NATIONAL BANK OF SERBIA
Department for Economic Research and Statistics

TRENDS IN LENDING

Second Quarter Report 2021

Belgrade, August 2021

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.

ABBREVIATIONS

GDP – gross domestic product
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

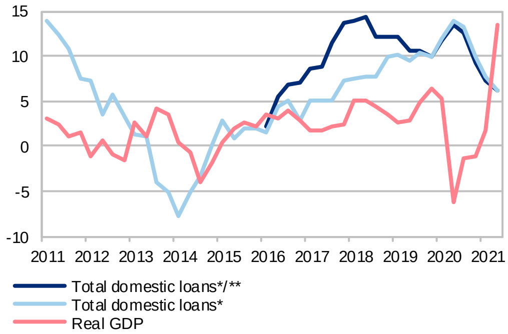
Y-o-y lending activity maintained its upward trend in June, when total domestic loans to the non-monetary sector were 6.3% higher than a year ago. Consistent with our expectations, domestic lending growth in Q2 decelerated on account of a high base from last year, particularly in case of corporate loans due to the loan repayment moratorium. The same conclusion is indicated by the amount of new corporate and household loans in H1 2021, which was similar as in the same period of 2019 and by more than a quarter higher than last year. Despite the slowdown, Serbia's y-o-y lending growth remains among the highest in the region.

Lending also influenced **total domestic bank receivables** (which include receivables from investment in securities, interests and fees and commissions, and other receivables in addition to loan receivables), whose y-o-y growth decelerated to 7.0% in June.

Corporate loans, excluding the exchange rate effect, **rose by RSD 20.0 bn** in Q2, **entirely on account of dinar lending.** Almost the entire growth came from small enterprise borrowing, and sector-wise, from companies in transport, accommodation, communications, trade and real estate. Businesses mostly used liquidity and working capital loans, with the support of the Guarantee Schemes. In Q2, banks approved working capital loans worth RSD 30.2 bn, with the government guarantee, and the amount of total loan disbursements since the start of implementation of the first Scheme, i.e. May 2020, thus approached RSD 229 bn (i.e. exceeded EUR 1.9 bn).

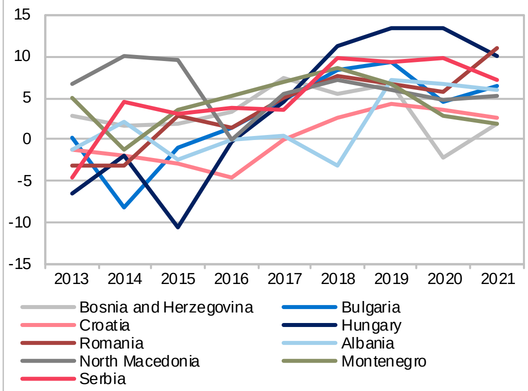
In Q2, **household loans**, excluding the exchange rate effect, **rose by RSD 44.8 bn and almost a half of that growth pertained to housing loans**. The solid disbursement of household loans in Q2 was still owed to NBS measures from the previous year (a lower minimum level of completion of a building and extension of the repayment period by five years for housing loans, an increase in maturity for cash loans, loan refinancing with a six-month grace period, etc.) and to favourable terms of borrowing and increased disposable income, with positive trends in the real estate market.

Y-o-y growth in domestic lending decelerated in Q2 on account of high base from last year
(y-o-y growth rates, in %)



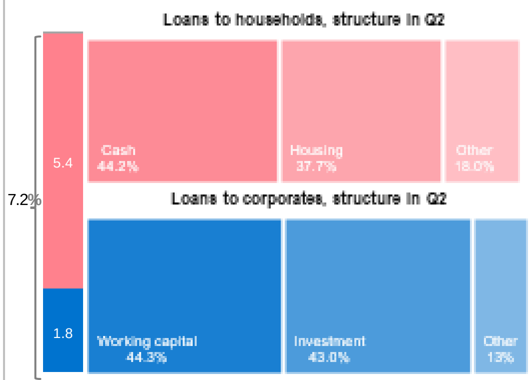
Sources: NBS and SORS.
* Excluding the exchange rate effect.
** Excluding the effect of NPL write-off and sale since early 2016.

Serbia's y-o-y lending growth remains among the highest in the region
(nominal y-o-y growth rates, in %)



Sources: Websites of central banks and NBS calculation.

Household lending contributed more to the y-o-y growth in total lending in Q2
(in pp, average for Q2 2021)



Source: NBS.

The domestic borrowing terms remained favourable in Q2, supported by past NBS monetary policy accommodation, approval of Guarantee Scheme loans and preserved low interest rates in the euro area money market, as well as interbank competition. Interest rates on dinar corporate and household loans continued moving close to the lowest levels and in Q2 they averaged 3.2% and 8.7%, respectively. Similarly, in Q2 interest rates on euro-indexed loans averaged 2.5% for corporate loans and 3.1% for household loans, while the average price of euro-indexed household loans touched a new low (3.0%) in June.

The dinarisation of corporate and household receivables, in terms of outstanding business, continued increasing in Q2, **reaching the new high in June. The share of dinar lending in total corporate and household lending measured 38.6% in June**, which is an increase of 0.7 pp from March and 1.3 pp from end-2020. A contribution came from corporate lending, driven fully by dinar loans supported by NBS monetary policy accommodation and favourable borrowing terms under the Guarantee Schemes. In Q2, the degree of dinarisation of corporate receivables rose by 1.3 pp to 23.6% in June, which is the highest level in the past six years. As for household loans, housing loans that are dominantly euro-indexed grew faster than cash (largely dinar) loans. As a consequence, Q2 saw a decrease in the share of dinar receivables in total household receivables by 0.3 pp, to 55.2% in June.

The share of NPLs in total loans is **below the pre-pandemic level**, measuring 3.6% in June, indicating the preservation and additional strengthening of bank asset quality thanks to the timely and adequate NBS and Government measures aimed at mitigating the adverse impact of the pandemic on corporates and households. Compared to end-2020, this share was 0.1 pp lower, and 18.8 pp lower than in July 2015, i.e. just before the start of implementation of the NPL Resolution Strategy. The NPL coverage remained high – allowances for impairment for total loans measured 92% of NPLs in June, while allowances for impairment for NPLs stood at 58.2% of NPLs.

I. Corporate sector

1. Corporate loans

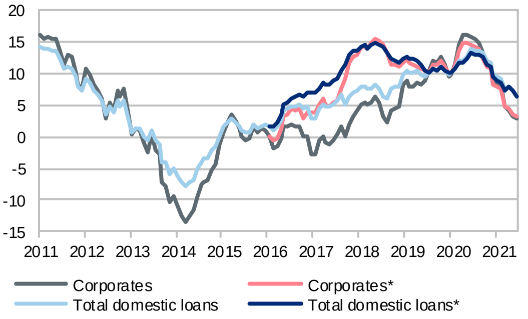
A y-o-y rise in corporate loans equalled 2.9% in June, decelerating from the previous quarter (4.9% in March). The slowdown was affected primarily by the high base from last year, which was the reflection of the moratorium, i.e. lower maturities in the April–June and August–September 2020 periods. In nominal terms, the stock of corporate loans amounted to RSD 1,387.6 bn, while strong economic recovery brought their share in annual GDP[1] down by 0.6 pp (24.2%) in June relative to March.

Excluding the exchange rate effect, **corporate loans increased by 1.4%, or RSD 20.0 bn in Q2. The rise in corporate loans was entirely driven by dinar loans**, with a contribution provided by NBS monetary policy accommodation and favourable borrowing terms under the Guarantee Schemes. The maturity of corporate loans was almost unchanged in Q2 and long-term loans accounted for 85.9% of total corporate loans in June.

In terms of purpose, in Q2 companies mostly used working capital and liquidity loans, which rose by RSD 22.2 bn. Investment loans also went up, by RSD 1.0 bn. At the same time, import loans went down by RSD 3.1 bn, while the amounts for other types of loans did not change significantly. Liquidity and working capital loans remain the dominant category in the corporate loan stock, with the rise in their share of 1.0 pp, to 44.6% in June, followed by investment loans (42.8%). Sector-wise, corporate borrowing increased the most among companies in **transport, accommodation, communications, trade and real estate,** but in other sectors as well, with the exception of agriculture. **In terms of size,** almost the entire increase in loans in Q2 came from small enterprises. Loans granted to micro-enterprises and SMEs accounted for 68.3% of total corporate loans in June, and their y-o-y increase equalled 5.7%.

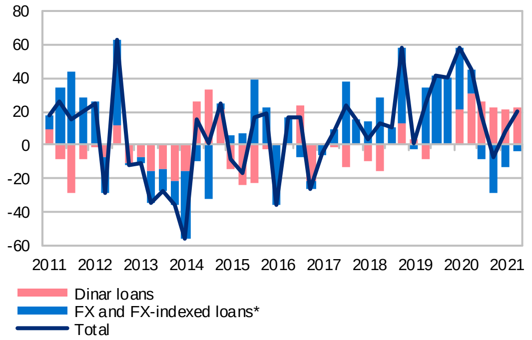
Liquidity and working capital loans were supported by the **Guarantee Schemes.**[2] In Q2, banks approved RSD 30.0 bn (EUR 255.1 mn) worth of loans from the

In Q2, y-o-y growth in total lending was determined by the decelerated y-o-y growth in corporate lending
(y-o-y growth rates at the programme exchange rate, in %)



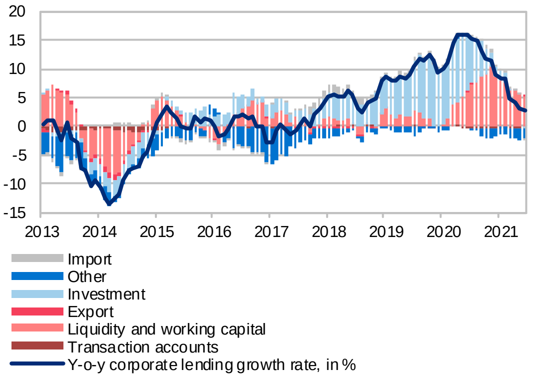
Source: NBS.
* Excluding the effect of NPL write-off and sale since early 2016.

Dinar corporate loans continued up in Q2 owing to the Guarantee Scheme
(increment, in RSD bn)



Source: NBS.
* Excluding the exchange rate effect.

Due to the pandemic, working capital loans were the main contributor to the y-o-y growth in corporate lending
(in pp, excluding the exchange rate effect)



Source: NBS.

[1] GDP in the past four quarters.

[2] For more details about Guarantee Scheme loans see the table about NBS and Government measures aimed at supporting lending amid the COVID-19 pandemic, page 15.

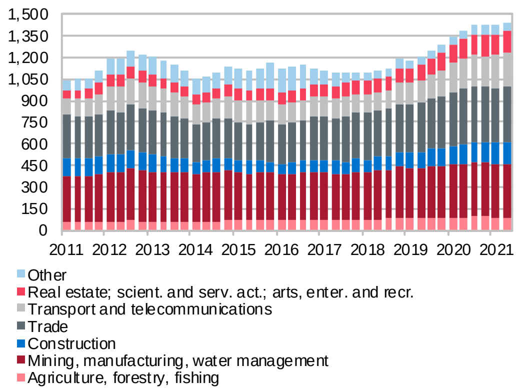
"first"[3] Guarantee Scheme, intended for micro-enterprises, SMEs and entrepreneurs, implemented since May last year. In addition, with the approval of RSD 0.2 bn (EUR 1.8 mn) worth of loans in Q2, the implementation of the "second"[4] Guarantee Scheme started. It targeted companies hit by the crisis the most (transport, catering, tourist agencies and hotels) and companies which recorded a drop in revenues sharper than 20% in 2020. Thus, the amount of total loan disbursements with government support under both Guarantee Schemes[5] approached RSD 229 bn (over EUR 1.9 bn), with 61.2% of loans granted in dinars. This contributes to a higher degree of dinarisation and consequently to monetary policy efficiency and further strengthening of financial stability. As new loans account for 88.2% of total loans, it may be expected that they will have a positive economic impact in the coming period. These loans were used most by small enterprises (44.7%), followed by medium sized enterprises (30.5%) and micro-enterprises (24.8%).

That the slowdown in lending growth was primarily driven by the high base effect from the previous year, i.e. moratorium, is indicated by the **volume of new corporate loans**, which measured RSD 290.9 bn in Q2, up by 33.2% y-o-y. In Q2, companies used liquidity and working capital loans the most (51.8%), with almost 65% of those used by micro-enterprises and SMEs. Investment loans made up 29.2% of new corporate loans in Q2, up by 54.1% y-o-y, while micro-enterprises and SMEs received almost three quarters of all granted loans.

Owing to the rise in dinar lending, the **dinarisation of the stock of corporate receivables** increased in Q2 by additional 1.3 pp (2.6 pp in H1), **reaching 23.6% in June**, which is its highest level since February 2015. This reflects NBS monetary policy easing and dinar corporate financing within the Guarantee Scheme under favourable conditions.[6] The share of euro-indexed and euro receivables went down by 1.4 pp in Q2, to 76.1% in June, while the share of dollar receivables went up by 0.1 pp, to 0.3%.

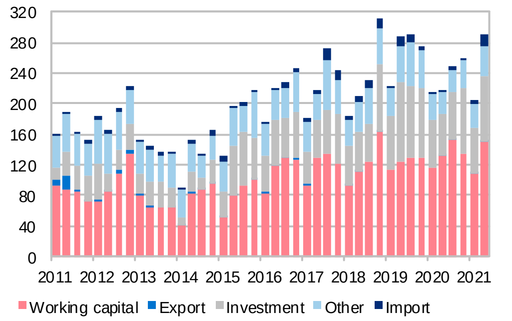
The pre-crisis share of NPLs in total loans and high capitalisation of the banking sector (22.2% in June 2021) confirm that the quality of bank assets was preserved amid the pandemic.

Loans to manufacturing and trade sectors account for the bulk of corporate receivables
(stock, in RSD bn)



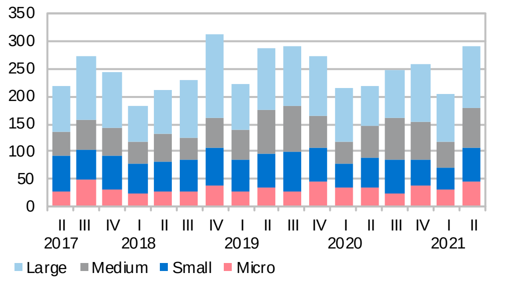
Source: NBS.

Working capital and investment loans remained the dominant loan categories in Q2 as well
(new loans, in RSD bn)



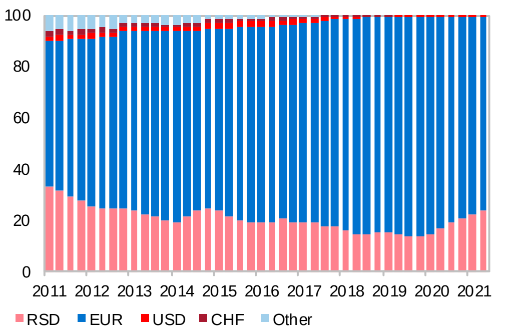
Source: NBS.

Loans to micro, small and medium-sized enterprises acounted for over three-fifths of new loans in Q2
(in RSD bn)



Source: NBS.

Guarantee Scheme contributed to a further rise in dinarisation of corporate receivables in Q2
(currency structure, in %)



Source: NBS.

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[3] Law on Establishing a Guarantee Scheme as a Measure of Support to the Economy for Mitigating the Effects of the COVID-19 Pandemic Caused by the SARS-CoV-2 Virus (RS Official Gazette, No 153/2020 and 40/2021).

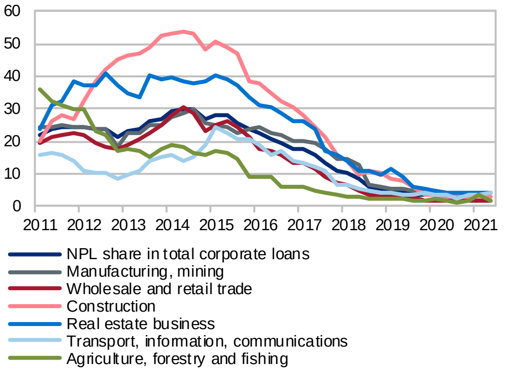
[4] Law on Establishing the Second Guarantee Scheme as a Measure of Additional Support to the Economy due to the Prolonged Negative Impact of the COVID-19 Pandemic Caused by the SARS-CoV-2 Virus (RS Official Gazette, No 40/2021).

[5] Since the start of the implementation of the first Scheme.

[6] https://nbs.rs/en/scripts/showcontent/index.html?id=15656.

The share of NPLs[7] in total corporate loans measured 2.9% in June, down by 0.2 pp from March and end-2020. Compared to July 2015, i.e. just before the start of implementation of the Strategy, it was lower by 22.1 pp. The share of NPLs in total loans to companies also accounted for 2.9% in June and was also 0.2 pp lower than in March and at end-2020. Sector-wise, this indicator was lower in manufacturing, trade, real estate and agriculture, while it went up in other sectors compared to March. Since the start of implementation of the Strategy, the most pronounced decrease was recorded in construction, real estate business and trade.

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

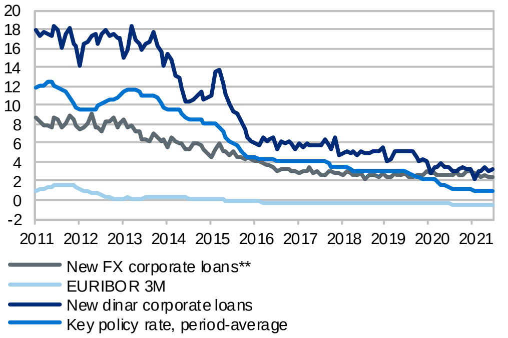


Source: NBS.

2. Cost of corporate borrowing

Interest rates on corporate loans remained favourable in Q2, i.e. kept moving close to the lowest levels. Such trends were a result of past NBS monetary policy easing and the approval of dinar loans within the Guarantee Scheme under favourable conditions, partly also on account of the NBS decision from July 2020 to pay higher remuneration (0.5 pp higher than the standard remuneration rate, currently at 0.10%) to banks approving dinar loans at rates at least 0.5 pp lower than the maximum rate stipulated by the first Guarantee Scheme Law (one-month BELIBOR+2.5 pp). Low interest rates in the euro area money market and a drop in the country risk premium contributed to the favourable cost of borrowing in euros.

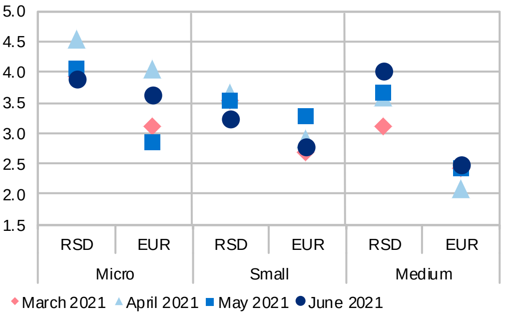
Interest rates on dinar loans moved close to rates on FX loans in Q2*
(weighted average values, per annum, in %)



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

In Q2, the weighted average rate on new dinar corporate loans equalled 3.2%, up by 0.4 pp from Q1. And-of-period, the average rate on dinar corporate loans in June (3.2%) was 0.1 pp higher than in March. By purpose, the interest rate on working capital loans averaged 3.2% in Q2, on investment loans 4.5% and on other non-categorised loans 2.9%. In terms of size, the average interest rates ranged from 2.6% for large enterprises to 4.2% for micro-enterprises.

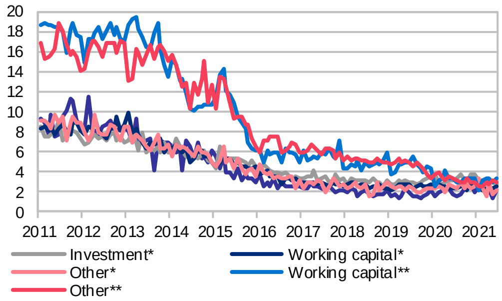
Cost of borrowing for micro, small and medium-sized enterprises remained favourable in Q2
(weighted average values, p.a., in %)



Source: NBS.

The weighted average interest rate on new euro and euro-indexed loans to corporates remained almost unchanged from Q1, measuring 2.5% in Q2. The average interest rates on working capital loans (2.2%) and non-categorised euro-indexed loans (2.4%) were unchanged, rates on investment loans (3.0%) and export loans (2.7%) were lowered by 0.1

Interest rates on dinar corporate loans were similar to the rates on euro-indexed loans
(weighted average values, per annum, in %)



Source: NBS.
* Euro and euro-indexed.
** Dinar.

[7] The successful implementation of the NPL Resolution Strategy and the Decision on the Accounting Write-off of Bank Balance Sheet Assets were important factors of a robust NPL drop as of 2016 onwards. The NBS also adopted the Action Plan for Strategy implementation (https://nbs.rs/en/scripts/showcontent/index.html?id=8678), focused on building bank capacities for NPL resolution and contributing to NPL market development, and its activities were entirely carried out, some even before the deadline.

pp each, while the average interest rate on import loans (2.2%) went up by the same amount. In terms of size, the average cost of borrowing ranged from 2% for large enterprises to 3.6% for micro-enterprises.

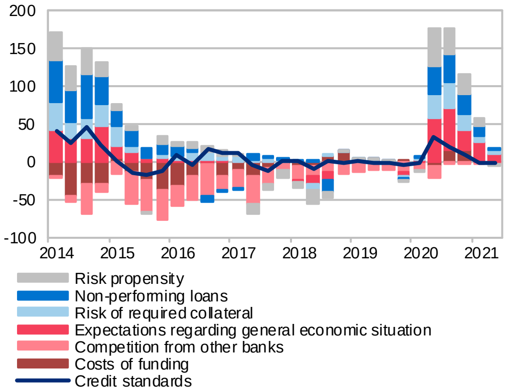
3. Assessment of loan supply and demand – based on the results of bank lending survey

The July NBS bank lending survey indicates that in Q2 banks further eased their standards for dinar corporate loans, and slightly tightened them for FX-indexed loans. The easing of standards was the reflection of interbank competition and greater risk propensity while expectations in terms of economic activity, risk of required collateral and NPLs worked in the opposite direction, though less than before. Banks have similar expectations for Q3, predicting that a favourable economic outlook will work toward standards easing.

According to the survey, price conditions for loans (interest margins, fees and commissions) were less favourable, banks tightened collateral requirements and some reduced loan maturity for large enterprises. On the other hand, maximum loan amount was not changed.

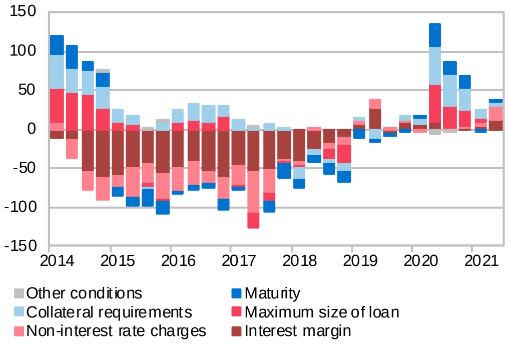
Corporate loan demand continued rising in Q2, more than expected in the April survey and a further increase in demand is also anticipated for Q3. SMEs contributed more to the rise in demand than large enterprises, and demand was more concentrated around long-term loans. Banks estimated that the main drivers of elevated demand were the provision of finance for working capital and capital investments, followed by debt restructuring. On the other hand, lower loan demand was the reflection of a greater use of own financing resources and loans from non-banking institutions.

Credit standards for dinar corporate loans were eased in Q2
(in net %)



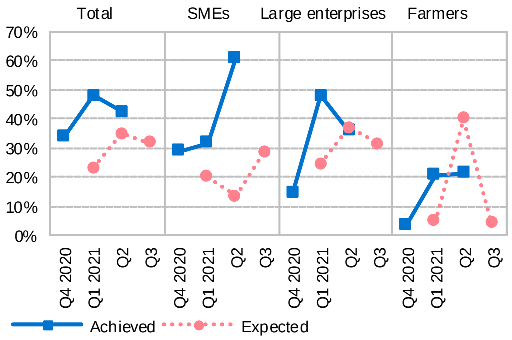
Source: NBS.
Note: Growth indicates the tightening and decline indicates the easing of credit standards.

Banks tightened price conditions for corporate borrowing and collateral requirements in Q2
(in net %)



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

Q2 increase in loan demand exceeded April expectations, and a further rise is expected in Q3
(in net %)



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

II. Household sector

1. Household loans

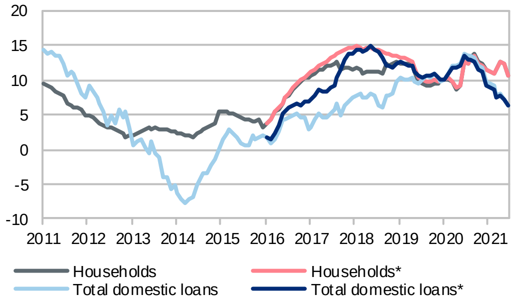
As for corporates, though less pronounced, the **y-o-y rise in household loans decelerated in June (10.6%) from March (11.5%)**, also on account of the high base effect from last year. In nominal terms, in June, the stock of household loans equalled RSD 1,299.2 bn or 47.6% of bank loan receivables from the non-monetary sector and 22.6% of annual GDP.[8]

In Q2, excluding the exchange rate effect, **household loans rose by 3.6% or RSD 44.8 bn.** The growth was driven by housing loans, which accounted for almost a half of increment in household loans in Q2 and whose y-o-y rise accelerated to 15.7% in June, owing to favourable borrowing terms and an increase in disposable income, including positive real estate market trends and a continuous rise in the number of finished apartments. Next come cash loans, which increased by RSD 18.9 bn, and liquidity and working capital loans granted to entrepreneurs (RSD 5.2 bn), while other non-categorised loans dropped by RSD 1.3 bn. The most dominant loan category in the household loan composition in June were cash loans (44.2%), whose share was insignificantly lower than in March, while the share of housing loans went additionally up to 37.8% (by 0.4 pp compared to March, i.e. by 1.0 pp compared to end-2020).

The NBS measures adopted last year also contributed to the solid disbursement of household loans. Banks were enabled to extend the repayment deadline for housing loans by five years, and the downpayment for first-time home buyers was lowered from 20% to 10%. The minimum required level of completion of the building which can be purchased using bank housing loans was also lowered. Cash and other loans may be granted over longer terms, up to eight years, and the borrowers unable to regularly settle their liabilities due to the circumstances caused by the pandemic have at their disposal rescheduling and refinancing of loans, including a six-month grace period.

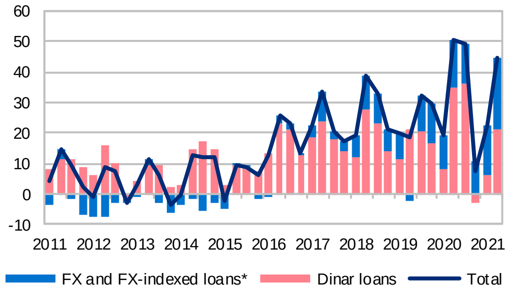
The volume of new household loans amounted to RSD 151.7 bn in Q2, double the amount from Q2 2020, when containment measures were the strictest. Cash and housing loans were the most dominant category, accounting for 56.6% and 26.2% of new

Household loans recorded relatively high y-o-y growth in Q2 as well
(y-o-y growth rates at the programme exchange rate, in %)



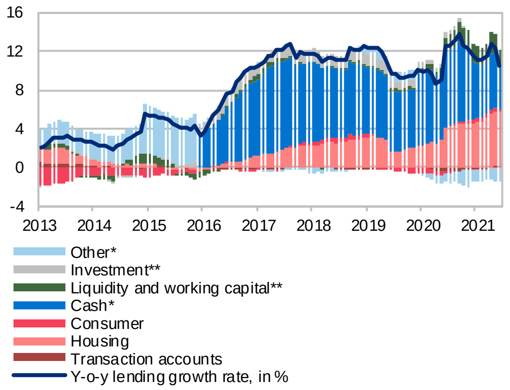
Source: NBS.
* Excluding the effect of NPL write-off and sale since early 2016.

Household lending growth in Q2 continued to be driven by euro-indexed housing loans
(increment, in RSD bn)



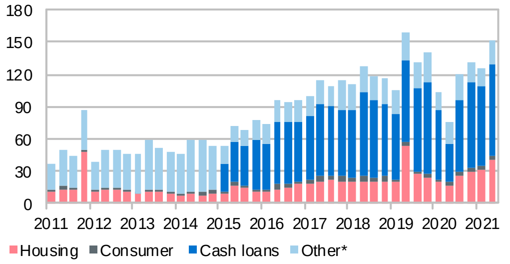
Source: NBS.
* Excluding the exchange rate effect.

In Q2, housing loans increasingly contributed 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.

In Q2, cash loans accounted for the bulk of new loans, while the amount of housing loans continued up
(new loans, in RSD bn)



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

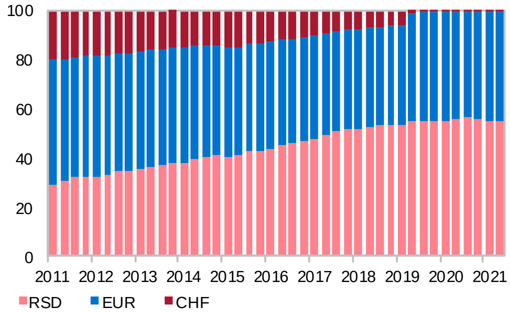
[8] GDP in the past four quarters.

loans in Q2, respectively. Other non-categorised loans made up 14.4% of new household loans, of which a considerable portion pertains to loans to entrepreneurs under the Guarantee Scheme.

The dinarisation of the stock of household receivables[9] dropped by 0.3 pp in Q2, to 55.2% in June as FX-indexed receivables rose faster than dinar ones, which is largely a reflection of a higher increase in housing loans than in cash loans. At the same time, the share of euro receivables went up by 0.3 pp in Q2, to 44.6% in June, while the share of CHF receivables (0.2%) was unchanged.

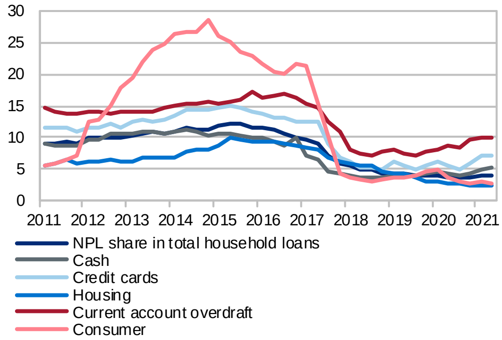
The NPL share in total household loans equalled 4.0% in June[10]**, lower than in March (4.1%) and higher than at end-2020 (3.6%)**. NBS and Government measures helped avoid a more serious negative impact of the pandemic on creditworthiness of citizens. Compared to the period just before the adoption of the NPL Resolution Strategy, this share went down by 7.2 pp. In terms of purpose, Q2 saw the lowering of the NPL share for loans of almost all categories (for housing and consumer loans by 0.2 pp each), while the NPL share of cash and other non-categorised loans went up by 0.1 pp and 0.2 pp, respectively.

Dinarisation of household receivables is above 55% despite the increase in FX housing loans
(currency structure, in %)



Source: NBS.

NPL share for almost all types of loans went down in Q2
(gross principle, in %)



Source: NBS.

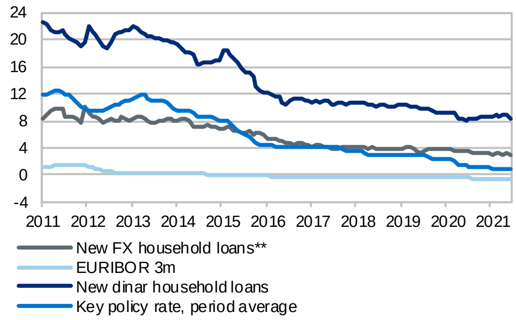
2. Cost of household borrowing

Households continued to borrow at favourable terms in Q2 which contributed to an uninterrupted rise in lending.

The weighted average interest rate on new dinar loans to households remained unchanged from Q1, **measuring 8.7% in Q2.** By purpose, average interest rates on consumer loans and other non-categorised loans fell (by 0.1 pp to 2.3% and by 0.6 pp to 6.1%, respectively), while average interest rates on the dominant cash loans and on housing loans went up (by 0.1 pp to 9.2%, and by 1.7 pp to 6.1%, respectively). The rise in interest rates on housing loans is owed to a higher number of apartment refurbishment loans (energy efficiency loans) than in Q1, which are more expensive than housing loans.

The average weighted interest rate on new euro-indexed loans to households dropped by 0.1 pp, to 3.1% in Q1, which is its new lowest value. Average interest rates on all loan categories dropped – rates on housing loans (2.5%) and other non-categorised loans

Average price of dinar loans was unchanged and of FX-loans reduced in Q2*
(weighted average values, per annum, in %)



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

9 Including non-profit institutions and entrepreneurs.
10 If entrepreneurs and private households are included, this share also equalled 4.0%, down by 8.1 pp from July 2015.

(5.3%) were lowered by 0.1 pp each, while the average rate on cash loans went down by 0.3 pp to 3.0% and on consumer loans by 0.4 pp to 4.2%.

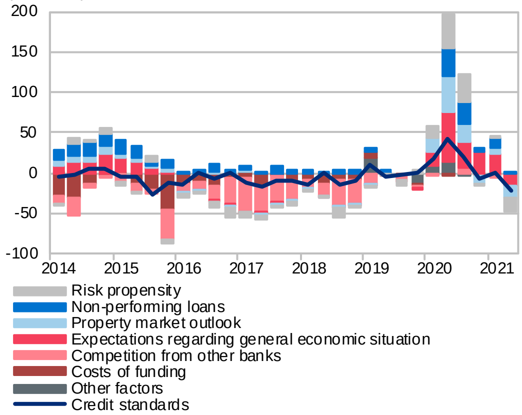
3. Assessment of loan supply and demand – based on results of the bank lending survey

The July NBS bank lending survey indicates that banks eased credit standards both for dinar and FX-indexed household loans in Q2, which is consistent with expectations from the April survey. The easing primarily pertained to euro-indexed housing loans, dinar cash loans and refinancing loans, on account of expectations for labour market recovery, a favourable real estate market outlook and greater risk propensity. The same factors should contribute to further easing of credit standards, expected in Q3.

Banks estimate that almost all borrowing terms were more favourable in Q2 – interest margins and fees and commissions were lowered, loan maturity extended, collateral requirements for FX-indexed loans eased, and the mandatory downpayment and deposit lowered.

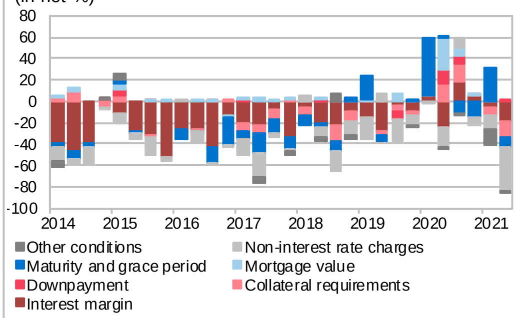
In Q2, **household loan demand rose above the April survey expectations** and concerned dinar cash, refinancing and euro-indexed housing loans. Banks singled out real estate purchases and situation in this market, as well as the refinancing of existing liabilities, as the leading factors of the household demand growth in Q2. Banks expect that the same factors, with a favourable labour market situation and purchase of consumer goods, **will further push demand up in Q3.**

Banks eased household credit standards in Q2
(in net %)



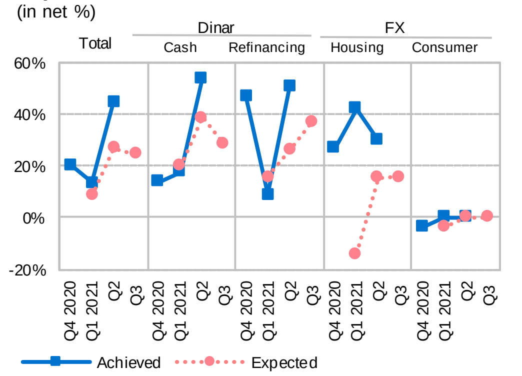
Source: NBS.
Note: Growth indicates the tightening and decline indicates the easing of credit standards.

Almost all credit conditions were more favourable in Q2
(in net %)



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

Household loan demand growth exceeded April expectations
(in net %)



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

NBS and government measures aimed at supporting lending amid the COVID 19 pandemic

	2020										2021					
	March	April	May	June	July	August	Sep.	Oct.	Nov.	December	January	February	March	April	May	June
Monetary policy measures																
Key policy rate																
	Cut by 0.5 pp, to 1.75%	Cut by 0.25 pp, to 1.5%		Cut by 0.25 pp, to 1.25%						Cut by 0.25 pp, to 1.00%						
More favourable conditions for Guarantee Scheme loans																
					Stimulated approval of dinar loans under the Guarantee Scheme at lower interest rates – a reduction of at least 50 bp below the maximum rate (1M BELIBOR + 2.5 pp) is compensated by the NBS through a 50 bp higher remuneration rate on allocated dinar required reserves											
Additional NBS measures																
Moratorium																
		Moratorium on debt payments				Moratorium on debt payments				Moratorium on debt payments for debtors unable to settle their liabilities due to the pandemic, with the extension of the repayment period so that the debtor's monthly liabilities are not higher than before the approval of facilities						
Housing loans																
				Reduction of mandatory downpayment for first-time home buyers from 20% to 10%												
						Reduction of the minimum degree of completion of a building eligible for financing via bank housing loans										
						Extension of repayment term for housing loans by up to five years										
Other loans																
					Extension of repayment term for household loans (except housing) by up to eight years											
						Until end-2021 banks allowed to extend household dinar loans (up to 90,000 dinars) of maximum two-year maturity only based on signed statement on employment/pension										
Serbian Government measures																
Guarantee Schemes																
		With Government guarantees, commercial banks may approve to micro, small and medium-sized enterprises and entrepreneurs a total of EUR 2.5 bn in loans for liquidity and the procurement of working capital which should be put into use by end-July 2022. Loans may be approved in dinars at the maximum interest rate of 1M BELIBOR + 2.5 pp or in euros, at the maximum interest rate of 3M EURIBOR + 3.0 pp. Maximum loan maturity is 36 months, including a grace period of 9-12 months														
													Loans intended for enterprises from vulnerable sectors (transport, catering, travel agencies and hotels in towns) and enterprises which recorded a fall in business revenue of over 20% during 2020. A total of EUR 500 mn may be approved in liquidity and working capital loans through July 2022. Loans may be approved in dinars at the maximum interest rate of 1M/3M BELIBOR + 2.75 pp or in euros, at the maximum interest rate of 3M EURIBOR + 4.0 pp. Maximum loan maturity is 60 months, including a grace period of 18-24 months.			

Source: NBS.

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 30 September 2014.
- 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.