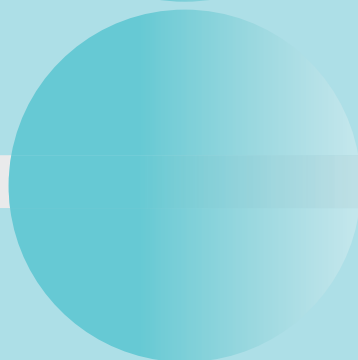
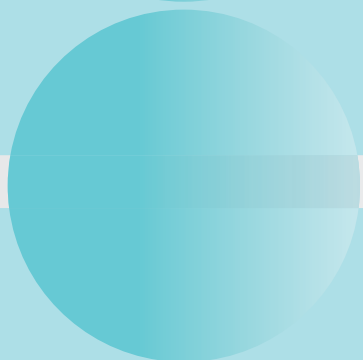
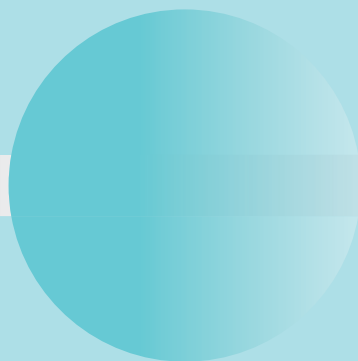
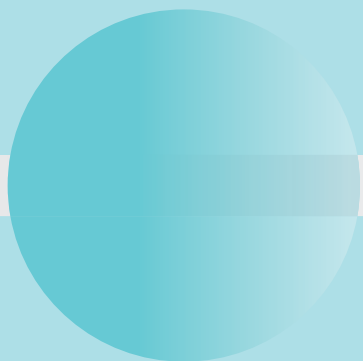
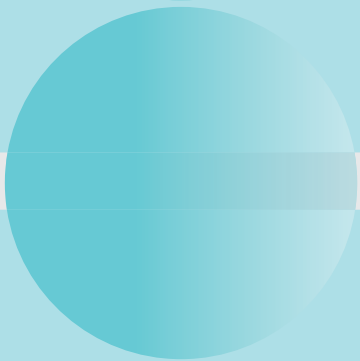
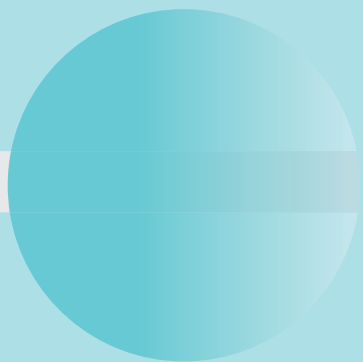
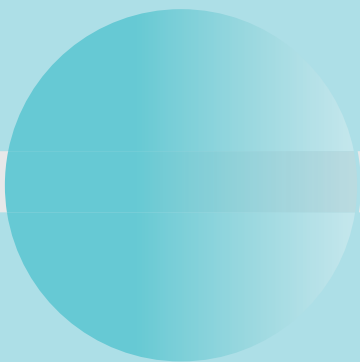




sela
south east legal alliance

Banking & Finance



What we do

Banking & Finance

SELA - South East Legal Alliance
May 2019

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Forward





The financial crisis has significantly changed the face of the banking and finance industry. The establishment of rigorous regulatory bodies, the tight monitoring of market activities, the increased regulatory and compliance requirements and the loss of reputation and trust in market participants has greatly shaped the current state of the sector. The market is (in parts), still battling with these reactions but has generally recovered from the implications.

Today, the industry has to tackle an entirely different set of challenges. These days the pressure is coming from the growing number of fintechs offering cheap and astute online services. Additionally, the challenges presented by digitalization are causing the sector and related services to become more flexible and adapt to the new needs and demands of its clients. Digital transformation is one of the omnipresent goals. The rise and increasing influence of fintech companies will continue to grow as technology further matures. "Traditional" financial institutions have (slowly) begun

experimenting with artificial intelligence and blockchain, discovering new ways of processing data. All of these new areas have called for new sets of regulatory requirements forcing legislators to become active in this field as well. The new EU General Data Protection Regulation (GDPR) caused another big regulatory change. In this respect, the issue of cybersecurity is relevant more than ever and market players need to work on their compliance.

In this very dynamic surrounding, the legal industry is also gradually feeling the need to adapt to not only the new market developments and trends, but also to cope with the growing number of informed and demanding clients. SELA lawyers are perfectly equipped to satisfy every client's need, because member firms are constantly involved in high-profile banking and finance matters across South East Europe, offering first class service and valuable insight.

01

Full Range of Service

The complexity of the banking and finance sector, with its continuously changing regulations and directives, calls for leading figures who have outstanding industry expertise and know how to work with regulators, local authorities, lenders, borrowers and other market players to successfully structure and close deals.

SELA advises its clients on all aspects of banking and finance law, with a particular focus on banking M&A's, capital markets, financial regulation, financial instruments, general lending, insurance, project finance, PPP's, NPL portfolio services and restructuring and distressed transactions.

Our well-versed banking and finance lawyers have profound experience in the industry and can draw upon much needed sector expertise making a significant difference in any transaction. The network and individual lawyers have been involved in many of the largest deals in the SELA jurisdictions and can look back on a successful track record of advising clients with banking and financial needs.



Banking M&A

In the past years, we have seen a lot of activity in the Central and South East European banking sector in terms of M&As. Many deals have been triggered inter alia by Greece's exit from their regional investments as part of its bail out strategy. Mergers and acquisitions, particularly in the banking sector, require a very particular skill-set from involved advisors, as the lack of information or expertise can quickly become a deal breaker. SELA has several leading banking and finance specialists that are leaders in this highly competitive legal field.

Our Services

- Deal structuring and negotiation
- Due diligence investigations
- Regulatory approvals
- Banking secrecy and personal data protection
- Drafting and reviewing contracts documents, terms sheets and alike
- Closing and post-closing advice

Financial Regulation

Since the financial crisis in 2008, the banking and finance industry has become one of the most tightly controlled economic sectors. Awareness and understanding of the latest legislative changes and the proactive anticipation of upcoming modifications is vital for solid and well-founded legal advice. SELA's legal experts embrace a hands-on approach to financial regulation and are on top of the regulatory dynamics in this industry.

Our Services

- Regulatory advice and standalone regulatory work
- Transactional advice
- Compliance advice and risk management
- Representation of clients before regulatory bodies
- Regulatory litigation

Finance and Lending

Finance and lending are powerful tools to gain financial resources, but come with a complex set of strings attached. In addition to general lending facilities and structured lending, loan facilities such as sovereign loans have gained significance in the SEE region as a means to developing a country's infrastructure. In order to be able to provide sound advice, finance lawyers need to have extensive knowledge of the particular financial mechanisms in a jurisdiction and the local legislation. SELA advises both borrowers and lenders, including banks, investors, multinationals, regional companies and governments on lending and finance transactions.

Our Services

- Acquisition finance
- Corporate lending
- Project finance
- Structured finance
- Debt restructuring, refinancing and recapitalization

Project Finance

When engaging in project finance transactions, it is of crucial importance to be on top of one's game to be able to manage every detail of these highly complex transactional structures. The international and cross-border aspects of project finance deals require in-depth knowledge of local legislation and longstanding experience in similar transactions, particularly when dealing with diverse lender groups and industry particularities. Over the past years, South Eastern Europe has experienced a large influx of large-scale energy and infrastructure financing from both private and institutional investors. SELA's legal experts have been involved in many of the region's largest energy and infrastructure development projects and financings and have comprehensive sector knowledge of the energy, transportation, mining, water, telecommunications, waste and healthcare sectors. SELA offers clients the necessary expertise and skills to deliver timely and efficient advice on the largest and most complex projects.



Our Services

- M&A and acquisition finance
- Real estate finance
- Asset Finance
- Public-private partnerships
- Commercial bank loans
- Mezzanine financing
- Islamic financing
- Sovereign lending

100

Structured Finance & Securitization

The complexity of structured finance products demands a high level of knowledge of non-conventional financial products, outstanding knowledge of the applicable legal framework and the regional industry landscape. SELA has dedicated finance experts, who can help borrowers, lenders and investors alike when it comes to collateralized debt obligations, collateralized bond obligations, collateralized mortgage obligations, hybrid securities, synthetic financial instruments, credit default swaps or syndicated loans.

Just like structured finance products and structured debt, securitizations require excellent legal advisors to ensure that everything is under control. Skilled lawyers from the SELA network have profound experience and expertise in asset backed securities like commercial backed securities, real estate backed securities (residential and commercial properties) and other forms of securitizations in order to help clients raise financial funds.

Our Services

- Asset finance
- Debt finance and advisory
- Structuring of financial products
- Financial services regulatory advisory
- Derivatives, securities, funds and capital markets advisory
- Product development
- Real estate finance
- ISDA-related queries and documentation

1000

€

Capital Markets

Equity and debt capital markets require knowledgeable advisors who are perfectly familiar with the markets' particularities, requirements and local restraints and the latest regulatory rules, such as the MiFID II. Effectively raising money quickly is challenging enough by itself, without the legal challenges. As capital markets offer new opportunities for companies and sovereigns, they also present new challenges as financing solutions become more innovative and complex. SELA has outstanding expertise in capital markets transactions and draw on a wealth of experience when advising lenders and borrowers on their capital markets transactions.

Our Services

- Legal advice (IPOs, listings and delisting of public companies, public placements, secondary offerings, secured and unsecured private and public bond emissions, etc.)
- Fund formation, including licensing of alternative investment fund managers and setting up alternative investment funds
- Licensing of investment intermediaries
- Regulatory advice and litigation
- Cross-border financing and regulation
- Acquisition strategy and restructuring
- Regulated functions outsourcing



NPL and Distressed Transactions

Although economic stability has been largely reestablished following the financial crisis, banks across the region still have a large amount of non-performing loans on their balance sheets and banks continue to be pressured to clear risk weighted assets from their portfolios. The EU and regional regulatory bodies have taken several measures to structure and regulate this market in order to make it more attractive for potential investors and to help banks write off some of their debt. SELA offers dedicated experts with in-depth expertise on non-performing loan portfolios, loan servicing and distressed transactions who have been involved in some of the largest transactions across the region.

Our Services

- Portfolio due diligence
- Portfolio acquisitions and disposals
- Financial regulatory compliance
- Banking secrecy

Fintech

Financial technology or "Fintech" is one of the fastest growing areas of finance, and is disrupting the way that banking and lending has traditionally been offered. However, innovative products, new services and fresh forms of financing present new risks that are difficult to identify in this early stage of development. Because this area of technology is so innovative, it has largely not been regulated yet, making these types of services uncharted territory for financial institutions and non-bank lenders. SELA takes an integrated, interdisciplinary and collaborative approach to bring together regional regulatory expertise and in-depth understanding of the governing legislation across our jurisdictions to offer clients a comparative assessment to help them chart these new waters and safely navigate through PSD 2, GDPR, anti-money laundering, cybersecurity, remote identification and authentication rules, with minimum risk and maximum effectiveness so they can reach a broader client base.

Our Services

- Business model set up
- Legal validation of new services and solutions
- Data protection and GDPR compliance
- Regulatory compliance and risk assessment
- Mergers and acquisitions
- Capital raising
- Commercial contracts and consumer protection
- Tax structuring
- Start-up advisory

Insurance

The insurance industry has been under pressure for some years now trying to find profitable ways to invest their capital. The increased restrictions in the field of compliance and regulation is a challenge for all market players. SELA offers precise industry insight and legal experts that are highly knowledgeable of the local legislation, helping insurers and reinsurers to find tailored solutions for their specific needs. Our expertise covers M&A, regulatory matters and capital transactions. Our clients include insurers, insurance agents and brokers, as well as financial institutions, insurance regulators, local and multinational companies and government bodies.

Our Services

- Business set-up
- Compliance and regulatory advice
- Development of new insurance products
- Assistance with licensing issues and litigation
- Advice on market entry, sales and marketing
- Representation in claims and disputes and negotiating settlements

02 Regional Banking &

Regulator(s)

ALB

Bank of Albania (BoA)
Financial Supervisory Authority (FSA)

BiH

Ministry of Finance and Treasury of BH
Ministry of Finance of Republic of Srpska
Ministry of Finance of Federation of FBH
Banking Agency of Republic of Srpska
Banking Agency of Federation of BH
Central Bank of Bosnia and Herzegovina
Insurance Agency of Bosnia and Herzegovina
Insurance Agency of Republic of Srpska
Insurance Surveillance Agency of Federation of BH

BG

Bulgarian National Bank
Financial Supervision Commission

CRO

Croatian National Bank
Croatian Financial Services Supervisory Agency

MAC

National Bank of the Republic of Macedonia

MNE

Central Bank of Montenegro
Ministry of Finance, Republic of Montenegro

SER

National Bank of Serbia
Ministry of Finance, Republic of Serbia

SLO

The Bank of Slovenia
The Ministry of Finance of the Republic of Slovenia

Key Regulations

ALB

Law on Banks
Law on Insurance and Reinsurance

BiH

Law on Central Bank of Bosnia and Herzegovina
Law on Banks of Republic of Srpska
Law on Banks of Federation of BH
Law on Banking Agency of Republic of Srpska
Law on Banking Agency of Federation of BH
Law on Insurance Companies of Republic of Srpska
Law on Insurance of Assets and Persons of Republic of Srpska
Law on Insurance of Federation of BH
Law on Insurance of Assets and Persons of Federation of BH

BG

Law on the Bulgarian National Bank
Law on Credit Institutions
Law on Bank Deposits Guarantees
Law on Payment Services and Payment Systems
Law on Consumer Loans
Law on the Real Estate Loans of Consumers
Law on Information of Non-Performing Loans
Law on Markets in Financial Instruments
Law on the Recovery and Resolution of Credit Institutions and Investment Firms
Law on Activities of Collective Investment Schemes and Other Collective Investment Undertakings
Law on the Special Investment Purpose Companies
Law on Measures Against Market Abuse with Financial Instruments
Law on Public Offering of Securities

Finance Comparison

CRO

Credit Institutions Act
Capital Markets Act
Insurance Act

MAC

Law on Banks
Law on Takeover of Joint Stock Companies
Law on Payment Operations
Law on Foreign Exchange Operations
Law on Provision of Fast Money Transfer Services
Law on Insurance Supervision
Law on Obligations
Law on Contractual Pledge
Law on Securities
Law on Notary
Law on Enforcement

MNE

Law on Banks
Law Amending the Bank Bankruptcy and Liquidation Law
Law on Investment Funds
Financial Stability Council Law
Central Bank of Montenegro Law
Deposit Protection Law
Law on Securities
Law on Prevention of Money Laundering and Terrorist Financing
Insurance Law
Law on Liquidation and Bankruptcy of Insurance Companies
Law on Public Internal Financial Control System

SER

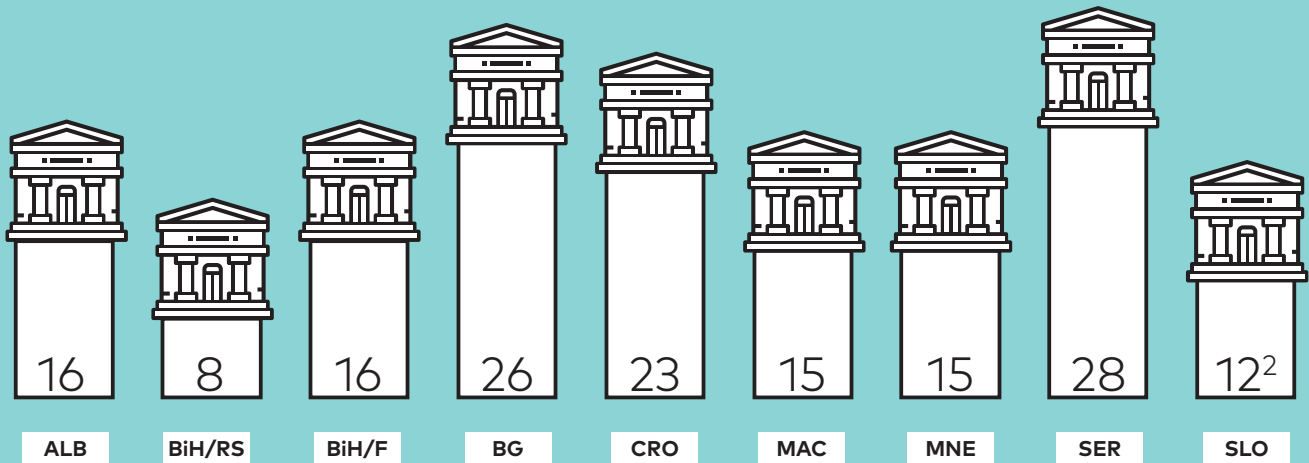
Law on Banks¹
Law on National Bank of Serbia
Law on Payments Instructions
Law on Forex Transactions
Law on Insurance
Law on Bankruptcy and Liquidation of Banks and Insurance Companies
Law on Investment Funds
Law on Financial Leasing
Law on Financial Securities
Law on Protection of Users of Financial Services
Law on Insurances of Deposits
Law on Prevention of Money Laundering and Terrorist Financing

SLO

Banking Act
Financial Instruments Market Act

¹ Decision on implementation of the provisions from the Law on banks that are related to granting preliminary approval, license for working, individual consents and approvals from the National Bank of Serbia, Decision on Adequacy of bank's capital, Decision on the risk management by bank.

Number of banks in the market

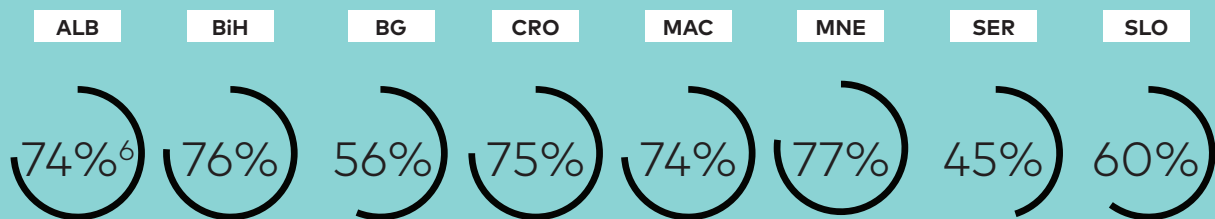


National currency

Exchange rate

ALB	Albanian Lekë (ALL)	1 EUR = 134.12 ALL ³
BiH	Bosnia and Herzegovina Convertible Mark (BAM)	1 EUR = 1,95583 BAM
BG	Bulgarian Lev (BGN)	1 EUR = 1.95583 BGN
CRO	Croatian Kuna (HRK)	1 EUR = 7.46 HRK ⁴
MAC	Macedonian Denar (MKD)	1 EUR = 61.5 MKD
MNE	EUR	n/a
SER	Serbian Dinar (RSD)	1 EUR = 118 RSD ⁵
SLO	EUR	n/a

Percent of total assets accounted for by 5 largest banks



² Banks authorized by the Bank of Slovenia under the Banking Act to provide banking, mutually recognized and additional financial services.

³ Annual average for 2017

⁴ Annual average for middle exchange rate of CNB for 2017

⁵ Annual average for 2017

⁶ Data for 2017 – Albanian Association of Banks - https://issuu.com/aabshshb/docs/annual_aab_2017

	Regulatory restrictions on nonfinancial firm ownership of banks		Regulatory restrictions on bank ownership of nonfinancial firms	
	Restricted	Unrestricted	Restricted	Unrestricted
ALB		☑	☑	
BiH		☑	☑	
BG		☑	☑	
CRO		☑	☑	
MAC		☑	☑	
MNE		☑ ⁷		☑ ¹⁰
SER		☑ ⁸		☑ ¹¹
SLO		☑ ⁹		☑

Capital Market	
ALB	n/a
BiH	Banja Luka Stock Exchange Sarajevo Stock Exchange
BG	Bulgarian Stock Exchange
CRO	Zagreb Stock Exchange
MAC	Macedonian Stock Exchange
MNE	Montenegro Stock Exchange
SER	Belgrade Stock Exchange
SLO	Ljubljana Stock Exchange

7 Every foreign or domestic, natural or legal person, is entitled to attain shares in a bank. The applicable law is more restrictive for mutual ownership. So, if the bank has a twenty or more percent of shares or voting rights of nonfinancial firm, that firm is forbidden of acquiring five or more percent of shares or voting rights of that bank. Yet Law on banks envisages conditions about the investors: they must have good business reputation and they are required to have financial and property status. For acquiring a status of qualified shareholder (owing five percent or more), the Central bank examines suitability and financial status of applicant also, if there are indications that the bank is being founded or that ownership that is being obtain, is aimed for financing terrorism or money laundering.

8 Serbian Law on banks does not make this distinction. Every natural or legal person is entitled to attain shares in a bank. Yet Law on banks envisages conditions to be undertaken by the investors: they must have good business reputation and they are required to have financial and assets status. The National Bank of Serbia also checks whether their business activity or obtaining a status of shareholder in the bank may cause a risk for lawful and secure governance of the bank. The National Bank of Serbia also examines if there are indications that the bank is being founded or (that ownership that is being obtain) is aimed for financing terrorism or money laundering.

9 Should the acquisition of bank shares result in or exceed the qualifying holding, a prior authorization of the Bank of Slovenia is required for this acquisition of the qualifying holding.

10 It is permitted to the bank to invest money in nonfinancial firms, but again Law on banks imposes restrictions on mutual ownership. If the nonfinancial firm has a twenty or more percent of shares or voting rights of the Bank in that case the bank is prohibited from acquiring five or more percent of shares or voting rights in that nonfinancial firm.

11 It is permitted to the bank to invest money in nonfinancial firms, but the Law on banks imposes restriction that investment of the bank in a nonfinancial firm cannot exceed ten percent of bank's capital. By the term investment it is only considered acquisition of shares or stocks. Full amount of investments in nonfinancial firms including the investments in nonfinancial firms, as well as in the fixed assets and investment property of the bank must not surpass 60% of the capital of the bank. Former restriction does not include acquisition of shares for their further sale within the six months from the date of acquisition of these shares.

03

Our Regional Banking & Finance Team

Key Contacts

Cross-border transactions and knowledge sharing are the heart of our alliance. To ensure top quality service and a unified approach we have established practice area/industry specific teams spanning across the region. This allows us to deliver commercial and cost-effective advice and to provide a unique service that other legal networks don't offer.



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