

Pursuant to Article 39, paragraph 2 under i) of the Croatian National Bank Act (Official Gazette 36/2001) and in relation to Article 40 of the Banking Act (Official Gazette 84/2002) and item 2 of the Decision Regulating Market Competition within the Banking Sector (Official Gazette 48/2003), within an administrative procedure involving the evaluation of the Agreement on the Payment of Salaries and other Remuneration to Employees via Current Accounts, concluded on 12 November 1999 between Zagrebačka banka d.d., Zagreb and the Commercial Court in Zagreb, the Governor of the Croatian National Bank hereby enacts the following

D E C I S I O N

1. The provision of Article 8, paragraph 2 of the Agreement on the Payment of Salaries and other Remuneration to Employees via Current Accounts, concluded on 12 November 1999 between Zagrebačka banka d.d., Zagreb and the Commercial Court in Zagreb shall be declared null and void.
2. The Agreement on the Payment of Salaries and other Remuneration to Employees referred to in item 1 of this Decision shall remain in effect, with the exception of the provision of Article 8, paragraph 2 thereof, which has been declared null and void.
3. Zagrebačka banka d.d., Zagreb shall be ordered to erase the provision of the Agreement on the Payment of Salaries and other Remuneration to Employees via Current Accounts, declared null and void in item 1 of this Decision, and to submit proof to that effect to the Croatian National Bank within thirty (30) days from the delivery of this Decision.
4. Zagrebačka banka d.d., Zagreb, shall submit to the Croatian National Bank all subsequent amendments to the Agreement referred to in item 1 of this Decision within fifteen (15) days from the day they are implemented.
5. This Decision shall be final in an administrative procedure.
6. This Decision shall be published in the Official Gazette.

S t a t e m e n t o f R e a s o n s

On 16 July 2004, the Croatian National Bank (hereinafter: CNB) received an letter from the Competition Agency, class: 031-02/2004-01/99, ref. no. 580-02-04-25-02, dated 13 July 2004, assigning to the competence of the CNB a complaint lodged by the Trade Union of State and Local Government Employees of Croatia (hereinafter: Trade Union), dated 21 April 2004, stating that the employees of the Commercial Court in Zagreb are prevented from receiving salary payments via accounts of a bank with which the Commercial Court in Zagreb has not concluded an agreement, with such an agreement, as stated by the Trade Union, concluded by the Commercial Court in Zagreb only with Zagrebačka banka d.d., Zagreb (hereinafter: ZABA).

In accordance with item 2.5 of the Decision Governing Market Competition within the Banking Sector, (Official Gazette 48/2003), the CNB has initiated an evaluation procedure of the agreement concerned.

On 20 October 2004, the CNB requested a statement regarding the said Trade Union complaint both from the Commercial Court in Zagreb and from ZABA, as well as the submission of the agreement concluded between the Commercial Court in Zagreb and ZABA. On 28 October 2004, the CNB received a statement by the Commercial Court in Zagreb, no. 10-Su-1550/04, dated 26. October 2004, and a copy of the Agreement on the Payment of Salaries and other Remuneration to Employees via Current Accounts, concluded between Zagrebačka banka d.d., Zagreb and the Commercial Court in Zagreb on 12 October 1999 (hereinafter: Agreement).

As noted in the statement, the Commercial Court in Zagreb has cooperated with ZABA since 1978, submitting data on salaries and other remuneration for its 250 employees to ZABA on a magnetic medium, with no fee charged for that purpose by ZABA. Being a budget beneficiary, the Commercial Court in Zagreb found the funds assigned for the use of banking services insufficient for conducting regular operations, as commercial banks charge fees for entering individual credit transfers. It is further noted that, owing to its inadequate computer equipment and outdated accounting programmes, the Commercial Court in Zagreb was unable to make salary payments to its employees via several institutions, either on a magnetic or on a paper medium. In reaction to recurring employee inquiries regarding the opening of current accounts for making salary payments with other banks, additional funds were requested from the Ministry of Justice to be used for banking services and new computer equipment. The Ministry granted the funds, which made it possible for the employees of the Commercial Court in Zagreb to open current accounts with other commercial banks. Also attached to the Commercial Court statement of 26 October 2004 was a list of fees charged by ZABA for services extended to business entities in the domestic payment system. Sent under a separate cover was the tariff of fees for the payment of salaries via current accounts, which the Commercial Court in Zagreb was not obliged to pay under the Agreement.

ZABA's statement, dated 5 November 2004, was received on 8 November 2004, with an attached copy of the Agreement. ZABA states that, as evident from the attached Agreement, the rules of procedure stipulated are standard and common, in order for the payment of salaries and other remuneration to workers to be efficient and timely in all aspects. It is thus evident from Article 8, paragraph 2, that workers can demand that their salaries be paid in another manner, and not only to current accounts opened with ZABA. ZABA states that the Agreement does not establish any rights or obligations, either to the benefit or to the detriment of third parties, i.e., workers, but exclusively provides for rights and obligations between the parties to the Agreement, which they concluded to the best of their knowledge. Consequently, should a worker demand that his future salary payments be made in some other manner, the employer would be obliged to meet his demand in the manner and under the conditions prescribed by the contract of employment concluded with the worker concerned. In regular cases, ZABA has no authority to withhold its approval for the change of the salary payment method. ZABA would be authorised under the Agreement to withhold that approval only in the event that the worker, current account owner, demanding another salary payment method, was at that point in default on his account, i.e., had a negative account balance and, consequently, owed a debt to the bank. ZABA maintains that such a provision of the Agreement establishes only the rights and liabilities between the parties to the Agreement and that the only legal consequence that may arise under the Agreement, in the event that the employer starts making salary payments in some other manner without ZABA's approval, would be the employer's liability for damage compensation under pertinent legal regulations. As further stated, the only legal basis and legitimate purpose of ZABA's authority to withhold its approval to the employer is solely and exclusively related to securing a conscientious implementation of rights and obligations assumed under the Agreement and preventing the misuse of rights, this being a general legal obligation of all payment system participants in accordance with Articles 12 and 13 of the Civil Obligations Act. Accordingly, it would be possible to withhold approval only if a worker, in default solely with respect to ZABA on the current account credited with salary payments, with an intention to avoid the debt payment, instructed his employer, who consented to it, to stop crediting payments of salaries and other remuneration to that current account. Such an action and possible ensuing damage would be contrary to the purpose of that Agreement and a conscientious implementation of rights and obligations as

provided by the contract based on which the worker opened a current account with ZABA. ZABA's reputation is proved by the fact that the Agreement was concluded free of charge. It is vital for banks, as they incur financial risks with respect to account owners when opening their current accounts, to be certain that these accounts will be regularly credited, and the sums credited are, as a rule, salary payments. More specifically, there is a legal requirement for banks to supervise risks. ZABA concludes that any action aggravating or even preventing the settlement of the contractually assumed financial obligation would undoubtedly be qualified as an action damaging to other persons. ZABA therefore maintains that the attached Agreement was concluded by the parties to the best of their knowledge regarding all its aspects and that it was by no means concluded for the detriment of any third person. Having received the statements of the Commercial Court in Zagreb and ZABA, the CNB, on 3 December 2004 and again on 19 January 2005, requested a related statement from the Trade Union. In that statement, submitted on 7 February 2005, the Trade Union informed the CNB that, soon after the Trade Union lodged the complaint to the Competition Agency, the Commercial Court in Zagreb enabled its employees to receive salary payments to accounts opened with a bank of their choice.

The evaluation procedure of the Agreement concerned was undertaken in order to establish whether the case in question involved *per se* forbidden provisions referred to in item 2.2, indent 3 of the Decision Regulating Market Competition in the Banking Sector (Official Gazette, 48/2003; hereinafter: Decision). Specifically, item 2.2, indent 3 of the Decision stipulates, among other things, that the prohibition referred to in item 2.1 of the Decision applies in particular to the agreements that involve restrictive or preventive practices that affect the right of choice of banking service users, in this case the employees of the Commercial Court in Zagreb, in purchasing or acquiring certain types of services, i.e., in the case in question, in opening a current account with a bank.

The evaluation procedure of the Agreement concerned, involving its legal and economic analysis, established that the provisions of Article 2 and Article 8, paragraph 2 of the Agreement were restrictive.

Article 2 of the Agreement stipulates as follows: "The service user shall undertake to make payments of salaries and other remuneration to employees via current accounts of employees opened with the Bank", where, as defined in the preamble of the Agreement, the Commercial Court in Zagreb is considered as the service user and ZABA as the Bank.

Article 8, paragraph 2, stipulates as follows: "The service user shall immediately inform the Bank of an employee demand that the future payment of salaries and other remuneration be no longer made via the Bank. The service user may not grant the employee request that the future payment of salaries and other remuneration not be made via the Bank, unless the Bank gives its prior approval. The Bank shall be authorised to withhold its approval only in the case when it has claims against the employee in relation to the current account opened with the Bank."

Article 8, paragraph 3, of the Agreement stipulates as follows: "The service user shall be liable to the Bank for the damage caused by its payment of salary and other remuneration to an employee contrary to the conditions stipulated by the previous paragraph."

Under these provisions of the Agreement, the Commercial Court in Zagreb undertook to make payments of salaries and other remuneration of employees via employees' current accounts opened with ZABA, pending ZABA's permission that these payments be suspended. The Agreement also provides for the liability of the Commercial Court for the damage incurred by ZABA should the Commercial Court suspend payment of salaries via current accounts opened with ZABA without its approval. It follows from the above that the employees of the Commercial Court in Zagreb are by their very employment with the Court limited in their choice of a bank in which to open a current account to receive salary payments. The following ZABA's assertion is therefore considered as unjustified: "The Agreement does not establish any rights or obligations,

either to the benefit or to the detriment of third parties, i.e., workers, but exclusively provides for rights and obligations between the parties to the Agreement, which they concluded to the best of their knowledge. Consequently, should a worker demand that his future salary payments be made in another manner, the employer would be obliged to meet his demand in the manner and under the conditions prescribed by the contract of employment concluded with the worker concerned."

On the other hand, the Commercial Court in Zagreb justifies such a limitation by the provision of Article 4, paragraph 1 of the Agreement, stipulating that the Commercial Court in Zagreb shall submit data on employee salaries and other remuneration to ZABA on a diskette, and that such data shall comprise employees' names, current account numbers, salary and other remuneration amounts as well as any other information necessary for an orderly payment of salaries and other remuneration, for which ZABA shall charge no fee (Article 6, paragraph 1). However, as evident from the letter of the Commercial Court in Zagreb, dated 26. October 2004., the Commercial Court in Zagreb was granted additional funds for banking services and new computer equipment, which made it possible for employees to open current accounts with other commercial banks.

According to the economic analysis carried out within the examination procedure, a current account is a kuna transaction account opened by a bank for its client for the purpose of receiving payments and making withdrawals within the limits of funds available on the account and the approved overdraft limit. A current account can be opened with a bank by domestic and foreign physical persons receiving regular or temporary income.

By concluding a current account contract, the bank opens a current account for a client and issues the client with a current account card, an obligatory instrument for disposing of the account funds. The current account contract is concluded for an unlimited period of time. Current account funds are considered as a sight deposit.

The bank determines and offers to the client the facilities for disposing of current account funds, including the bank branch offices, ATM network, commercial and service network, post office and other banks' branches and business units of other legal persons performing payment operations. The bank also determines and offers to the client the modalities for disposing with current account funds, including written and oral orders, fax orders, Internet orders, etc.

The client disposes of account funds by means of all disposal instruments (especially by means of a card, cheque, one-time payment order to the bank, standing order, etc.).

The bank can extend an overdraft facility, i.e. a loan, to the clients whose current accounts are regularly credited. The clients granted the current account overdraft facility can dispose of their current account funds increased by the approved overdraft amount (i.e. loan amount).

A current account is usually linked to other banking products and services. Banks, for example, offer their clients a range of loans, granting favourable loan approval or repayment terms, based on current accounts.

In view of the above, the conclusion is that a current account is an important banking product, that there are differences among banks as to the amount of the approved current account overdraft and the rate of interest charged on the overdraft, as well as that a current account is linked to other banking products and services, which makes it even more important for clients to be able to open a current account in a bank of their choice and, once they have settled their obligations, close that account and open another one in another bank offering more favourable or acceptable conditions.

In view of the fact that the Agreement concerned bounds the employees of the Commercial Court in Zagreb, in terms of their current accounts, to ZABA, it was important to analyse ZABA's position in the relevant market.

The relevant market is defined in terms of the product market and the geographical market. In this examination procedure, the relevant product market was identified as the current account deposit market. The relevant geographical market was identified as the market of the area of City of Zagreb and the County of Zagreb.

The analysis proved that ZABA's market share in current account deposits and current accounts in the area of the City of Zagreb and the County of Zagreb was 45.63% on 30 June 2004. Owing to incomplete data, it was not possible to determine ZABA's share in the relevant market, i.e. its market share in current account deposits in the area of the City of Zagreb and the County of Zagreb.

As regards giro accounts, a bank opens such an account to domestic or foreign physical persons who, pursuant to regulations, make income from craft, freelances, agriculture, forestry and other private business on a continuous or temporary basis. A bank opens and maintains a giro account based on a giro account contract. A giro account is credited by cashless payments.

Furthermore, the analysis proved that market shares of ZABA's major and second major competitors in current account deposits and in current accounts in the area of the City of Zagreb and the County of Zagreb were considerably smaller on 30 June 2004.

The available data and analysis findings suggest that ZABA has a significant share in the relevant market, i.e. such a market share based on which it can prevent, restrict or distort market competition in the relevant market by behaving contrary to market competition regulations.

In view of giro account and current account features and related transactions, and in view of the market structure wherein ZABA's major and second major competitors had considerably lower market shares, based on the same criterion, compared with ZABA as the bank having the leading share, and in view of the Herfindahl-Hirschmann Index, one of the best known and most commonly used market concentration measures, which stood at 2824.55, suggesting a highly concentrated market, it can be concluded that ZABA's market share was of such a size that it gave the bank market power enough to prevent, restrict or distort free market competition in the relevant market by anti-competitive behaviour. The Herfindahl-Hirschmann Index is calculated as the sum of squared market shares of all undertakings on the market and it most often ranges from 1.000 to 10.000 (an HHI of 10,000 for a monopolistic market). In general, an HHI below 1.000 reflects a low concentration market, an HHI ranging between 1.000 and 1.8000 a moderately concentrated market and an HHI exceeding 1.800 a highly concentrated market.

Prior to reaching a final decision in the administrative procedure involving the evaluation of the Agreement concerned, by a letter of 29 March 2005 the CNB notified ZABA of the evaluation results and the facts established in the evaluation procedure, inviting ZABA to submit its written statement within eight (8) days from the receipt of the said letter.

In a statement submitted on 8 April 2005, ZABA asserted that it had not received all other parties' written statements, in particular not the statement of the Commercial Court in Zagreb, and that the letter received from the Trade Union and the Market Competition Agency, dated 21 April 2004, was unclear as to its immediate cause. However, by a letter of 20 October 2004 the CNB requested a statement from ZABA, referring in detail to the complaint lodged by the Trade Union. The CNB also requested a statement from the Commercial Court in Zagreb on the same day. In addition, as mentioned above, prior to reaching a final decision, the CNB notified ZABA of the evaluation results and the facts established in the evaluation procedure. Accordingly, there are no grounds for ZABA claiming that it found the immediate cause of the letter unclear, especially considering its statement regarding the Trade Union complaint, dated 5 November 2004, clearly evidencing that ZABA is informed of the matter in question and that it has given a detailed statement regarding Trade Union assertions.

In its statement of 8 April 2004, ZABA also states that the workers employed with the employer are not a contractual party to the contractual relationship concerned and that this relationship by itself can give rise to neither their rights nor obligations. Specifically, the employees of the Commercial Court in Zagreb are free to regulate their own rights and obligations towards their employer. As for damage liability, ZABA claims in its statement that it lies with the Commercial Court in Zagreb and not with its employees, and that it can be invoked only if ZABA incurs damage, given that all preconditions for damage liability have been met. ZABA notes that it has, in fact, no knowledge that this provision has ever been implemented or that any proceedings establishing damage liability have been initiated pursuant to the Agreement.

However, as previously explained, pursuant to Article 8, paragraph 2, and in relation to Article 2 of the Agreement, the Commercial Court is obliged to make salary payments to its employees via current accounts opened with ZABA until such time as ZABA allows it to suspend these payments. The employees of the Commercial Court in Zagreb were therefore limited in their choice of a bank with which to open a current account to receive salary payments by their very employment with the Court. It follows from this that the Agreement concerned affects the employees of the Commercial Court in Zagreb although they are not a party to the Agreement, as they are obliged to open a current account for salary payments with ZABA, and the opening of a current account for salary payments with another bank is possible pursuant to Article 8, paragraph 2 of the Agreement only providing that ZABA gives its prior approval. ZABA's claim that the employees of the Commercial Court in Zagreb are free to regulate their rights and liabilities towards the employer irrespective of the Agreement is unacceptable. Specifically, according to the Trade Union's submission of 21. April 2004 and the statement of the Commercial Court in Zagreb of 26 October 2004, the Commercial Court in Zagreb had refused to make payments of salaries and other remuneration to its employees via other banks until the said Trade Union claim was lodged. This was because, pursuant to Article 6, paragraph 1 of the Agreement, ZABA performed operations related to salary payments free of charge, while other banks charged fees for these operations, Commercial Court funds being insufficient to cover the fees. Furthermore, once they opened a current account with ZABA and started receiving salary payments, the employees of the Commercial Court in Zagreb were unable to receive salary payments to an account opened with another bank until the Commercial Court in Zagreb received an approval from ZABA as the Commercial Court in Zagreb undertook to compensate ZABA for the damage it might incur should the Court suspend salary payments to its employees via current accounts opened with ZABA without ZABA's approval. Logic has it that the Commercial Court failed to act on its employees' instruction to transfer salary payments to a current account opened with another bank without ZABA's approval. An argument in favour of this is ZABA's claim that it has never initiated any damage compensation proceedings pursuant to this Agreement, as the Commercial Court in Zagreb has probably never redirected its employees' salary payments to a current account opened with another bank without being granted ZABA's approval (as can be concluded from the Trade Union's submission which was the cause of initiating the procedure for evaluating the permissibility, i.e. validity, of the Agreement).

The CNB accepted ZABA's statement in the part relating to Article 2 of the Agreement. Specifically, the provision of Article 2 of the Agreement does not in itself prevent the employees of the Commercial Court in Zagreb from receiving salary payments via a current account opened with another banks, but only obliges the Commercial Court in Zagreb to make payments of salaries and other remuneration to employees having an account opened with ZABA via that account.

However, although the provision of Article 2 of the Agreement is not, by itself, prohibited, if observed in combination with the provisions of Article 6, paragraph 1 and Article 8, paragraph 2 of the Agreement, it becomes obvious that jointly applied they prevented the employees of the Commercial Court in Zagreb from choosing a bank through which to receive employment-related payments of salaries and other remuneration, which constitutes a limitation, restriction and distortion of market competition. In other words, if it is evident from the content of the Agreement that it could limit market competition, irrespective of whether the actual effects of the limitation have been confirmed or proved, it suffices to analyse individual provision and the

possible effect of the Agreement as a whole. According to the statement of the Commercial Court in Zagreb, the fact that ZABA charged no fees was the reason for refusing employees' demands that their salaries be paid via another bank. Although the provision of Article 6, paragraph 1 of the Agreement is also not prohibited by itself, in combination with the provision of Article 2 and Article 8, paragraph 2, it gives rise to an anti-competitive effect.

As also established, the key provision is that of Article 8, paragraph 2 of the Agreement, as it expressly prohibits the Commercial Court in Zagreb to redirect employee salary payments to other banks until it is granted ZABA approval on penalty of damage compensation. Therefore, ZABA's claim from the statements of 5 November 2004 and 8 April 2005, that despite the provisions of Article 8, paragraph 2, the Commercial Court in Zagreb was obliged to meet the employees' demand that their salary payments be redirected to a current account opened with another bank, was not accepted. It is precisely the provision of Article 8, paragraph 2 of the Agreement that limits the Commercial Court in Zagreb in meeting such an employee demand as it risks liability for damage that ZABA might incur. In this way the provision of Article 8, paragraph 2 of the Agreement directly affects the employees of the Commercial Court in Zagreb, although they are not a party to that Agreement.

Even if ZABA's claim that the meaning of the provision of Article 8, paragraph 2 of the Agreement lies in the "specific legal application of the principle of conscientiousness and integrity", its effect is to prevent the employees from redirecting salary payments to a current account opened with a bank of their choice. As already stated, a negative current account balance is in fact a loan, extended by a bank to the current account owner, for which the bank charges interest at a rate exceeding the rate of interest charged on other loans. According to ZABA's statement and its interpretation of the Agreement, its basic assumption is that a redirection of salary payments to a current account opened with another bank while there is debt owed in the original account in itself represents an abuse of rights. The fact that salary payments have been redirected to a current account opened with another bank need not necessarily mean that this was done in order to avoid settling the debt owed to ZABA. This is because some banks grant a current account overdraft, i.e. a loan, as of the day the account is opened, so that a Commercial Court employee that has redirected, or wants to redirect, salary payments to a current account opened with another bank, while having a negative balance in the current account opened with ZABA, can settle the debt owed to ZABA using the salary and the funds available under the current account overdraft granted by the other bank. ZABA's claim that there is a legal requirement for banks to supervise risks banks is true, but it is not a justification for a bank to manage risks contrary to other regulations, in this case contrary to market competition regulations. ZABA is free to open a current account requiring one or more collaterals from the account owner, as a security for the non-payment of the current account overdraft loan, or to include into the contract any other provision securing current account debt repayment, and it can collect the debt by legal means. However, with the allowed overdraft, i.e. current account loan, as a rule exceeding the salary, conditioning the suspension of salary payments by a prior approval of ZABA can completely hinder the redirection of salary payments to a current account opened with another bank chosen by an employee. ZABA will not grant the Commercial Court its approval for redirecting salary payments to a current account opened with another bank chosen by an employee, until that employee, the current account owner, repays the current account debt owed to ZABA. This will probably cause the current account owner to give up the idea of changing the bank. In view of the fact that the employees of the Commercial Court were able to receive their salary payments only through ZABA until such time when the Trade Union complaint was lodged, the application of the provision of Article 8, paragraph 2, of the Agreement prevents, or at least postpones, the redirection of salary payments to a current account opened with another bank chosen by the employees. In that way, the status quo from the time when the employees could not choose the bank through which to receive salary payments has been maintained.

It follows from the above that the effect of the provision of Article 8, paragraph 2 of the Agreement is to prevent the employees of the Commercial Court in Zagreb from freely choosing a bank in which to open current accounts and receive salary and other remuneration payments, by which the employees of the

Commercial Court in Zagreb are, as banking service users limited and prevented in their choice while purchasing or acquiring certain types of services.

The permissibility, i.e. the validity, of the Agreement was evaluated with reference to the Decision which is currently in effect, and which was in effect at the time when the procedure was initiated, but not at the time when the Agreement was concluded, as the Agreement is still in force and takes effect. At the time when the Agreement was concluded, the Law on the Protection of Market Competition was in force (Official Gazette, 48/1995, 52/1997, 89/1998), prescribing in Article 7, paragraph 1, item 4 that agreements which have as their object, effect or possible effect the restriction or prevention of free market competition are prohibited, and in particular the agreements restricting or controlling the volume of production, sales or purchase of goods, and the provision and use of services. Accordingly, the provision of Article 8, paragraph 2 of the Agreement was also prohibited at the time the Agreement was concluded.

Forbidden agreements are regulated by item 2 of the Decision, prescribing in subitem 2.1 that contracts, individual contractual stipulations, concerted practices and decisions of banking associations (hereinafter: agreements), the objective and effect of which is to prevent, restrict or distort market competition within the banking sector of the Republic of Croatia are prohibited, while in item 2.2 it is stated that in particular considered as forbidden are the agreements that

- directly or indirectly serve to fix interest rates, fees, exchange rates of foreign means of payment and other trading conditions;
- restrict or control the volume of services provided, the market technological development or investment;
- share the sources of funds or involve restrictive or preventive practices which affect the right of choice of a bank or a banking service user when purchasing or acquiring certain types of services;
- share the market by restricting or preventing the sale of services by banks or by restricting the market choice and trading conditions for banks;
- apply unequal conditions to equivalent transactions with other banks, at the latter market's disadvantage;
- make the conclusion of contracts subject to other party's acceptance of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

Item 2.3 of the Decision prescribes that the agreements prohibited pursuant to the provisions of items 2.1 and 2.2 are considered void.

In view of the fact that the provision of Article 8, paragraph 2 of the Agreement limits the employees of the Commercial Court in Zagreb as banking service users, preventing them from making a free choice while opening a current account for the purpose of receiving salary and other remuneration payments based on employment, this provision shall be considered void in accordance with the provisions of item 2.3 of the Decision.

The case in question being related to partial voidness of the Agreement concerned, i.e. the provision of Article 8, paragraph 2, the voidness of the said provision shall not result in the voidness of the Agreement itself, which means that the rest of the Agreement concerned may subsist.

In line with the above, by way of the application of Article 40 of the Banking Act and item 2 of the Decision Regulating Market Competition within the Banking Sector it has been decided as indicated in the disposition.

Legal Remedy

This Decision shall be final in an administrative procedure and appeal against it shall not be permitted. However, an administrative action before the Administrative court of the Republic of Croatia may be brought within 30 day from the date of the delivery of this Decision.

CROATIAN NATIONAL BANK
COUNCIL CHAIRMAN
GOVERNOR
Dr Željko Rohatinski