

National Bank of Serbia, Belgrade, Kralja Petra 12, represented by Governor Dr Jorgovanka Tabaković (hereinafter: NBS), as the one party,

and

Deposit Insurance Agency, Belgrade, Knez Mihailova 2/I, represented by Acting Director Lidija Perović (hereinafter: DIA), as the other party

enter into

AGREEMENT ON COOPERATION AND EXCHANGE OF INFORMATION AND DATA

Introductory provisions

Article 1

This agreement has been made in accordance with the provisions of the Law on the Deposit Insurance Agency (RS Official Gazette, No 14/2015), Law on Deposit Insurance (RS Official Gazette, No 14/2015), Law on Bankruptcy and Liquidation of Banks and Insurance Companies (RS 14/2015), Law on Banks (RS Official Gazette, Nos 107/2005, 91/2010 and 14/2015), Law on Financial Leasing (RS Official Gazette, Nos 55/2003, 61/2005, 31/2011 and 99/2011 – other law) and Insurance Law (RS Official Gazette, No 139/2014), having regard to the following:

- the NBS is the central bank of the Republic of Serbia which, inter alia, issues and revokes bank operating licenses, licences to provide financial leasing and licenses to carry on insurance business; supervises the solvency and legality of bank operations (prudential supervision), the operations of financial leasing providers and the carrying on of the insurance business; determines whether the conditions for initiating resolution of banks and/or members of banking groups are met and implements the resolution procedure,
- the DIA, inter alia, provides mandatory insurance of bank deposits of natural persons, entrepreneurs, micro, small- and medium-sized legal entities; manages the assets transferred in the process of bank resolution, performs other activities pertaining to the resolution of banks and acts as a bankruptcy or liquidation administrator in banks, insurance companies and leasing providers,
- banks are obligated to insure all deposits of natural persons, entrepreneurs, micro, small- and medium-sized legal entities with the DIA and to pay the deposit insurance premium, within the prescribed time frame and in the prescribed amount,
- pursuant to Article 5 of the Law on Deposit Insurance, the DIA and the NBS shall exchange information and data relating to banks and deposit insurance, particularly data and opinions about the possibility to initiate resolution procedure over a bank, while the NBS shall timely inform the DIA about any measures taken in the process of prudential supervision due to the deterioration in the bank's financial condition and shall submit to the DIA for opinion a draft report on the least cost test in accordance with the Law on Banks.

Common objectives
Article 2

The Law on Deposit Insurance regulates mandatory insurance of the deposits of natural persons, entrepreneurs, micro, small- and medium-sized legal entities in banks, for the purposes of protecting these deposits in the event of bankruptcy or liquidation of banks and maintaining stability of the financial system. The Law on Banks regulates the establishment, operation and organisation of banks, the manner of bank management, bank supervision, bank resolution and termination of banks' operations. The Law on Bankruptcy and Liquidation of Banks and Insurance Companies regulates the terms and procedure of bankruptcy and liquidation of banks, insurance companies and financial leasing providers.

This Agreement aims to promote cooperation between signatories in terms of exchange of information and data regarding banks and deposit insurance, as well as to promote coordination of activities relating to the performance of the tasks within the signatories' statutory remits in order to facilitate their timely and efficient execution.

Cooperation includes in particular exchange of data and opinions about the possibility to initiate resolution procedure over a bank or to delicense a bank in accordance with the Law on Banks.

With a view to coordinating their activities and achieving the jointly determined objectives, the signatories agree to undertake activities laid down herein and to provide appropriate support to that effect.

Information submitted by the NBS to the DIA
Article 3

The NBS undertakes to submit to the DIA information, and/or data on:

- entry of a bank, licensed to operate by the NBS, in the register of business entities, by no later than five working days following receipt of the bank's register entry notice;
- decision on delicensing of a bank, decision on meeting conditions for the institution of bankruptcy or liquidation procedure over a bank and decision granting consent regarding the implementation of voluntary liquidation procedure in a bank, on the day the decision is taken;
- decision on meeting conditions for the institution of bankruptcy procedure over a financial leasing provider, and/or decision on the liquidation of a financial leasing provider, on the day the decision is taken;
- decision on delicensing of an insurance/reinsurance company, and/or decision on meeting conditions for the institution of bankruptcy or liquidation procedure over such company, on the day the decision is taken;
- NBS decisions establishing the obligation of the branches of domestic banks abroad to insure the deposits of natural persons, entrepreneurs, micro, small- and medium-sized legal entities with the DIA in case when 1) they fail to insure deposits in the

- countries where they operate and 2) when they do insure these deposits in the countries where they operate, but the NBS determines and publishes on its website the information that the deposit insurance system applied is less favourable for the depositor than the deposit insurance system under the Law on Deposit Insurance, by no later than two working days following the day these decisions are taken;
- bank supervision, if the supervision procedure shows that a bank failed to insure the deposits of natural persons, entrepreneurs, micro, small- and medium-sized legal entities with the DIA, and/or that the bank failed to submit to the DIA accurate monthly reports on total and insured deposits, as well as other information relevant for the performance of the DIA's activities as defined by the Law on Deposit Insurance, and/or that the bank failed to pay the insurance premium to the DIA in the manner and within time frame prescribed by the DIA, by no later than seven working days from making an official record of the bank's comments on the supervision report;
 - type of measures taken in respect of banks on account of irregularities identified in the supervision procedure, and in case a decision is made on orders and measures, early intervention measures and introduction of temporary administration or special management in a bank, the NBS shall also submit copies of the relevant documents, by no later than two working days following the day these measures are taken;
 - termination of validity of the measures referred to in indent 7 hereof, by no later than two working days following termination of their validity,
 - decision to initiate bank resolution, on the day the decision is taken;
 - performance indicators of a bank, along with other available information which may affect the bank's financial condition, twice a year, as at 31 December and 30 June, and exceptionally, at the DIA's request, for the purposes of assessing potential risk to the deposit insurance fund and forecasting the size of the fund shortfall needed for the payment of insured deposits, within ten working days following the request submission,
 - risk profile of a bank, and/or its performance indicators, including indicators of indebtedness, asset quality and exposure concentration, if the NBS assesses that the bank's financial condition has deteriorated significantly or is likely to deteriorate significantly, once every three months,
 - findings of on-site supervision procedures and activities taken in respect of banks for which the NBS assesses that their financial condition has deteriorated significantly or is likely to deteriorate significantly after the completion of the supervision procedure,
 - banks which are systemically important, as well as any change to that information.

In addition to information and data set out in paragraph 1 hereof, the NBS shall submit to the DIA, at the DIA's written and reasoned request, other information obtained in the performance of its tasks, which may be relevant for the performance of the DIA's tasks, by no later than 15 working days following the request submission.

The NBS shall submit to the DIA for opinion a draft report on the least cost test, which establishes whether the resolution procedure and the application of specific resolution

tools and measures would be more effective than the bankruptcy or liquidation procedure, especially having regard to potential costs of the payment of insured deposits and granting of financial support, as well as to the limits prescribed by the Law on Banks.

The NBS shall provide to the DIA only the information, data and documents whose disclosure is not prohibited by the Law on the National Bank of Serbia, Law on Banks, Insurance Law or other regulation and which do not threaten normal functioning of the NBS or its reputation.

Information submitted by the DIA to the NBS
Article 4

The DIA undertakes to submit to the NBS:

- information on banks which fail to submit to the DIA monthly reports on total and insured deposits, as well as other data the NBS may need in this connection, by no later than five working days following the expiry of the time frame for the submission of these reports,
- information on banks which fail to pay to the DIA the deposit insurance premium within the prescribed time frame, so that the NBS could take appropriate measures in respect of those banks, by no later than five working days following the expiry of that time frame,
- information on banks which tend to use the information on deposit insurance, particularly information on the level and manner of payment of the insured amount for advertising purposes or in a way which threatens the stability of the banking system and depositor confidence, by no later than five working days after becoming aware of such circumstances,
- quarterly information on the amount of deposit insurance premiums paid by banks (aggregate and individual data) and the financial position of the deposit insurance fund, within 30 working days following the expiry of a quarter,
- analyses and information relating to the amount and composition of insured deposits of banks, as well as data on the amount of funds, the quarterly premium rate payable by banks in the coming period or discontinuation of the calculation and collection of quarterly premium, within 30 working days following the expiry of a quarter,
- opinion on whether branches of domestic banks abroad should insure deposits of natural persons, entrepreneurs, micro, small- and medium-sized legal entities with the DIA, at the request of the NBS, within the shortest time possible and no later than 15 working days from the day the request is submitted,
- information on the adoption of a decision to determine and collect extraordinary premium, by no later two working days following the adoption of that decision,
- report on its operations, at least once a year, by no later than seven working days after the report is produced,
- the DIA's annual statement of account, with auditor's report, by no later than 15 May of the following year.

In addition to information and data set out in paragraph 1 hereof, the DIA shall submit to the NBS, at the NBS's written and reasoned request, other information obtained in the performance of its tasks, which may be relevant for the performance of the NBS's tasks, by no later than 15 working days following the request submission.

The DIA shall submit the opinion on the draft report on the least cost test to the NBS within five working days following the submission of the draft, in accordance with the Law on Banks.

The DIA shall provide to the NBS only the information, data and documents whose disclosure is not prohibited by law or other regulation and which do not threaten normal functioning of the DIA or its reputation.

Information exchange and protection
Article 5

Signatories agree to communicate on a regular basis by way of exchanging relevant information and data. The communication shall be:

- in writing, including submission of information, data and documents in electronic form, and
- in meetings of the NBS and DIA representatives.

Signatories agree to hold meetings periodically, on as needed basis, for the purposes of analysing hitherto results and further planning and improving the cooperation envisaged hereunder.

Signatories shall keep the information and/or data obtained from the other signatory under this Agreement, and shall use them only for the purposes they were obtained for, in accordance with the provisions of the law governing the secrecy and/or confidentiality of those information and data, as well as in accordance with the provisions of the law governing personal data protection.

Each signatory shall determine the degree of confidentiality of the information and data it provides, in accordance with law, other regulations and its general acts.

A signatory may refuse to provide information or data if it assesses that the disclosure of specific information and/or data would contravene law, regulations or general acts of any of the signatories. In that case, the signatory shall notify, in writing and within an appropriate time frame, the other signatory of the reasons behind its decision not to provide the requested information and/or data.

In accordance with law and other regulations, signatories shall ensure protection of the information and data obtained, except in cases where disclosure of such information or data is permitted and when the other signatory does not object to their disclosure.

The information and data received from the other signatory in accordance with this Agreement shall not be provided to third parties without the consent of the signatory which provided the information and/or data, unless making those information and data available to third parties is legally mandated. In case the signatory who received information is obligated to disclose such information, it shall consult the other signatory on that issue, and shall undertake, upon request submitted by the signatory who provided the information, all measures necessary to protect the confidentiality of information to the extent prescribed by law.

Final provisions
Article 6

This Agreement is concluded for an indefinite period of time.

Signatories agree to settle amicably any disputes that may arise in the implementation of this Agreement, in the meetings of their representatives.

The Agreement is made in four (4) copies, two (2) for each signatory.

This Agreement repeals and replaces the Memorandum of Understanding Regarding Direct Cooperation and Exchange of Information Related to Deposit Insurance concluded between the NBS and the DIA (G. No 7588 of 16 August 2006, Annex to the MoU G. No 6657 of 21 July 2009).

This Agreement shall take effect as of its signing.

In Belgrade, _____2015

Governor
Dr Jorgovanka Tabaković

FOR THE DIA
Acting Director
Lidija Perović