



АГЕНЦИЈА ЗА ОСИГУРАЊЕ ДЕПОЗИТА

**INFORMATION PAPER ON
OPERATIONS OF
THE DEPOSIT INSURANCE
AGENCY**

Belgrade, 2010-2011

Updated in March 2011

TABLE OF CONTENTS

1	Basic Information about the Deposit Insurance Agency and Information Paper.....	3
2	Organizational Structure.....	4
3	Public Information.....	11
4	Most Frequently Sought Information of Public Interest.....	11
5	Description of Agency’s Authorities and Activities.....	12
5.1	Deposit Insurance.....	12
5.2	Bankruptcy and Liquidation of Banks and Insurance Companies.....	15
5.3	Sale of State-Owned and Socially-Owned Capital.....	16
5.4	Execution of Operations on Behalf and for the Account of the Republic of Serbia.....	18
6	Regulatory Compliance	19
7	Agency Revenue and Expenditure.....	19
8	Financial Standing and Performance of the Agency in 2010.....	21
9	Staff Wages.....	23
10	Public Procurements.....	25
11	Government Assistance.....	25
12	Fixed Assets and Equipment.....	26
13	Data Storage.....	26
14	Application for Free Access to Public Information.....	26
15	Forms.....	30

1 Basic Information about the Deposit Insurance Agency and Information Paper

Official Name:
Deposit Insurance Agency

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Belgrade 11000, 2 Knez Mihailova Str.

ID number:
17606786

Tax Identification Number:
104001240

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Information Paper on the Deposit Insurance Agency Operation was drawn up pursuant to Article 39 of the Law on Free Access to Information of Public Interest („RS Official Gazette“, No. 120/04, 54/07, 104/09 and 36/10), and in conformity with the Instruction for Publication of Information Paper on Public Authority Operation („RS Official Gazette“, No. 68/10).

Information Paper on the Deposit Insurance Agency Operation, in Serbian cyrillic and latin version, was published in electronic form on the web-page of the Deposit Insurance Agency: www.aod.rs.

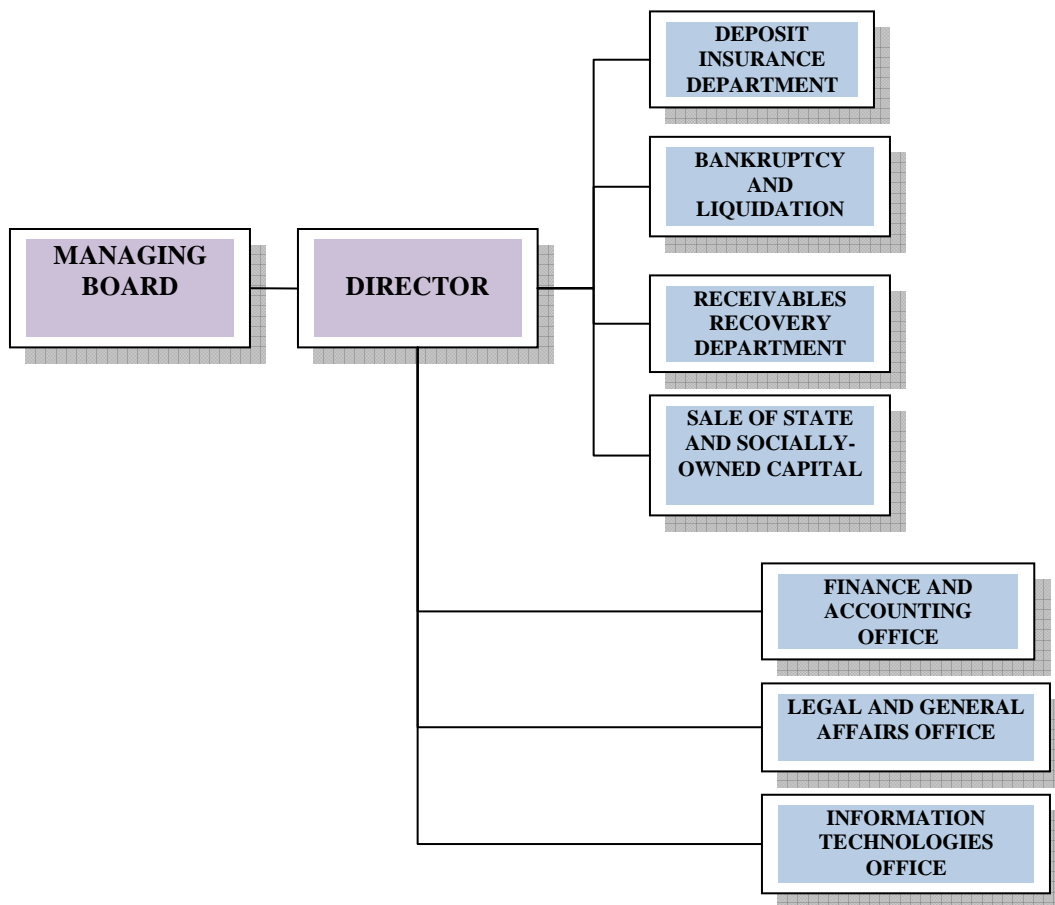
Information Paper is timely updated by insertion of changes and supplements to the contents and data offered by this publication concerning the Deposit Insurance Agency (hereinafter referred to as: “Agency”) operation. Upon applicant’s request, Information Paper may be provided in writing, free of charge, to the applicant’s address.

Milorad Dzambic, Agency Director, is responsible for the correctness and completeness of the data included in the Information Paper, for its proper drafting, publishing and regular updating, in accordance with the clause 8 of the Instruction for Publication of Information Paper on Public Authority Operation.

Vesna Petrovic, Head of the Legal and General Affairs Department (vesna.petrovic@aod.rs) was appointed to act based on requests for free access to information of public interest.

Information Paper on the Agency was first time published in March 2010. Last update of the Information Paper was made in March 2011.

2. Organizational Structure



According to the Agency Rulebook on Internal Organization and Job Classification, adopted on 22 January 2010, the Agency performs its activities within the following organizational parts:

1. Deposit Insurance Department
2. Bankruptcy and Liquidation Department
3. Receivables Recovery Department
4. State- and Socially-Owned Capital Sale Department
5. Finance and Accounting Office
6. Legal and General Affairs Office
7. Information Technologies Office.

The Agency's organizational parts have been established with the idea to each encompass the activities that are technologically and functionally linked and thus ensure efficient, cost-effective and harmonized operation, and efficient cooperation of the Agency with other institutions and legal entities. Organizational parts of the Agency are departments and offices. Departments are set up for the performance of the Agency activities as set forth by the Law and represent a rounded-off functional whole. Offices are set up for performing the activities for the Agency as a legal entity.

The relations among the organizational parts are based upon the principles of equality, mutual cooperation, provision of information and agreements. Mutual cooperation is achieved by timely sharing of data, information, notifications and experience they dispose of and which are necessary for performing the operations and tasks from the scope of other organizational parts.

Description of Organizational Parts' Activities

Deposit Insurance Department carries out the following activities:

- prepares and implements the regulations, interprets application of the regulations and other documents concerning deposit insurance the Agency is competent for;
- sets the standards for banks' reporting on deposits and placements on monthly, ten-days and daily levels, defines informatics reporting elements, and monitors and controls the reporting;
- proposes and implements the decisions setting the level, mode and deadlines for calculation and payment of the initial, quarterly (regular) and extraordinary insurance premium for deposits;
- monitors data that banks are obligated to submit to the Agency in accordance with applicable regulations: data about the balance of deposits, placements, lending and negative interest rates, etc.;
- determines the methodology for measurement and calculation of the potential risk of the Deposit Insurance Fund at a bank and the entire banking sector level;
- calculates insurance premiums, submits invoices to banks and collects premiums from banks;
- calculates, prepares and submits the interest rates lists and collects default interest on insurance premiums which are untimely paid;
- furnishes reports to the National Bank of Serbia concerning the settlement of banks' obligations for payment of deposit insurance premium, for each bank individually;
- keeps special records of assets collected based on the RSD and FX insurance premium, as well as of assets raised from other legally prescribed sources;
- prepares, proposes and implements decisions on the investment management policy of the Deposit Insurance Fund assets, decisions concerning placement of assets, and keeps records of the level and structure of the Fund's portfolio;
- proposes decisions on the conduct of procedure and mode of payment of insured deposits in case of a bank's bankruptcy or liquidation,
- implements the procedure for selection of a payout bank in the case of a bank's bankruptcy or liquidation;
- establishes and periodically tests the collective software solutions concerning the data transfer about the insured deposits for the need of paying them out, for both the bank in bankruptcy or liquidation and potential payout bank, should bankruptcy or liquidation of the bank occur;
- implements the prescribed activities in case of occurrence of insured event (bank's bankruptcy) and of a bank liquidation, sets the assets necessary for the payment of deposits, monitors and reconciles the data about the paid deposits;
- notifies depositors and other stakeholders about the deposit insurance, determines visual appearance and format of the information material, prints and distributes brochures, posters and leaflets to banks, etc.;
- gathers information on the business network of banks for the performance of deposit related activities;
- exchanges information with the National Bank of Serbia and cooperates with competent institutions concerning Agency's operations from the scope of the Department's activity;
- settles the obligations under international projects relating to deposit insurance;

- cooperates with international organizations and institutions in connection with deposit insurance, and gets familiar with the deposit insurance systems in other countries;
- follows up and proposes implementation of international standards relating to deposit insurance;
- prepares reports, information, analyses and overviews from the Department's domain of activities; and
- other operations in accordance with law and the Statute of the Agency.

The Bankruptcy and Liquidation Department performs the following activities:

- activities of a bankruptcy administrator or liquidator of a bank, insurance company and other financial organizations in accordance with legal regulations;
- organizes take-over of a bank, insurance company and other financial organizations into bankruptcy or liquidation proceedings, in accordance with the commercial court's decision opening the bankruptcy or liquidation proceedings;
- proposes the appointment and/or relieve of duty of the Agency's commissionaire or the person for representing and managing operations of a bank, insurance company and other financial institutions in bankruptcy or liquidation;
- supervises and controls the work of the Agency's commissionaire;
- proposes to the competent panel the persons that need to be retained for carrying out the activities relating to the conduct of bankruptcy or liquidation proceedings;
- proposes to the competent panel estimated costs of bankruptcy or liquidation proceedings;
- appoints the inventory-taking commission, manages the inventory-taking and compiles the Report of the performed inventory-taking of assets and liabilities of the bankruptcy or liquidation debtor;
- draws up the opening bankruptcy and/or liquidation balance sheet of the bankruptcy or liquidation debtor, as well as the tax balance sheet in accordance with tax regulations;
- examines the operation of the bankruptcy or liquidation debtor in the period preceding the institution of bankruptcy and/or liquidation proceedings, and files actions for rebuttal of legal actions in conformity with law;
- monitors and controls the collection of receivables from debtors, and manages assets of the bankruptcy or liquidation debtor with a due care and diligence;
- analyzes the claims reported against the bankruptcy or liquidation debtor, provides opinion on whether they are founded or not, and conducts court litigations in the case of contested claims reported;
- establishes the volume, status and priority order of the claims reported against the bankruptcy or liquidation debtor;
- submits proposal to the bankruptcy panel for appointment of the Board of Creditors members of a bankruptcy debtor;
- prepares proposals for the Board of Creditors in order to get the opinion on or consent for the sale of a part of the bankruptcy debtor's property;
- submits a proposal to the bankruptcy or liquidation panel for the sale of property or a part of the property of the bankruptcy or liquidation debtor and monitoring the implementation of this procedure in accordance with the decision of the competent panel;
- draws up draft contracts for sale of property of the bankruptcy or liquidation debtor;
- draws up a draft decision on the bankruptcy or liquidation estate division;
- draws up the draft closing bankruptcy or liquidation balance sheet;
- registers in the corresponding registry the dissolution of the bankruptcy or liquidation debtor as a legal entity;

- cooperates with competent institutions in connection with the Agency's operation falling within the scope of the Department's activities;
- prepares reports, information, analyses and overviews from the Department's scope; and
- other activities in accordance with law and the Statute of the Agency.

The Receivables Recovery Department carries out the following activities:

- organizes and collects receivables from debtors of the banks in bankruptcy or liquidation against which have been instituted: restructuring, tender and auction based privatization, and bankruptcy or liquidation proceedings;
- organizes and recovers, on behalf of and for the account of the Republic of Serbia, the claims from debtors whose obligations were the subject of purchase by the banks where the Republic of Serbia is a shareholder;
- organizes and collects, on behalf and for the account of the Republic of Serbia, the claims assumed by the Republic of Serbia from banks in bankruptcy/liquidation under foreign credits and/or loans established by law;
- draws up the records on reconciled balance with debtors, acquires the security instruments, responds to debtors' remarks concerning the reported claims and prepares the documents for arbitration;
- prepares the documentation for ongoing litigations under any ground;
- prepares draft agreements on settlement of claims, and cares for the payment of assets defined in the agreement, to the account of the bank in bankruptcy or to the account of the Republic of Serbia budget;
- participates in preparing draft procedures and other internal regulations relating to the recovery of receivables;
- cooperates with competent institutions in connection with the Agency's activities from the Department's scope;
- prepares reports, information, analyses and overviews from the Department's scope; and
- other activities in accordance with law and the Statute of the Agency.

The State- and Socially-Owned Capital Sale Department carries out the following activities:

- monitors the operation of the banks the shareholder of which is the Republic of Serbia, and the work of their bodies;
- monitors the operation of insurance companies with socially-owned capital;
- analyzes the financial standing of the banks the shareholder of which is the Republic of Serbia, and of insurance companies with socially-owned capital;
- organizes and implements the procedure for the selection of privatization adviser for implementing the sale of shares in banks or insurance companies;
- prepares the banks or insurance companies for the sale of shares and/or privatization;
- organizes and implements the procedure of the sale of shares of the banks owned by the Republic of Serbia, on behalf of and for the account of the Republic of Serbia;
- organizes and implements the procedure of recapitalization of banks, and/or for acquisition/merger of banks the shareholder of which is the Republic of Serbia;
- organizes and implements the procedure of privatization of state-owned capital in insurance companies;

- prepares draft regulations and other documents relating to the sale of state- and socially-owned capital in banks and insurance companies;
- cooperates with competent institutions in connection with the Agency's activities from the Department's scope;
- prepares reports, information, analyses and overviews from the Department's scope; and
- carries out other activities in accordance with the law and the Statute of the Agency.

Finance and Accounting Office carries out the following activities:

- draws up the financial plan and financial statements of the Agency;
- prepares draft Accounting Rules and their amendments and supplements;
- prepares drafts of other general regulations relating to the accounting activity of the Agency;
- performs bookkeeping-accounting;
- organizes and monitors the annual inventory-taking of Agency's assets, capital and obligations;
- receives, controls and pays the bills against material costs of the Agency;
- receives, controls and pays for the purchase of fixed assets and investment maintenance;
- purchases and pays for operating supplies and small inventories necessary for operation;
- calculates the salaries and other remunerations of the Agency staff;
- calculates and pays interest on Agency's deposited assets, in accordance with law;
- posts calculated and collected deposit insurance premiums paid by banks to the Agency in accordance with the law governing the matter of deposit insurance;
- records on books the claims collected by the Agency from debtors, on behalf of and for the account of the Republic of Serbia, based on purchase of claims from the banks the shareholder of which is the Republic of Serbia;
- records on books the claims collected by the Agency from debtors, on behalf of and for the account of the Republic of Serbia, based on assumed foreign credits and/or loans;
- performs bookkeeping and funding activities relating to administration of the projects funded from donations, for the needs of the Agency and competent institutions in conformity with concluded international treaties;
- cooperates with competent institutions in connection with the Agency's activities from the Office's scope;
- prepares reports, information, analyses and overviews from the Office's scope; and
- other activities in accordance with the law and the Statute of the Agency.

The Legal and General Affairs Office:

- draws up the Agency's draft Statute, as well as its amendments and supplements;
- prepares draft general regulations of the Agency;
- organizes preparation of the materials and draft decisions for the Agency's bodies;
- prepares the minutes from the sessions of the Agency's Managing Board;
- monitors and implements the laws and regulations relating to the Agency operations;
- prepares and updates the Information Paper on Agency;
- analyzes the requests and prepares answers to the requests of the parties for free access to information of public interest;
- prepares the Annual Report for the Commissionaire for Information of Public Interest;

- participates in the preparation of the bidding documentation and in the work of the commissions for public procurements of large and little value;
- prepares quarterly reports for the Directorate for Public Procurements about the conducted public procurements;
- provides legal assistance in developing draft decisions from the scope of other organizational parts;
- participates in drafting of the agreements concluded by the Agency;
- represents the Agency before courts, administrative and other authorities, based on the powers granted by the Director;
- prepares draft employment contracts, decisions and rulings concerning the staff employment and their registering for obligatory insurance;
- registers in corresponding registry the changes in operations of the Agency;
- organizes annual fire protection training for the staff;
- organizes administrative activities: recording of received and sent mail, mail dispatch, copying and binding of documentation, archiving of documents;
- cooperates with competent institutions in connection with the Agency's activities from the Office's scope;
- prepares reports, information, analyses and overviews from the Office's scope; and
- other activities in accordance with the law and the Statute of the Agency

The Information Technologies Office:

- maintains, controls and develops the hardware, system and applicative software, and participates in their purchase;
- monitors the functioning of the computer network and communications, and removes the errors occurring in work;
- staff training and assistance to acquire the required PC skills, use Internet and web applications;
- changes and checks the functioning of Agency's Internet site, proposes the development and communicates with companies engaged to maintain and modify the Internet site;
- maintains and develops the informatics based communication between banks and the Agency;
- creates, maintains and protects databases, designs the applicative software, and proposes development of integrated information system;
- participates in the control and communicates with banks in the transfer and takeover of data for the needs of the Agency, and proposes the contents of reports and the mode of operation;
- creates the programs and databases for the cases of bankruptcy and liquidation of banks and communications with payout banks;
- cooperates with other departments and offices, and participates in the creation of applicative solutions;
- monitors new programs and hardware, and gets familiar with current changes in the field of informatics engineering;
- cooperates with competent institutions in connection with the Agency's activities from the Office's scope;
- prepares reports, information, analyses and overviews from the Office's scope; and
- other activities in accordance with the law and the Statute of the Agency

Pursuant to the Law on Deposit Insurance Agency ("RS Official Gazette", no.61/05, 116/08 and 91/10), bodies of the Agency are the Managing Board and Director. Managing Board of the Agency has seven

members, including the Chairman. Members of the Managing Board, by virtue of the office they hold, are:

- the minister in charge of finance,
- the minister in charge of economy, and
- the vice-governor of the National Bank of Serbia in charge of bank supervision.

Other members of the Managing Board are appointed and relieved of duty by the Government, namely:

- the chairman and one member – at the proposal of the minister in charge of finance;
- one member – at the proposal of the National Bank of Serbia;
- one member – at the proposal of the representative Bank Association.

As members of the Managing Board must be elected the persons holding a university degree and have adequate experience gained in the domain of finance, banking and insurance business. The term of office of the Managing Board members is six years, with the right of being re-elected. The Managing Board is accountable to the Government for its work.

The Director is appointed and relieved from duty by the Managing Board, with the Government consent, for a period of five years, with the possibility of re-appointment. A person holding University degree and having at least five years of experience gained in the field of finance, banking or insurance may be appointed as director. Director is a member of the Agency staff. Director is accountable to the Managing Board for its work and carries out the following activities:

- 1) represents and acts as agent for the Agency;
- 2) organizes and manages the Agency's work;
- 3) proposes the regulations to be adopted by the Managing Board;
- 4) adopts the regulation on internal organization and job classification in the Agency;
- 5) implements the decisions of the Managing Board and undertakes measures for their enforcement;
- 6) is responsible for the legality and efficiency of the Agency's work, as well as for the utilization of the Agency's assets;
- 7) carries out other activities set forth by the law and the Agency's Statute.

The Agency Director is Milorad Dzambic, BSc in economics from Belgrade, appointed by the Managing Board decision dated 22 October 2010, to which the Government gave its consent, ruling 24 no: 119-7928/2010 dated 28 October 2010.

The Agency has 25 staff members under permanent contract; 16 of them hold university degrees, 1 has college degree while 8 have secondary school diplomas. The Agency also recruited 2 persons for part time jobs from the ranks of Youth Cooperative assigned to the office cafeteria and one person under the temporary service contract for office cleaning.

The qualification and age breakdown is as follows:

Qualifications/ age	25-35	36-45	46-55	Over 55	Total
HE – 7th grade	6	1	5	4	16
College degree – 6th grade			1		1
SE – 4th grade	2	3	1	2	8
TOTAL	8	4	7	6	25

The Project Management Unit (PMU) functioning within the Agency is in charge of technical and financial administration of the projects funded by donors, and provides services both to the Agency and other organizations and institutions. Project Management Unit (PMU) has 5 employees under the temporary service contract paid from the donor funds. The activities cover the procedures for selection of consultants and procurement of goods, financial asset management, use of funds, record-keeping and reporting about the use of funds.

3. Public Information

Agency address: Belgrade11000, 2 Knez Mihailova Str.

Tax identification number: 104001240

Agency business hours: 8:30 - 16:30 (weekdays).

Agency premises are accessible to the persons with special needs

There is no possibility of attendance to the meetings of the Managing Board and direct insight into the Agency operations.

Person authorized to deal with the applications
for free access to information of public interest:

Vesna Petrovic
Phone: 2075-125
vesna.petrovic@aod.rs

Director's Secretary
Phone: 2075-100, 2075-101
Fax: 3287-741
info@aod.rs

Deposit Insurance Department
3287-757, 3287-754
2075-126, 2075-105

Bankruptcy and Liquidation
Department
2075-103
2075-116

Receivables Recovery Department
2075-128
2075-129

Department for Sale of State and
Socially-Owned Capital
2075-120
2075-119

4. Most Frequently Sought Information of Public Interest

Since becoming effective the Law on Free Access to Information of Public Interest, the following information has been most frequently sought from the Agency:

- the contents of agreements concluded on sale-purchase of the capital owned by the Republic of Serbia in banks and insurance companies,
- the price at which the capital owned by the Republic of Serbia in banks and insurance companies was sold,
- the rights and obligations of the capital buyer as a new employer vis-à-vis the staff in banks and insurance companies the capital of which was sold,
- the Director's salary,

- entertainment costs of the Agency,
- some decisions made in the sessions of the Managing Board.

The Agency responded to the entities seeking information of public interest within time limits set by law.

5. Description of Agency's Authorities and Activities

The Deposit Insurance Agency was founded under the Law on Deposit Insurance Agency („RS Official Gazette“, No. 61/05, 116/08 and 91/10), which was published on 25 July 2005. The Law on Agency for Deposit Insurance, Rehabilitation, Bankruptcy and Liquidation of Banks („SFRY Official Gazette“, numbers 84/89, 63/90 and 20/91 and „FRY Official Gazette, number 53/01) ceased to be valid by entering into force of the said Law. The Deposit Insurance Agency was designated by the Law as a universal legal successor to the previous Agency for Deposit Insurance, Rehabilitation, Bankruptcy and Liquidation of Banks. The Deposit Insurance Agency has the status of public agency and is registered with the Commercial Court of Belgrade.

Pursuant to the provisions of the said Law, the Agency carries out the following activities:

- mandatory insurance of deposits of natural persons, entrepreneurs and small- and medium-sized legal entities in accordance with the law governing deposit insurance;
- provision of financial support to banks in conformity with the law, including granting of loans;
- function of bank administrator in accordance with the law governing bankruptcy and liquidation of banks and insurance companies;
- establishment of the bridge bank in conformity with the law;
- function of bankruptcy administrator or liquidator in banks and insurance companies in accordance with the law governing bankruptcy and liquidation of banks and insurance companies;
- participation in managing the banks the shareholder of which is the Republic of Serbia and organization and conduct of sale procedure of shares of these banks in conformity with the law and other regulations;
- organization and conduct of privatization of the socially-owned and sale of the state-owned capital in insurance companies in conformity with the law governing insurance;
- recovery of receivables on behalf of and for the account of the Republic of Serbia in conformity with the law and Government decrees;
- carrying out other activities set by the law.

Agency has the statutory obligation to submit reports to the following state bodies:

- Agency submits the Progress Report at least once a year to the National Assembly, Government, National Bank of Serbia and ministry in charge of finance;
- Agency submits the Annual Account for the previous year, along with the audit report, to the Government and National Bank of Serbia, until July 15th of the current year.

5.1. Deposit Insurance

Basic activity of the Agency is insurance of deposits of natural persons, entrepreneurs and small and medium-sized legal entities with banks. The conditions for and mode of deposit insurance, as well as the system of payout of insured deposits in the case of revocation of operating license issued to a bank is governed by the Law on Deposit Insurance („RS Official Gazette“, number 61/05, 116/08 and 91/10 – hereinafter: the Law).

The deposit is cash receivable in RSD or foreign currency against a bank, which derives from a cash deposit, saving deposit, bank current account or other cash account on the basis of which a legal or contractual liability for the bank is created to return the assets.

The insured deposit is a deposit of a natural person, entrepreneur and small and medium-sized legal entity insured by the Agency, and which does not include the deposits:

- 1) of legal entities or natural persons connected with a bank, in terms of the law governing banks,
- 2) coded or bearer deposits,
- 3) those arisen as a consequence of money laundering or terrorism financing, in conformity with the law governing prevention of money laundering and terrorism financing.

The insured amount is the amount of insured deposit up to EUR 50.000 per depositor, which is established after offsetting of claims between a depositor and a bank, i.e:

- 1) for RSD deposits – in RSD equivalent at the official median exchange rate applicable on the date of adoption of the decision by the competent court on institution of the bankruptcy or liquidation proceedings against the bank;
- 2) for foreign currency deposits which are not denominated in EUR – in the equivalent of the currency in which these deposits are denominated, at EUR exchange rate to that currency calculated on the basis of median exchange rate of RSD to EUR and median exchange rate of RSD to that currency, applicable on the date of adoption of the decision by the competent court on institution of the bankruptcy or liquidation proceedings against the bank.

The Agency insures deposits up to the level of the insured amount. The Republic of Serbia guarantees for the Agency's obligations based on deposit insurance.

The Law prescribes that all the banks are obliged to insure deposits of natural persons, entrepreneurs and small and medium-sized legal entities. To that effect the banks pay the insurance premium to the Agency, in a manner and within deadlines prescribed by the Agency. The Agency sets the rate of quarterly premium for the following year at the latest until September 30 of the current year, on the basis of standing of banking and entire financial system of the Republic of Serbia, level of risk to which it is exposed and amount of assets of the Deposit Insurance Fund.

In order to provide assets for deposit insurance, the Agency sets up a special Deposit Insurance Fund. The Deposit Insurance Fund is formed by: the deposit insurance premiums paid by banks, income generated by investment of the Deposit Insurance Fund assets, proceeds from recovered Agency's receivables from the bankruptcy estate of a bank based on the payment of insured deposits, sale of a bridge bank, recovery of receivables on the basis of initial capital from the bankruptcy or liquidation estates of the bridge bank, borrowed funds, donations and assets from the Republic of Serbia budget.

The Law sets forth the obligation for the Agency to keep cash assets of the Deposit Insurance Fund on the special deposit account opened with the National Bank of Serbia. Based on the decision of the Managing Board, the Agency may invest the Deposit Insurance Fund assets in debt securities issued by the Republic of Serbia or the National Bank of Serbia. According to the decision of the Agency's Managing Board and the contract concluded by and between the Agency and the National Bank of Serbia, the National Bank of Serbia invests on its own behalf and for the account of the Agency the Deposit Insurance Fund assets in foreign securities or puts them on deposit in foreign banks, in accordance with the foreign exchange reserve management policy. In this regard, the Managing Board adopts every year the Investment policy for managing assets of the Agency – Deposit Insurance Fund for next year. Assets of the Deposit Insurance Fund are invested in the manner which ensures lower risk, generates adequate income and maintains its liquidity.

Assets of the Deposit Insurance Fund are used for payout of insured deposits in case of bankruptcy or liquidation of a bank, for payment of administrative costs in connection with the payment of such amounts and the management of the Deposit Insurance Fund assets, as well as for the return of borrowed assets used for such purposes. Exceptionally, the Deposit Insurance Fund assets may be used, on the basis of the Government decision, for provision of financial support to a bank in accordance with the law governing Agency and for the establishment of a bridge bank in accordance with the law governing banks.

On the date of court rendering the decision on institution the bankruptcy or liquidation proceedings against a bank, the Agency establishes the level of the insured amount per depositor on the basis of all deposits of such depositor in the bank as at the date of issuance of the said decision, including the pertaining contracted interest accrued up to that date. Depositor's claim against the bank based on the insured deposit is offset by the depositor's total due cash obligations to this bank until the date of issuance of the decision, inclusive, and the insured amount of such depositor represents the net claim resulting from such offsetting.

The Agency is bound to notify the depositors through mass media of their rights and obligations, the date of commencement and the place of payout of insured deposits within three days of the date of court rendering the decision on institution of the bankruptcy or liquidation proceedings against the bank. Payout of the insured deposits, on behalf and for the account of the Agency, is conducted by the bank selected by the Agency by public tender.

A depositor has the right to request from the Agency the payout of the insured amount, and the Agency is bound to ensure that the insured amount be paid to the depositor within 30 days from the date of filing the said demand. The depositor is bound to enclose to the request a certified document proving that the claim is grounded (contract for the cash deposit, saving deposit, bank current account, savings books, ruling on inheritance, etc.). The request may not be filed after the expiry of three years of the issuance of court decision on institution of the bankruptcy or liquidation proceedings against that bank.

For RSD deposits, the Agency pays out the insured amount in RSD, and for deposits in foreign currency, it pays out the deposits in EUR – at EUR/specific currency exchange rate calculated on the basis of official median RSD/EUR exchange rate and official median RSD/specific currency exchange rate applicable on the date of court adoption of the decision. If the depositor has deposits in both RSD and foreign currency, the Agency shall pay out the insured amount commensurately with the currency structure of total deposits of the depositor in a bank in RSD and in EUR. The depositors whose claims towards a bank exceed the insured amount, will have the margin between the claim and that amount settled in the course of bankruptcy or liquidation proceedings.

The Law provides that the Agency enacts the regulations it is authorized for. In this regard, the Managing Board of the Agency adopted the following regulations relating to deposit insurance:

- Decision on Setting the Contents of the Form of Report which the Banks Submit to the Agency and on Manner and Deadlines for Calculation and Collection of Deposit Insurance Premium (“RS Official Gazette”, no. 1/11);
- Decision on Setting the Quarterly Deposit Insurance Premium Rate for 2011 in the Amount of 0,1% („RS Official Gazette“, no. 64/10);
- Decision on the Mode of Calculation and Payment of Default Interest Charged on non-timely Paid Obligations by Banks Based on Insurance Premium on Deposits of Natural Persons, Entrepreneurs and Small and Medium-Sized Legal Entities („RS Official Gazette“, number 06/09);

- The Decision Establishing the Mode and Deadlines for Calculation and Collection of the Initial Deposit Insurance Premium („RS Official Gazette“, number 06/09).

5.2. Bankruptcy and Liquidation of Banks and Insurance Companies

The Agency discharges the function of the bankruptcy administrator and liquidator of banks, insurance companies and other financial organizations based on the Law on Bankruptcy and Liquidation of Banks and Insurance Companies („RS Official Gazette“, numbers 61/05, 116/08 and 91/10). Depending on when the bankruptcy or liquidation proceedings have started, such proceedings are conducted pursuant to the provisions of the following laws:

- The Law on Rehabilitation, Bankruptcy and Liquidation of Banks („SFRY Official Gazette“, numbers 84/89 and 69/90 and „FRY Official Gazette“, numbers 37/93, 26/95, 28/96, 16/99, 44/99 and 53/01),
- The Law on Forced Settlement, Bankruptcy and Liquidation („SFRY Official Gazette“, number 84/89 and „FRY Official Gazette“, numbers 37/93 and 28/96),
- The Law on Bankruptcy Proceedings („RS Official Gazette“, number 84/04),

Bankruptcy and Liquidation Proceedings are carried out by competent commercial courts.

Within the powers of the bankruptcy administrator or liquidator the Agency performs the following activities:

- organizes inventory-taking of assets and liabilities of the bankruptcy or liquidation debtor and prepares the initial bankruptcy or liquidation balance sheet;
- monitors the implementation of the procedure of sale of bankruptcy or liquidation debtor's assets in accordance with the decisions of the bankruptcy or liquidation panel;
- examines the claims reported by creditors and provides opinion in the hearings if the amount of such claims is grounded;
- proposes to the court a draft division of assets for the purpose of paying out the creditors according to the priority orders set by law;
- represents bankruptcy or liquidation debtors before the courts and other competent bodies, and undertakes legal actions for the purpose of successful conduct and completion of the ongoing lawsuits.

The basic task in conducting bankruptcy and liquidation proceedings is the sale of bankruptcy or liquidation debtor's assets, and settlement of creditors' claims from the generated proceeds. The sale of property of a bankruptcy or liquidation debtor is carried out by public bidding or public tender, upon the previously made appraisal by authorized experts. The sale of property is published in minimum two dailies with a large circulation.

In the bankruptcy proceedings, creditors are paid partially, in percentages, in accordance with the payout orders prescribed by law.

Liquidation proceedings involve full payment to all creditors whose claims have been found grounded. After the payout of all creditors of a liquidation debtor, the surplus of liquidation estate is transferred to shareholders. If during the conduct of the liquidation proceedings it is found that the overall property of liquidation debtor is not sufficient for settling all creditors, the Agency as liquidator may propose to the competent court to issue the ruling on institution of bankruptcy proceedings.

During the conduct of bankruptcy or liquidation proceedings, the recovery of receivables from debtors of the banks in bankruptcy and liquidation is also conducted with a view to forming the bankruptcy and liquidation estate. The Law on Privatization („RS Official Gazette“, numbers 38/2001, 18/2003, 45/2005 and 123/2007) sets forth the obligation for all state creditors, which also involve the banks in bankruptcy

administered by the Agency, to report claims against the company under restructuring, tender and auction type of privatization, as at 31 December 2004. State creditors are obligated to carry out debt acquittal in the process of privatization of the said companies, while these claims are recovered from the privatization proceeds based on Debt Settlement Agreement. A part of claims' recovery from debtors of the banks in bankruptcy and liquidation relates to the recovery from the debtors' bankruptcy estate in bankruptcy proceedings.

5.3. Sale of State-Owned and Socially-Owned Capital in Banks and Insurance Companies

In the period between 2002 and 2005, the Republic of Serbia became owner of shares of a number of banks based on debt conversion towards the Paris and London Clubs of creditors and old F/X deposits into share capital of the banks¹.

The banks in which the Republic of Serbia has a share may be divided into three groups:

- 1) banks with majority stake of the state;
- 2) banks in which the state together with professional investors has majority stake;
- 3) banks in which the state has minority stake.

The Republic of Serbia is majority owner in two banks, majority owner together with the European Bank for Reconstruction and Development also in two banks, while it is minority owner in four banks:

As at 31.12.2010	Bank name	RS share (%)	DIA (bankruptcies) (%)	Total share (%)
Banks in which the state is a majority shareholder	Banka Poštanska Štedionica a.d. Beograd	69,56%*	0,59%	96,90%
	Srpska Banka a.d. Beograd	96,52%		96,52%
Banks in which the state together with EBRD is a majority shareholder	Komercijalna Banka a.d. Beograd	42,60%	6,56%	49,16%
	Čačanska Banka a.d. Čačak	38,84%	4,46%	43,30%
Banks in which the state is minority shareholder	JUBMES Banka a.d. Beograd	19,78%	8,33%	28,11%
	PB Agrobanka a.d. Beograd	20,07%	0,55%	20,62%
	Privredna Banka Beograd a.d. Beograd	19,41%		19,41%
	Credy Banka a.d. Kragujevac	15,24%	2,98%	18,22%

* the share of the Republic of Serbia is 69.56%, the share of JP PTT Traffic «Srbija» is 24.27, and that of the Pension and Disability Insurance Fund 2.48%, which makes a total of 96.31%

The purpose of selling the state's share in the share capital of banks is to bring to end the reforms oriented to establishment of a stable financial sector in the long run. Strategic determination of the Republic of Serbia is to reduce the participation of the state in commercial activities, attract strategic investors, spur development of the capital market, strengthen confidence of the public in the banking sector, and increase its efficiency.

The Law on Deposit Insurance Agency stipulates that the Agency participates in managing the banks where the Republic of Serbia holds shares by monitoring the operations of such banks and the work of

¹ Banks' shares acquired by the Republic of Serbia pursuant to the Law on Regulation of the Public Debt of the Federal Republic of Yugoslavia Based on Households' Foreign Exchange Savings („FRY Official Gazette“, number 36/02 and „RS Official Gazette“, number 80/04) and the Law on Regulation of the Relationship between the Federal Republic of Yugoslavia and Legal Entities and Banks from the Territory of the Federal Republic of Yugoslavia that are Original Debtors or Guarantors towards Paris and London Clubs of Creditors („FRY Official Gazette“, number 36/02 and 7/03).

their respective bodies, organizes and carries out the sale of such shares on behalf of and for the account of the Republic of Serbia, and performs other activities on behalf of and for the account of the Republic of Serbia. These competences are more specifically regulated by the Law on Securities and other Financial Instruments Market („RS Official Gazette“, number 47/06) and the Law on Takeover of Joint-Stock Companies („RS Official Gazette“, number 46/06 and 107/09), as well as by the Decree on the Manner and Procedure for the Sale of Shares of the Banks in the Republic of Serbia’s Ownership or in Ownership of the Banks in Bankruptcy and Liquidation where the Deposit Insurance Agency Discharges the Function of Bankruptcy Administrator or Liquidator („RS Official Gazette“, number 59/04, 108/04 and 92/05).

The sale of shares is carried out in two stages: a pre-privatization restructuring and sale of shares by international public tender. The stage preceding the sale of shares is the restructuring which is carried out if a need exists therefore. In this stage are undertaken only the most necessary measures intended to preserve the value of banks (resolution of the issue of uncollectible receivables, sale of fixed assets not indispensable for the performance of basic activity, operative and organizational improvement, introduction of corporate governance, etc.). In the second stage is conducted the sale of shares that commences by enactment of the ruling by the minister of finance. The method for sale of the state’s controlling share in banks is the international public tender. During the tender implementation, the National Bank of Serbia checks if the criteria for participation of bidders in the procedure are met. The tender is organized and monitored by the Agency, which selects and appoints the financial advisor for providing assistance in the tender preparation and implementation. In the cases where the state holds minority capital in the structure of banks’ share capital, the intention is to form the controlling package with other shareholders.

The financial and economic crisis present in the course 2009 also required, apart from multiple measures relating to the banking sector, a specific adjustment and approach to the management of shares in the banks where the Republic of Serbia held shares. The Government adopted by the Conclusion 05 number: 422-2388/2009-1 of 7 May 2009 the Strategy for Managing the Shares in Banks in the Republic of Serbia’s Ownership for the 2009 – 2012 Period. It was planned that in the first phase of the Strategy implementation continue the activities such as: preparation and implementation of institutional building plans, analyses of economic justification of the merger of certain banks, and capital increase. These activities will enhance corporate governance, improve the procedures for credit and other risks management, resolve the issue of uncollectible loans and render assistance in internal reorganization and improvement in the rendering of services to clients and, accordingly, aspiration to increase and preserve the value of the state’s participation in banks. The sale of state-owned capital in banks will be implemented in a later stage, in the circumstances of more favorable market conditions.

As at 31 December 2012, on the insurance market of the Republic of Serbia were operating the following insurance companies with socially-owned capital:

Insurance Company	Socially-owned capital (%)
Dunav osiguranje a.d.o.	94.61
Triglav Kopaonik a.d.o.	5.51
Dunav RE a.d.o.	4.58

Operation of and privatization procedure for insurance companies are regulated by the Law on Insurance („RS Official Gazette“, number 55/04, 70/04, 61/05, 85/05 and 101/07), while the Decree on the Procedure for the Sale of Capital of Insurance Companies by Public Tender („RS Official Gazette“, numbers 42/06 and 86/06) establishes the protagonists of the activities and deadlines for implementation

of the tender procedure. Considering the nature and specific features of the insurance business, the legal position of insurance companies in relation to other economic entities, the National Bank of Serbia is according to the Law on Insurance competent for supervising the performance of this activity.

According to the provisions of the said Law, the Ministry of Finance launches the privatization procedure of insurance companies operating with socially- and state-owned capital and supervises this procedure, while the Deposit Insurance Agency organizes and carries out the procedure of privatization of socially-owned capital and of the sale of state-owned capital in insurance companies.

Also, the Law on Insurance sets forth, unless otherwise stipulated by this Law, that the provisions of the law regulating privatization of socially- and state-owned capital in companies and other legal entities apply to the procedure of privatization of capital in insurance companies.

The principles for selling socially- and state-owned capital in the financial sector are: openness to public and transparency, share pricing according to the market conditions and sale to the internationally recognized investors.

5.4. Actions Taken on Behalf and for the Account of the Republic of Serbia

The Law on Deposit Insurance Agency lays down that the Agency organizes and implements the sale of shares and carries out other activities on behalf and for account of the Republic of Serbia. Based on legal authorizations, the Agency also collects the Republic of Serbia's receivables from certain categories of debtors.

By adoption of the Law Regulating the Relationship of the Republic of Serbia and Banks in Bankruptcy and Liquidation Based on Assumed Foreign Credit and/or Loans („RS Official Gazette”, number 45/05), banks in bankruptcy and/or liquidation from the territory of the Republic of Serbia that are debtors, i.e. original debtors or guarantors vis-à-vis the Paris and London Club of creditors and other foreign creditors based on the obligations assumed by the Republic of Serbia, are relieved of these obligations, and the relationship between the Republic of Serbia and ultimate debtors on this ground is regulated. The Deposit Insurance Agency was appointed to administer the recovery of the receivables on the said basis in the name and for the account of the Republic of Serbia.

On 1 July 2004, the Government enacted the Conclusion 05 No.: 021-4468/2004-002 authorizing the Agency to purchase on behalf and for the account of the Republic of Serbia the uncollectible receivables from banks where the procedure for the sale of state-owned shares has been instituted. The receivables relate to debtors having the status of: a public company, another company in which the state holds ownership and a socially-owned company undergoing privatization and/or restructuring.

The Law on Privatization („Official Gazette of the RoS“, nos. 38/2001, 18/2003, 45/2005 and 123/2007) sets forth the obligation for the Agency as a state creditor, when administering on behalf and for the account of the Republic of Serbia the receivables thereof, to acquit the debt and to recover the receivables from the privatization proceeds by implementation of the Settlement Agreement. A part of recovered receivables relates to the recovery from debtors' bankruptcy estate in bankruptcy proceedings.

Taking into account that the acting by the Agency on behalf and for account of the Republic of Serbia in the processes of recovering the receivables from debtors undergoing restructuring, privatization or bankruptcy is governed by legal regulations, in December 2005 the Government adopted the Conclusion 05 No.: 40-8177/2005 which stipulates that the Agency shall act on behalf and for the account of the Republic of Serbia in recovering the receivables from: a) public companies, and b) companies privatized according to earlier applicable privatization regulations.

6. Regulatory Compliance

The Agency conducts its operations in compliance with the following laws and regulations:

- Law on Deposit Insurance Agency (“Official Gazette of the RoS”, Nos. 61/05, 116/08 and 91/10) www.aod.rs
- Law on Deposit Insurance (“Official Gazette of the RoS”, Nos. 61/05, 116/08 and 91/10) www.aod.rs
- Law on Bankruptcy and Liquidation of Banks and Insurance Companies (“Official Gazette of the RoS”, Nos. 61/05, 116/08 and 91/10) www.aod.rs
- Law on Banks (“Official Gazette of the RoS”, Nos. 107/05 and 91/10) www.aod.rs
- Law on Insurance (“Official Gazette of the RoS”, Nos. 55/2004, 70/2004 - correction, 61/2005, 101/2007, 63/2009 – Decision of Constitutional Court and 107/2009)
- Decree on the Manner and Procedure of Sale of Banks Owned by the Republic of Serbia or by the Banks in Bankruptcy and Liquidation under Bankruptcy and Liquidation Administration of the Deposit Insurance Agency (“Official Gazette of the RoS”, Nos. 59/04, 108/04 and 92/05) www.aod.rs
- Law on Labour (“Official Gazette of the RoS”, Nos. 24/05, 61/05 and 54/09).

7. Agency Revenue and Expenditure

The Agency assets are made of: (a) assets of the Deposit Insurance Fund and (b) funds used by the Agency for other operations in its competence.

The Deposit Insurance Fund (hereinafter: the Fund) is sourced by premiums for deposits insurance paid by banks, revenue from the Fund investments, revenue from recoveries of paid out funds out of bankruptcy estates, revenue generated from the sale of bridge banks, recovery of bridge banks’ initial capital from their bankruptcy or liquidation estates, borrowings, grants and budgetary funds of the Republic of Serbia. The assets of the Fund are specifically allocated for payment of insured amounts in the case of bankruptcy of a bank and payment of administrative costs incurred in the asset management of the Fund.

The Law on Deposit Insurance prescribed the obligation for the Agency to keep the money of the Deposit Insurance Fund in a separate deposit account with the National Bank of Serbia. The Agency may invest the assets of the Deposit Insurance Fund, based on the decision of the Board of Directors, into debt securities issued by the Republic of Serbia or the National Bank of Serbia. By virtue of the decision of the Board of Directors of the Agency and the contract concluded between the Agency and the National Bank of Serbia, the National Bank of Serbia shall, on its behalf and for account of the Agency, invest the assets of the Fund in foreign securities or as a deposit with foreign banks, in line with the policy of foreign exchange reserves management. To that end, the Board of Directors of the Agency approves every year the Investment Policy of Asset Management for the Agency - Deposit Insurance Fund for the coming year.

At medium exchange rate of the National Bank of Serbia as at 31 December 2010, the Fund assets amounted to EUR 140.0 million (EUR 114.0 million in foreign currencies and EUR 26.0 million of RSD origin). Calculated and collected quarterly deposit insurance premiums, which ensure continued and steady growth of the Fund, constituted the main inflow of assets in the Fund in 2010.

Funding for other activities within its scope is secured by the Agency from the revenue generated by its operations, from donations, the budget and otherwise, in compliance with the law. The Law governing the budget of the Republic of Serbia anticipated no financing for the Agency and hence the Agency was no budget beneficiary.

The Agency cooperates with international financial institutions and uses grants to recruit experts to provide counseling and assistance in conducting the Agency's operations.

Since the Agency is administering finance of several projects funded by the *Division for International Development of the United Kingdom (DFID)*, and further to the new rules for all the financial projects of financial support to the Government institutions, *DFID* Office in Serbia carried out financial assessment of the Agency to establish fiduciary risk.

DFID definition of the fiduciary risk is a potential risk of misappropriation of assistance funds, securing no adequate value for money and/or the consumption of funds without detailed justification. The most frequent reason why an assessment of fiduciary risk is initiated in any country is lack of capacity, expertise and knowledge, bureaucratic inefficiency and/or high corruption.

Fiduciary assessment was carried out in December 2009, in compliance with PEFA² indicators and implied the detailed survey of the systems and procedures of fiduciary transactions of the Agency related to *DFID* funds management - but also other donors and review of auditors' reports on *DFID* projects. The evaluation included the Agency's work in the context of public finance management in the country and fiduciary risks identified in the latest PEFA Report for Serbia, compiled in 2007.

The conclusions stated in the assessment report are as follows:

- Fiduciary risk of using the Agency to implement projects funded by *DFID* is low.
- There is no need to take any steps towards the risk reduction.
- It is appropriate to use services of the Agency for implementation of *DFID* projects in view of general risk assessment of fiduciary risk of broader state systems. While these systems suffer from weaknesses, the system and procedures of the Agency are strong and reliable.
- With the implementation of reporting system as per Memorandum of Understanding, *DFID* may rest assured that the fiduciary risk of advance payments made for the projects is low.
- The use of services of the Agency for implementation of similar projects in future is appropriate.

² *The Public Expenditure and Financial Accountability Program* - started in December 2001 jointly financed by the World Bank (*Development Grant Facilities - DGF*), European Commission, Division for International Development of the United Kingdom (*DFID*), Swiss State Secretariat for Economic Affairs (*SECO*), Royal Norwegian Ministry of Foreign Affairs, French Ministry of Foreign Affairs and the International Monetary Fund (*IMF*). The objectives of PEFA program are enhancement of capacities of credit beneficiaries and donations to (i) assess the position of the state public expenditures, system of accountability for public procurements and finance and (ii) develop a series of practical activities aimed at reforms and capacity development. PEFA's reports offer a snapshot of the situation in the area of public finance management of the country. The Assessment was made under the methodology developed by PEFA.

8. Financial Standing and Performance of the Agency in 2010

The Agency had a positive balance in 2010 – with **net profit of RSD 271,879,495.77**, as presented in the Annual Accounts for 2010.

Balance	01/01-31/12/2010	01/01-31/12/2009	% increase/ decrease
Total revenue	2,349,490,163.67	1,648,669,256.81	42.5
Total expenditure	2,032,722,979.01	1,325,145,498.67	53.4
Profit before tax	316,767,184.66	323,523,758.14	-2.1
Profit tax	44,896,558.10	35,708,450.58	25.7
Net profit	271,879,495.77	287,783,160.10	-5.5

According to the Annual Accounts for 2010, the Agency recorded profit before tax of RSD 316,767,184.66. Further to the Law on Corporate Tax, the Agency computed and presented profit tax for 2010 in the amount of RSD 44,896,558.10. Thus, net profit after tax amounted to RSD 271,879,495.77.

Total revenue made by the Agency in 2010 was RSD 2,349,490,000 and went up by 42.5% compared to 2009. Total expenditure in 2010 was RSD 2,032,723,000. It increased by 53.4% in comparison to 2009.

The breakdown of total revenue shows that 87% or RSD 2,059,008,000 accounted for the exchange rate differences and changes in the value of securities (accounting categories).

The breakdown of total expenditure shows that 91% or RSD 1,858,295,000 accounted for the exchange rate differences and changes in the value of securities (accounting categories).

Net positive effect of exchange rate differences and other accounting categories was RSD 201,845,000, with a share of 63% in the overall financial standing.

RSD 244,121,000 or 10% of total revenue accounts for revenue generated from business operations.

RSD 130,785,000 or 6% of total expenditure accounts for business expenses.

The surplus generated by the Agency in 2010 amounts to RSD 113,336,000. The share of positive effect from operations is 35% of the financial standing in 2010.

Operating Income and Expenses

Operating income	Actual 2009	Actual 2010	% increase/ decrease
Interest rate income from term deposits	52,364,130	81,211,106	55.09
Income from charges on transaction on behalf and for account of RS	39,288,966	16,235,773	-58.68
Income from securities trading	116,864,738	144,529,026	23.67
Other income	27,760,195	2,146,011	-92.27
Total operating income	236,278,029	244,121,918	3.32

Operating expenses	Actual 2009	Actual 2010	% increase/
Gross wages and other taxes and contributions payable by the employer	67,941,287	71,219,298	4.82
Cost of production services and materials	17,839,546	15,631,622	-12.38
Cost of non-productive services	14,895,109	11,124,503	-21.31
Cost of payment transactions and banking charges	20,520,646	32,810,234	59.89
Total operating expenses	121,196,588	130,785,657	7.91
Excess income over expenses	115,081,441	113,336,260	- 1.52

Total operating income of the Agency in 2010 increased by RSD 7,843,889 as compared to 2009 or by 3%. Total operating expenditure in 2010 increased by RSD 9,589,069 as compared to 2009 or by 8%.

The balance sheet total of the Agency in 2010 went up by 35% as compared to 2009. The Deposit Insurance Fund increased by 45% over 2009 as a result of paid-in premiums in RSD and foreign currencies and allocation of distributed profit for 2009, in the amount of RSD 143,891,000.

The Agency's Financial Plan for 2010 sets out operating income for the period January – December 2010 at RSD 281,000,000 whereas the actual sum reached only RSD 244,121,000 or 86% of the target.

Operating expenses of the Agency were planned to be RSD 128,283,000 whereas the actual expenditure was RSD 130,785,000 or 1.01% of the planned operating expenses.

Operating Income and Expenses in 2010

Operating income	Planned for 2010	Actual in 2010	Achieved
Interest income from term deposits	107,000,000	81,211,106	76%
Income from fees on transactions on behalf and for the account of RoS	25,000,000	16,235,773	65%
Income from trading in securities	142,000,000	144,529,026	101%
Other income	7,000,000	2,146,011	30%
Total operating income	281,000,000	244,121,918	86%

Operating expenses	Planned for 2010	Actual in 2010	Achieved
Gross wages and other taxes and contributions payable by the employer	69,900,000	71,219,298	101%
Cost of production services and materials	19,300,000	15,631,622	80%
Cost of non-productive services	11,083,000	11,124,503	100%
Cost of payment transactions and banking fees	28,000,000	32,810,234	117%
Total operating expenses	128,283,000	130,785,657	101%
Surplus of income over expenses	152,717,000	113,336,261	74%

9. Staff Wages

Staff wages are paid from the revenue the Agency generates through its operations. The Agency does not use the state budget funds to pay the wages and salaries to its staff.

General labor regulations apply to the rights, obligations, responsibilities and earnings of the Agency staff. Pursuant to the Law on Labor ("Official Gazette of the RoS", nos. 24/05, 61/05 and 54/09), the Board of Directors of the Agency approved on 02 September, 2005 the Agency Labor Rules, which govern employment contracts, holidays and absences of employees, their earnings, other compensations and termination of employment contracts with the staff.

The Agency Labor Rules set out that the basic wage of an employee shall be established further to the requirements indicated in the Act on Organization and Job Classification, for assignments contained in respective labor contracts and work hours. The basic wage is determined according to the coefficient for each job described in the Act and the labor cost for full-time employment and standard labor performance.

The coefficient of the job reflects complexity of assigned tasks, responsibility, education grade and work conditions. Minimum coefficients are set in the Act on Organization and Job Classification issued by the Director of the Agency. Labour cost is a monetary expression of the value of the job done for the full office hours and standard performance.

In compliance with the Government conclusion enacted on 28 January, 2010, which recommends to public companies, public agencies and organizations involved in obligatory social insurance to determine in their annual operating programs, earnings of directors and staff, the highest net earning in the amount which shall not exceed six time the average wage before tax and contributions that had been paid in the Republic of Serbia for December 2009. The Agency adjusted its Financial Plan for 2011 accordingly.

The Act on Organization and Job Classification established the following manpower breakdown:

Position	Coefficient
Director	6.00
Deputy Director	6.00

Department Manager	3.65
Assistant Department Manager	3.32
Head of Section	3.07
Senior Advisor	2.33
Advisor	2.10
Secretary	2.00
Desk Officer	1.68
Driver	1.68
Courier	1.68

10. Public Procurements

In 2010, the Agency conducted a public procurement procedure in compliance with the Law on Public Procurements (“Official Gazette of the RoS”, No. 116/08) in order to hire a company to audit the Agency’s financial reports for 2010.

In addition, the following public procurements of low value were made in accordance with the Rulebook on the Procedure of Public Procurement of Low Value (“Official Gazette of the RoS”, No. 50/09): procurement of one passenger vehicle for the Deposit Insurance Agency; procurement of beverages; procurement of stationary and procurement of hygiene supplies.

11. Government Assistance

Deposit Insurance Agency has not provided and is not currently providing any kind of government assistance (transfers, subsidies, grants, project co-financing, favorable loans, exemption from payment of fees, money transfer, etc.).

12. Fixed Assets and Equipment

FIXED ASSETS/ EQUIPMENT AS AT DECEMBER 31, 2010

Quantity	Type	Acquisition Value	Value Adjustment	Present Value
3	Passenger vehicles	6,283,589.55	3,197,963.30	3,085,626.25
85	Office and mobile telephones	1,736,180.75	1,720,344.78	15,835.97
23	Air conditioners	1,784,950.59	1,784,950.59	0.00
12	Filing cabinets	340,056.22	244,051.55	96,004.67
93	Computers, printers and other IT equipment	10,019,662.19	7,187,735.94	2,831,926.25
12	Photocopiers, scanners and voice recorder	2,672,394.86	1,513,329.21	1,159,065.65
175	Office furniture and other office equipment	5,815,553.03	5,309,803.41	505,749.62
TOTAL:		28,652,387.19	20,958,178.78	7,694,208.41

The Agency does not own any real estate.

13. Data Storage

Information in paper format is kept on the Agency's premises whereas the information in electronic format are stored in computers, on CDs or floppy-discs. All documents and information carriers are kept by taking the corresponding safety measures. Information is classified, stored and filed in compliance with the Decree on Categories of Archive Material with Storage Timeframes ("Official Gazette of the RoS", No. 6poj 44/93) setting out the categories of archive materials and timeframes for their storage.

All the information available, generated in the operations of the Agency or related to its business, shall be communicated to any applicant or the document provided containing such information for inspection or issue a copy of the document further to the provisions of the Law on Free Access to Information of Public Importance, except and to the extent of limitations under the said law.

14. Application for Free Access to Public Information

By virtue of the Law on Free Access to Information of Public Interest, stakeholders have the right to get the information of public interest concerning the operations of the Deposit Insurance Agency. The procedure for exercising the right to free access to information of public interest is initiated by filing a respective application with the Agency – to the person authorized to deal with such applications – Ms. Vesna Petrovic. The forms of application and complaints are annexed herein.

The application may be made in writing or verbally on the records. The application shall state the name of the authority applied to, name, surname and address of the applicant and as precise as possible description of the information requested. The applicant need not state the reasons for application. The inspection of the documents containing the requested information is free of charge. A copy of the document containing the information requested is issued, provided the applicant has paid necessary cost for its production and in the case of delivery also the cost of dispatch. The Government shall prescribe the Tariff list to serve as a basis for calculation of the said expenses.

An excerpt from the Law on Free Access to Information of Public Interest is provided below:

"Substance of the Right to Access of Information of Public Interest

Article 5

Everyone is entitled to be advised of whether public authority has certain piece of information of public interest, or whether it is otherwise accessible.

Everybody is entitled to have the information of public interest made available by inspection of the document which contains such information of public interest, the right to have, if so requested, a copy of the document sent by post, fax, email or otherwise

Life, Health, Security, Justice, Defense of the Country, National and Public Security, Economic Welfare and Secrecy

Article 9

Public authority shall not enable the applicant to accede the information of public interest if it would:

- 1) Endanger life, health, security or another important property of any person;
- 2) Endanger, prevent or hinder the investigation into a criminal act, incrimination for a criminal act, conduct of preliminary criminal proceedings, execution of a judgment or enforcement of a sentence, or any other legally regulated procedure or fair treatment and fair trial;
- 3) Seriously threaten the defense of the country, national or public security or international relations;
- 4) Essentially diminish the capability of the country to manage economic processes, or substantially prevent the accomplishment of just economic cause;
- 5) Make access to information or document which under the regulation or official act based on the law were classified as state, official, business or other secret, namely accessible to only certain circle of persons whose disclosure could cause serious legal or other consequences to the interest protected under the law prevailing over the interest of access to such information.

Abuse of Free Access to Information of Public Interest

Article 13

Bodies of authority shall not enable the applicant to get the information of public interest if the applicant abuses the right to access of information of public interest, particularly if such a request is unreasonable, frequently repeated for the same or already obtained information or when too many information is requested.

Application for Communication, Inspection, Copy and Delivery

Article 15

The applicant shall file a written application to the authority to realize his/her right to access the information of public interest (hereinafter: Application).

The application shall feature the name of the authority requested, name, surname and address of the applicant and as precise description of requested information as possible.

The application may contain other data facilitating the search for the information requested.

The applicant need not state the reasons for his/her application.

If the application shall not contain the data referred to in paragraph 2 of this Article, namely, if the application is not accurate, the authorized person of the authority shall be obliged, at no cost, to inform the applicant how to alleviate the deficiencies, namely, to supply the applicant with the instructions how to supplement the application.

Unless the applicant shall fail to eliminate the deficiencies within the given time limit that is within 15 days of the date of receipt of the instruction to supplement, while the deficiencies are of such a magnitude that the application cannot be processed, the public authority shall discard the application as incorrect.

The authority shall be obliged to facilitate also on the basis of verbal application of the applicant, which shall be made on the records, provided such an application shall be recorded on separate records and under the same time limit as if it had been filed in writing.

The public authority may prescribe a form for application, but shall take into account the application which was not made on such a form.

Processing the Application

Article 16

The public authority shall be obliged, without delay, but not later than 15 days of the day of receipt of the application, to inform the applicant about the possession of information, make the document containing such information available for inspection, namely issue or dispatch a copy of such a document. Copy of the document shall be deemed to be dispatched to the applicant on the date it left the Mailing Office of the authority requested.

If the application refers to the information supposedly of interest for the protection of life or freedom of a person, or for threat or protection of public health and environment, the authority shall advise the applicant of the possession of such information, provide the same for inspection of the document containing so requested information, namely, issue the copy of the document not later than 48 hours of the receipt of the application.

If public authority shall not be able, due to justifiable reasons, to advise the applicant within the time limit referred in paragraph 1 of this Article of the possession of information, provide the document with the requested information for inspection, or issue, namely, dispatch a copy of such document, it shall be obliged, at the latest within seven days of the date of the receipt of the application to advise the

applicant of the subsequent deadline, which cannot be longer than 40 days of the date of the receipt of the application, informing the applicant of the possession of such information, provision of the document containing such information and issue, namely, dispatch a copy of the document.

If the public authority shall fail to reply within the time limit the applicant may file a complaint to the Commissioner, except for the cases set out in this Law.

Public authority shall, together with the advice to the applicant that the document containing the requested information shall be provided for inspection, issue the copy of such a document, inform the applicant of the time, place and manner of presentation of the document for inspection, the amount of necessary cost for making a copy of the document, and in the case no technical facilities for producing a copy shall be available, inform the applicant about the possibility of using own copy machine.

The document containing the requested information may be inspected on the official premises of the public authority.

The applicant may ask to inspect the document containing the requested information, on reasonable grounds, at a different time than the time fixed by the public authority requested.

A person unable to make inspection of the document without the accompanying person shall be enabled to do so with the help of the accompanying person.

If the request is honored, the public authority shall not issue a special decision, rather an official note.

If the public authority rejects to advise the applicant in whole or in part of the possession of information, to procure the document for inspection containing the requested information, to issue namely dispatch a copy of such a document, it shall be obligated without delay but not later than 15 days of the date of the receipt of the application, to issue a decision rejecting the application and to explicate the decision in writing and refer the applicant to legal remedy against such a decision.

Compensation

Article 17

The inspection of the document containing the requested information shall be free of charge.

Copy of the document containing the requested information shall be issued provided the applicant shall have paid the charges of necessary cost for the production of a copy of the document, and in the case of mailing, the respective postal charges.

The Government shall prescribe Tariff list on the basis of which the public authority shall calculate the cost referred to in the preceding paragraph.

Journalists are exempted from the obligation to compensate under paragraph 2 of this Article, if they request a copy of the document to do their job; associations for the protection of human rights, when a copy of the document is requested in pursuit of the objectives of their association, and all persons when the requested information refers to the endangering, namely, protection of public health, or protection of environment except for cases under Article 10, paragraph 1 of this Law.

The Commissioner shall monitor the practice of collection of the compensation and exemption from payment, and shall recommend to public authorities to take a uniform approach.

Right to Complain

Article 22

The applicant may file a complaint to the Commissioner if:

- 1) Public authority shall reject or repudiate the request of the applicant within 15 days of the date of dispatch of the decision or another act;
- 2) Public authority shall contrary to Article 16, par 2 of this Law, fail to reply, within the prescribed time limit, to the request of the applicant;
- 3) Public authority shall, contrary to Article 17, paragraph 2 of this Law, make the issue of a copy of the document contingent on the payment of compensation in excess of the amount of necessary cost of production of such a copy;
- 4) Public authority shall fail to put the document for inspection which contains requested information as provided by Article 18, paragraph 1 of this Law;
- 5) Public authority shall fail to present the document containing the requested information for inspection, namely to issue a copy as stipulated in Article 18, paragraph 4 of this Law, or
- 6) Public Authority shall otherwise obstruct or make impossible for the applicant to exercise his/her right to free access to information of public interest, contrary to the provisions of this Law.

The decisions of the National Parliament, President of the Republic, Government of the Republic of Serbia, Supreme Court of Serbia, Constitutional Court and the Republic Prosecutor shall be incontestable.

The decisions referred to in paragraph 2 of this Article are subject to the administrative proceedings in compliance with the law, of which the court shall inform the Commissioner *ex officio*.”

F O R M S

DEPOSIT INSURANCE AGENCY
11000 BELGRADE, Knez Mihailova, 2

APPLICATION
For Access to Information of Public Interest

By virtue of Article 15, paragraph 1 of the Law on Free Access to Information ("Official Gazette of RS", nos. 120/04, 54/07 and 104/09), I request the Deposit Insurance Agency to:*

- Advise whether the requested information is in its possession;
- Inspect the document containing such information;
- Copy the document containing such information;
- Deliver a copy of the document containing the requested information:**
 - By mail
 - By email
 - By fax
 - In another manner:***

This application covers the following information:

(state a precise description of requested information and other data to facilitate the search for such information)

Applicant/Name and Surname

In _____,

Address

Date _____ Year 20__

Other contact data

Signature

* Check the box for legal rights you wish to exercise.

** Check the box for the manner of delivery of the copy of the document.

*** When requesting another manner of delivery, please specify.

**DEPOSIT INSURANCE AGENCY
11000 BELGRADE, Knez Mihailova, 2**

By virtue of Article 16, paragraph 1, of the Law on Free Access to Information of Public Interest, acting on the application by (name and surname of the applicant) for inspection of the document (or a copy of the document) which contains (description of requested information) is delivered to:

**A D V I C E
of Presentation of the Document and Production of a Copy of the Document Containing the Requested Information**

Acting on the application no. filed on by (name and surname of the applicant), within the time limit set out in Article 16, paragraph 1, of the Law of Free Access to Information of Public interest, please be advised that you can inspect on, at, on the premises of the Deposit Insurance Agency, Knez Mihailova, 2, 2nd floor, room 216, the document which contains the information requested in your application.

On that occasion, if you request so, you will get a copy of the document with the requested information. A copy in A4 format shall cost..... RSD. The amount of total cost of making a copy is .RSD..... payable to the account of the budget of the Republic of Serbia

Copies to:

1. The above named
2. Archives

.....
(signature of authorized person)

**COMPLAINT AGAINST DECISION OF DEPOSIT INSURANCE AGENCY
REJECTING OR REPUDIATING THE APPLICATION FOR ACCESS TO INFORMATION**

**To the Commissioner for Information of Public Interest
and Protection of Personal Data**

11000 Belgrade, Nemanjina 22-26

COMPLAINT

(.....)

Name, surname, or name, address and seat of the complainant

Against the decision-conclusion of the Deposit Insurance Agency

No..... dated year.

The mentioned decision of the Deposit Insurance Agency (decision, conclusion, advice in a written form) has contrary to the law rejected-repudiated my application which I filed on..... year, and thus I was unable to exercise my constitutional and legal right to free access to information of public interest. I contest the decision in whole, namely, in the part which.....

.....
as it was not grounded on the Law on Free Access to Information of Public Interest.

Based on the above, I propose the Commissioner to honor my complaint, annul the decision of the first instance authority and allow the access to the requested information.

This complaint has been filed in due time, within the legal time limit set in Article 22 paragraph 1 of the Law on Free Access of Information of Public Interest.

.....

Complainant / Name and surname

In.....,

.....

Address

DateYear 20

.....

Other data for contact

.....

Signature

Note:

- The complaint shall state the contested decision (decision, conclusion. advice), name of the authority which issued the decision, and the number and date of the decision. It will suffice if the complainant shall state in the complaint the aspect of his dissatisfaction, provided the complaint need not be separately explained. If the complaint is filed on this form, additional explanation may be annexed.
- The complaint should be accompanied with a copy of the application and proof of its filing with the authority and copy of the decision of the authority which is contested.

COMPLAINT FOR FAILURE OF PUBLIC AUTHORITY TO ACT /failure to act fully /
ACCORDING TO THE CLAIMANT'S REQUEST WITHIN LEGAL TIME LIMIT
(ADMINISTRATION SILENCE)

**To the Commissioner for Information of Public Interest
and Protection of Privacy**

11000 Belgrade, Nemanjina 22-26

By virtue of Article 22 of the Law on Free Access to Information of Public Importance I herewith launch the following

COMPLAINT

against

Deposit Insurance Agency of Belgrade, Knez Mihailova No.2

because:

**the Agency failed to act / to act fully * / within the
legal time limit**

(underline the reason for the complaint)

Further to my application for free access to information of public interest which I filed on
, requesting to have an opportunity to inspect the document-copy of the document, which contains the
information and further to the Law on Free Access of Information of Public Interest, as follows:

.....
.....
.....
.....

(state the data about the request and information)

Based on the above, I propose the Commissioner to honor my complaint and enable the access to the requested information.

As a proof, the complaint should be supported with a copy of the application with a proof of filing with the Deposit Insurance Agency.

***Note:** In the case of complaint because of non-action on the application in whole, the received reply should be enclosed.

Complainant / Name and surname

.....
Signature

.....
Address

.....

In....., Date