National Bank of Serbia

Department for Economic Research and Statistics

TRENDS IN LENDING

Second Quarter Report 2024

Belgrade, August 2024

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 the 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 (NBS) 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' perception 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 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. Assets of banks participating in the survey on average account for 50% of total bank assets in the region.

ABBREVIATIONS

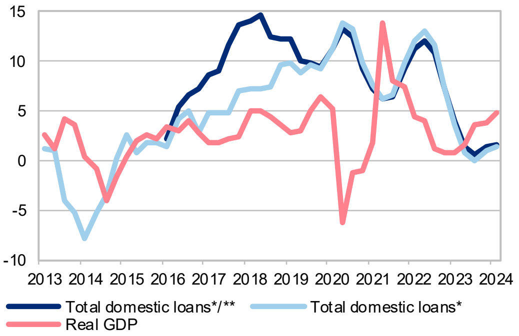
GDP – gross domestic product
ECB – European Central Bank
mn – million
bn – billion
y-o-y – year-on-year
NPL – non-performing loan
pp – percentage point
Q – quarter

Other generally accepted abbreviations are not cited.

Contents

Overview

In Q2, lending accelerated y-o-y, led almost equally by corporate and household lending
(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.

Total domestic loans, excluding the exchange rate effect, accelerated their y-o-y growth to 4.7% in June (from 1.3% in March), thanks to the expansion of corporate and household loan demand amid relaxation of standards for dinar loans and more favourable price of borrowing. This growth was almost equally led by corporate and household lending, with **corporate loans** stepping up their y-o-y growth to 4.2% and **household loans** to 4.9%.

Total domestic bank receivables from the non-monetary sector (which apart from loan receivables also include receivables on account of investment into securities, interests and fees and other receivables) picked up y-o-y to a similar extent as domestic loans, to 5.0% in June.

Corporate loans, excluding the exchange rate effect, rose by RSD 4.2%, or RSD 65.9 bn in Q2, with almost half of the increase stemming from dinar loans. Loan use intensified across almost all loan categories, with corporates mostly resorting to liquidity and working capital loans, followed by investment loans and current account overdrafts. Also, corporates increased their borrowing across all sectors, most notably in energy, trade, construction and manufacturing. Banks lent more to micro, small and medium-sized than to large enterprises. As a result, the share of loans approved to this enterprise segment rose to 59.3% in June, and their share edged up 2.6% from a year before.

Household loans, excluding the exchange rate effect, increased by RSD 48.3 bn or 3.3% in Q2. More than a half of this increase referred to cash loans, followed by housing loans, while the use of consumer and other loans also intensified. In June, cash loans sped up their y-o-y growth by 8.2%, while housing loans resumed their y-o-y growth (1.4% in June), thanks to ample disbursement in Q2 and gradual dissipation of the effect of the accounting treatment of housing loan receivables on the stock of these loans as a result of the adoption of the decision on capping the interest rates on housing loans.

Due to markets' expectations that the NBS and ECB were soon about to embark on monetary policy easing, in Q2 **interest rates on both dinar and euro loans** extended their mild decline which began already toward the end of last year. In Q2, the average interest rate on dinar household loans dropped by 0.5 pp to 12.0%, and on dinar corporate loans by 0.1 pp to 8.1%. The average interest rate on euro household loans edged down by 0.1 pp to 6.2%, and the rate on corporate loans fell by 0.3 pp to 6.8%. Given that the NBS cut the key policy rate in June and July, and that the ECB lowered its reference rates in June, in the forthcoming period we may expect loan interest rates to decline further, as the interest rate transmission mechanism has proved efficient. Nevertheless, as opposed to the interest rates in the money market which respond almost simultaneously, it takes some time (sometimes several months) for the full effects of monetary policy easing to pass through to loan interest rates.

Dinarisation of total corporate and household receivables in Q2 edged up by 0.9 pp, to 36.1% in June, primarily owing to **higher dinar lending.** The degree of dinarisation of corporate receivables rose to 19.3% in June (from 17.8% in March), and the degree of dinarisation of household receivables to 54.9% (from 54.5%).

As a result of a robust bank regulatory framework and the adopted macroprudential policy measures synchronised with monetary policy measures, **the share of non-performing in total loans dropped to a new low of 2.9% in June**. This shows that the rise in loan repayment costs, as a consequence of interest rate hikes in the prior period, and the expiry of some of the measures which supported the private sector during the pandemic, did not impact the quality of bank assets. NPL coverage remained high – allowances for impairment of total loans measured 101.9% of gross NPLs in June, while allowances for impairment of NPLs stood at 60.7% of gross NPLs.

The capital adequacy ratio[1] at end-Q2 measured 21.8%, significantly above the regulatory minimum (8.0%), which indicates high capitalisation and resilience of the banking sector to external and domestic risks.

[1] The Basel III regulatory framework has been applied since 30 June 2017.

I. Corporate sector

1. Corporate loans

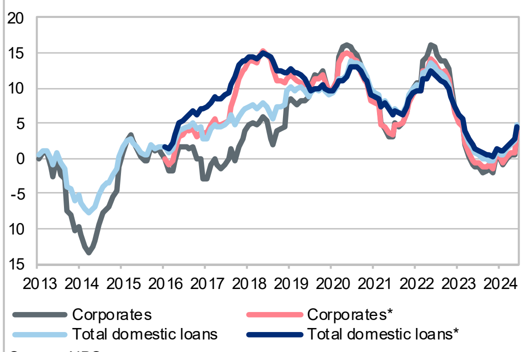
In Q2, corporate loans stepped up their y-o-y growth, to 4.2% in June (after stagnating y-o-y in March). Such trends reflected elevated corporate demand, softened credit standards and more favourable interest rates, while the negative influence on the loan stock from the maturing of guarantee scheme loans continued to lose strength. In nominal terms, the stock of corporate loans stood at RSD 1,649.4 bn in June, and their share in GDP at 19.3%, down by 0.5 pp from end-2023, as a result of swifter economic growth.

Thanks to high disbursement in June, **corporate loans added RSD 65.9 bn in Q2**, the highest quarterly increase ever since Q3 2008. This growth fully referred to company borrowing (RSD 67.7 bn), while loans to public enterprises declined. Almost half of the increase stemmed from dinar loans and their pronounced growth may be associated with the NBS's Decision on Capital Adequacy of Banks. Under this decision, when calculating the capital adequacy ratio, as of 2025, banks shall reduce capital if the share of FX-indexed and FX loans in total loans approved to the non-financial and non-governmental sector exceeds a specific threshold (71% in 2025, which is further reduced to 64% in 2026 and to 57% in 2027).

In Q2, **corporates intensified the use of loans of all purposes**, with more than three-fifths of the increase pertaining to liquidity and working capital loans (RSD 40.3 bn), followed by investment loans (RSD 12.9 bn) and current account overdrafts (RSD 7.1 bn). Owing to such trends, the share of liquidity and working capital loans in total corporate loans gained 0.6 pp in Q2, coming at 47.4% in June, while the share of the next largest category, investment loans, edged down by 0.9 pp, to 40.3%. At the same time, liquidity and working capital loans, as well as investment loans, sped up to 5.0% and 2.8% y-o-y, respectively.

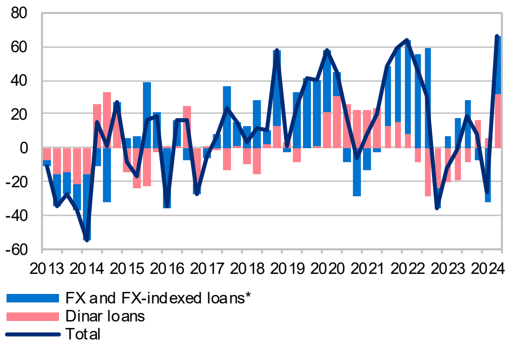
Company borrowing expanded across all industries, most notably in energy, trade, construction and manufacturing. The share of long-term in total corporate loans stood at 84.8% in June, dropping slightly from March (87.6%). In terms of enterprise size, banks lent more to **micro, small and medium-sized** than to large enterprises**,** which is why the share of loans approved to this segment stood at 59.3% of

Owing to high disbursement in June, corporate loan growth picked up y-o-y
(y-o-y growth rates at the programme exchange rate, in %)



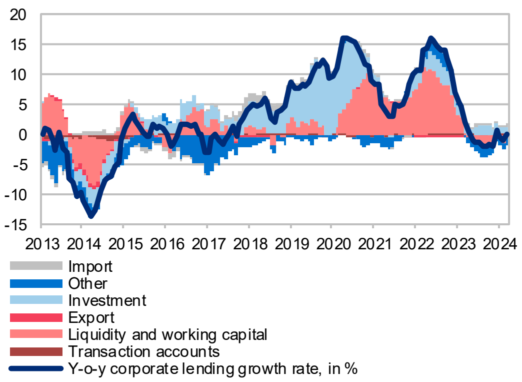
Source: NBS.
* Excluding the effect of NPL write-off and sale since early 2016.

Dinar corporate loans rose for the third consecutive quarter, accounting for almost half of Q2 growth



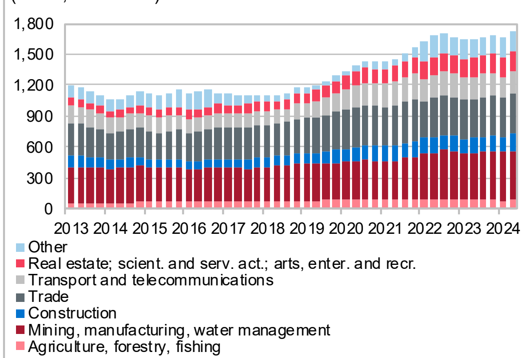
Source: NBS.
* Excluding the exchange rate effect.

Working capital and investment loans contributed the most to y-o-y corporate loan growth at end-Q2
(in pp, excluding the exchange rate effect)



Source: NBS.

Most of the corporate receivables are loans extended to manufacturing and trade industries
(stock, in RSD bn)



Source: NBS.

total corporate loans in June, which is a rise of 0.6 pp from March, while their stock increased 2.6% from a year ago.

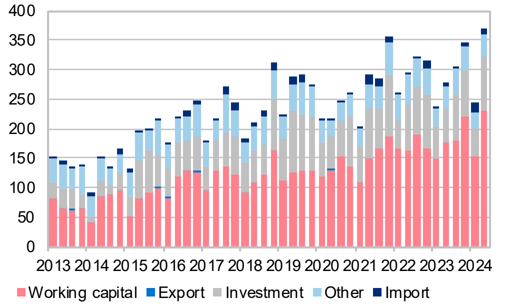
The volume of new corporate loans in Q2 amounted to RSD 370.4 bn, up by 33.3% y-o-y. Liquidity and working capital loans remained dominant – at 62% of new corporate loans, with 70% of these loans being channelled to micro, small and medium-sized enterprises. Investment loans accounted for one fourth of new loans, and were predominantly (almost 90%) absorbed by micro, small and medium-sized enterprises.

Owing to high disbursement of dinar loans**, the degree of dinarisation of corporate loans** went up from 17.8% in March to 19.3% in June. The share of euro and euro-indexed receivables edged down by 1.6 pp to 80.5% in June, and that of dollar receivables by 0.1 pp to 0.1%. In the composition of FX and FX-indexed loans, 78% were linked to the EURIBOR, mostly three-month. Of dinar corporate loans, 32% were linked to the BELIBOR, mostly one-month.

The share of NPLs in total corporate loans stood at 2.0% in June, and at 2.3% only for loans to companies, which is a decrease by 0.3 pp and 0.4 pp, respectively, from March.[2] Observed by industry, the share of NPLs shrunk across the board, moving from 0.5% in the energy sector to 3.7% in agriculture in June, and dropping to new lows in construction (1.5%) and real estate (0.55%). This indicates that economic support measures during the pandemic were adequate and timely and bank asset quality was preserved even after their expiry. At the same time, this confirms that the rise in the costs of repayment of existing corporate loans did not lead to any significant increase in NPLs. **Relative to July 2015**, i.e. immediately before the start of the implementation of the NPL Resolution Strategy, **the share of NPLs in total corporate loans went down by 23.0 pp**, and the most pronounced decrease was recorded in construction, real estate and trade.

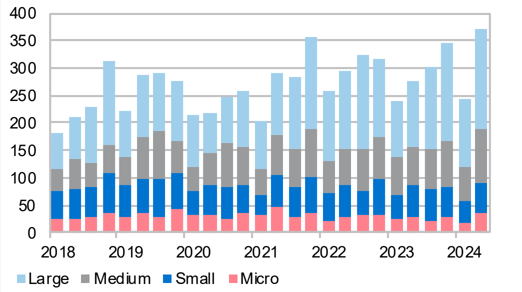
[2] Important factors contributing to the sharp fall in NPLs from 2016 onwards were the successful implementation of the NPL Resolution Strategy and implementation of the Decision on the Accounting Write-Off of Bank Balance Sheet Assets. In accordance with the Strategy, the NBS adopted the Action Plan (https://nbs.rs/en/scripts/showcontent/index.html?id=8678), aimed at strengthening banks' capacity for NPL resolution and contributing to the development of the NPL market. Some activities in the action Plan have been fully implemented, in some cases even before the deadline.

Working capital and investment loans remained prevalent in Q2
(new loans, in RSD bn)



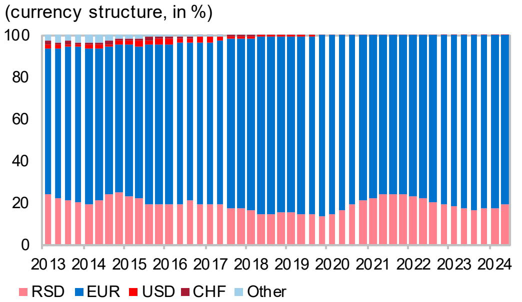
Source: NBS.

Loans to SMEs made up more than half of new loans in Q2
(in RSD bn)



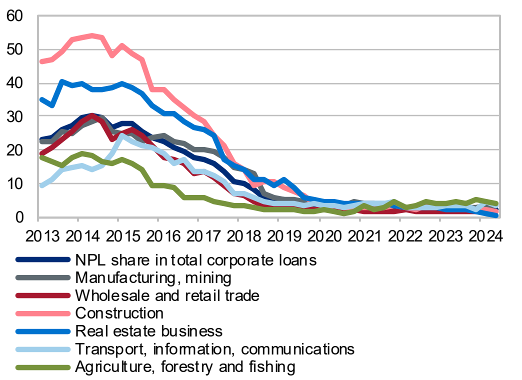
Source: NBS.

Pronounced growth in dinar loans boosted the dinarisation of receivables in Q2
(currency structure, in %)



Source: NBS.

NPL ratios dropped to new lows in some industries in Q2
(gross principle, in %)



Source: NBS.

2. Cost of corporate borrowing

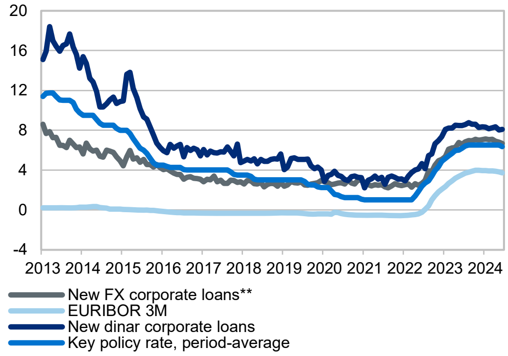
Interest rates on both dinar and euro corporate loans continued on a mild downward path in Q2, which began late last year, sparked by markets' expectations that the NBS and ECB would soon embark on monetary policy accommodation.

In order to contain heightened inflationary pressures mostly coming from the international environment, since October 2021 the NBS gradually tightened monetary conditions by increasing the weighted average interest rate on one-week reserve repo auctions and, from April 2022 until July 2023, also by raising the key policy rate. The key policy rate was kept on hold thereafter, until June 2024, when the NBS embarked on monetary policy easing. **The weighted average interest rate on new dinar loans dropped in Q2 to 8.1%** (from 8.2% in Q1). This drop was led by a decrease in interest rate on working capital loans to 8.0% (from 8.1%) and on investment loans to 8.2% (from 9.3%), while the interest rate on other non-categorised loans edged up to 8.5% (from 8.3%). In terms of enterprise size, the cost of borrowing decreased for medium-sized and large enterprises and increased for micro and small enterprises. The average interest rate moved from 7.7% for large to 9.9% for micro enterprises.

The weighted average interest rate on new euro and euro-indexed loans to corporates dropped to 6.8% in Q2 (from 7.1% in Q1), with decreases recorded in almost all loan categories – liquidity and working capital loans (by 0.2 pp to 6.6%), investment loans (by 0.3 pp to 7.1%), import loans (by 1.1 pp to 6.7%) and other non-categorised loans (by 0.7 pp to 6.7%). The cost of borrowing declined for enterprises of all sizes, so the average cost of borrowing moved from 6.6% for large to 7.5% for micro enterprises.

Interest rates on corporate loans dropped mildly in Q2*

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

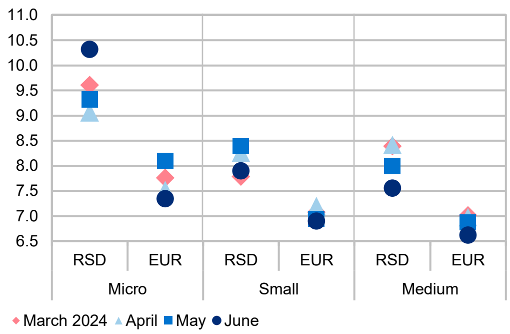


Sources: NBS and European Banking Federation.

* Excluding revolving loans, current account overdrafts and credit card debt.

** Euro and euro-indexed.

All interest rates went down in Q2, except those on dinar loans to micro and small enterprises

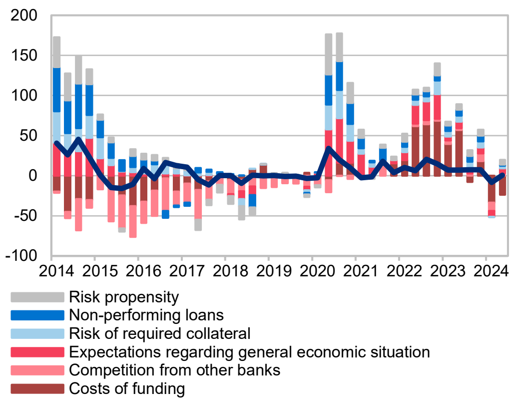


Source: NBS.

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

The results **of the July NBS Bank Lending survey** show that in Q2 banks continued to relax credit standards for dinar loans, while simultaneously tightening those for FX-indexed loans. Thus, overall, corporate credit standards did not change in Q2, while some banks expect tightening in Q3. The easing of standards was motivated by lower costs of funding sources, while the factors working in the opposite direction were lower competition in the banking sector and heightened risk perception (lower risk propensity and required collateral), and in part also the general economic and geopolitical situation, when it comes to

Overall, corporate credit standards remained unchanged in Q2



Source: NBS.

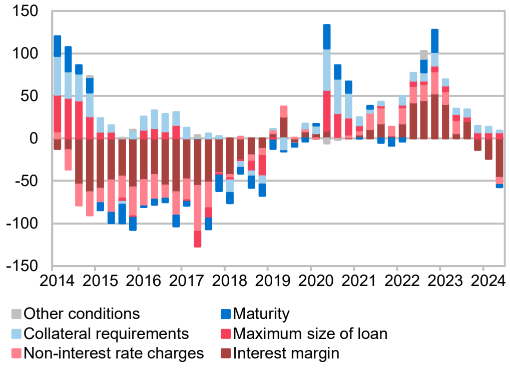
Note: Growth indicates the tightening and decline indicates the easing of credit standards.

standards for FX-indexed loans. Standards for small and medium-sized enterprises and farmers were relaxed and those for large enterprises tightened.

According to the survey, in Q2 banks reduced interest margins and commissions and fees for enterprises of all sizes, and extended loan maturity for small and medium-sized enterprises. On the other hand, collateral requirements were tightened further and maximum loan maturity was reduced.

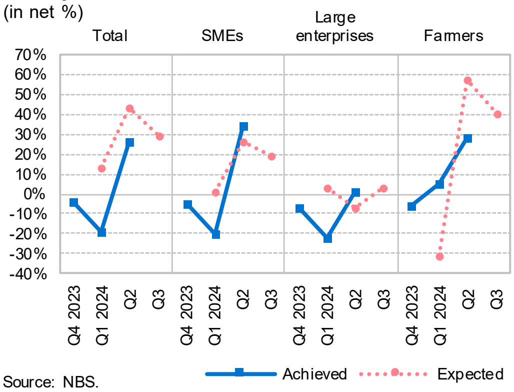
In banks' view, corporate loan demand expanded in Q2 after three quarters and related primarily to small and medium-sized enterprises. It was driven mainly by the need to finance working capital, investments and debt restructuring. Banks expect corporate loan demand to increase in Q3 as well, driven by capital investments and working capital financing.

In Q2, interest margins, commissions and fees declined, while loan maturity was extended
(in net %)



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

In Q2, corporate loan demand received the strongest boost from small and medium enterprises
(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 loans gained further momentum to 4.9% in June (from 2.7% in March), propped up by the easing of credit standards, increased household loan demand and more favourable interest rates, as well as the gradual waning of the adverse impact of the accounting treatment of housing loan receivables on the stock of loans due to the adoption of the decision on capping the interest rates on housing loans in September 2023.[3] In nominal terms, the stock of household loans was RSD 1,533.7 bn in June, making up 47.2% of banks' loan receivables from the non-monetary sector or 18.0% of GDP (the same as at end-2023).

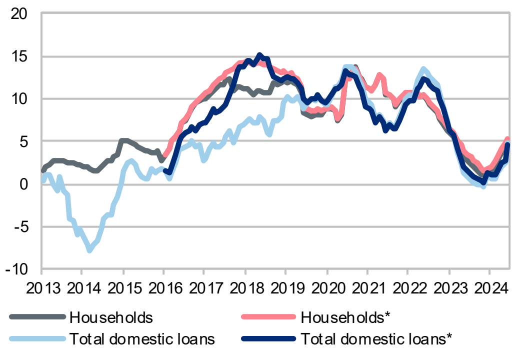
Household loans went up in Q2 by RSD 48.3 bn. More than a half of this increase referred to cash loans (RSD 26.6 bn), followed by housing loans (RSD 13.6 bn) and consumer loans (RSD 2.1 bn). The share of cash loans in total household loans thus rose by 0.3 pp to 45.3%, while the share of housing loans edged down by the same amount to 38.7% in June. At the same time, within loans to entrepreneurs, the stock of liquidity and working capital loans increased (RSD 5.0 bn), while the stock of investment loans did not change.

In order to relieve the burden of housing loan users amid rising interest rates, in September 2023, the NBS adopted a decision[4] temporarily capping the interest rate for first-time users of housing loans subject to a variable interest rate approved before the entry into force of the decision and with the contracted amount of up to EUR 200,000. For those borrowers, the nominal interest rate was temporarily capped, for a 15-month period, starting from the October instalment, and banks are not allowed to request from borrowers the interest rate difference arising from the application of this Decision. Through the interest rate capping, instalments of most loans were reduced by 10% to 25%, whereby the disposable household income increased. This Decision temporarily capped the interest rates on new housing loans approved in the

[3] The decline in the stock of housing loans in Q4 2023 was a reflection of the accounting treatment of housing loans due to the decision to temporarily cap the interest rates on housing loans as the value of these receivables was modified down on account of changes in contracted cash flows in its early application. This amount will be gradually returned to the stock of housing loans during the 15 months of the application of this decision.

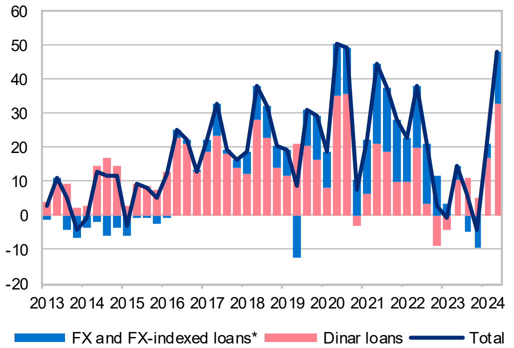
[4] Decision on Temporary Measures for Banks Relating to Natural Persons' Housing Loans (RS Official Gazette, No 78/2023).

Y-o-y growth in household loans gained further momentum in Q2
(y-o-y growth rates at the programme exchange rate, in %)



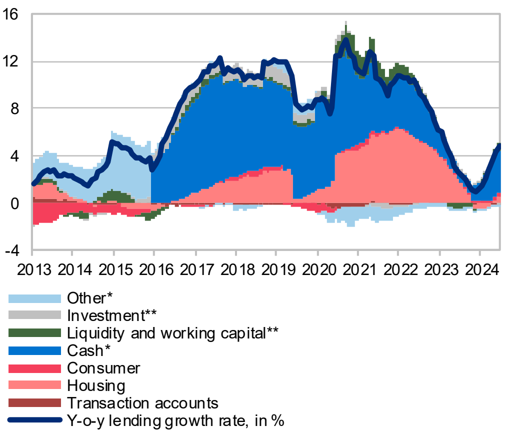
Source: NBS.
* Excluding the effect of NPL write-off and sale since early 2016.

Dinar loans accounted for more than two-thirds of the increase in household loans in Q2
(increment, in RSD bn)



Source: NBS.
* Excluding the exchange rate effect.

Cash loans continued to contribute the most to y-o-y growth in household loans in Q2
(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.

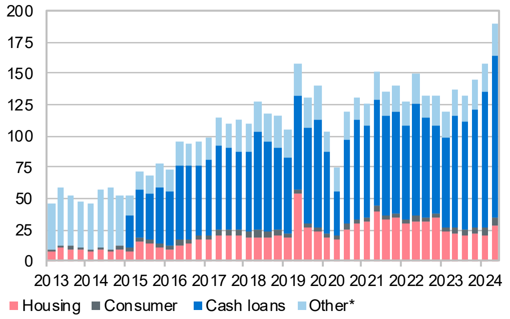
period of the Decision implementation, while also enabling early repayment of a housing loan under favourable conditions. Housing loans were also supported by earlier amendments to regulations. Namely, since 2020 banks were permanently given the option to approve a loan for first-time home buyers amounting to 90% (instead of 80%) of the estimated value of the real estate securing the loan. As for other loan categories, since December 2022, a one-off rescheduling of cash, consumer and other loans without a specific purpose was enabled on a permanent basis, without any repercussions for the banks' capital. In addition, the application of the measure enabling the approval of consumer loans worth up to RSD 90,000 under a simplified procedure was extended until the end of 2024.

The volume of new household loans amounted to RSD 190.6 bn in Q2, up by 38.1% y-o-y. This was driven mainly by cash loans, which accounted for slightly over two-thirds of new household loans. The next largest category were housing loans, which made up 15% of new household loans (a decrease from 2022, when they accounted for over one-fifth of new household loans on average), reflecting the elevated real estate prices and costs of borrowing.

Borrowing in dinars accounted for over two-thirds of the rise in household loans in Q2 (mainly on account of cash loans), boosting the **dinarisation of household loans**[5] in Q2 by 0.4 pp, to 54.9% in June. At the same time, the share of euro receivables declined by the same degree, to 45.0%, while the share of receivables in Swiss francs (0.1%) was unchanged. In the structure of FX and FX-indexed household loans, 74% of loans were linked to EURIBOR, mostly six-month. In the structure of dinar household loans, around 76% of loans were granted at a fixed rate while the most dominant loans among those approved at a variable rate were loans linked to the three-month BELIBOR.

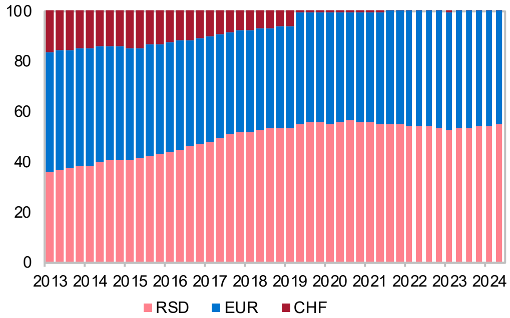
The share of NPLs in total household loans stood at 4.0%[6] in June, down by 0.3 pp from March. This share decreased across all loan categories, except for current account overdrafts where it stayed unchanged. The NPL indicators, still close to their lowest values, suggest that the NBS and Government 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, the NPL share in the household sector is lower by 7.2 pp.

Cash loans made up the bulk of new loans in Q2
(new loans, in RSD bn)



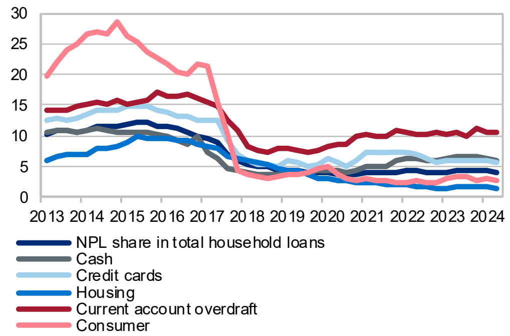
Source. NBS.
* Until December 2014, the 'other loans' category implied cash and other loans together.

Households mostly borrowed in dinars in Q2, pushing the dinarisation of household receivables up to close to 55% in June
(currency structure, in %)



Source: NBS.

The share of NPLs decreased across almost all household loan categories in Q2
(gross principle, in %)



Source: NBS.

[5] Including non-profit institutions and entrepreneurs.

[6] If entrepreneurs and private households are included, this share amounted to 4.0%, dropping by 0.3 pp from March and by 8.2 pp from July 2015.

2. Cost of household borrowing

The average cost of household borrowing in dinars and euros slid further in Q2. The decline in interest rates on euro loans was guided by market expectations that the NBS and the ECB would soon start easing their monetary policies, as well as by the implementation of the NBS decision on capping interest rates on housing loans to natural persons. Interest rates on dinar loans went down as a result of cash loan promotional activities taken by some banks.

In Q2, the weighted average interest rate on new dinar household loans equalled 12.0%, down by 0.5 pp from Q1. The decrease was driven by the further reduction in rates on cash loans (by 0.5 pp to 12.4%), and the cost of other non-categorised loans declined as well (by 0.6 pp to 10.0%). On the other hand, interest rates on consumer loans went up (by 0.4 pp to 3.6%) as did the rates on housing loans[7] (by 1.6 pp to 16.9%).

The weighted average rate on new euro-indexed household loans went down by 0.1 pp on average to 6.2% in Q2. At the same time, the average interest rate on housing loans stayed almost unchanged (5.1%) owing to the NBS Decision to cap the interest rates on housing loans. The interest rates on consumer loans and cash loans decreased (by 0.2 pp to 6.1% and by 0.3 pp to 3.4%, respectively), while the rate on other non-categorised loans went up (by 0.1 pp to 9.8%).

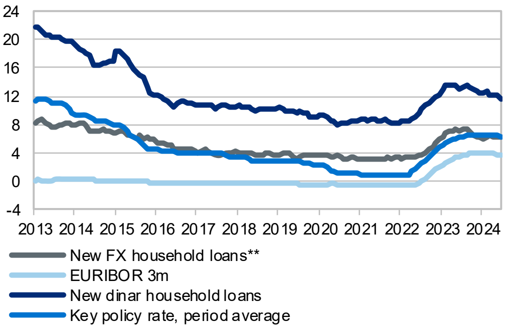
3. Assessment of loan supply and demand – based on the results of bank lending survey

According to the July NBS bank lending survey, banks further relaxed their credit standards for dinar loans to **households in line with expectations,** while standards on FX-indexed loans remained unchanged. The standards for dinar cash and refinancing loans were eased due to lower costs of financing and the effects of competition. Banks expect that the same factors and positive economic growth expectations ought to lead to a further relaxation of standards in Q3.

The survey shows that in Q2, interest margins for both dinar and FX-indexed loans contracted, while other loan terms (collateral requirements, down payment and deposit, mortgage value, maturity, fees and commissions) remained unchanged.

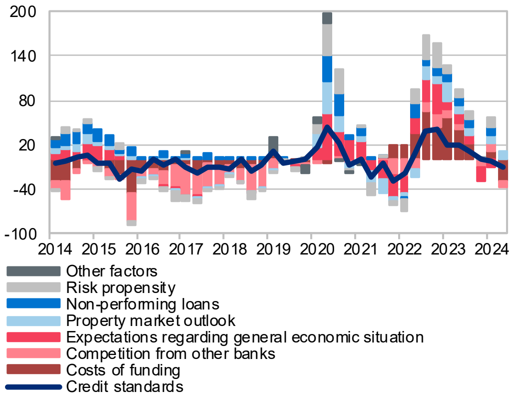
[7] Housing adaptation loans which are costlier than loans for the purchase of housing.

Interest rates on household loans declined in Q2*
(weighted average values, p.a., in %)



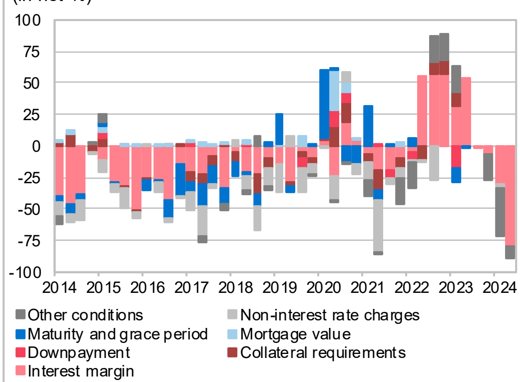
Sources: NBS and European Banking Federation.
* Excluding revolving loans, current account overdrafts and credit card debt.
** Euro and euro-indexed.

Banks eased their household credit standards in Q2 amid lower costs of financing and the effects of competition
(in net %)



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

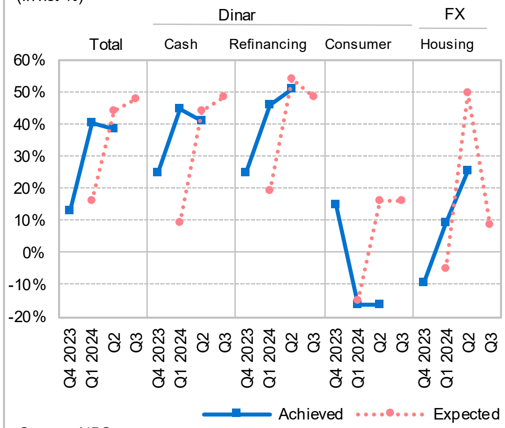
Banks further reduced interest rate margins for household loans in Q2
(in net %)



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

Household loan demand went up in Q2. The rise in demand referred to dinar cash and refinancing loans, and FX-indexed housing and consumer loans. At the same time, demand for dinar consumer loans diminished. According to banks, demand growth was driven by the need to refinance existing loans and purchase consumer durables, as well as by a positive impact of higher wages and, after a longer time period, by real estate purchases. Banks expect further growth in demand for dinar cash loans, refinancing loans, consumer loans, and FX-indexed housing loans in Q3.

Household demand for housing loans increased in Q2 for the second quarter in a row
(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.