

Based on Article 14, paragraph 1, item 11, and with reference to Article 3 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004 and 44/2010), the Executive Board of the National Bank of Serbia hereby issues

**DECISION
ON MEASURES FOR SAFEGUARDING AND STRENGTHENING
STABILITY OF THE FINANCIAL SYSTEM**

1. This Decision prescribes the measures for safeguarding and strengthening stability of the financial system, i.e. measures for easing the risks in the financial system arising from the high share of foreign currency- denominated or -indexed loans.

2. Banks may approve to natural persons loans that are indexed to a foreign currency, provided that the currency of indexation is the euro.

3. Banks may approve loans within the meaning hereof subject to a downpayment or placement of deposit of no less than 30% of the loan amount.

The provision of paragraph 1 hereof shall not apply to housing loans, non-foreign currency indexed loans in dinars, and credit cards.

4. Banks may approve mortgage loans provided that the amount of the loan does not exceed 80% of the value of the property mortgaged as determined by a certified valuer and reduced by the amount of other receivables secured by the first-rank mortgage over the same property.

By way of exception to paragraph 1 hereof, banks may approve mortgage housing loans to natural persons, provided that the loan amount:

1) does not exceed 90% of the value of the property mortgaged as determined by a certified valuer and reduced by the amount of other receivables secured by first-rank mortgage over the same property, if the loan is approved as a government-support measure for certain groups of natural persons;

2) does not exceed 90% of the value of the property mortgaged as determined by a certified valuer and reduced by the amount of other receivables secured by first-rank mortgage over the same property, if the loan is approved to a natural person for the purchase of the first residential property;

3) does not exceed 99% of the value of the property mortgaged as determined by a certified valuer and reduced by the amount of other receivables secured by first-rank mortgage over the same property, if the loan is approved within the programme of government's support for young people for the purchase of the first residential property.

The provisions of this Section do not apply to loans from the same Section that are approved in dinars and are not indexed to a foreign currency.

5. Under the terms hereof, natural persons do not include entrepreneurs – natural persons registered in accordance with the law on registration of business entities, nor farmers – heads of agricultural households within the meaning of the law on agriculture and rural development.

Under the terms hereof, a certified valuer is a person authorised to value real estate in accordance with the law governing the profession of real estate valuers, as well as a body in charge of tax proceedings in accordance with the law governing tax proceedings and tax administration, and this person shall not be a person related to the debtor in terms of the Law on Banks and shall not be involved in the loan approval process or in the sale of real estate.

Under the terms hereof, a residential property is a house, an apartment and parts of a residential building intended for housing purposes, a garage or a garage spot together with an apartment, as well as a land plot with a construction permit for building a house, whereas holiday houses are not considered a residential property.

6. This Decision shall be published in the RS Official Gazette and shall apply as of 30 June 2011.

NBS Executive Board No 27
17 May 2011
Belgrade

Chairman at the meeting
of the NBS Executive Board
Governor
National Bank of Serbia
Dr Dejan Šoškić, sign.