----------------------|

1.11. Indicate all your places of residence in the last three years in reverse chronological order (first your current place of residence)

| TOWN | COUNTRY | REASON | FROM (MM / YY) | TO (MM / YY) |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

2. EDUCATION BACKGROUND

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

| EDUCATION LEVEL | INSTITUTION AND COUNTRY | PERIOD | DIPLOMA |
|-----------------|-------------------------|--------|---------|
| █ | █ | █ | █ |
| █ | █ | █ | █ |
| █ | █ | █ | █ |

2.2. Specific professional training:

| THEME | INSTITUTION AND COUNTRY | 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 experience in reverse chronological order, most recent experience first (only if not mentioned in the previous table)

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

4. PROFESSIONAL REFERENCES AND ASSOCIATIONS

4.1. Professional references not related, or in any way associated with the application form this annex is an attachment (at least three (3))

| NAME | INSTITUTION / COMPANY | POSITION | POSTAL ADDRESS | TELEPHONE | EMAIL ADDRESS |
|------|-----------------------|----------|----------------|-----------|---------------|
| █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ |

4.2. Professional associations:

| PROFESSIONAL ASSOCIATIONS | MEMBERSHIP FROM | POSITION HELD |
|---------------------------|-----------------|---------------|
| █ | █ | █ |
| █ | █ | █ |
| █ | █ | █ |
| █ | █ | █ |

| | | |
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5. PARTICIPATION I DIFFICULT FINANCIAL SITUATIONS

5.1. Participation in a company which was under administration, bankruptcy or liquidation during association or in three (3) years after leaving

| COMPANY | POSITION | % OF CAPITAL | PROCESS | INITIAL DATE |
|---------|----------|--------------|---------|--------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

5.2. Participation in delinquent 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 five percent (5%) or more of the capital)

| DATE | COURT | BUSINESS/COMPANY | POSITION | % OF CAPITAL | OFFENCE | SANCTION |
|------|-------|------------------|----------|--------------|---------|----------|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

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

| DATE | AGENCY | BUSINESS/COMPANY | POSITION | % OF CAPITAL | OFFENCE | SANCTION |
|------|--------|------------------|----------|--------------|---------|----------|
| | | | | | | |
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| | | | | | | |

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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 in the features stated herein or in the mentioned document shall be immediately communicated to authorities within a period of no more than five (5) days from the date of such changes taking place.

Date _____

Place _____

Signature _____

Full name: _____



Annex B – Shareholders Report

SHAREHOLDERS COMPANY
REPORT (CR)

GUIDELINE NOTES

This form serves as an application for approval of shareholders organized as business organizations of Microfinance Institutions (MFI) and Non-Banking Financial Institutions (NBFI) 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 modify or delete any of the questions. If completing this form is not possible through the computer, alternatively you can print out the form and fill the same with CAPITAL LETTERS AND IN BLUE INK.

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 staff, for any additional clarifications or information as may be deemed reasonably appropriate for evaluation, including the original support documentation of the provided information. However, the applicant may also provide information and documents additional to those requested by CBK if they are deemed as appropriate to provide more clarification. In any case, all submitted documents must be signed and dated properly.

Any material changes to the information provided in Annex B during the time when the application for which the information is submitted is being reviewed, should immediately be disclosed to CBK.

Annex B should be filled out in one of the official languages of the Republic of Kosovo. 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 before the end of the month as published by the CBK. Percentages should be expressed using only one decimal digit.

Licensing and Standardization Department staff is available for consultation and will try to provide appropriate guidance.

If Annex B is incomplete or does not disclose all the information that may affect the CBK evaluation, this may result in significant delays in processing the application. CBK shall not be held responsible for any losses caused to applicant by any delay.

If during the evaluation period is discovered that incomplete or false information is presented, CBK may withdraw the licence pursuant to the Kosovo Law No. 04/L-093 on Banks, Microfinancial institutions and Non-Banking Financial Institutions, which has entered into force on 12 April 2012 (hereinafter the Law on Banks, MFI and NBFI).

| | |
|---|--|
| Company Name: | MANUAL ANNEXES |
| | |
| This report is part of the following application | |
| | |
| Name of Applicant Company/Potential MFI or NBF | |
| | |
| Type of Application | Actual or Potential Role |
| <input type="checkbox"/> New registration as MFI or NBF | <input type="checkbox"/> Shareholder |
| <input type="checkbox"/> Changes in control | <input type="checkbox"/> Other (specify) _____ |
| <input type="checkbox"/> Other (specify) _____ | |

| | |
|---|--|
| 1. IDENTIFICATION DATA | |
| 1.1. Full name and designation | |
| | |
| 1.2. Company type (joint stock company, limited liability company, etc.) | |
| | |
| 1.3. Date and place of registration as in Articles of Association (dd/mm/yyyy) | |
| / / | |
| 1.4. Business registration number | |
| 5. | |
| 1.5. Company headquarters address | |
| 6. Street | |
| 7. Postal code | |
| 8. City | |
| 9. Phone number | |
| 10. Fax | |
| 11. Email Address | |

2. OWNERSHIP AND CONTROL

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

| NAME /COMPANY | ID/BUSINESS REGISTRATION NUMBER | COUNTRY | BUSINESS / MAIN ACTIVITY | INCORP. / DATE OF BIRTH | % OF CAPITAL | BASIC CONTROLLER | PHONE NUMBER | EMAIL ADDRESS |
|---------------|---------------------------------|---------|--------------------------|-------------------------|--------------|------------------|--------------|---------------|
| █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ |
| Total | █ | █ | █ | █ | █ | █ | █ | █ |

2.2. Reasonability of shareholder structure

█

3. RELATED COMPANIES AND INDIVIDUALS

3.1. Related Companies

| COMPANY | BUSINESS REGISTRATION NUMBER | COUNTRY | BUSINESS/ MAIN ACTIVITY | INCORP. DATE | % OF OWNED CAPITAL BY REPORTING COMPANY | GENERAL INVESTMET OF THE REPORTING COMPANY | BASIC CONTROLLER | PHONE NUMBER | EMAIL ADDRESS |
|---------|------------------------------|---------|-------------------------|--------------|---|--|------------------|--------------|---------------|
| █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| Total | █ | █ | █ | █ | █ | █ | █ | █ | █ |

3.2. Related Individuals

| NAME | ID NUMBER | DATE OF BIRTH | COUNTRY | RELATED COMPANY | BUSINESS REGISTRATION NUMBER | % OF OVERALL CAPITAL (DIR.+IND.) | RELATIONS WITH COMPANY | PHONE NUMBER | EMAIL ADDRESS |
|------|-----------|---------------|---------|-----------------|------------------------------|----------------------------------|------------------------|--------------|---------------|
| █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |

3.3. Business Partners

| NAME / COMPANY | ID/BUSINESS REGISTRATION NUMBER | BASIC CONTROLLER | BUSINESS /ACTIVITY | RELATIONSHIPS | % OF OWNED CAPITAL |
|----------------|---------------------------------|------------------|--------------------|---------------|--------------------|
| █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ |
| █ | █ | █ | █ | █ | █ |

4. Professional Activity

4.1. Main lines of business

| BUSINESS LINES | ANNUAL TURNOVER | ANNUAL PROFITS |
|----------------|-----------------|----------------|
| █ | █ | █ |
| █ | █ | █ |
| █ | █ | █ |

4.2. Main clients/customers

| CLIENT / CUSTOMER | BUSINESS LINE | ANNUAL TURNOVER |
|-------------------|---------------|-----------------|
| █ | █ | █ |
| █ | █ | █ |
| █ | █ | █ |

4.3. Main activity in relation to financial services

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

5. REFERENCES AND PROFESSIONAL ASSOCIATIONS (NOT APPLIED TO RELATED COMPANIES IN THE APPLICANT COMPANY /POTENTIAL MFI/NBFI)

5.1. Professional references, not related or in any form associated with the application form this Annex is an attachment (at least three) (3)

| NAME | INSTITUTION/ COMPANY | POSITION | POSTAL ADDRESS | PHONE | EMAIL ADDRESS |
|------|-------------------------|----------|----------------|-------|---------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

5.2. Professional Associations

| PROFESSIONAL ASSOCIATION | MEMBER SINCE | POSITION |
|--------------------------|--------------|----------|
| | | |
| | | |
| | | |
| | | |

6. PREVIOUS APPLICATIONS

6.1. Participation in previous applications

| DATE | REGULATORY AGENCY | APPLICATION TYPE | ROLE | FINAL DECISION |
|------|-------------------|------------------|------|----------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

7. PARTICIPATION IN TROUBLED FINANCIAL SITUATIONS

7.1. Participation in any company that was under administration, bankruptcy or liquidation during association/relation, or within there years after leaving

| COMPANY | RELATIONSHIPS | THE PROCESS | INITIAL DATE |
|---------|---------------|-------------|--------------|
| | | | |
| | | | |
| | | | |
| | | | |

7.2. Participation in delinquent loans, as borrower or guarantor

| CREDITOR | BORROWER | POSITION | AMOUNT | DATE | LOSSES |
|----------|----------|----------|--------|------|--------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

8. CRIMINAL OFFENSES AND DISCIPLINARY MEASURES

8.1. Sanctions by any court

| DATE | COURT | OFFENSE | SANCTION |
|------|-------|---------|----------|
| | | | |
| | | | |
| | | | |

8.2. Sanctions by any law enforcement agency

| DATE | AGENCY | OFFENSE | SANCTION |
|------|--------|---------|----------|
| | | | |
| | | | |
| | | | |

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

This section should be completed only by those companies that apply as existing or potential shareholders. Precise details of financial statements, for the past three years, should be attached as additional information below:

9.1. Financial statements for at least past three years

| DATE | EXTERNAL AUDITOR |
|------|------------------|
| | |
| | |
| | |

9.2. Summary of financial statements for the past three 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 in the bank | | | | Bank loans | | | |
| Receivables | | | | Payable accounts | | | |
| Inventory | | | | Other obligations | | | |
| Fixed assets | | | | TOTAL LIABILITIES | | | |
| Other assets | | | | NET VALUE | | | |
| GJITHSEJ ASSETS | | | | TOTAL LIABILITIES AND NET VALUE | | | |

9.3. Assets and other liabilities (provide details when higher than 5% of total assets)

| VITI | ASSETS / LIABILITIES | DESCRIPTION | AMOUNT |
|------|----------------------|-------------|--------|
| | | | |
| | | | |
| | | | |

9.4. Profits and losses for the past three years

| PROFITS AND LOSSES | YEAR X AMOUNTS | YEAR X-1 AMOUNTS | YEAR X-2 AMOUNTS |
|-----------------------------|---------------------------|-----------------------------|-----------------------------|
| Sales | ■ | ■ | ■ |
| Cost of sales | ■ | ■ | ■ |
| Total expenses | ■ | ■ | ■ |
| NET ORDINARY REVENUE | ■ | ■ | ■ |
| Extraordinary items (net) | ■ | ■ | ■ |
| NET TOTAL REVENUES | ■ | ■ | ■ |

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 hereby declare that the above statements and the documents submitted are true and correct to the best of our knowledge and belief. Any substantial changes in the features stated herein or in the mentioned document shall be immediately communicated to authorities within a period of no more than five (5) days from the date of such changes taking place.

Date _____ 

Place _____ 

Signature _____ 

Full name: _____ 

Position: _____ 

Signature _____ 

Full name: _____ 

Position: _____ 

Annex D – Financial projections forms

Emri i IMF/IFJB potenciale

Adresa e biznesit:

Nr. i regjistrimit

(’000 Euro)

| Bilanci 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 IMF/IFJB potenciale

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 zhvlehtësimit 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 | - | - | - |
| Pjesëmarja 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 | - | - | - |