

**QUESTIONNAIRE
FOR THE CANDIDATE FOR MEMBER OF THE BANK'S BOARD OF
DIRECTORS**

I. Name and address of a bank	
II. General information on candidate 1) Name and last name	
2) Permanent and temporary residence	
3) Date and place of birth	
4) Citizenship	
5) Business telephone number and e-mail address	
III. Education Indicate all degrees of education, with the duration time and finishing year, and acquired academic knowledge	
IV. Language skills Indicate proficiency level of the language which is officially used in Montenegro	
V. Professional skills Indicate chronologically all types of further professional training, name of the topic, organizer and duration of further professional training, with information on obtained licenses and certificates	

<p>VI. Curriculum vitae</p> <p>6.1. Indicate chronologically all employers and job positions and period over which the candidate performed specific job</p> <p>6.2. Experience in banking and financial operations or operations where he has acquired knowledge assuming justifiably that this knowledge could respond to the requirements for establishing and maintaining risk management system to which the bank is exposed in its operations (indicate in detail type of jobs which the candidate performed)</p> <p>6.3. Indicate whether the candidate was relieved from the term of office of the member of board of directors, executive director or similar term of office in a legal person, and if so, indicate the reasons for his removal and/or reasons for submitting requirements for removal.</p>	
<p>VII. References</p> <p>Indicate information on persons that have had an insight in professional abilities of the candidate and from whom the Central Bank may require personal references for electing the candidate. Persons providing the reference may be members of the board of directors of the bank or any other legal person from the financial sector (except the bank submitting the request for granting the approval or member of the banking group to which the bank belongs), academics, university professors and other persons that have gained professional and personal reputation from their recent work.</p> <p>If the candidate cannot propose persons for providing such references, indicate also such fact.</p> <p>If the candidate has already obtained personal references for the election, such reference shall be submitted to the Central Bank of Montenegro with this questionnaire.</p>	
<p>VIII. Relation with a bank and other parties</p> <p>7.1. Indicate whether the candidate is a person independent from the bank, pursuant to Article 30 paragraph 4 of the Banking Law.</p> <p>7.2. Indicate whether the candidate is a person related to other bank or legal person, pursuant to Article 31 points 1) and 2) of the Banking Law, and if so, indicate the form of relationship.</p>	

<p>a. Bankruptcy and enforceable orders over the candidate's property</p> <p>Indicate whether there have there been any bankruptcy proceedings or enforceable orders over the candidate's property, and if so, indicate the volume of enforceable orders.</p>	
<p>X. Membership in Managing Board of the Deposit Protection Fun</p> <p>Indicate whether the candidate has been a member of the Managing Board in the Deposit Protection Fund, and if so, indicate the period in which the term of office has been performed.</p>	
<p>XI. Management and governance in bank or other business organisation</p> <p>Indicate whether:</p> <p>1) a candidate has been on leading positions in a bank or other business organization at the time when such organization was subject to bankruptcy or liquidation proceedings, and if so, indicate the details related to the bankruptcy proceedings of that business organisation;</p> <p>2) the candidate has been a member of the board of directors or an executive officer in any bank at the time when the interim administration was introduced, and if so, indicate the details related to the interim administration of that business organisation.</p>	
<p>XII. Sentencing</p> <p>Indicate whether:</p> <p>1) a candidate has been subject to a safety measure prohibiting further conduct of professional work, business activity or duty, imposed by a competent court, and if so, indicate the imposed measures and their duration</p> <p>2) a candidate has been sentenced for a crime, and if so, indicate a type of criminal offence and type of penalties.</p>	

<p>XIII. Criminal proceedings Indicate whether a criminal proceedings has been pending against the candidate, and if so, indicate type of criminal offence</p>	
<p>XIV. Financial relation with the bank Indicate whether: 1) a bank has exposure to that candidate, and if so, indicate the total amount of a bank's exposure to this person 2) a bank has exposure to business organisation which is in the candidate's ownership, or to business organization in which the candidate is the member of the board of directors or executive director, and if so, indicate the total amount of bank's exposure to that business organization.</p>	
<p>XV. Other Indicate other data and information not specified under this questionnaire and which can be important based on candidate's assessment in the process of considering the request for granting the approval.</p>	

I hereby declare that all answers are true and complete to the best of my knowledge, and that I did not conceal any information which may affect the decision of the Central Bank of Montenegro on the request for granting the approval for my election as a member of the board of directors of the bank.

I hereby also declare that I am familiar with the provision of Article 32 paragraph 5 of the Banking Law, which prescribes that if the approval for the appointment of the member of the board of directors has been granted on the basis of false information, it shall represent basis for revoking of such approval.

I commit myself to immediately inform the Central Bank about all changes which may have a significant impact on granting the approval for my election.

Place and date:

Signature of a candidate:

INFORMATION AND DATA PROVING THE FULFILMENT OF REQUIREMENTS FOR GRANTING APPROVAL FOR USING RATING ASSIGNED BY AN EXTERNAL INSTITUTION

I. Basic information on external institution:

- 1) Type of credit assessments performed by an external institution;
- 2) Countries in which the external activity is active;
- 3) Overview of legal and organisational structure of the external institution and group to which it belongs (ownership structure, large subsidiaries, ancillary and other services that are provided) – information on ownership should cover persons that have qualified participation or voting rights in external institution of 5% and more;
- 4) Total number of full time employees;
- 5) Total number of clients and list of significant clients;
- 6) Information on financial position of external institution (financial statements for the last three years and a plan for the following three years);
- 7) Respecting the code of conduct which is similar to standards accepted by market or which are in accordance with the internationally recognised principles.

II. Information and evidence for the criteria of objectivity:

- 1) Brief description of methodology of credit ratings and processes and the manner on which such methodology has been adopted, implemented and applied. This description should cover procedures used to provide consistency in the use of rating methodology for all credit ratings, in particular, role of the committees for determining ratings and guidelines to be used, the volume of inputs obtained from rated entities, access to non-public information, etc.;
- 2) For each part for which the methodology is applied consistently (e.g. part of structured finances, public finances or commercial entities), brief description of quantitative inputs: (key indicators, sources of data, assumptions and quantitative techniques used, the volume of inputs obtained from rated entities, etc.);
- 3) For each part for which the methodology is applied consistently, brief description of qualitative inputs, in particular volume of qualitative rating, e.g. strategies, business plan of rated entities, etc.;
- 4) Overview of main differences in basic methodologies relative to individual geographic areas;
- 5) Description of methodology used for verifying the accuracy and consistency of the system for determining rating, with detailed results of such analysis;
- 6) General information on verifying credit ratings: e.g. regular procedure, main characteristics, volume, frequency and staff teams included in verification, funds used, treatment, main stages of verification process, data updating, information obtained from rated entities used for checking credit ratings, and the like;
- 7) Evidence that back testing exists and that has been operational for at least one year.

III. Information and evidences for the criteria of independence:

- 1) Description of the procedures aimed at ensuring fair and objective credit ratings: identification mechanisms, prevention, management and elimination of actual or potential conflicts of interest;
- 2) Detail description of protective mechanisms used for shareholders' rating and for rating of other persons from the group of connected parties;
- 3) Evidence on the existence of the internal audit function and mechanisms that ensure that the internal procedures of development, review and withdrawal of credit ratings are efficiently implemented;
- 4) Evidence that members of rating teams and committees have adequate qualifications, including also information on the level of knowledge and experience in making credit rating and that these qualifications are maintained or improved over time through adequate training programmes;
- 5) Description of main characteristics of internal code of conduct in external institution;
- 6) Evidence that reward policy for the employees included in credit rating does not influence the development of independent and objective credit ratings: (e.g. statement that the analysts reward is not connected with the decisions on credit rating, fees from rated entities or income from rating beneficiaries);
- 7) Details of the reward policy in external institution;
- 8) Statement that persons included in the credit rating process are not connected by any business relationship with rated entities, which could jeopardise independency and high-quality credit rating.

IV. Information and evidences for the criteria of transparency:

- 1) Evidence that basic information on methodology used by external institution to form its credit assessments have been disclosed;
- 2) Description of disclosure procedures and information on the dates of the access to credit ratings by all potential clients;
- 3) Description of transparency policy in relation to the types of credit rating.

V. Information and evidences for the criteria of credibility:

- 1) The presence of external institution on the market in home country, other countries and regions;
- 2) evidence that the external institution exists at the market at least three years;
- 3) number of for which the credit rating was assigned by external institution;
- 4) information on income accomplished by the external institution from the activities of rating development in the last three years.

VI. Information needed for credit ratings mapping:

- 1) Information for mapping long-term credit ratings:
 - Definition of default,
 - Credit default rate (CDR) during the period of three years for each category of credit ratings and at least two most recent CDRs,
 - Ten-year average of three-year CDR, and if not available, the assessment of ten-year average of three-year CDR,
 - If variables are applied to default rate, provide information on variables applied to default of each credit rating grade,
 - Description of methodology for calculating CDR: selection of the pool (aggregation of default, weighting mechanism),
 - Statistical significance of default rates,

- Dynamic significance of rating methodologies (point-in-time or through the cycle),
 - Importance of credit rating grades,
 - Range of credit assessments used by the external institution,
 - Duration of credit ratings,
 - Transition matrix,
 - Geographic coverage.
- 2) Information for mapping long-term credit ratings for structural products:
- Definition of default rate based on the calculation of default rate,
 - Information on rating together with the explanation of main characteristics,
 - Significance of credit rating grades,
 - Range of credit assessments used by the external institution,
 - Duration of credit ratings,
 - Transition matrix,
 - Geographic coverage.
- 3) Information for mapping short-term credit ratings:
- relationship between short-term basic credit ratings and long-term basic credit ratings,
 - relationship between short-term credit ratings for structural products and long-term credit ratings for structured products.

**QUESTIONNAIRE
FOR THE CANDIDATE FOR EXECUTIVE DIRECTOR OF THE BANK**

II. Bank name and address	
II. General information on the candidate 1) Name and last name	
2) Permanent and temporary residence	
3) Date and place of birth	
4) Citizenship	
5) Office phone and e-mail	
III. Education Education, including duration of the study and the year of graduation.	
IV. Language skills (only for aliens) Please specify proficiency level of the language which is in official use in Montenegro.	
V. Professional skills Please specify in chronological order all types of advanced professional training and acquired specialist knowledge, including the topic, organizer and duration of such advanced professional training. Provide the information on obtained licenses and certificates.	
VI. Résumé 6.1. Indicate all previous employers and jobs in chronological order, including the periods during which the candidate performed the	

<p>specified jobs.</p> <p>6.2. Specify any experience in leading positions in the bank or the financial sector (indicate the types of jobs which the candidate performed and the duration thereof).</p> <p>6.3. Indicate whether the candidate was dismissed as a member of a managing body, an executive director or a similar position in a legal person, or whether there have been any requests from regulatory or other authorities for his/her dismissal, and if so, indicate the reasons of the dismissal and/or reasons for the submission of request for dismissal.</p>	
<p>VII. References</p> <p>Indicate information on persons that have had insight in professional skills of the candidate and from whom the Central Bank may seek recommendation for the candidate's selection. Persons providing the recommendation may be: members of the board of directors of a bank or any other legal person from the financial sector (except the bank submitting the request for granting the approval or a member of the banking group to which the bank belongs), scientists, scholars, and other persons that have acquired professional and personal reputation in their respective professions.</p> <p>If the candidate cannot propose persons for providing such recommendation, indicate this as well.</p> <p>If the candidate has already obtained the recommendation for the selection, this recommendation shall be enclosed herewith.</p>	
<p>VIII. Relation to other parties</p> <p>Please specify whether the candidate is a person related to another bank or legal person within the meaning of Article 31 points 1) and 2) of the Banking Law, and if so, please specify the form of relationship.</p>	
<p>IX. Bankruptcy and enforceable orders over the candidate's property</p> <p>Please specify whether there have there been any bankruptcy proceedings or enforceable orders over the candidate's property, and if so, indicate the volume of enforceable orders.</p>	

<p>X. Membership of the Managing Board of the Deposit Protection Fund</p> <p>Indicate whether the candidate has been a member of the Managing Board of the Deposit Protection Fund, and if so, specify the period in which the candidate exercised this function.</p>	
<p>XI. Governing and managing a bank or another business organisation</p> <p>Please specify:</p> <p>1) if the candidate has held any managing positions in a bank or other business organisation at the time when that organisation was subject to insolvency proceedings, and if so, specify the details related to the insolvency of that business organisation;</p> <p>2) if the candidate has been a member of the board of directors or an executive officer in any bank at the time when an interim administration was introduced in that bank, and if so, specify the details related to the interim administration.</p>	
<p>XII. Sentencing</p> <p>Please specify:</p> <p>1) if the candidate has been subject to a safety measure prohibiting further conduct of professional work, business activity or duty imposed by a competent court, and if so, indicate the type of the imposed measures and duration thereof;</p> <p>2) if the candidate has been convicted of a criminal offence, and if so, specify the type of the criminal offence and penalty.</p>	
<p>XIII. Criminal proceedings</p> <p>Please specify whether there are any pending criminal proceedings against the candidate, and if so, specify the type of criminal offence one is charged with.</p>	
<p>XV. Financial relation with the bank</p> <p>Please specify:</p> <p>1) if the bank has exposure to this candidate, and if so, indicate the total amount of the bank's exposure to this person;</p>	

<p>2) if the bank has exposure to a business organisation which is in the candidate's ownership, or to a business organization in which the candidate is a member of the board of directors or an executive director, and if so, specify the total amount of the bank's exposure to that business organization.</p>	
<p>XV. Other Please indicate other data and information not specified in this questionnaire that the candidate considers being important in the process of considering the request for granting the approval.</p>	

I hereby declare that all answers are true and complete to the best of my knowledge and that I have not concealed any information which may affect the decision of the Central Bank of Montenegro upon the request for obtaining the approval for my election as an executive director of the bank.

I hereby also declare that I am familiar with the provision of Article 37 paragraph 6 of the Banking Law, which prescribes that if the approval for electing executive director is based on incorrect data, it shall represent the basis for revoking the granted approval.

I commit myself to immediately inform the Central Bank about all and any changes which may have a significant impact on granting the approval for my election.

Place and date:

Signature of a candidate:
