



INFORMATION PAPER
ON THE OPERATIONS OF THE NATIONAL BANK OF SERBIA

Belgrade, January 2008

Pursuant to Article 39 of the Law on Free Access to Information of Public Importance (“RS Official Gazette”, no. 120/2004) and with reference to the Guidelines for Publication of Information Papers on Operations of Government Bodies (“RS Official Gazette”, No. 57/2005), the National Bank of Serbia hereby presents the following

INFORMATION PAPER ON THE OPERATIONS OF THE NATIONAL BANK OF SERBIA

1. INFORMATION PAPER on operations of the National Bank of Serbia is published annually and provides information on the remit, organizational structure and operations of the National Bank of Serbia. It presents relevant information regarding the manner in which interested persons may exercise their right to information on operations of the National Bank of Serbia, pursuant to the Law on Free Access to Information of Public Importance.

The Information Paper was first published on 30 November 2005 and posted in electronic form on the website of the National Bank of Serbia – www.nbs.rs. The Information Paper is regularly updated with changes and supplements. It was last updated on 4 July 2008.

The accuracy and completeness of data presented in the Information Paper is within the responsibility of Mrs. Bojana Markovi -Jager, Senior Officer in the Public Relations Section of the NBS Governor’s Office. She was designated to respond to requests for free access to information of public importance by a special Decision of Governor Radovan Jelaši .

NBS REMIT AND RESPONSIBILITIES

2. The Law on the National Bank of Serbia (“RS Official Gazette”, Nos. 72/2003 and 55/2004) stipulates the status, organization, remit and functions of the National Bank of Serbia and its relationship to other bodies of the Republic of Serbia and international organizations and institutions .

The National Bank of Serbia is independent and autonomous in the exercise of its functions as defined by the Law on the National Bank of Serbia and other pursuant legislation, and is accountable for its operations to the National Assembly of the Republic of Serbia.

The National Bank of Serbia performs the following functions:

- formulation and implementation of monetary policy;
- autonomous pursuit of the dinar exchange rate policy and determination of the dinar exchange rate regime with the consent of the Government;
- holding and managing of foreign exchange reserves;
- issuing of banknotes and coins;
- regulation, control and promotion of unhindered functioning of internal and external payment operations;
- issuing and revoking of operating licenses, carrying out supervision of banks and other financial institutions and enacting of pursuant regulations;
- issuing and revoking of licenses and/or authorizations for carrying out insurance operations and conducting insurance supervision, pursuant to the law governing insurance operations;
- performing statutory tasks for the Republic of Serbia;
- performing other tasks specified in the Law on the National Bank of Serbia and other pursuant legislation in accordance with the principles of central banking.

In addition to the above scope of remit and other responsibilities defined in the Law on the National Bank of Serbia, the laws listed below also prescribe the remit and responsibilities of the National Bank of Serbia:

- Law on Banks ("RS Official Gazette", No. 107/2005);
- Law on Foreign Exchange Operations ("RS Official Gazette", No. 62/2006);
- Insurance Law ("RS Official Gazette", No. 55/2004 and 61/2005);
- Law on Bankruptcy and Liquidation of Banks and Insurance Companies ("RS Official Gazette", No. 61/2005);
- Law on Payment Operations ("FRY Official Gazette", No. 3/2002 and 5/2003, and "RS Official Gazette", No. 43/2004 and 62/2006);
- Law on Commemorative Coins ("RS Official Gazette", No. 46/96);
- Law on Regulation of the Public Debt of the Federal Republic of Yugoslavia in Respect of Household Frozen Foreign Currency Savings Deposits ("FRY Official Gazette", No. 36/2002);
- Law on Regulation of the Public Debt of the Federal Republic of Yugoslavia Under Agreements on Household Foreign Currency Deposits Termed with Dafiment Bank, a.d. Belgrade in Liquidation and Under Household Foreign Currency Deposits with Banka privatne privrede Crne Gore, d.d. Podgorica ("FRY Official Gazette", No. 36/2002);

- Law on Public Debt (“RS Official Gazette”, No. 61/2005);
- Law on Deposit Insurance Agency (“RS Official Gazette”, No. 61/2005);
- Law on Accounting and Auditing (“RS Official Gazette”, No. 46/2006);
- Law on the Market of Securities and Other Financial Instruments (“FRY Official Gazette”, No. 65/2002 and “RS Official Gazette”, 57/2003, 55/2004 and 45/2005);
- Financial Leasing Law (“RS Official Gazette”, No. 55/2003 and 61/2005);
- Law on Deposit Insurance (“RS Official Gazette”, No. 61/2005);
- Law on Voluntary Pension Funds and Pension Schemes (“RS Official Gazette”, No. 85/2005).

The scope of remit of the National Bank of Serbia is defined both by the laws referred to in Article 2, indent 3 hereof and by subordinate legislation.

ORGANS OF THE NATIONAL OF BANK OF SERBIA AND THEIR SCOPE OF REMIT

3. Organs of the National Bank of Serbia are:

- **Monetary Policy Committee,**
- **Governor,**
- **Council.**

Monetary Policy Committee comprises, Governor, Mr. Radovan Jelaši , and Vice-Governors of the National Bank of Serbia, Mrs. Ana Gligorijevi and Mrs. Mira Eri -Jovi .

Monetary Policy Committee is responsible for formulation of monetary policy, and in particular, formulation of conditions and manner of issuing short-term securities, conduct of open market operations and performance of discount operations. It also defines the policy of short-term lending, dinar exchange rate policy, dinar exchange rate regime (subject to approval of the RS Government), and the manner of managing foreign exchange reserves. It sets the discount rate and other interest rates of the National Bank of Serbia, the reserving base for calculation of required reserves and the reserve requirement ratio. The Monetary Policy Committee determines the manner, conditions and deadlines for allocation and use of bank required reserves held with the National Bank of Serbia as well as measures for maintaining liquidity of banks and other financial organizations.

Meetings of the Monetary Policy Committee are held if at least two thirds of its members are present. Monetary Policy Committee takes decisions on the basis of the majority of votes cast, and in the case of a tie, the Governor’s vote

decides. Meetings of the Monetary Policy Committee are chaired by the Governor.

The Governor of the National Bank of Serbia is Radovan Jelaši . Mr. Jelaši was appointed by the National Assembly of the Republic of Serbia by the Decision on the Election of the Governor of the National Bank of Serbia (“RS Official Gazette”, No. 18/2004) for a term of five years, with the right to re-election.

The Governor is in charge of and responsible for accomplishment of the objectives of the National Bank of Serbia, and in particular for implementation of decisions of the Monetary Policy Committee and the NBS Council, for organization and operations of the National Bank of Serbia, drafting legislation coming under NBS remit, enacting legislation that comes under the remit of the National Bank of Serbia but not under the scope of activities of the Monetary Policy Committee and the Council, and for other activities as defined by the Law on the NBS and other pieces legislation, but without prejudice to the key objective referred to in Article 3 of the Law on the NBS.

To enable performance of activities coming under the NBS remit, the Governor adopts regulations, and other general and specific legislation, unless otherwise stipulated by the Law on the NBS. Regulations and general legislation enacted by the Governor are published in the “RS Official Gazette”.

The NBS Council was elected by the National Assembly of the Republic of Serbia (“RS Official Gazette”, Nos. 18/2004 and 29/2004) and consists of Chairman, Mr. Vojin Bjelica, PhD (elected for a 5-year term), and the following members: Zorica Mladenovi , PhD (elected for a 5-year term), Milojko Arsi (elected for a 5-year term), Kosta L. Josifidis PhD (elected for a 5-year term) and Nenad Vunjak elected for the period until 19 July 2011.

Upon the Governor’s proposal, the **Council** adopts a financial plan and annual statement of accounts of the National Bank of Serbia, sets the level of fees for services provided by the National Bank of Serbia, specifies salary levels for the Governor and the Vice-Governors, specifies positions carrying special responsibility and the criteria for setting wage levels for employees with special responsibilities in the National Bank of Serbia, as well as elects a certified auditor. In addition to the above, at least once a year the Council submits a report on its operations to the National Assembly of the Republic of Serbia It is also obligated to submit the annual statement of accounts of the National Bank of Serbia, with certified auditor’s report enclosed, to the National Assembly of the Republic of Serbia by 30 June of the year which follows. If the Governor’s term in office has expired and/or conditions for the removal of the Governor from office are met, the Council will submit a report thereon to the Finance Committee of the National Assembly of the Republic of Serbia.

The Council shall analyze the report referred to in Article 18 of the Law on the NBS and issue an opinion thereon at its quarterly meeting.

The Council decides at meetings by the majority of votes cast by Council members.

Operations of the NBS Council, and in particular the manner of convening and holding meetings, setting of agenda, rendering of decisions, keeping of minutes and shorthand records, and other issues related to operations of the Council are defined by the Rules of Procedure of the Council of the National Bank of Serbia (SNB No. 1 of 15 August 2003).

Attendance at meetings of the Monetary Policy Committee and Council of the National Bank of Serbia is defined by the NBS By-Laws and Rules of Procedure of the Council of the National Bank of Serbia. The Law on the NBS sets out that meetings of the Monetary Policy Committee shall be attended by the Minister of Finance, who shall however have no voting rights. Subject to the above Rules of Procedure, the Governor, the Vice-Governors and other persons invited to attend may take part in Council meetings.

Greater part of general legislation enacted by the Monetary Policy Committee and Council are published in the "RS Official Gazette".

SCHEDULE
OF PLANNED NBS INCOME FOR THE YEAR 2008

(in dinars)

No.	ITEM	Plan for 2008
1	2	3
I	OPERATIONAL INCOME :	
1.	Interest income on foreign currency deposits	33,419,594,000
2.	Interest income on loans, deposits and other financial investments in dinars of banks, public sector and other clients	2,323,390,000
3.	Fee and commission income	3,520,066,000
4.	Other income generated by NBS operations and operations of a specialized organization constituting its integral part	4,619,127,000
I	TOTAL OPERATIONAL INCOME (1 - 4):	43,882,177,000

SCHEDULE
OF PLANNED NBS EXPENSES FOR 2008

(in dinars)

No.	I T E M	Plan for 2008
1	2	3
II	OPERATIONAL EXPENSES:	
1.	Interest expenses on loans, deposits and other financial liabilities in foreign currency	4,530,844,400
2.	Interest expenses on loans, deposits and other financial liabilities in dinars of banks, public sector and other clients	3,396,300,000
3.	Interest expenses on securities	23,265,000,000
4.	Other operational expenses, fee and commission expenses and other expenses	5,809,739,600
5.	Depreciation charges	1,047,388,700
6.	Expenses of NBS employee earnings	2,954,350,500
7.	Other expenses of NBS operations and operations of a specialized organization constituting its integral part	451,923,000
8.	Expenses incurred by change in the value of securities and losses with respect to their sale	602,000,000
II	TOTAL OPERATIONAL EXPENSES (1 - 8):	42,057,546,200

SCHEDULE

OF PLANNED INVESTMENT IN FIXED ASSETS, INTANGIBLE AND LONG-TERM INVESTMENTS IN 2008

No.	I T E M	TOTAL NBS
1	2	3
	1. INTANGIBLE INVESTMENT IN COURSE OF CONSTRUCTION	
	<i>INTANGIBLE INVESTMENT IN COURSE OF CONSTRUCTION:</i>	
	SOFTWARE, LICENCES AND OTHER	278,874,000
	CLASSIFIED PROCUREMENT- SOFTWARE	23,050,000
I	1. INTANGIBLE INVESTMENT TOTAL:	301,924,000
II	2. EQUIPMENT AND OTHER FIXED ASSETS TOTAL:	2,051,226,000
1	<i>EQUIPMENT AND FIXED ASSETS IN COURSE OF CONSTRUCTION:</i>	1,478,196,000
	COMPUTERS AND OTHER DATA PROCESSING MACHINES	189,791,000
	COUNTING AND TYPING MACHINES, MONEY DESTRUCTION MACHINES, MACHINES FOR TREASURY OPERATIONS AND OTHER MACHINES	20,467,000
	PASSENGER AND OTHER AUTOMOBILES	9,790,000
	EQUIPMENT FOR POST AND TELECOMMUNICATIONS SERVICES	14,745,000
	EQUIPMENT FOR HEATING, COOLING AND BUSINESS SPACE MAINTENANCE	82,150,000
	EQUIPMENT FOR PHOTOCOPYING, REPRODUCTION AND GRAPHIC DESIGN	45,704,000
	OFFICE FURNITURE	53,160,000
	MISCELLANEOUS EQUIPMENT (restaurant equipment - catering equipment, appliances and devices, other equipment)	79,839,000
	CLASSIFIED PROCUREMENT	982,550,000
	<i>OTHER FIXED ASSETS IN COURSE OF CONSTRUCTION (2 + 3):</i>	15,830,000
2	TOOLS AND INVENTORIES	2,030,000
3	LIBRARY, NUMISMATICS AND OTHER	13,800,000
4	<i>BUSINESS FACILITIES IN COURSE OF CONSTRUCTION:</i>	557,200,000
	INVESTMENT IN BUSINESS FACILITIES (KRALJA PETRA STREET, SLAVIJA AND OTHER)	222,700,000
	INVESTMENT IN FACILITIES - BUSINESS RECREATION CENTRE TOPCIDER	107,500,000
	PURCHASE OF REAL ESTATE	192,000,000
	OBLIGATIONS UNDER CONTRACTS CONCLUDED IN THE PREVIOUS YEARS	35,000,000
III	LONG-TERM INVESTMENT (FUNDS FOR SOLVING EMPLOYEE HOUSING NEEDS)	100,000,000
	TOTAL FUNDS PLANNED FOR 2008 (I + II + III):	2,453,150,000
IV	<i>ESTIMATED VAT ON FIXED ASSETS</i>	305,910,000
	TOTAL AMOUNT :	2,759,060,000

**SCHEDULE
OF ACTUAL NBS INCOME AND EXPENSES
JANUARY - DECEMBER 2007**

Annex 4

(in dinars)

No.	I T E M	Planned January-December 2007	Actual January-December 2007	Index (4:3)
1	2	3	4	5
I	I N C O M E:			
1.	Interest income on foreign currency deposits	30,005,540,000	29,058,306,661	96.8
2.	Interest income on loans, deposits and other financial investments in dinars of banks, public sector and other clients	1,486,000,000	2,879,154,831	193.8
3.	Fee and commission income	3,640,674,000	3,569,327,762	98.0
4.	Other income generated by NBS operations and operations of a specialized organization constituting its integral part	1,625,876,000	3,122,994,544	192.1
5.	Net income from change in the value of foreign securities and gains on their sale	-	2,282,217,780	-
I	TOTAL OPERATIONAL INCOME (1 - 5):	36,758,090,000	40,912,001,578	111.3
IIA	E X P E N S E S:			
1.	Interest expenses on loans, deposits and other financial liabilities in foreign currency	4,570,203,000	4,827,891,791	105.6
2.	Interest expenses on loans, deposits and other financial liabilities in dinars of banks, public sector and other clients	4,290,100,000	3,186,203,937	74.3
3.	Interest expenses on securities	15,381,400,000	18,937,142,175	123.1
4.	Other operational expenses, fee and commission expenses and other expenses	6,010,783,000	4,167,105,181	69.3
5.	Depreciation charges	1,052,171,000	752,998,171	71.6
6.	Expenses of NBS employee earnings	3,057,000,000	2,773,636,494	90.7
7.	Other expenses of NBS operations and operations of a specialized organization constituting its integral part	293,664,000	445,999,986	151.9
8.	Net expenses from change in the value of foreign securities and losses on their sale	2,000,000,000	-	-
IIA	TOTAL OPERATIONAL EXPENSES (1 - 8):	36,655,321,000	35,090,977,735	95.7
	OPERATIONAL EXPENSES OVER OPERATIONAL INCOME (I - IIA):	102,769,000	5,821,023,843	
IIB	NONOPERATIONAL EXPENSES (net expenses in respect of exchange rate gains/losses)*		14,013,538,677	
	TOTAL EXPENSES OVER INCOME (I - IIA - IIB):		8,192,514,834	

1. EXCHANGE RATE GAINS

2. EXCHANGE RATE LOSSES

* NET EXPENSES IN RESPECT OF EXCHANGE RATE GAINS/LOSSES (2-1)

192,436,673,063

206,450,211,740

14,013,538,677

NBS CAPITAL ASSETS
VALUE AS AT 31 DECEMBER 2007

Annex 5

	<i>NBS Head Office</i>	<i>Manufacturing Banknotes and Coins - Topcider</i>	<i>Belgrade Branch</i>	<i>Novi Sad Branch</i>	<i>Uzice Branch</i>	<i>Kragujevac Branch</i>	<i>Nis Branch</i>	<i>Total:</i>
<i>Intangible investment</i>	35,017,736.31	400,538,168.00	1,077,676.18	30,218.00				436,663,798.49
<i>Land</i>	16,830,565.61	1,593,007.62	1,005,114.90	570,383.58	16,802.88	38,527.85	992,200.00	21,046,602.44
<i>Construction facilities</i>	10,910,027,060.55	1,080,931,563.10	485,051,157.79	543,529,838.43	143,877,737.97	184,539,599.80	146,098,698.59	13,494,055,656.23
<i>Equipment</i>	442,881,730.38	1,308,071,437.22	14,647,792.97	14,507,567.50	4,984,701.71	7,342,067.84	8,684,993.83	1,801,120,291.45
<i>Other capital assets</i>	69,955,724.06	25,741,761.72	439,397.14	1,980,197.99	7,705.84	130,780.33	33,577.41	98,289,144.49
<i>Investment real estate</i>	566,890,931.52			3,917,726.50				570,808,658.02
<i>Equipment under financial lease</i>								0.00
<i>Investment underway</i>	72,198,923.04	2,772,382.85	25,102,587.47			202,838.00		100,276,731.36
Total:	12,113,802,671.47	2,819,648,320.51	527,323,726.45	564,535,932.00	148,886,948.40	192,253,813.82	155,809,469.83	16,522,260,882.48

National Bank of Serbia
Belgrade, 12 Kralja Petra

**APPLICATION
FOR ACCESS TO INFORMATION OF PUBLIC IMPORTANCE**

Pursuant to Article 15, paragraph 1 of the Law on Free Access to Information of Public Importance ("RS Official Gazette", No. 120/2004), I hereby request the following from the above institution¹⁾:

- notification of whether it possesses the requested information,
- access to the document containing the requested information,
- copy of the document containing the requested information,

Delivery of a copy of the document containing the requested information:²⁾

- by mail,
- by e-mail,
- by fax,
- otherwise:³⁾ _____

This application refers to the following information:

(Describe the requested information as precisely as possible, including other information that may facilitate the finding of requested information.)

In _____

Applicant/name and surname

on _____ 200__

Address

Other contact details

Signature

¹⁾ Tick the legal rights to information access that you wish to exercise.
²⁾ Place tick the preferred option of the document copy delivery.
³⁾ When requesting some other manner of delivery, be sure to specify it.