

Pursuant to Article 6, paragraph 3 and Article 13g, paragraph 3 of the Law on Financial Leasing (RS Official Gazette, Nos 55/2003, 61/2005, 31/2011 and 99/2011 – other laws) and Article 15, paragraph 1 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004, 85/2005 – other law, 44/2010, 76/2012, 106/2012, 14/2015 and 40/2015 – Constitutional Court decision), the Executive Board of the National Bank of Serbia issues the following

DECISION
ON MINIMUM CONDITIONS FOR THE CONCLUSION OF A FINANCIAL LEASE AGREEMENT AND THE MANNER OF DISCLOSING THE LEASE RENTAL AND OTHER COSTS ARISING FROM THE CONCLUSION OF SUCH AGREEMENT

1. This Decision sets forth the minimum conditions that must be met for the lessor to conclude a financial lease agreement and the manner of disclosing the lease rental and other costs arising from the lease agreement.

2. For the purpose of this Decision:

1) *lessee, supplier of the lease asset and lease rental* mean as specified by the Law on Financial Leasing (hereinafter: Law);

2) *gross purchase value of the lease asset, amount of participation, repayment schedule, overview of compulsory lease elements and effective interest rate* mean as specified by the Law on the Protection of Financial Service Consumers;

3) *rental instalment* means the portion of the total agreed amount of the lease rental paid by the lessee in periods envisaged by the agreement (e.g. monthly, quarterly etc.);

4) *entrepreneur* means as specified by the law on companies;

5) *farmer* means a natural person who is a holder and/or member of a registered family agricultural holding pursuant to the law on agriculture and rural development;

6) *debt to income ratio* means the ratio of total monthly credit obligations to regular monthly net income of the lessee – natural person who is neither an entrepreneur nor farmer (the lessor determines the ratio before and after agreement conclusion, in accordance with the method and dynamics prescribed by its act);

7) *total monthly credit obligations* of a natural person who is neither an entrepreneur nor farmer are a sum total of all monthly obligations under loans and credit cards (monthly payments due), obligations in respect of activated loan sureties and obligations under leasing expressed at the

monthly level (obligations under prior lease agreements plus the amount of the rental instalment under the lease agreement being concluded);

8) *minutes on the handover of the lease asset* means the document signed by the supplier and the lessee for each individual delivery or leasing of real estate – lease asset, which must contain the following: business name and head office, name, surname and address of permanent residence of the supplier, lessor and lessee, precise definition of the lease asset, reference number and date of the lease agreement in respect of which the delivery is made, and the date and place of delivery.

3. Minimum conditions under which the lessor concludes the lease agreement are as follows:

1) purchase value of the lease asset under the lease agreement may not be less than RSD 200,000;

2) the lease agreement must contain a precise definition of the lease asset and its characteristics (e.g. if a vehicle is a lease asset – vehicle make, type, year of production, capacity etc.); the agreement must also contain all other compulsory elements prescribed by the Law;

3) the lessee's financial condition, i.e. creditworthiness must be assessed as satisfactory, in terms of the lessor's general internal acts which regulate operational risk identification, measurement and management.

4. If a lease agreement is concluded with the lessee that is not a legal person, in addition to conditions referred to in Section 3 hereof, the following conditions must be met:

1) before concluding the agreement, the lessee must be presented with information and relevant explanations of conditions relating to the agreement, in the manner enabling the lessee to compare offers of different lessors and assess whether the conditions suit his needs and the financial situation, while at the same time not misleading the lessee in any moment;

2) the lessee must be informed beforehand of general operating terms of the lessor (including acts determining rentals and other costs that the lessor charges to consumers) which are valid on the day of agreement conclusion;

3) the agreement must contain all compulsory elements prescribed by the law on the protection of financial service consumers;

4) the form and content of the lease repayment schedule and overview of compulsory lease elements, including the manner of disclosing lease rentals and other costs arising from agreement conclusion, must be aligned with the National Bank of Serbia's regulation on conditions and manner of calculating the effective interest rate, as well as the layout and content of forms delivered to the consumer;

- 5) a copy of the agreement must be delivered to the lessee along with the repayment schedule and the overview of compulsory lease elements;
- 6) if the agreement is indexed to a foreign currency, i.e. if not agreed in dinars, on request of the lessee, the indexation currency may be the euro or another foreign currency, in accordance with the National Bank of Serbia's regulation.

5. If the lessee is a natural person who is neither an entrepreneur nor farmer, in addition to conditions specified in Sections 3 and 4 hereof, in order to conclude a lease agreement the following conditions must be met:

- 1) the lessee must pay participation in the amount not less than 20% of the gross purchase value of the lease asset, unless when the request for participation payment is not permitted by the Law;
- 2) the lessor shall assess the lessee's creditworthiness based on the analysis of the lessee's debt to income ratio and the currency structure of the lessee's total monthly credit obligations, particularly taking into account greater exposure to the risk of the person whose obligations are contracted in a foreign currency or the dinar equivalent.

6. The lessor shall set up the lessee's file which must contain:

- 1) the documentation establishing the identity of the lessee and supplier of the lease asset, the identity of the legal representative, proxy and/or procurator – natural person who, in the name and for the account of the lessee and/or supplier of the lease asset, concluded an agreement with the lessor;
- 2) agreement on the delivery of the lease asset;
- 3) report from the database on indebtedness and regularity of execution of obligations of the lessee;
- 4) assessment of the financial position and/or creditworthiness of the lessee and documentation based on which the assessment was made;
- 5) act issued by the lessor's competent body whereby it grants approval for financing;
- 6) offer and draft agreement, and/or the repayment schedule and overview of compulsory lease elements, with information confirming that the lessee who is not a legal person was provided with copies of these documents (date of delivery and signature of the lessee and/or the person representing the lessee);
- 7) lease agreement with information confirming that the lessee was provided with a copy of the agreement (date of delivery and signature of the lessee and/or the person representing the lessee);
- 8) in the event the agreement is indexed to a foreign currency, the evidence that the financial leasing consumer was offered to conclude the

agreement in dinars, including written evidence that the consumer requested that the agreement should be indexed to the euro and/or another foreign currency stipulated by the National Bank of Serbia's regulation;

9) correspondence and other documentation between the lessor and lessee, which relate to disputable and other issues relating to meeting of contractual obligations, particularly the documentation concerning the collection of receivables and measures taken to that end (invoices of the lessor, annex to the agreement with a new repayment schedule, notifications, warnings etc.);

10) invoice of the supplier of the lease asset;

11) minutes on the takeover of the lease asset;

12) other documentation, in accordance with regulations on the prevention of money laundering and terrorism financing, and/or protection of financial service consumers, and other documentation assessed as necessary by the lessor.

The documentation proving the identity of persons referred to in paragraph 1, subparagraph 1) hereof shall be the following:

1) for a natural person – a photocopy of the identity card or another valid identification document with a photo (e.g. the form with data from the electronic identity card, passport);

2) for an entrepreneur – an excerpt from the business entities register, another special register, within the meaning of the law on companies, and/or register of another authority in charge of maintaining the register;

3) for a farmer – an excerpt from the register of agricultural holdings;

4) for a legal person – an excerpt from the business entities register and/or other register of legal persons maintained, in accordance with law, by the Business Registers Agency and/or the authority in charge of maintaining such register, in accordance with regulations of the country where the legal person has its head office.

The documentation referred to in paragraph 2 hereof must contain data on the person who inspected the documentation, including the date and time of inspection.

7. This Decision repeals the Decision on Minimum Conditions for the Conclusion of the Financial Lease Agreement and the Manner of Disclosing the Lease Rental and Other Costs Arising from the Conclusion of Such Agreement (RS Official Gazette, No 94/2011).

8. This Decision enters into force on the eighth day following its publication in the RS Official Gazette.

NBS Executive Board No 64
9 July 2015
Belgrade

Chairperson
Executive Board of the National Bank of
Serbia
Governor
National Bank of Serbia

dr Jorgovanka Tabaković