

Based on Article 4, item 3) and Article 14, paragraph 1, item 11) 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, 40/2015 – CC decision and 44/2018), and with reference to Article 21, paragraph 3 and Article 28, paragraph 7 of the Law on Banks (RS Official Gazette, Nos 107/2005, 91/2010 and 14/2015), the NBS Executive Board hereby issues

## **DECISION ON TEMPORARY MEASURES FOR BANKS TO FACILITATE ACCESS TO FINANCING FOR NATURAL PERSONS**

1. This Decision lays down temporary measures and activities a bank may apply in order to facilitate access to financing for natural persons.

2. In determining the capital conservation buffer within the meaning of the decision governing capital adequacy of banks, a bank may exclude credit risk-weighted exposures from its risk-weighted assets if the following conditions are met:

- 1) the exposure arises from a new housing loan approved to a natural person and secured by a mortgage on residential property;
- 2) the residential property financed is entered in the real estate cadastre;
- 3) with housing loan proceeds, the natural person is buying residential property from an investor.

A bank may apply the treatment set out in paragraph 1 hereof also to residential property in construction, if one of the following conditions is met:

- residential property is part of a building in construction within project finance of that bank;
- residential property is part of a building in construction within project finance of another bank, while the building is at least 60% completed;
- residential property is part of a building in construction where investor is a legal person and the building is at least 60% completed;
- residential property is part of a building in construction where the holder of the construction permit is the Building Directorate of Serbia;
- residential property is part of a building in construction within measures of government support to specific categories of natural persons.

For the purposes hereof, project finance means specialised lending where repayment of obligations by the borrower – investor to the bank depends primarily or exclusively on the borrower's income generated by the

project being financed. Specialised lending must have the following characteristics:

- 1) the bank's exposure is to a legal person which was created exclusively to finance and/or operate physical assets;
- 2) the contractual provisions give the bank a substantial degree of control over the assets referred to in provision 1) hereof and the income they generate;
- 3) the primary source of repayment of the obligation of the legal person referred to in provision 1) hereof is the income generated by the assets referred to therein, rather than the cash flows realised by the legal person in its overall operations, independently from these assets.

A bank may apply the treatment set out in paragraph 1 hereof to the finance referred to in paragraph 2, indent 3 hereof if the following conditions are met:

- based on the assessment of past operations of the investor and persons related to the investor, their financial position and track record, no problems in the collection of the bank's receivables are likely;
- the person referred to in indent 1 hereof has not been in the default status, within the meaning of the decision governing capital adequacy of banks, in the past two years;
- all the relevant permits for the building in construction have been obtained, and/or their obtaining is highly likely (the relevant documents were submitted and the permit issuing procedure is under way).

3. A bank may exclude the exposures that meet the conditions set out in Section 2 hereof from the calculation of the systemic risk buffer.

4. For the purposes of calculating Common Equity Tier I capital ratio, Tier I capital ratio and capital ratio in accordance with the decision governing capital adequacy of banks, when calculating risk-weighted assets, a bank shall assign the 35% risk weight to the following mortgage-secured exposures:

- 1) exposures that meet the conditions set out in Section 2 hereof;
- 2) exposures in respect of a newly approved housing loan whose amount does not exceed 90% of the value of residential property as established by an authorised valuer, less the sum of all higher priority claims over such property, if the loan is granted as part of the measures of government support to specific categories of natural persons or to first-time natural person home buyers.

5. A bank may approve to a borrower – housing loan beneficiary an extension of the previously agreed loan maturity.

The exposure referred to in paragraph 1 hereof which on the effective date of this Decision was not past due for more than 90 days, and/or which was not forborne or non-performing – shall not be considered a forborne or non-performing receivable or a non-performing loan within the meaning of the National Bank of Serbia's regulations, i.e. it shall not be considered that the default status has occurred, if the maturity of the loan was extended by maximum five years from the maturity date of the final instalment of that loan.

6. If a bank approves a consumer loan of up to 90,000 dinars with the maturity of up to two years to a natural person who does not receive his/her wage/pension through an account with that bank, it may accept the signed statement on such facts issued by such borrower under full criminal and material liability as relevant evidence of employment and wage/pension of the borrower in the past three months for the purposes of credit file within the meaning of the decision governing the classification of bank balance sheet assets and off-balance sheet items.

A bank may approve the loan referred to in paragraph 1 hereof on condition that it previously assessed, in accordance with its internal acts, that this is a low-risk loan, considering all the characteristics of that legal transaction and other circumstances relevant for loan approval (e.g. available data on the rates of defaulting on loans of this type).

A bank shall determine the frequency of updating the credit file of the borrower referred to in paragraph 1 hereof in its acts adopted in accordance with the decision governing the classification of bank balance sheet assets and off-balance sheet items, in a way that ensures adequate credit risk management.

When updating the credit file of the borrower referred to in paragraph 1 hereof, a bank shall obtain evidence of employment and wage/pension in the past three months issued and stamped by the employer or data from bank records on the crediting of wage/pension to the borrower's account for that period.

7. A bank may apply the treatment under Sections 2, 3 and 4 hereof to the housing loans approved from the effective date of this Decision to 31 December 2023.

Until 31 December 2023 a bank may approve a change in the agreed housing loan maturity referred to in Section 5 hereof, as set out therein, if the housing loan was granted before the effective date of this Decision.

A bank may approve a loan to a natural person referred to in Section 6 hereof, as set out therein, until 30 June 2025.

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

NBS EB No 104  
17 August 2020  
B e l g r a d e

Chairperson  
of the NBS Executive Board  
G o v e r n o r  
National Bank of Serbia

Dr Jorgovanka Tabaković, sgd.