NATIONAL BANK OF SERBIA
Department for Economic Research and Statistics

TRENDS IN LENDING

Fourth Quarter Report 2023

Belgrade, February 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

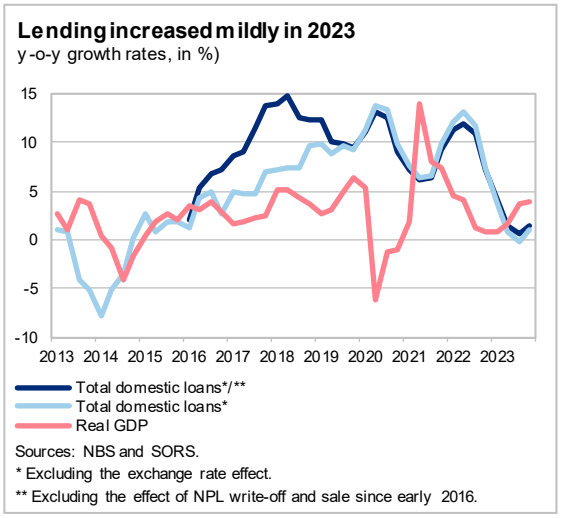
Total domestic loans, excluding the exchange rate effect, rose by 1.1% in 2023, with **corporate loans** gaining 0.9% and **household loans** 1.2%. Lending slowed down in 2023 (with total loans falling negligibly in y-o-y terms from September to November), under the impact of higher lending interest rates due to the tightening of monetary policies of the ECB and NBS. Tightened bank credit standards also reflected on lending deceleration. Nevertheless, December saw a rebound in lending, so the year ended with a mild lending increase, y-o-y. In corporate loans, a significant impact on loan stock came from the maturing of guarantee scheme loans, while in household loans, as of September, a temporary negative influence on the loan stock also came from the accounting treatment of housing loan receivables owing to the interest rate cap on these loans.

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) increased to a similar extent – by 1.1% in 2023.

Corporate loans, excluding the exchange rate effect, increased in Q4 by RSD 8.4 bn, or 0.5%, driven by the rise in investment loans and liquidity and working capital loans. Such trends led to a rise in the share of investment loans in total corporate loans to 41.9% at year end, and the share of liquidity and working capital loans to 46.8%. Sector-wise, companies in real estate, construction and transport borrowed the most, while those in trade and energy sectors reduced their borrowing. Under the impact of borrowing of micro and medium-sized enterprises and reduced liabilities of large enterprises, the share of loans extended to the SME segment in total corporate loans went up to 59.1% in December.

Household loans, excluding the exchange rate effect, decreased by RSD 3.4 bn or 0.2% in Q4, due to the lower stock of housing loans and lower borrowing in transaction accounts. On the other hand, borrowing under cash and consumer loans went up. At year end, the share of housing in total household loans stood at 39.3% and that of cash loans at 44.7%.

Keeping the key policy rate on hold since August reflected on the stabilisation of interest rates in the interbank money market, with **interest rates on dinar** corporate and household loans going down in Q4 2023. The average interest rate on dinar corporate loans dropped to 8.4%, and on household loans to 12.7% (from 8.6% and 13.4%, respectively, in Q3). The effects of past monetary policy easing by the ECB led to a further growth in the **interest rate** on **euro** corporate loans to 7.1% (from 6.9% in Q3), while the interest rate on euro household loans decreased in Q4 to 6.4% (from 7.3% in Q3) owing to the application of the NBS's decision on capping the interest rates on housing loans extended to natural persons.



Dinarisation of total corporate and household receivables in Q4 edged up by 0.7 pp, to 34.4% in December, reflecting a rise in dinar and a decrease in FX-indexed receivables. Of that, the degree of dinarisation of corporate receivables rose by 1.1 pp, to 17.3% in December. Dinarisation of household receivables gained 0.5 pp, rising to 54.0%, reflecting an increase in dinar loans, among which cash loans make up the dominant share, as well as a decrease in the stock of housing loans, which are almost fully FX-indexed.

As a result of a robust bank regulatory framework and adopted measures of macroprudential policy, synchronised with those of monetary policy, **the share of non-performing in total loans in December stayed close to the minimum of around 3%.** 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 101.0% of gross NPLs in December, while allowances for impairment of NPLs stood at 60.5% of gross NPLs.

I. Corporate sector

1. Corporate loans

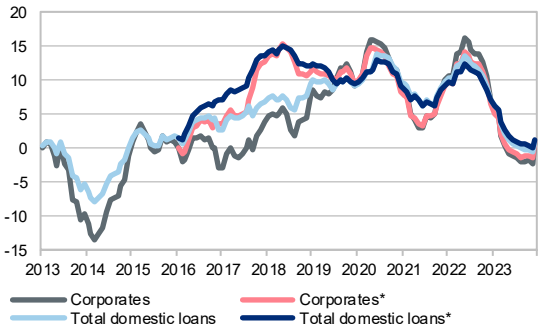
Corporate loans grew by 0.9% in 2023. Their y-o-y growth lost pace in 2023, while in the period May–November they recorded a y-o-y fall. This reflected the high last year's base, the maturing of guarantee scheme loans, and monetary tightening by the NBS and ECB, as well as banks' tightened credit standards. In nominal terms, the stock of corporate loans stood at RSD 1,611.5 bn in December and their share in GDP at 19.9%, down by 2.6 pp from end-2022.

Excluding the exchange rate effect, **corporate loans rose by RSD 8.4 bn or 0.5% in Q4**, thanks to elevated borrowing in December, with the bulk of this growth pertaining to companies (RSD 7.0 bn) rather than public enterprises. Unlike the previous quarters, Q4 saw a rise in dinar corporate lending, while FX-indexed loans declined.

By purpose, growth in Q4 was led by investment loans (RSD 8.3 bn), whose y-o-y growth measured 4.4% in December, followed by liquidity and working capital loans (RSD 5.5 bn), which recorded a mild fall in 2023 due to the maturing of guarantee scheme loans. Other non-categorised loans and import loans also declined in Q4 (-RSD 4.2 bn and -RSD 1.2 bn, respectively), while current account overdrafts stayed unchanged. As a result, the share of investment in total corporate loans increased to 41.9% (from 41.6% at end-Q3), and the share of liquidity and working capital loans to 46.8% (from 46.7% at end-Q3). They were followed by other non-categorised and import loans, which accounted for 6.5% and 3.8% of total corporate loans.

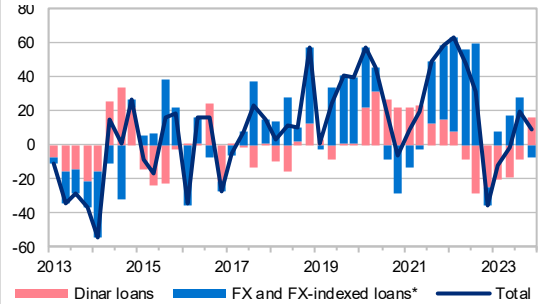
By industry, companies operating in real estate, construction and transport borrowed the most in Q4, followed by corporates from manufacturing and agriculture sector. At the same time, borrowing in trade and energy sector declined. The maturity of corporate loans extended further in Q4. At end-December, the share of long-term in total corporate loans stood at 88.1% (vs. 86.3% in September 2023 and 81.7% in December 2022). Owing to increased borrowing of micro and medium-sized enterprises, as well as reduced liabilities of large companies, the share of loans granted to micro, small and medium-sized enterprises in total corporate loans increased to 59.1% in December (from 58.3% in September), while their stock was 1.6% lower than a year ago.

Owing to good performance in December, corporate loans switched to y-o-y growth
(y-o-y growth rates at the programme exchange rate, in %)



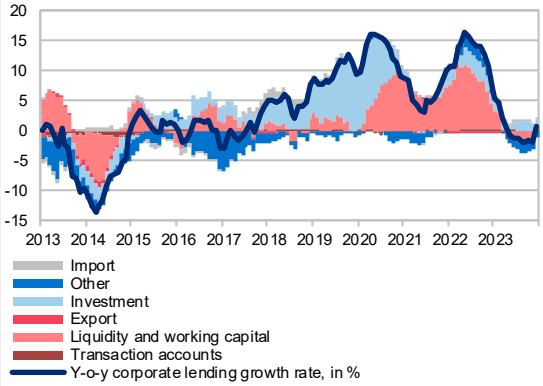
Source: NBS.
* Excluding the effect of NPL write-off and sale since early 2016.

In Q4, the rise in corporate loans was led by dinar lending
(increment, in RSD bn)



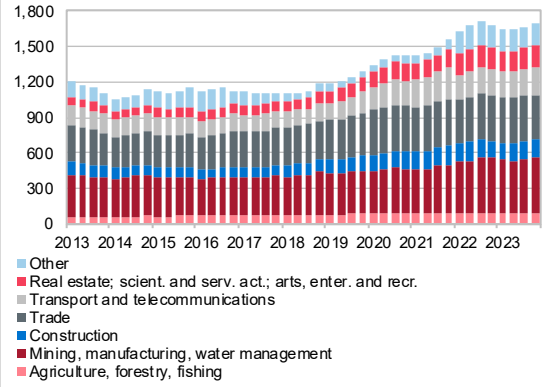
Source: NBS.
* Excluding the exchange rate effect.

Investment loans worked toward y-o-y growth of corporate loans in December
(in pp, excluding the exchange rate effect)



Source: NBS.

The majority of corporate receivables were loans extended to the manufacturing industry and trade
(stock, in RSD bn)



Source: NBS.

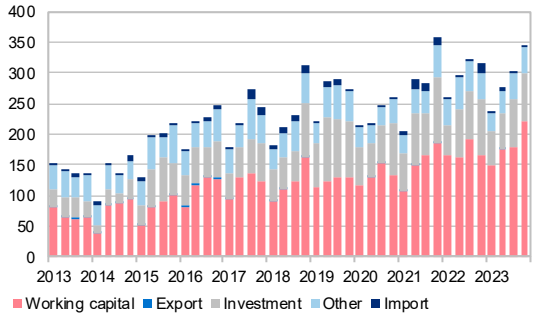
The volume of new corporate loans in Q4 equalled RSD 345.0 bn and was 9.0% higher than in the same period last year. Liquidity and working capital loans (63.8%) remained dominant, with their amount 32.1% higher y-o-y, and slightly over a half of these loans being approved to large enterprises. Investment loans accounted for 22.9% of new corporate loans, and 63.7% of these loans went to micro, small and medium-sized enterprises.

The **degree of dinarisation of corporate receivables** increased in Q4 by 1.1 pp, to 17.3%, driven by the increase in dinar receivables and a drop in FX-indexed receivables. At the same time, the share of euro-indexed and euro receivables decreased by 1.1 pp to 82.5% in December, while the share of USD receivables was unchanged from the beginning of the year at 0.2%. In the structure of FX and FX-indexed loans, in December, EURIBOR-linked loans accounted for almost 81% of loans, with the bulk of them attached to three-month EURIBOR. As for dinar corporate loans, 43% were linked to BELIBOR, mostly one-month.

The **share of NPLs in total corporate loans stood at 2.1% in December** and at 2.4% if we only look at loans to companies, the same as in September.[1] By company activity, the share of NPLs in December ranged between 0.8% for energy and 4.9% for agriculture, while transport and real estate sectors recorded a new low (2.3% and 1.8%, respectively). This indicates that economic support measures during the pandemic were adequate and timely and that bank asset quality was preserved even after their expiry. At the same time, this confirms that the rise in the cost of repayment of existing corporate loans did not push up NPLs. **Relative to July 2015**, i.e. before the start of implementation of NPL Resolution Strategy, **the share of NPLs in total corporate loans went down by 22.8 pp**, and the most prominent decrease was recorded in construction, real estate and trade.

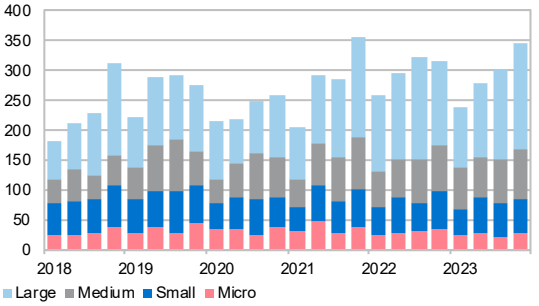
The capital adequacy ratio[2] measured 22.2%[3] at end-Q3 (0.1 pp lower than at end-Q2) and was significantly above the regulatory minimum (8.0%), which indicates a high level of capitalisation and resilience of the banking sector to external and domestic risks.

Working capital and investment loans were dominant in Q4 as well
(new loans, in RSD bn)



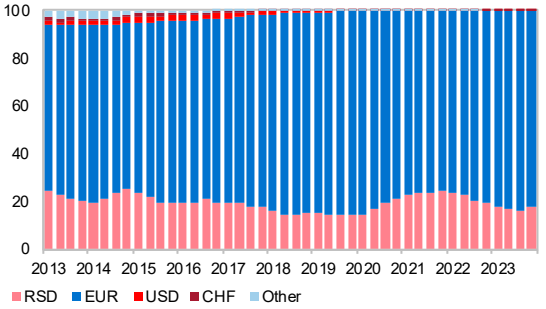
Source: NBS.

Loans to micro, small and medium-sized enterprises made up more than half of new loans in Q4
(in RSD bn)



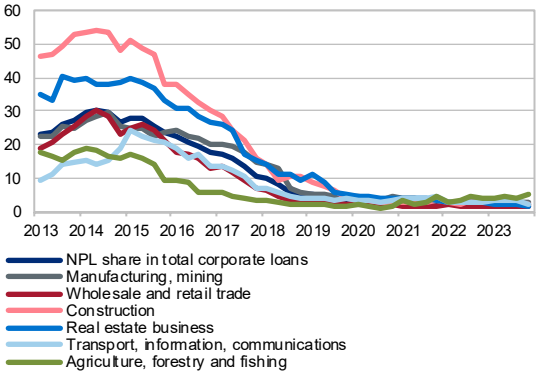
Source: NBS.

The rise in dinar and the fall in FX-indexed loans impacted the increase in dinarisation in Q4
(currency structure, in %)



Source: NBS.

NPL share continued to move close to minimum in almost all sectors
(gross principle, in %)



Source: NBS.

[1] 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.

[2] The regulatory framework of Basel III is applied since 30 June 2017.

[3] The latest available data.

2. Cost of corporate borrowing

The effects of past monetary tightening by the ECB pushed the interest rates on euro-indexed corporate loans further up, while the rates on dinar corporate loans edged down mildly in Q4.

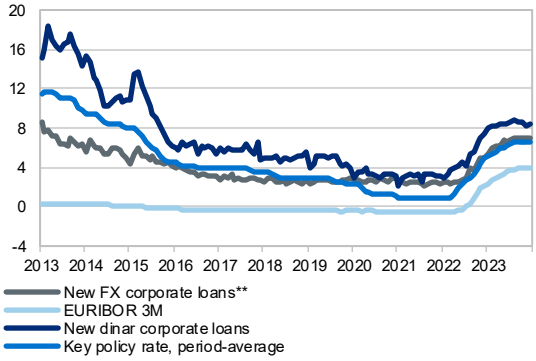
To curb strengthened inflationary pressures coming mostly from the international environment, since October 2021 the NBS gradually tightened monetary conditions by increasing the weighted average interest rate on one-week reverse repo auctions and from April 2022 until July 2023 also by raising the key policy rate. As the key policy rate was kept on hold thereafter, the interbank money market rates stayed broadly unchanged, **bringing down the weighted average interest rate on new dinar corporate loans in Q4 to 8.4%** (from 8.6% in Q3). The interest rates on working capital loans decreased by 0.4 pp to 8.3%, and on other non-categorised loans by 0.1 pp to 8.4%, while the rates on investment loans increased by 0.3 pp to 9.3%. The cost of borrowing declined for companies of all sizes and ranged from 8.2% for large and small to 9.4% for micro enterprises. Relative to September 2021, i.e. before the onset of NBS monetary policy tightening, at end-December 2023 the interest rate on new dinar corporate loans was higher by 4.9 pp, largely in line with the increase in the weighted average repo rate (5.4 pp), indicating that interest margins did not go further up.

The weighted average interest rate on new euro and euro-indexed loans to corporates went up in Q4, by 0.2 pp on average to 7.1%. The interest rates increased for investment loans (by 0.4 pp, to 7.3%), other non-categorised loans (by 0.2 pp, to 7.1%) and import loans (by 0.3 pp, to 6.7%), while the rates on the most dominant loans – loans for liquidity and working capital stayed almost unchanged (6.9%). By company size, the rates on loans to enterprises of all sizes went up, thus the average cost of borrowing ranged from 6.9% for large enterprises to 7.5% for micro enterprises. Relative to June 2022, i.e. before the ECB launched the cycle of interest rate hikes, concluding with December 2023, the average rate on new corporate euro loans went up by 4.4 pp, reflecting the increase in the three-month EURIBOR.

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

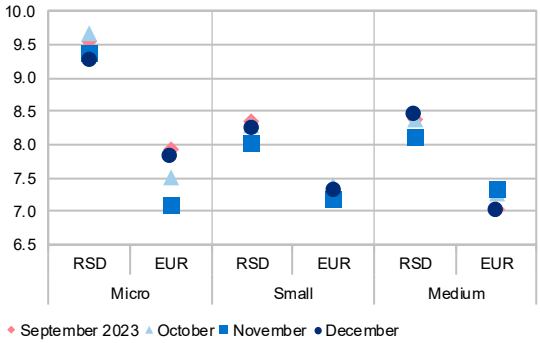
The results of the **January NBS Bank Lending Survey** show that in Q4, as expected in the previous survey, banks mildly tightened their corporate credit standards, which is also anticipated for Q1 2024. The tightening was similar as in H1 and Q3. Standards were tightened both for dinar and FX-indexed loans to large enterprises, while they were eased for small and

Interest rates on dinar corporate loans decreased in Q4*
(weighted average values, p.a., in %)



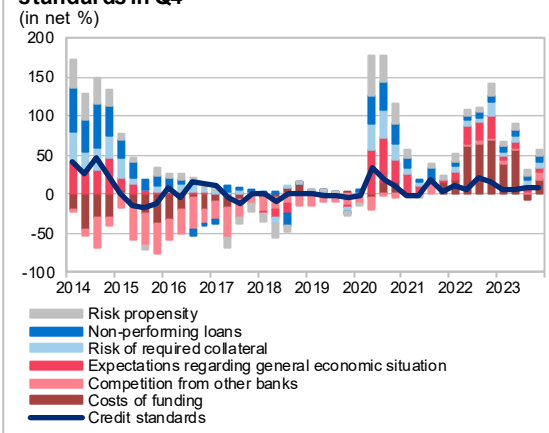
Sources: NBS and European Banking Federation.
* Excluding revolving loans, current account overdrafts and credit card debt.
** Euro and euro-indexed.

The price of dinar loans to micro and small enterprises decreased in Q4
(weighted average values, p.a., in %)



Source: NBS.

Banks continued to mildly tighten corporate credit standards in Q4
(in net %)



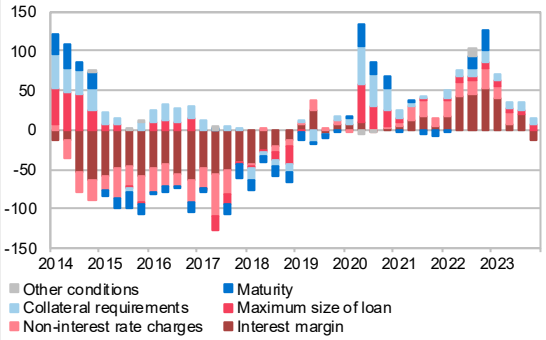
Source: NBS.
Note: Growth indicates the tightening and decline indicates the easing of credit standards.

medium-sized enterprises and farmers. The tightening was motivated primarily by higher costs of funding, followed by the impact of competition and heightened risk perception due to uncertainty as to the overall economic situation, riskiness of the required collateral and NPLs, which reflected on lower risk appetite.

According to the survey results, in Q4, interest margins were trimmed, mainly for small and medium-sized enterprises. On the other hand, collateral requirements were tightened further, and the maximum loan amount was reduced. Maturity requirements remained unchanged over the past year, and fees and commissions for the second consecutive quarter.

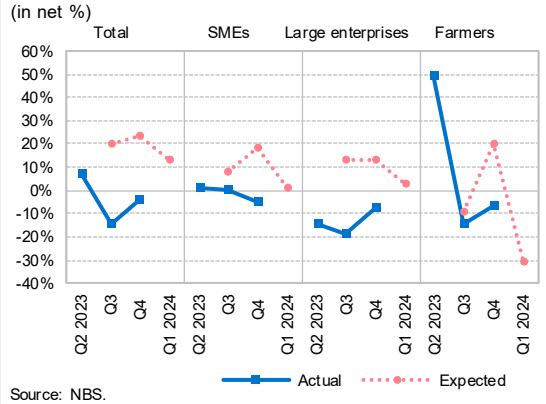
Banks estimate that corporate demand for dinar loans increased, while demand for FX loans decreased. Overall, **corporate demand contracted mildly in Q4**. Banks assessed that the corporate loan demand was driven by working capital and investment financing and debt restructuring, while acquisitions worked in the opposite direction. Banks expect corporate loan demand to rise in Q1 2024, led by the financing of working capital and debt restructuring.

After a longer period, interest margins on corporate loans declined in Q4
(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 Q4, and banks expect it to rise in Q1 2024
(in net %)



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

II. Household sector

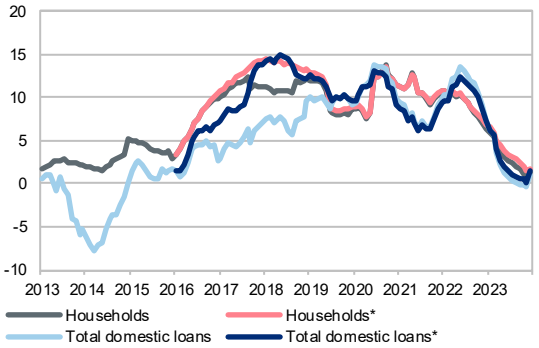
1. Household loans

Household loans grew by 1.2% in 2023. Their y-o-y growth decelerated up until end-2023, reflecting the rise in interest rates, and as of September, also a temporary negative impact of the accounting treatment of housing loan receivables due to the adoption of the decision on the rate cap on these loans. In nominal terms, the stock of household loans stood at RSD 1,465.8 bn in December, accounting for 46.7% of banks' loan receivables from the non-monetary sector and 18.1% of GDP.

Household loans dropped by RSD 3.4 bn or 0.2% in Q4 due to the reduction in the stock of housing loans (-RSD 6.9 bn)[4] and lower debt in transaction accounts (-RSD 2.4 bn). On the other hand, the use of cash and consumer loans increased by RSD 3.5 bn and RSD 0.9 bn, respectively. As a result, the share of cash loans, as the dominant loan category, inched up to 44.7% in Q4 (from 44.3% in September), while the share of housing loans declined to 39.3% (from 39.7% in September). At the same time, in the category of loans granted to entrepreneurs, the stock of liquidity and working capital loans increased by RSD 3.0 bn, while the stock of investment loans dropped by RSD 1.0 bn.

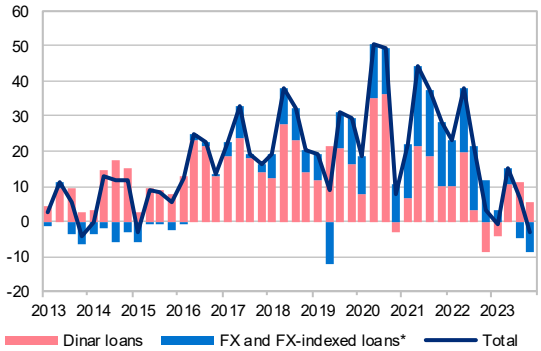
To relieve the burden on the users of housing loans amid rising interest rates, in September 2023, the NBS adopted the Decision[5] to temporarily cap the interest rate for first-time users of variable-rate housing loans approved before the entry into force of the Decision whose contracted amount does not exceed EUR 200,000. For those borrowers, the nominal interest rate was capped for a 15-month period, starting from the October instalment, and banks are not allowed to claim any interest rate difference incurred as a result of the Decision. Through the interest rate capping, instalments of most loans were reduced by 10% to 25%, whereby the disposable household income has increased. In addition, the temporary cap was put on new housing loans approved during the application of

Y-o-y household lending growth slowed down further in Q4
(y-o-y growth rates at the programme exchange rate, in %)



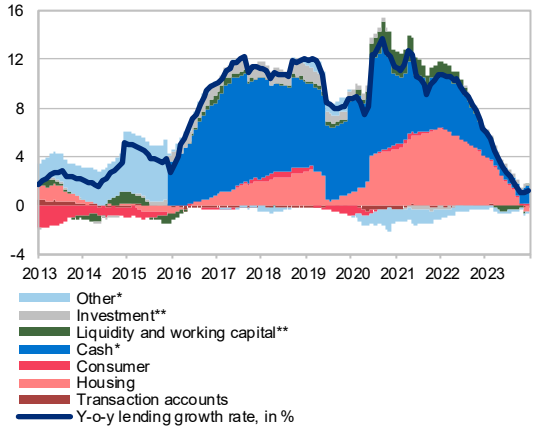
Source: NBS.
* Excluding the effect of NPL write-off and sale since early 2016.

The fall in FX-indexed loans was sharper than the increase in dinar loans to households in Q4
(increment, in RSD bn)



Source: NBS.
* Excluding the exchange rate effect.

In Q4, cash and consumer loans were the greatest contributors to the y-o-y growth 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] The decline in the stock of housing loans in Q4 was a reflection of the accounting treatment of housing loans due to the decision to temporarily cap the interest rates on housing loans as a portion of receivables was written off in its early application. This amount will be gradually returned to the stock of housing loans during the 15 months of the Decision's implementation.

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

the Decision, with early repayment of housing loans under favourable conditions also enabled.

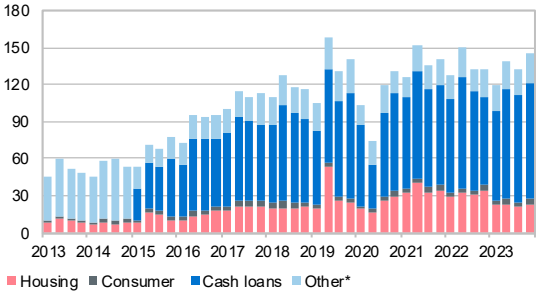
Housing loans were also supported by NBS measures adopted in 2020 and extended until the end of 2023. Banks were enabled to extend payment term for housing loans by five years at the longest with a lower minimum degree of completion of works for apartment purchase financed with a housing loan. In addition, in 2020 the downpayment for the purchase of the first residential real estate has been permanently trimmed from 20% to 10%. Bearing in mind the rise in interest rates, in December 2022 the NBS amended the current regulations enabling banks to restructure receivables from debtors faced with difficulties in loan repayment. Payment term extension by nine years was enabled for cash and consumer loans and by 11 years for loans used for car purchase.

The volume of new household loans in Q4 equalled RSD 144.9 bn, which is 9.7% higher than in the same period of 2022. Cash loans accounted for almost two-thirds and housing loans for 15.5% of new household loans (a decrease from 2022, when they accounted for over one-fifth of new household loans, on average), reflecting elevated real estate prices and costs of borrowing.

The increase in dinar receivables (driven by cash loans) and a reduction in FX-indexed receivables (as a result of the decline in the stock of housing loans) pushed up the **dinarisation of household receivables**[6] in Q4 by 0.5 pp, to 54.0% in December. At the same time, the share of euro receivables went down by 0.5 pp, to 45.9%, while the share of receivables in Swiss francs (0.1%) stayed unchanged. In the structure of FX and FX-indexed household loans, close to 80% of loans were linked to EURIBOR, mostly six-month. In the structure of dinar household loans, around two-thirds 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.

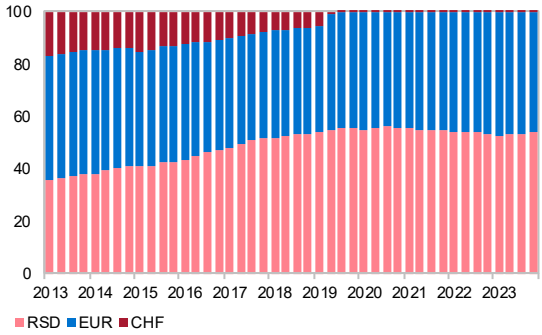
The share of NPLs in total household loans stood at 4.4%[7] **in December,** unchanged from September and almost unchanged in terms of loan purpose. NPL ratios still close to their lowest values suggest that NBS and Government measures were timely and that they helped avert a more serious adverse impact of the crisis 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 6.8 pp.

Cash loans made up the largest share of new loans in Q4
(new loans, in RSD bn)



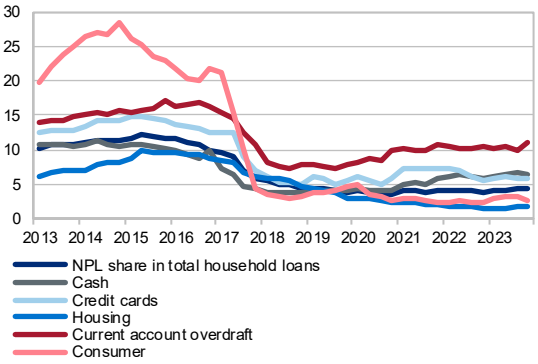
Source. NBS.
* Until December 2014, the 'other loans' category implied cash and other loans together.

Reflecting a rise in dinar and a fall in FX receivables, dinarisation of household receivables reached 54% in Q4
(currency structure, in %)



Source: NBS.

The share of NPLs in total household loans stayed close to the lowest levels in Q4
(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%, also unchanged from September, but down by 7.8 pp from July 2015.

2. Cost of household borrowing

After sluggish growth in the previous period, the average cost of household dinar and euro borrowing dropped in Q4. The interest rates on euro loans went down as a result of the implementation of the NBS's decision on the temporary cap on housing loan rates, while the rate reduction for dinar loans was brought about by the promotional campaigns for cash loans at the end of the year in some banks.

In Q4, the weighted average rate on new dinar household loans equalled 12.7% on average, down by 0.7 pp from Q3. The decrease was driven by the rates on cash and other non-categorised loans which went down by 0.7 pp each, to 13.4% and 10.6%, respectively. At the same time, the rate on dinar housing loans[8] (12.1%) stayed unchanged, while the cost of consumer loans increased by 0.2 pp, to 3.1%. Relative to September 2021, i.e. before the onset of NBS monetary policy tightening, in December 2023 the interest rate on new dinar household loans was higher by 4.1 pp.

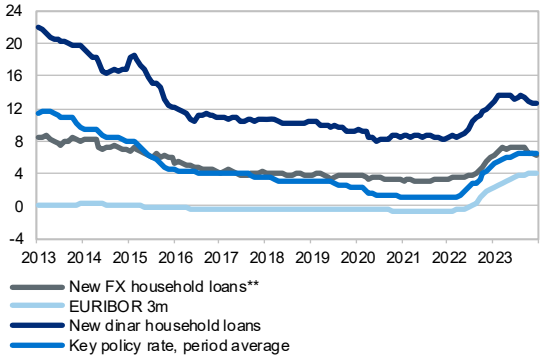
The weighted average rate on new euro-indexed household loans went down by 0.9 pp on average in Q4, to 6.4%. The decrease was driven primarily by interest rates on housing loans which declined by 1.5 pp, to 5.1%. The rate on cash loans also decreased by 0.3 pp to 3.3%. On the other hand, the rates on consumer loans went up (by 0.2 pp to 6.6%) as well as on other uncategorised loans (by 0.3 pp to 10.0%). Relative to June 2022, i.e. before the ECB launched the cycle of interest rate hikes, the average rate on new euro household loans at end-2023 was higher by 2.6 pp.

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

The NBS January bank lending survey shows that, overall, banks did not change household credit standards, as expected in the previous survey. By purpose, standards for dinar consumer loans were tightened, while those for dinar cash loans were eased and standards for loans for other purposes and indexation were not changed. Expectations for overall economic situation and interbank competition worked towards standard easing, while the cost of funding worked in the opposite direction. Banks expect the easing of household credit standards in Q1 2024.

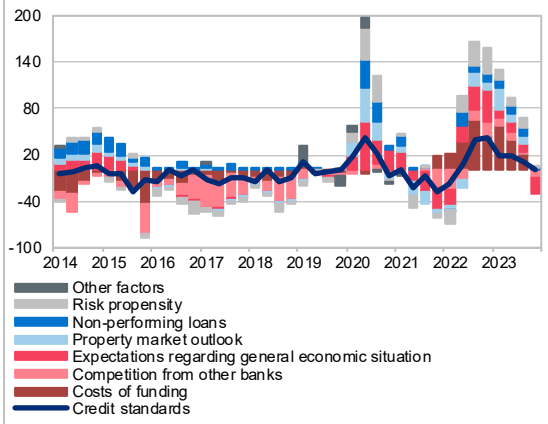
Banks estimate that interest margins decreased in Q4 for both dinar and FX-indexed loans, on account of

Interest rates on household loans dropped in Q4*
(weighted average values, p.a., in %)



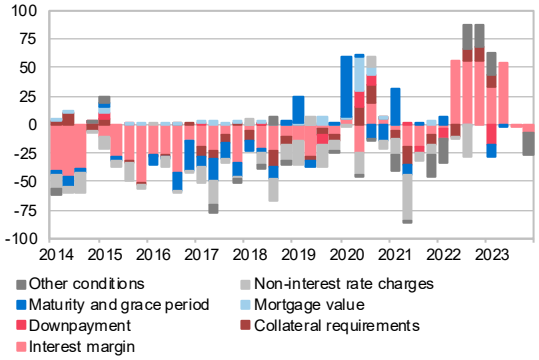
Sources: NBS and European Banking Federation.
* Excluding revolving loans, current account overdrafts and credit card debt.
** Euro and euro-indexed.

Banks did not change household credit standards in Q4
(in net %)



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

In Q4, banks further lowered interest margins on household loans
(in net %)



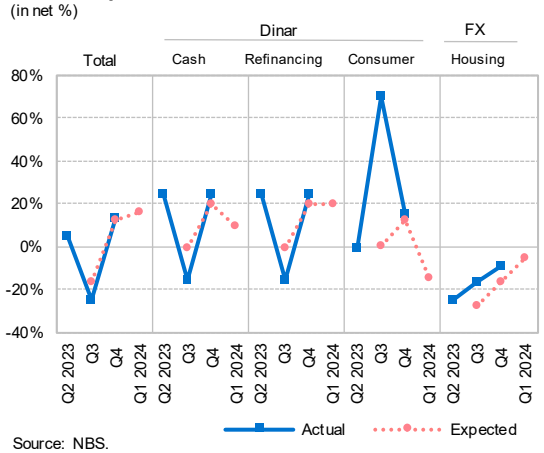
Source: NBS.
Note: Growth indicates the tightening and decline indicates the easing of credit standards.

[8] Loans used for refurbishment of apartments which are more expensive than loans used for the purchase of apartments.

promotional campaigns for dinar cash loans and the NBS's decision to temporarily cap the interest rates on euro-indexed housing loans. Other loan conditions were kept unchanged.

As expected in the previous survey, **household loan demand increased in Q4.** The demand for dinar loans increased – for cash, consumer and refinancing loans, while the demand for euro housing loans decreased. In banks' view, the rise in demand was driven by the refinancing of current loans and purchase of durable consumer goods bolstered by higher wages, while the real estate market situation, marked by high prices of apartments, worked in the opposite direction. Banks expect the demand to rise further in Q1 2024, driven by dinar cash and refinancing loans.

Household loan demand went up in Q4 2023 and banks expect it to rise further in Q1 2024
(in net %)



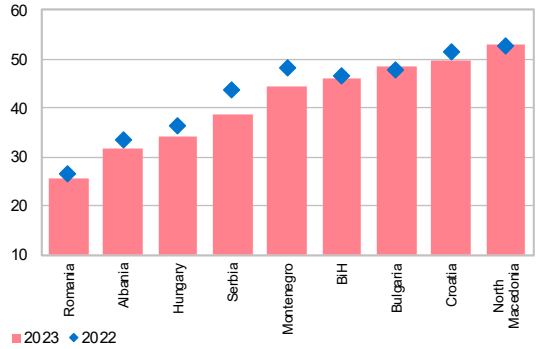
Source: NBS.
* Positive value indicates an increase in demand, and negative value indicates a decrease.

III. Regional comparison[9]

The share of loans in GDP in 2023 was lower than in 2022 in almost every country in the region (except Bulgaria, where it increased and North Macedonia where it stayed unchanged) as the lending activity increased at a slower pace than the nominal GDP. In Serbia, this share amounted to 38.7% at end-2023, somewhat lower than the regional average. The share of domestic loans in GDP in the region ranges from around 25% (Romania) to around 53% (North Macedonia).[10]

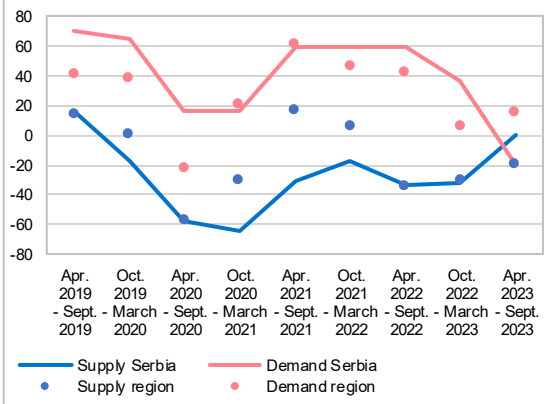
The **CESEE Bank Lending Survey – Autumn Edition**,[11] conducted by the European Investment Bank and covering April–September 2023, indicates that the rise in demand for loans in Serbia was below the regional average in this period, while in the previous period (October 2022–March 2023) it was higher than the regional average. The expectation for the coming period is that the demand will remain subdued and below the regional average. Unlike the region which on average recorded tightening, credit standards in Serbia were eased i.e. approached a neutral level and no changes are anticipated going forward. Access to the sources of funding was not changed in the latest reporting period and in the financing of their lending activity banks relied the most on household and corporate deposits which proved to be resilient in times of crisis. Access to both dinar and FX sources of funding of all maturities was assessed as improved. A more favourable access to the sources of funding, similar to the regional average, is expected in the coming period.

The share of loans in GDP decreased in almost all countries of the region in 2023
(in %)



Source: Websites of central banks, Eurostat and NBS calculation.
Note: Data for Q3 2023, except for Serbia (Q4 2023).

Unlike the region's average, showing tightening, credit standards in Serbia were moderated in the latest reporting period
(in net percentage)



Source: EIB - CESEE Bank Lending Survey, Second half of 2023.
Note: Positive values indicate an increase in demand and easing of standards

[9] According to NBS calculations, based on data available on the websites of central banks and Eurostat.

[10] The data about the share of loans in GDP for every country is the data for Q3 2023, except for Serbia (Q4 2023).

[11] https://www.eib.org/en/publications/20230288-cesee-bls-2023-h2

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.