

Pursuant to Article 14, paragraph 1, item 7 and Article 40 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004, 85/2005 – other law, 44/2010, 76/2012, 106/2012, 14/2015, 40/2015 – CC decision and 44/2018), the Executive Board of the National Bank of Serbia adopts the following

**DECISION**  
**ON BANKS' REQUIRED RESERVES WITH THE NATIONAL BANK OF**  
**SERBIA**

1. Banks shall calculate and allocate required reserves with reference to the ratio, method and due dates laid down by this Decision.

For the purpose of paragraph 1 hereof, the term *banks* means banks licensed by the National Bank of Serbia and registered with the competent authority.

2. Banks shall calculate required reserves against:

1) liabilities in respect of dinar deposits, loans and securities, as well as other dinar liabilities, excluding dinar deposits received under transactions performed on behalf and for the account of third parties that are not in excess of the amount of the investment made from such deposits; and

2) liabilities in respect of foreign currency deposits, loans and securities, and against other foreign currency liabilities, as well as deposits, loans and other foreign currency funds received from abroad under transactions performed on behalf and for the account of third parties.

3. Notwithstanding Section 2 hereof, banks shall not calculate required reserves against:

1) liabilities to the National Bank of Serbia;

2) liabilities to banks allocating required reserves with the National Bank of Serbia;

3) subordinated liabilities included in the bank's Tier 2 capital in accordance with the National Bank of Serbia's decision governing the capital adequacy of banks;

4) dinar and foreign currency liabilities in respect of funds received by banks from international financial organisations, governments and financial institutions founded by foreign states or international financial organisations, either through the government as the main debtor and/or owner of these

funds, or directly, provided that when reinvesting these funds, loan margins are lower than the average margins on loans approved by the bank from other sources of funds.

4. For the purpose of preserving and strengthening the financial system of the Republic of Serbia, the Executive Board of the National Bank of Serbia may decide to exempt the bank for a certain period from calculating the required reserves on total liabilities or a part of the liabilities from Section 2 of this Decision, especially in case of bank resolution in accordance with the law governing banks and/or when it assessed that the bank has liquidity issues.

The decision from paragraph 1 of this Section shall be made based on the assessment of its effect on maintaining the bank's liquidity.

5. For calculation purposes, the reserve base shall consist of the dinar base and the foreign currency base.

The dinar base for the calculation of required reserves (hereinafter: dinar reserve base) shall be the daily carrying average of dinar liabilities from Section 2, item 1) of this Decision in the prior calendar month, excluding foreign currency clause-indexed dinar liabilities.

The foreign currency base for the calculation of required reserves (hereinafter: foreign currency reserve base) shall be the daily carrying average of foreign currency liabilities from Section 2, item 2) of this Decision in the prior calendar month, as well as the daily carrying average of foreign currency clause-indexed dinar liabilities from Section 2, item 1) in the prior calendar month.

The foreign currency clause referred to in this Decision shall be the foreign currency clause within the meaning of the law governing foreign exchange operations, as well as any other clause stipulating hedge against exchange rate volatility.

All days in the prior calendar month shall be included in the calculation of the daily carrying average of liabilities making up the dinar base and the foreign currency reserve base.

The daily carrying average of foreign currency liabilities shall be expressed in euros, while balances denominated in other currencies shall be recalculated to euros each day by applying the official middle exchange rate.

The daily carrying average of dinar liabilities from paragraph 3 of this Section shall be expressed in euros, while balances denominated in dinars

shall be recalculated each day to euros by applying the official middle exchange rate.

6. Banks shall calculate the required reserves by applying the following ratios:

1) – 5% –

on the portion of the dinar base composed of liabilities maturing in less than two years, or within 730 days,

– 0% – on the portion of the dinar base composed of liabilities maturing in over two years, or more than 730 days;

2) – 20% –

on the portion of the foreign currency base composed of liabilities maturing in less than two years or within 730 days, and, by way of exception, 100% on the portion of the foreign currency base composed of foreign currency clause-indexed dinar liabilities maturing in less than two years or within 730 days,

– 13% – on the portion of the foreign currency base composed of liabilities maturing in over two years or more than 730 days, and, by way of exception, 100% on the portion of the foreign currency base composed of foreign currency clause-indexed dinar liabilities maturing in over two years or more than 730 days.

Required reserves from paragraph 1, item 1) of this Section shall be calculated in dinars.

Required reserves from paragraph 1, item 2) of this Section shall be calculated in euros.

7. The calculated dinar required reserves shall be the sum of the following:

1) calculated dinar required reserves from Section 6, paragraph 1, item 1) of this Decision;

2) 38% of the dinar equivalent of the calculated required reserves in euros from Section 6, paragraph 1, item 2), indent one of this Decision;

3) 30% of the dinar equivalent of the calculated required reserves in euros from Section 6, paragraph 1, item 2), indent two of this Decision.

The calculated foreign currency required reserves shall be the sum of the following:

- 1) 62% of the calculated required reserves in euros from Section 6, paragraph 1, item 2), indent one of this Decision;
- 2) 70% of the calculated required reserves in euros from Section 6, paragraph 1, item 2), indent two of this Decision.

The dinar equivalent from paragraph 1, items 2) and 3) of this Section shall be determined by applying the official middle exchange rate of the dinar valid on the day the required reserves are calculated, i.e. on the 17<sup>th</sup> day of the month.

8. Banks shall calculate required reserves on the 17<sup>th</sup> day of the month. Required reserves calculated in this way shall be effective for the maintenance period from the 18<sup>th</sup> day of the month until the 17<sup>th</sup> day of the following month (hereinafter: maintenance period).

On the 17<sup>th</sup> day of the month banks shall submit to the National Bank of Serbia data on the calculated amount of required reserves.

9. Banks shall allocate the calculated dinar required reserves to their current account and their RTGS-IPS account (hereinafter: allocated dinar required reserves).

The daily balance of allocated dinar required reserves shall be the sum of daily balances of dinar funds in accounts from paragraph 1 of this Section.

Banks shall allocate the calculated foreign currency required reserves to foreign currency accounts of the National Bank of Serbia in euros (hereinafter: allocated foreign currency required reserves).

Notwithstanding paragraph 3 of this Section, if the allocation of foreign currency required reserves in euros causes the bank's foreign exchange risk ratio to exceed the level stipulated by the National Bank of Serbia's decision on the capital adequacy of banks, the bank may allocate such reserves in US dollars.

10. During the maintenance period, banks shall keep the average daily balance of allocated dinar reserves at the level of the calculated dinar reserve requirements.

During the maintenance period, banks shall keep the average daily balance of allocated foreign currency reserves at the level of the calculated foreign currency reserve requirements.

The average daily balance of foreign currency required reserves allocated in US dollars shall be recalculated to euros by applying the official middle exchange rate valid on the day the required reserves are calculated, i.e. on the 17<sup>th</sup> day of the month.

All days of the maintenance period shall be taken into account when calculating the average daily balance of allocated dinar and foreign currency reserves within the meaning of paragraphs 1 and 2 of this Section.

As the daily balance of allocated dinar and foreign currency required reserves of the bank may be either higher or lower than the calculated amount of dinar and foreign currency required reserves, for the purposes of maintaining the average daily balance of allocated required reserves within the meaning of paragraphs 1 and 2 hereof, banks can issue orders for allocation or withdrawal of balances from accounts under Section 9 of this Decision, and the National Bank of Serbia, subject to authorisation by banks, can issue orders for debiting and crediting foreign currency required reserve accounts in line with regulations on interbank clearing of foreign exchange payments.

11. The National Bank of Serbia shall pay interest to banks on the average daily balance of allocated dinar required reserves which does not exceed the amount of calculated dinar required reserves for each day of the maintenance period by applying the rate set by the decision on interest rates used by the National Bank of Serbia in the implementation of monetary policy.

12. The National Bank of Serbia shall charge interest to banks that fail to meet the average daily balance of allocated dinar or foreign currency required reserves in the calculated amounts over the maintenance period, on the amount of the difference between the calculated and the actual average daily balance of allocated dinar or foreign currency required reserves, for each day of the maintenance period, by applying the rate set by the decision on interest rates used by the National Bank of Serbia in the implementation of monetary policy.

The National Bank of Serbia shall charge interest to banks whose average daily balance of allocated foreign currency required reserves is higher than the calculated balance, on the amount of difference between the actual average daily balance of allocated foreign currency required reserves and the calculated amount of foreign currency required reserves, for all days of the maintenance period, by applying the rate set by the decision referred to in paragraph 1 hereof.

13. The National Bank of Serbia shall charge interest to banks that have calculated a lower amount of dinar or foreign currency required reserves than

prescribed hereunder – on the difference between the prescribed and calculated dinar or foreign currency required reserves, by applying the rate set by the decision referred to in Section 11 of this Decision, for as many maintenance periods to which such inaccurate calculation is applicable.

14. The interest from Sections 11 to 13 of this Decision shall be calculated and paid/charged in the currency in which the required reserves are allocated, i.e. in dinars and euros.

The interest from Section 11 of this Decision for the maintenance period shall be calculated and paid on the second business day following the expiry of such maintenance period.

The interest from Sections 12 and 13 of this Decision shall be calculated until the end of the month for the prior maintenance period, and shall be collected by the 8th day of the following month.

15. For the purposes of this Decision, business days are days when interbank payments are performed through the National Bank of Serbia in line with regulations on the NBS RTGS and clearing system.

16. Banks shall not begin to calculate required reserves on the amount of dinar and foreign currency liabilities arising from the funds which the banks had received prior to the day this Decision came into effect, and for which required reserves were not calculated in accordance with Section 3, item 4) of the Decision on Banks' Required Reserves with the National Bank of Serbia (RS Official Gazette, Nos 3/2011, 31/2012, 57/2012, 78/2012, 87/2012, 107/2012, 62/2013, 125/2014, 135/2014, 4/2015, 78/2015 and 102/2015), until the set due date of these liabilities, which was agreed for the period until the day this Decision comes into effect.

17. The National Bank of Serbia shall issue guidelines for the implementation of this Decision.

18. On 17 October 2018, banks shall submit the first calculation of required reserves pursuant to the provisions of this Decision, based on dinar and/or foreign currency bases in September 2018.

19. This Decision repeals the Decision on Banks' Required Reserves with the National Bank of Serbia (RS Official Gazette, Nos 3/2011, 31/2012, 57/2012, 78/2012, 87/2012, 107/2012, 62/2013, 125/2014, 135/2014, 4/2015, 78/2015 and 102/2015).

20. This Decision shall be published in the RS Official Gazette and shall enter into force on 17 October 2018.

NBS Executive Board No 85  
8 October 2018

Belgrade

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

Dr Jorgovanka Tabaković