NATIONAL BANK OF SERBIA
Economic Research and Statistics Department

TRENDS IN LENDING

Third Quarter Report 2023

Belgrade, November 2023

Introductory note

Trends in Lending is an in-depth analysis of the latest trends in lending, which aims to ensure better understanding of the conditions prevailing in the domestic lending market. It looks into lending developments, cost of borrowing by households and corporates and lending market conditions, by examining factors behind loan supply and demand.

Credit aggregates, as a quantified expression of movements in the lending market, are calculated based on banking sector balance sheet statistics as a source of data on the balance of domestic banks' loan receivables. Given the relatively high share of foreign currency-indexed loans in loan portfolios, the increment and growth rates are calculated excluding the effect of changes in the dinar exchange rate against other currencies in the loan portfolio.

The report also draws on the results of the bank lending survey conducted by the National Bank of Serbia since early 2014. Participation in the survey is voluntary. This survey has greatly improved the understanding of developments in the domestic lending market, allowing insight into bankers' perceptions of actual and expected changes with regard to loan supply and private sector loan demand.

The report also relies on the results of the survey developed by the European Investment Bank in the context of the Vienna Initiative 2 to monitor deleveraging by cross-border banking groups and the resultant constraints on lending activity. This survey, conducted since October 2012 on a semi-annual basis, monitors subsidiaries of international banking groups in Central, Eastern and South-Eastern Europe, focusing on their strategies, market conditions and expectations. The purpose of the survey is to observe the effects of movement in supply and demand on lending activity, and to gauge the impact of domestic and international factors on supply and demand conditions. The assets of banks participating in the survey make up on average 50% of total assets of banks in the region.

ABBREVIATIONS

GDP – gross domestic product
ECB – European Central Bank
mn – million
bn – bn
y-o-y – year-on-year
NPL – non-performing loans
pp – percentage point
Q – quarter

Other generally accepted abbreviations are not cited.

Contents

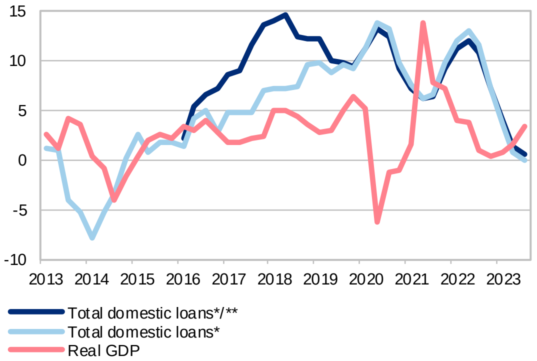
Overview

In y-o-y terms, **bank lending to the non-monetary sector** continued to decelerate in Q3. Excluding the exchange rate effect, in September the stock of domestic loans remained broadly unchanged (down by 0.1%) relative to September 2022, with corporate loans going down by 1.8% and household loans up by 1.6% y-o-y. The slowdown in domestic lending resulted from high last year's base, the maturing of guarantee scheme loans, higher lending interest rates due to monetary tightening by the ECB and the NBS, and tighter bank credit standards.

In September, **total domestic banks' receivables to the non-monetary sector** (which apart from loan receivables also include receivables from securities investments, interest and fees and other receivables) were lower by 0.3% than a year ago.

Corporate loans, excluding the exchange rate effect, were up by RSD 19.2 bn in Q3, or by 1.2%, led by growth in investment loans, and, to a lesser extent, by liquidity and working capital loans. The lower growth in liquidity and working capital loans reflected increased corporate profitability and the maturing of guarantee scheme loans – whose impact, the most pronounced in H1, is gradually waning as the amount of maturing loans is declining. The maturing of guarantee scheme loans dragged down the loans to micro, small and medium-sized enterprises, while the borrowing of large enterprises increased. By industry, in Q3 the borrowing of companies operating in manufacturing, real estate and transport increased, while debt repayment was the most pronounced for energy companies. In Q3, growth in investment loans picked up to 4.2% y-o-y, with their share in total corporate loans going further up, to 41.6%.

Y-o-y lending stagnated in September
(y-o-y growth rates, in %)



Sources: NBS and SORS.
* Excluding the exchange rate effect.
** Excluding the effect of NPL write-off and sale since early 2016.

Excluding the exchange rate effect, in Q3 **household loans** were up by RSD 6.6 bn or 0.4%, driven by rising cash loans, while the stock of housing loans decreased compared to June. As a result, the share of cash loans, as the most common among total household loans, went up to 44.3% in September, while the share of housing loans, the second most dominant category, amounted to 39.7%.

Without waiting for the risks of rising interest rates in the euro area to materialise and jeopardise the capacity for repaying housing loans and, in turn, financial stability, in September the NBS temporarily **capped the interest rate for first-time beneficiaries of** variable-rate **housing loans** whose contracted amount does not exceed EUR 200,000 from October this year to end-2024. It also temporarily capped the interest rates on new housing loans and enabled early repayment of housing loans under more favourable terms. The capping of interest rates will increase disposable income, but this sum will not jeopardise the downward trajectory of inflation.

The NBS continued to tighten monetary conditions in Q3, though at a moderate pace, impacting interest rates in the interbank money market and **interest rates on dinar loans**. The average interest rate on dinar corporate loans increased slightly to 8.6% (from 8.5% in Q2), while the average interest rate on household loans (13.4%) was almost unchanged. Continued monetary tightening by the ECB drove **further up** the interest rates in the euro area money market and **interest rates on euro loans in the domestic market**, which averaged 6.9% for corporates and 7.3% for households in Q3 (vs. 6.6% and 7.2%, respectively in Q2).

In Q3, the **dinarisation** of the stock of total corporate and household receivables fell by 0.2 pp, to 33.8% in September, on account of a more pronounced rise in FX-indexed than in dinar receivables. Of this, the degree of dinarisation of corporate receivables declined by 0.7 pp to 16.3% in September. The fall in dinar receivables was also driven by the maturing of guarantee scheme loans, the bulk of which (over 60%) were approved in dinars. The dinarisation of household receivables increased by 0.5 pp to 53.6%, on account of an increase in dinar loans (whose dominant portion is made of cash loans) and a decline in housing loans, almost entirely euro-indexed.

The NPL share in total loans remained close to the minimum of around 3% in September, indicating that the rising loan repayment costs, as a result of interest rate hikes and discontinuation of some measures that supported the private sector during the pandemic, did not affect the bank asset quality. The NPL coverage remained high – in September, allowances for impairment of total loans stood at 100.9% of gross NPLs, and allowances for impairment of NPLs equalled 58.7% of gross NPLs.

I Corporate sector

1 Corporate loans

Y-o-y growth in corporate loans stayed in negative territory in Q3, down by 1.8% y-o-y in September. This reflected the high last year's base, the maturing of guarantee scheme loans, and monetary tightening by the NBS and the ECB. In nominal terms, the stock of corporate loans stood at RSD 1,603.5 bn in September and their share in GDP[1] at 20.6%, down by 2.0 pp compared to end-2022.

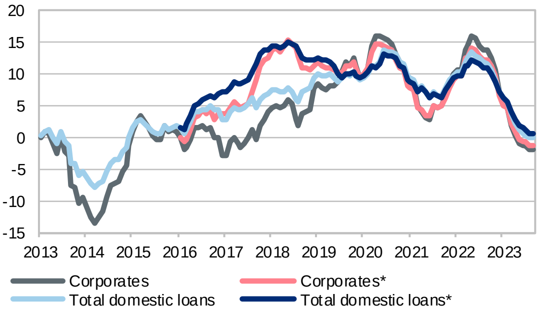
Excluding the exchange rate effect, **corporate loans rose by RSD 19.2 bn or 1.2% in Q3**, thanks to elevated borrowing by companies (RSD 31.5 bn), while lending to public enterprises declined (RSD -12.2 bn). The maturing of guarantee scheme loans, approved mainly in dinars (over 60%) caused a decline in dinar loans, while FX-indexed corporate loans expanded.

By purpose, growth in Q3 was led by investment loans (RSD 19.1 bn), followed by liquidity and working capital loans (RSD 2.8 bn). The lower growth in liquidity and working capital loans was due to increased corporate profitability and the maturing of guarantee scheme loans – whose impact, the most pronounced in H1, is gradually waning as the amount of maturing loans is declining. Current account overdrafts also increased to an extent (RSD 1.0 bn), while a decline was recorded for other non-categorised loans (RSD -1.9 bn) and import loans (RSD -1.8 bn). As a result, relative to June, the share of the most commonplace, liquidity and working capital loans in total corporate loans fell to 46.7% in September, while the share of investment loans rose to 41.6%. They were followed by other non-categorised and import loans, which accounted for 6.7% and 3.9% of corporate loans.

By industry, in Q3, the borrowing of companies operating in manufacturing, real estate and transport increased, while debt repayment was the most pronounced for energy companies, followed by those in trade and agricultural sectors. The maturity of corporate loans went further up in Q3. At end-September, the share of long-term loans in total corporate loans stood at 86.3% (vs. 84.6% in June). **Loans granted to micro, small and medium-sized**

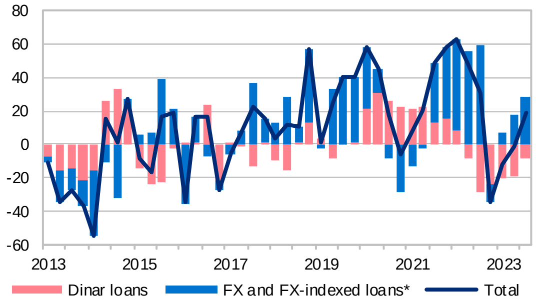
[1] GDP realised in the last four quarters.

The maturing of guarantee scheme loans and rising interest rates induced a y-o-y fall in corporate loans during Q3 as well
(y-o-y growth rates under the programme exchange rate in %)



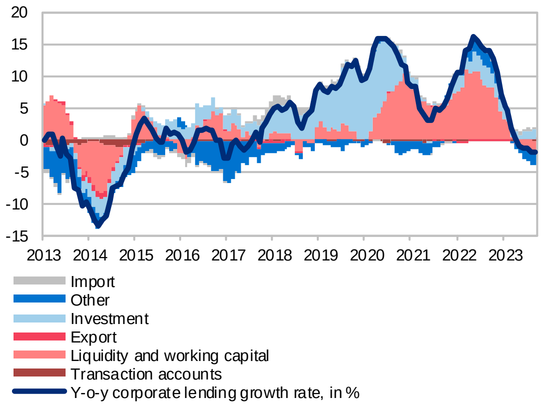
Source: NBS.
* Excluding the effect of NPL write-off and sale since early 2016.

A rise in corporate loans in Q3 was led by FX-indexed lending
(increase, in RSD bn)



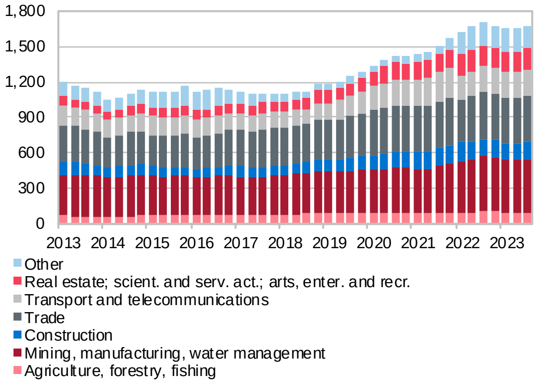
Source: NBS.
* Excluding the exchange rate effect.

Investment and import loans worked towards a y-o-y rise in corporate lending in September
(in pp, excluding the exchange rate effect)



Source: NBS.

The bulk of corporate receivables consisted of loans granted to manufacturing and trade companies
(stock, in RSD bn)



Source: NBS.

enterprises accounted for 58.3% of total corporate loans in September and their stock was 4.9% lower than a year earlier.

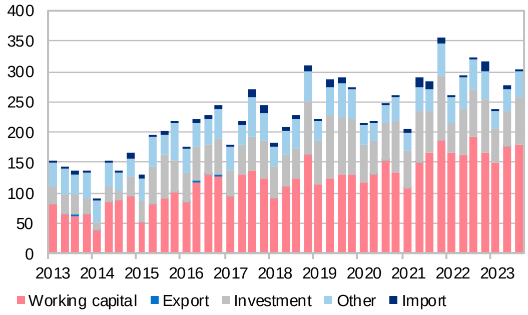
The volume of new corporate loans in Q3 equalled RSD 302.0 bn, down by 6.4% y-o-y. Liquidity and working capital loans (59.0%) remained the most commonplace, followed by investment loans (26.7%), which, unlike all other loans, went slightly up y-o-y. Micro, small and medium-sized enterprises used somewhat more than a half of working capital and investment loans.

The degree of dinarisation of corporate receivables decreased in Q3 by 0.7 pp to 16.3% in September, since dinar receivables dropped partly on account of the maturing of guarantee scheme loans approved mainly in dinars, while FX-indexed receivables continued up. At the same time, the share of euro-indexed receivables and euro receivables increased by 0.7 pp to 83.5% in September, while the share of USD receivables stayed flat since early 2023, at 0.2%. In the structure of FX and FX-indexed loans, in September, EURIBOR-linked loans accounted for around 80% of loans, with the bulk of them linked to three-month EURIBOR. When it comes to dinar corporate loans, 47% were linked to BELIBOR, mainly one-month.

The share of NPLs in total corporate loans was 2.1% in September and 2.4% if we look at loans to companies. It slightly declined (by 0.1 pp and 0.2 pp, respectively) compared to June.[2] By company activity, in September the share of NPLs ranged between 0.3% for energy and 4.1% for agriculture, while the real estate sector recorded a new low (2.1%). This indicates that economic support measures during the pandemic were adequate and timely and bank asset quality was preserved even after their expiry. This also confirms that the rise in the costs of repayment of existing corporate loans did not push up NPLs. **Relative to July 2015**, i.e. the period immediately before the start of implementation of the NPL Resolution Strategy, **the share of NPLs in total corporate loans went down by 22.9 pp**. The sharpest decrease was recorded in construction, real estate and trade.

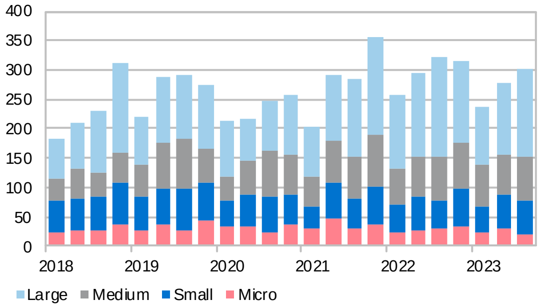
The capital adequacy ratio[3] measured 22.2% (0.1 pp lower than at end-Q2) at end-Q3 and was significantly above the regulatory minimum (8.0%), indicating high

Working capital and investment loans were predominant in Q3 as well
(new loans, in RSD bn)



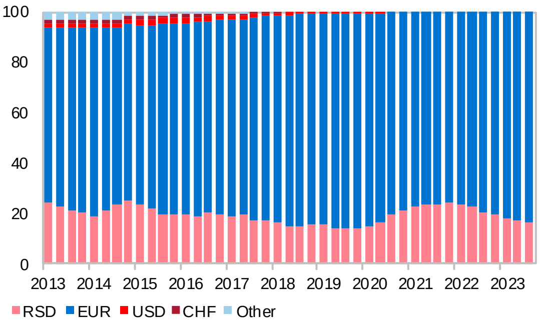
Source: NBS.

Loans to micro, small and medium-sized enterprises accounted for a half of new loans in Q3
(in RSD bn)



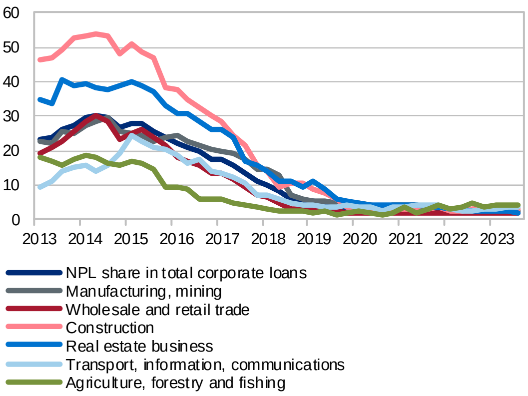
Source: NBS.

The maturing of guarantee scheme loans dragged down dinarisation in Q3
(currency structure, in %)



Source: NBS.

The NPL ratio continued to trend close to the minimum for almost all sectors
(gross principle, in %)



Source: NBS.

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[2] Important drivers behind the strong fall in NPLs from 2016 onwards were the successful implementation of the NPL Resolution Strategy and implementation of the Decision on Accounting Write-off of Bank Balance Sheet Assets. In line with the Strategy, the NBS adopted the Action Plan (https://nbs.rs/sr_RS/scripts/showcontent/index.html?id=8661) aimed at strengthening banks' NPL resolution capacities and contributing to the NPL market development. The envisaged activities were fully implemented, some even ahead of the timeframe.

[3] Basel III regulatory framework has been in effect since 30 June 2017.

capitalisation and resilience of the banking sector to external and domestic risks.

2 Cost of corporate borrowing

Continued monetary tightening by the NBS and the ECB in Q3 pushed the interest rates on dinar and euro-indexed corporate loans further up, but the rise was less pronounced than in the prior period. The interest rates on loans for almost all purposes went up.

Aiming to affect strengthened inflationary pressures mostly coming from the international environment, since October 2021 the NBS gradually tightened monetary conditions by raising the weighted average interest rate on one-week reverse repo auctions and as of April 2022 also by raising the key policy rate. As monetary tightening was somewhat more moderate in Q3, **the weighted average interest rate on new dinar corporate loans rose to a lesser degree, to 8.6% from 8.5% in Q2**. Interest rates on loans for all purposes went up – working capital (by 0.2 pp to 8.7%), investment loans (by 0.4 pp, to 9.0%) and other non-categorised loans (by 0.1 pp to 8.5%). By company size, the average interest rates ranged from 8.4% for large enterprises to 9.7% for micro-enterprises in Q3. Relative to September 2021, i.e. before the start of NBS monetary tightening, the interest rate on new dinar corporate loans was higher by 5.2 pp as at September 2023, which is an increase of almost the same magnitude as the tightening of monetary conditions by means of the weighted average repo rate (5.4 pp).

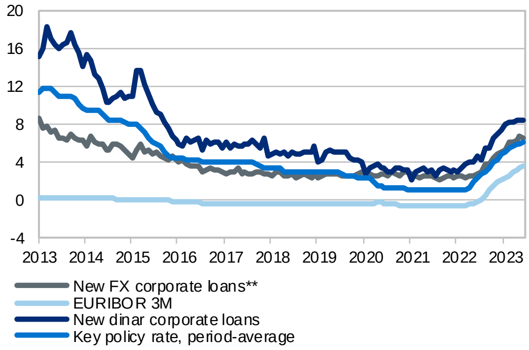
The weighted average interest rate on new euro and euro-indexed loans to corporates was raised in Q3, by 0.3 pp on average to 6.9%. The interest rates on the most dominant loans – for liquidity and working capital increased by 0.4 pp to 6.9%, and on investment loans by 0.2 pp to 6.9%. The rates on non-categorised euro-indexed loans went up by 0.8 pp to 6.9%, while rates on import loans declined by 2.1 pp to 6.3%. By company size, the average cost of borrowing ranged from 6.8% for large enterprises to 7.2% for small enterprises. Relative to June 2022, i.e. immediately before the ECB launched the rate hiking cycle, concluding with September, the average rate on new corporate euro loans went up by 4.3 pp, with three-month EURIBOR gaining 4.1 pp.

3 Assessment of loan supply and demand – based on the results of the bank lending survey

The **October NBS Bank Lending Survey** shows that in Q3, as expected in the previous survey, banks mildly tightened their corporate credit standards, which is also anticipated for Q4. The tightening was similar as in H1. Standards were tightened both for

Growth in interest rates on corporate loans slowed in Q3*

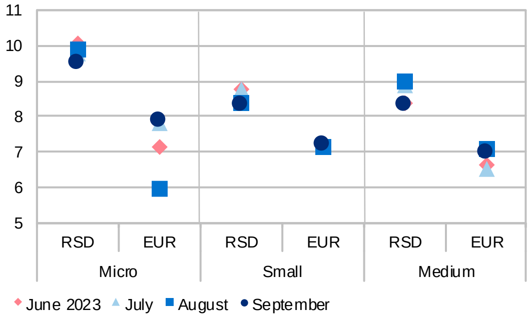
(weighted average values, p.a., in %)



Sources: NBS and European Banking Federation.
* Excluding revolving loans, current account overdrafts and credit card debt.
** Euro and euro-indexed.

The cost of dinar loans to micro and small enterprises declined in Q3

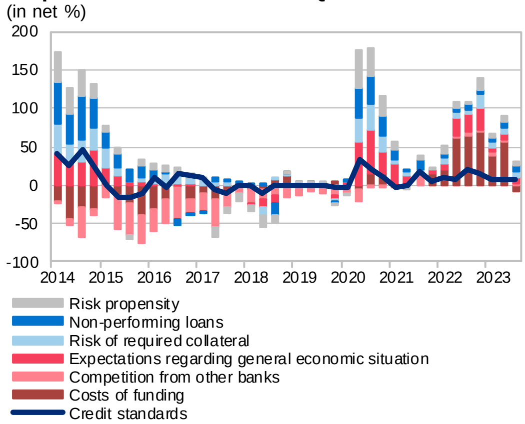
(weighted average values, p.a., in %)



Source: NBS.

Banks continued with moderate tightening of corporate credit standards in Q3

(in net %)



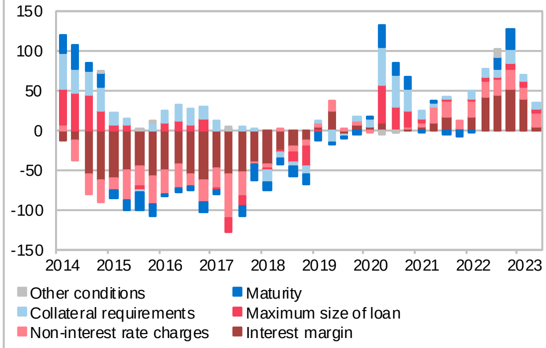
Source: NBS.
Note: Growth indicates the tightening and decline indicates the easing of credit standards.

dinar and FX-indexed loans, mainly for large enterprises. The tightening was motivated by uncertainty as to the overall economic situation, riskiness of the required collateral and NPLs, which reflected on lower risk appetite. On the other hand, some banks assessed that funding costs helped ease the standards for the first time after a longer period.

According to the survey, in Q3, interest margins of companies of all sizes increased, collateral requirements were tightened and the maximum loan amount was reduced. Maturity requirements, fees and commissions remained unchanged.

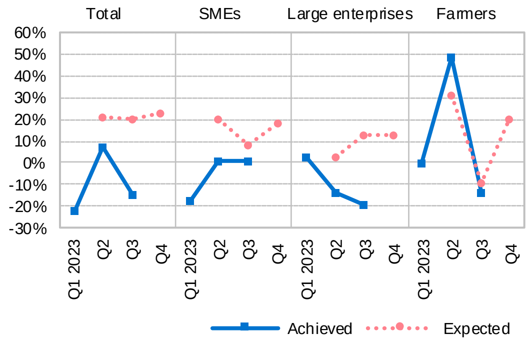
Contrary to expectations, **in Q3 the loan demand of large enterprises** and farmers **declined, while the demand of small and medium-sized enterprises did not change**. Banks assessed that the decline in demand reflected reduced corporate needs for financing investment and acquisitions, whereas the needs for financing of working capital and debt restructuring worked in the opposite direction. Banks expect corporate loan demand to rise in Q4, driven by the financing of working capital and capital investment and less so by debt restructuring.

Q3 saw an increase in interest margins, the tightening of collateral requirements and a decline in the maximum amount of corporate loans
(in net %)



Source: NBS.
Note: Growth indicates the tightening and decline indicates the easing of credit standards.

Contrary to expectations, corporate loan demand declined in Q3, with banks expecting its growth in Q4
(in net %)



Source: NBS.
* Positive value indicates an increase in demand, and negative value indicates a decrease.

II Household sector

1 Household loans

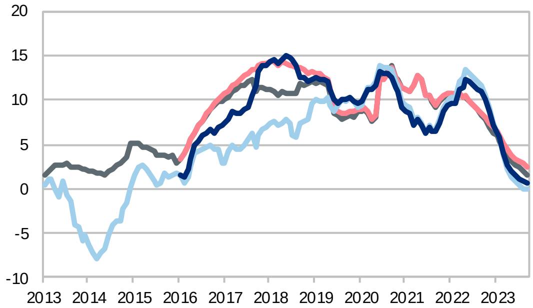
Y-o-y growth in household lending continued decelerating in Q3, measuring 1.6% in September (vs. 2.7% in June). The deceleration is a result of the last year's high base effect and higher interest rates. In nominal terms, the stock of household loans stood at RSD 1,469.3 bn in September, accounting for 46.9% of banks' loan receivables from the non-monetary sector and 18.9% of GDP.[4]

In Q3, household loans increased by RSD 6.6 bn, or by 0.4%, driven by the rise in cash loans (RSD 8.5 bn), while the stock of housing loans declined by RSD 2.7 bn from end-June. Further, consumer loans increased by RSD 0.7 bn as well as transaction account debts by RSD 0.3 bn. The said movements were conducive to a slight increase in the share of cash loans, as the dominant loan category, to 44.3% in September (from 44% in June), while the share of housing loans dropped to 39.7% (from 40.1% in June). At the same time, under loans granted to entrepreneurs, the stock of investment loans was the same as in June, while the stock of liquidity and working capital loans dropped slightly, by RSD 0.1 bn.

In order to relieve the burden on users of housing loans amid rising interest rates, in September the NBS adopted the Decision[5] to put a cap on the interest rate for first-time users of variable-rate housing loans approved before the entry into force of the Decision whose contracted amount does not exceed EUR 200,000. For these debtors the nominal interest rate was capped for the next 15 months, starting from the October instalment, and the bank shall not be entitled to claim a difference in the interest incurred as a result of this Decision. This cap will reduce most loan instalments by 10% to 25%, increasing citizens' disposable income. In addition, the temporary cap was put on new housing loans approved in the period of the Decision implementation, with early repayment of a housing loan under favourable conditions also enabled.

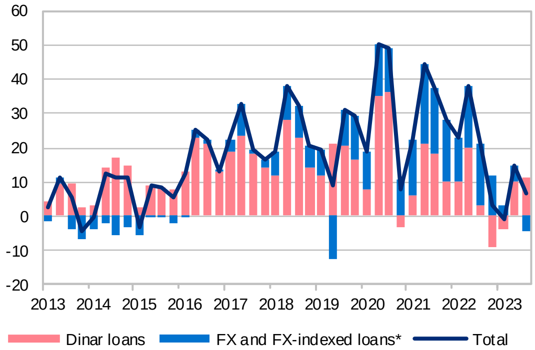
Housing loans were supported earlier by NBS measures adopted in 2020 and extended into 2023. Banks were enabled to extend the payment term for

Y-o-y growth in household loans continued to slow in Q3
(y-o-y growth rates under the programme exchange rate, in %)



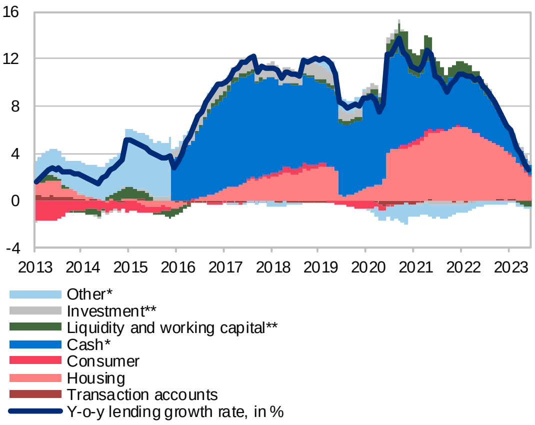
Source: NBS.
* Excluding the effect of NPL write-off and sale since early 2016.

The growth in household loans in Q3 was led by dinar lending
(increase, in RSD bn)



Source: NBS.
* Excluding the exchange rate effect.

In Q3, housing and cash loans contributed the most to the y-o-y increase in household loans
(in pp, excluding the exchange rate effect)



Source: NBS.
* Until December 2015, the contribution of cash loans is shown within the contribution of other loans.
** Loans extended to entrepreneurs.

[4] GDP in the past four quarters.

[5] Decision on Temporary Measures for Banks Relating to Natural Persons' Housing Loans (RS Official Gazette, No 78/2023).

housing loans by five years at the longest, with a lower minimum degree of completion of works for apartment purchase financed with a housing loan. In addition, in 2020 the downpayment for the purchase of the first residential real estate was permanently trimmed from 20% to 10%. Bearing in mind the rise in the interest rates, in December 2022, the NBS amended the current regulations enabling banks to restructure receivables from debtors faced with difficulties in loan repayment. Thus, the payment term extension by nine years was enabled for cash and consumer loans and by 11 years for loans used for car purchase.

The amount of new household loans in Q3 (RSD 132.3 bn) was slightly lower (by RSD 0.7 bn) than in the same period last year. Cash loans accounted for almost two thirds and housing loans for 15.5% of new household loans (less than in Q3 2022, when their share averaged 23.3%), as a consequence of the rise in real estate prices and costs of borrowing.

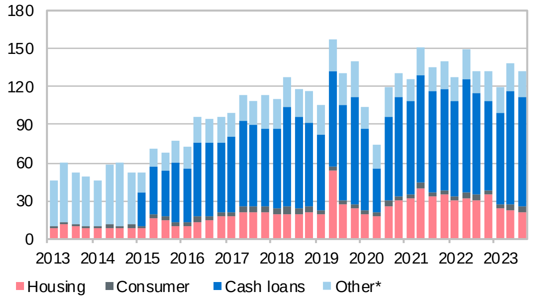
The increase in dinar receivables (driven by cash loans) and reduced FX-indexed receivables (due to a decline in housing loans) pushed up the **dinarisation of household receivables**[6] in Q3, by 0.5 pp, to 53.6% in September. At the same time, the share of euro receivables went down by 0.5 pp, to 46.3%, while the share of receivables in Swiss francs (0.1%) was unchanged. In the structure of FX and FX-indexed household loans, close to 80% of loans were linked to EURIBOR, six-month mostly. In the structure of dinar household loans, around 65% of loans were granted at a fixed rate while the most dominant loans among those approved at a variable rate were loans linked to three-month BELIBOR.

The share of NPLs in total household loans stood at 4.4% in September[7] (by 0.1 pp higher than in June). As for loan purpose, no significant changes in this share were recorded. The NPL indicators still close to their lowest values suggest that the NBS and Government measures were timely and that they helped avoid a more serious adverse impact of the crises we have been facing in the past three years on citizens' creditworthiness. Compared to the period just before the adoption of the NPL Resolution Strategy, this share is lower by 6.8 pp.

2 Cost of household borrowing

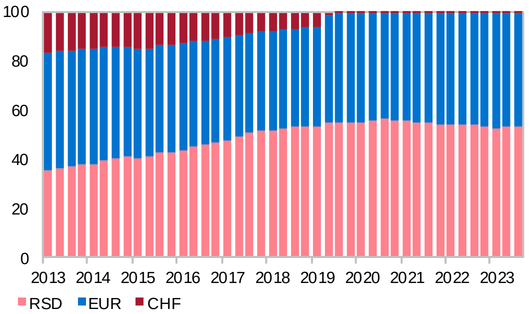
NBS and ECB monetary policy tightening as a response to inflationary pressures continues to translate onto the price of household loans which, as

The bulk of new loans in Q3 consisted of cash loans
(new loans, in RSD bn)



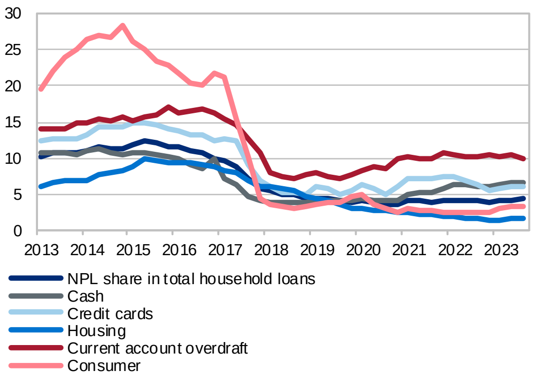
Source. NBS.
* Until December 2014, the 'other loans' category implied cash and other loans together.

Due to rising dinar and declining FX loans in Q3, the dinarisation of household loans came close to 54%
(currency structure, in %)



Source: NBS.

The NPL share in total household loans stayed close to the lowest levels in Q3
(gross principle, in %)



Source: NBS.

6 Including non-profit institutions and entrepreneurs.

7 If entrepreneurs and private households are included, this share amounted to 4.3%, down by 7.8 pp from July 2015.

in the case of corporate loans, is nevertheless increasing at a slower pace than before.

In Q3, the weighted average rate on new dinar household loans equalled 13.4%. The average interest rate on the dominant, cash loans increased by 0.1 pp, to 14.2%, and on other non-categorised loans by 0.2 pp, to 11.3%. The price of consumer loans remained broadly unchanged (2.9%), while the rate on housing loans[8] declined by 0.3 pp, to 12.1%. Relative to September 2021, i.e. before the onset of NBS monetary policy tightening, the interest rate on new dinar household loans was higher by 4.9 pp as at September 2023.

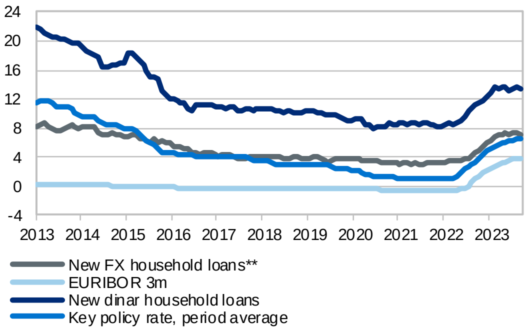
The weighted average rate on new euro-indexed household loans went up by 0.1 pp on average in Q3, to 7.3%. Interest rates on housing and consumer increased by 0.1 pp each, to 6.6% and 6.4% respectively. The rate on cash loans remained unchanged from Q2 (3.6%), while the rate on other non-categorised loans rose by 0.4 pp, to 9.6%. Relative to June 2022, i.e. immediately before the ECB launched the cycle of interest rate hikes as at September 2023, the average rate on new household euro loans went up by 3.5 pp.

3 Assessment of loan supply and demand – based on the results of bank lending survey

According to the October NBS Bank Lending Survey and in line with the expectations stated in the previous survey, **banks tightened household credit standards in Q3.** The tightening affected dinar cash and refinancing loans as well as euro-indexed housing loans. The main factors behind credit standard tightening were higher financing costs. Working in the same direction, though to a lower degree, were the real estate market situation (higher prices of real estate coupled with higher interest rates on housing loans) as did the expected growth in NPLs, uncertainty of overall economic situation and consequently lower risk appetite. Banks expect household credit standards to remain unchanged in Q4.

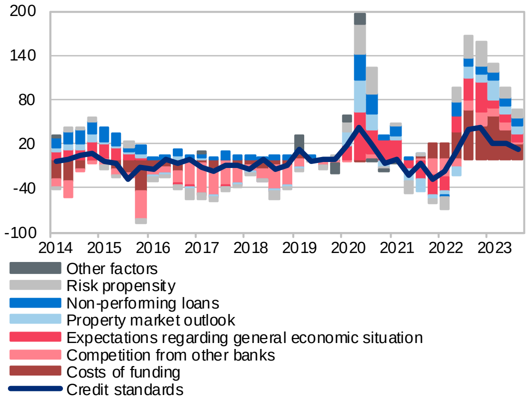
Banks assess that in Q3, overall interest margins declined mildly on the back of reduced margins for FX-indexed loans, reflecting the NBS decision to cap interest rates on euro-indexed housing loans while the interest margins for dinar loans increased insignificantly. Other loan conditions were not changed.

The average cost of dinar loans remained broadly unchanged in Q3*
(weighted average values, p.a., in %)



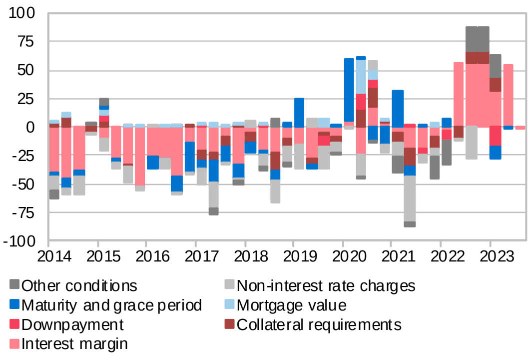
Sources: NBS and European Banking Federation.
* Excluding revolving loans, current account overdrafts and credit card debt.
** Euro and euro-indexed.

Banks continued to tighten household credit standards in Q3
(in net %)



Source: NBS.
Note: Growth indicates the tightening and decline indicates the easing of credit standards.

In Q3, banks only slightly reduced their interest margins, while other loan terms did not change
(in net %)

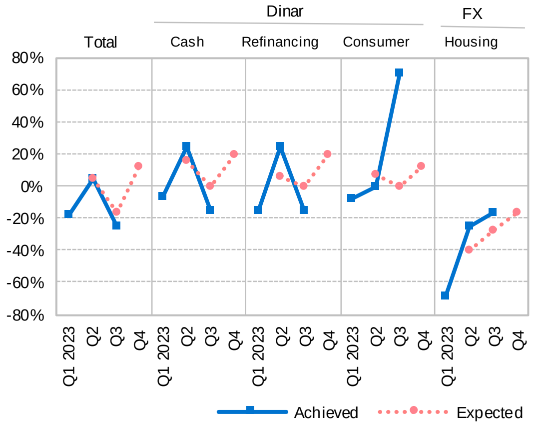


Source: NBS.
Note: Growth indicates the tightening and decline indicates the easing of credit standards.

[8] Used for refurbishment of apartments and more expensive than loans used for purchasing apartments.

Household loan demand dropped in Q3, more than expected in the previous survey. The demand for all loan categories declined, except for dinar consumer loans which recorded a rise. Banks assess that the real estate market situation pushed down the demand given the higher prices of apartments, subdued purchases of durable consumer goods and the use of past savings. In Q4, banks anticipate a rise in demand driven by dinar loans – cash, refinancing and consumer loans.

Household loan demand contracted in Q3 more than expected, with banks expecting its growth in Q4
(in net %)



Source: NBS.
* Positive value indicates an increase in demand, and negative value indicates a decrease.

Methodological notes

- Loans imply bank receivables under the loan principal.
- Receivables imply receivables under loans, interests and charges, paid deposits, securities and shares of companies.
- All types of receivables are expressed according to the gross principle, i.e. not reduced by allowances for impairment.
- Dinar receivables are receivables extended in dinars without an FX-clause. The FX clause implies a currency clause that defines hedging against changes in the dinar exchange rate.
- When excluding the exchange rate effect, the calculation is based on the original currency composition and the exchange rate of the dinar against the euro, the US dollar and the Swiss franc as at 31 October 2022.
- New business includes all financial arrangements (credits and deposits) the terms of which are agreed for the first time during the reporting month, as well as all existing contracts the terms of which were re-agreed (through annexes), with the active participation of the client.
- The sectoral classification of monetary statistics is used. The corporate sector includes public enterprises, companies and the non-financial sector in bankruptcy, while the household sector includes citizens, entrepreneurs, private households with employed persons and registered farmers. By way of exception:
  - with newly-approved loans, the household sector includes non-profit institutions serving households (in accordance with the ECB methodology);
  - with non-performing loans, the sectors are presented separately, but are aggregated for the sake of comparison with the monetary statistics data.
- The term non-performing loans implies the stock of the total outstanding debt under individual loans (including the amount of arrears):
  - where the payment of principal or interest is past due (within the meaning of the decision on classification of balance sheet assets and off-balance sheet items) over 90 days,
  - where 90 days of interest payments have been attributed to the loan balance, capitalized, refinanced or delayed,
  - where payments are less than 90 days overdue, but the bank assessed that the borrower's repayment ability has deteriorated and doubts that the payments will be made in full.