

Annex C

Financial Assets and Liabilities

Article 1

The SFRY's financial assets comprised all financial assets of the SFRY (such as cash, gold and other precious metals, deposit accounts, and securities), including in particular -

- (a) accounts and other financial assets in the name of the SFRY Federal Government Departments and Agencies;
- (b) accounts and other financial assets in the name of the National Bank of Yugoslavia;
- (c) foreign currency assets, including holdings of gold and other precious metals, of the SFRY or the National Bank of Yugoslavia;
- (d) sums due to the National Bank of Yugoslavia from banks in other countries resulting from uncompleted inter-bank clearing arrangements; such countries include, but are not limited to, those listed in Appendix 2 of this Annex.
- (e) financial quotas and drawing rights of the SFRY, the National Bank of Yugoslavia or other federal organs or institutions in international financial organisations, as well as financial assets held with such organisations.

- (f) other assets of the SFRY, including amounts due to the National Bank of Yugoslavia or the SFRY from obligors other than those included in (a) - (e) above.

Article 2

(1)(a) The SFRY's financial liabilities comprised (subject to paragraphs (2) and (3) of this Article) the debts of the SFRY, debts guaranteed by the SFRY and financial claims against the SFRY, and consisted principally of -

- (i) the external debt of the SFRY to official creditors and the International Financial Institutions;
- (ii) the external debt of the SFRY to commercial creditors;
- (iii) sums payable by the National Bank of Yugoslavia to banks in other countries resulting from uncompleted inter-bank clearing arrangements. Such countries include, but are not limited to, those listed in Appendix 2 to this Annex;
- (iv) external debt of the SFRY to creditors other than those listed in (i) - (iii), above.

(b) External debt in (i) - (iv) above is described as allocated debt if the final beneficiary of the debt is located on the territory of a specific successor State or group of successor States. Allocated debt is not subject to succession and shall be accepted by the successor

State on the territory of which the final beneficiary is located.

(c) Liabilities of the SFRY, National Bank of Yugoslavia or other federal institutions towards international financial organisations are included under the external debt of the SFRY.

(2) The financial liabilities to be taken into account pursuant to paragraph (1) of this Article do not include the financial liabilities of the SFRY under the Agreement concluded between the SFRY and Italy on 18 February 1983 on the Final Settlement of Reciprocal Obligations.

(3) Other financial liabilities include:

(a) guarantees by the SFRY or its National Bank of Yugoslavia of hard currency savings deposited in a commercial bank and any of its branches in any successor State before the date on which it proclaimed independence; and

(b) guarantees by the SFRY of savings deposited before certain dates with the Post Office Savings Bank at its branches in any of the Republics of the SFRY.

Article 3

(1) A major portion of the assets and liabilities of the SFRY have already in practice been distributed on the basis of agreements between the successor States or agreements between them individually and the institutions concerned, namely:

(a) the SFRY's share of the assets and liabilities of the International Monetary Fund;

(b) shares of the World Bank and its affiliated

institutions held by the SFRY;

(c) liabilities of the SFRY to the World Bank;

(d) shares of the European Bank for Reconstruction and Development, the African Development Bank and the Inter-American Development Bank held by the SFRY;

(e) the SFRY's debts to the European Investment Bank;

(f) the gold and other reserves and shares of the Bank for International Settlements, Basle held by the SFRY;

(g) guarantees by the SFRY of savings deposited before certain dates with the Post Office Savings Bank and its branches;

(h) that part of the SFRY's external official debt to members of the so-called "Paris Club" which has been assumed by certain of the successor States in proportions fixed in agreements between each of them and "Paris Club" members;

(i) that part of the SFRY's external commercial debt to banks (the so-called "London Club") under the New Financial Agreement 1988 which has been assumed by certain of the successor States in proportions fixed in agreements between each of them and the "London Club" members.

(2) In regard to sub-paragraph (h) and (i) of paragraph (1) above, four of the five successor States have concluded agreements with the "Paris Club" and "London Club" creditors. The remaining successor State, the Federal Republic of Yugoslavia, will assume responsibility for all of its allocated debt to "Paris

Club" and "London Club" creditors and its share of the unallocated debt to such creditors. This is expected to resolve the remaining "Paris Club" and "London Club" claims against the SFRY. It is impossible to predict the outcome of this resolution at the present time, but the resolution of "Paris Club" and "London Club" claims by the FRY will, as between the successor States, conclude the resolution of their obligations to the "Paris Club" and the "London Club". The successor States shall terminate any existing legal proceedings or financial claims against each other in relation to "Paris Club" and "London Club" obligations upon the signature of this Agreement, and shall not institute any other such legal proceedings or financial claims in the future, whatever the outcome of the resolution by the FRY of "Paris Club" and "London Club" claims.

(3) The distributions referred to in paragraph (1) of this Article are final and shall not be reopened by any of the successor States in the context of succession issues.

Article 4

Distributions of assets on a net basis include:

(a) the SFRY's ownership of a 27% share of the capital of the Yugoslav Bank for International Economic Co-operation, as it existed prior to its conversion to a commercial bank, which shall be distributed among the States according to the proportions agreed to in Article 5(2); and

(b) the net amount due to the National Bank of Yugoslavia from banks in other countries resulting from uncompleted inter-bank clearing arrangements, which shall be tabulated and distributed according to the proportions agreed to in Article 5(2). Such countries include, but

are not limited to, those listed in Appendix 2 to this Annex.

Article 5

(1) Foreign financial assets (such as cash, gold and other precious metals, deposit accounts and securities), whether held by the SFRY or the National Bank of Yugoslavia directly or with foreign banks, Yugoslav joint venture banks and agencies of Yugoslav banks abroad include the following:

- (i) monetary gold (271,642.769 oz.)
valued on 31 March 2001 at \$70.18 million;
- (ii) foreign exchange accounts held at foreign commercial banks and valued on 31 March 2001
at \$307.61 million;
- (iii) foreign exchange accounts held at SFRY joint venture banks abroad and valued on 31 March 2001 at \$ 645.55 million; and
- (iv) gold (1209.78 oz.) formerly held by the France-UK-USA Gold Commission, valued on 22 May 2001 at \$343.76 thousand.

(2) The available foreign financial assets identified in paragraph (1) of this Article shall be distributed according to the following proportions, which shall be applied to items (i), (ii), (iii) and (iv) separately:

Bosnia and Herzegovina	15.50%
Croatia	23.00%
Macedonia	7.50%
Slovenia	16.00%

Federal Republic of Yugoslavia

38.00%

(3) If currently unknown foreign financial assets are found to exist within five years, they shall be distributed as soon as possible on the proportionate basis set out in paragraph (2) of this Article, and using the mechanism described in Article 6.

Article 6

Each successor State shall appoint a representative of the Central Bank or an other authorised representative to form a Committee, which shall meet within 30 days of the signature of this Agreement to arrange the modalities for the initial distributions identified in Article 5 of this Annex. Their objective will be to effect any distributions of assets as quickly as possible. In addition they will arrange jointly to verify, settle and effect distributions under Article 4 of this Annex. They will also make arrangements to distribute to the extent possible assets under Article 1(f) and liabilities under Article 2(1)(a)(iv) of this Annex according to the proportions agreed to in Article 5(2). The Committee will also prepare a definitive list of all SFRY external debt.

Article 7

Guarantees by the SFRY or its NBY of hard currency savings deposited in a commercial bank and any of its branches in any successor State before the date on which it proclaimed independence shall be negotiated without delay taking into account in particular the necessity of protecting the hard currency savings of individuals. This negotiation shall take place under the auspices of The Bank for International Settlements.

Article 8

(1) The return to successor States of their contributions to the Federal Fund for development of the less developed Republics and Kosovo, the payment of outstanding contributions due by successor States to the Fund, and the repayment of credits given to those States by the Fund, are cancelled.

(2) The financial liabilities of the SFRY under the Agreement concluded between the SFRY and Italy on February 18, 1983 on the Final Settlement of Reciprocal Obligations shall be distributed to the successor States that are beneficiaries of this Agreement. Pursuant to the Agreement with Italy, concluded in 1955 between SFRY and the Republic of Italy, about local commerce between areas Gorizia-Udine and Sezana-Nova Gorica-Tolmin (Gorica Agreement) as well as between SFRY and the Republic of Italy for the border areas of Trieste on one side and Buje, Koper, Sezana on the other side (Trieste Agreement), together with the related payment arrangements, are excluded from the provisions of this paragraph. The issues related to the Trieste Agreement will be dealt with by Croatia and Slovenia. The issues related to the Gorica Agreement will be dealt with by the Republic of Slovenia only.

Article 9

In connection with the distributions agreed in the preceding Articles of this Annex the successor States have concluded the Disclosure Authorisation appended to this Annex, and shall to the extent that they have not already done so:

(a) allow free access to and provide copies of such records and data requested by any successor State as are in its possession and relate to the SFRY's financial assets and liabilities. Accounts of the National Bank of Yugoslavia opened after the date on which UN sanctions were first imposed are not subject to this disclosure requirement.

(b) exchange information on those accounts and financial assets held by banks in third States and belonging to connected persons (as defined by the authorities which in those States regulate the banking business).

Article 10

Each successor State has introduced a new currency and established its monetary independence. As such, no successor State shall pursue financial claims or legal proceedings against any other successor State related to the introduction of its new currency or the establishment of its monetary independence.