

Based on Article 18, paragraph 2 of the Law on Foreign Exchange Operations (RS Official Gazette, Nos 62/2006, 31/2011 and 119/2012), Article 14, paragraph 1, item 9 and Article 34, item 9 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 and 106/2012), the Executive Board of the National Bank of Serbia hereby issues

## **D E C I S I O N**

### **ON TERMS AND CONDITIONS OF PERFORMING FOREIGN CREDIT TRANSACTIONS IN DINARS**

#### **General provisions**

1. This Decision prescribes the terms and conditions under which international financial organisations and development banks or financial institutions founded by foreign states (hereinafter: foreign creditor) may grant credits or loans in dinars to resident borrowers (hereinafter: dinar credit).

The Decision also prescribes the terms and conditions under which banks may grant credits in dinars to non-residents.

2. For the purposes hereof:

– an international financial organisation is a financial organisation that the Republic of Serbia (hereinafter: the Republic) holds membership of or with which the Republic has entered into agreement to regulate the activities of that financial organisation in the Republic;

– a development bank or financial institution founded by a foreign state is a bank and/or institution founded by a member of the European Union or the Organisation for Economic Cooperation and Development (OECD);

– a resident borrower is a bank, resident legal person and entrepreneur.

3. The credits referred to in this Decision shall be extended without a foreign currency clause.

Foreign currency clause referred to in this Decision is the foreign currency clause within the meaning of the Law on Foreign Exchange Operations (hereinafter: Law), as well as any other clause stipulating hedge against volatility in the exchange rate of the dinar.

A change of currency of the dinar credit in disbursement may be contracted in accordance with the lending programme/business standards of the international financial organisation from Section 2, indent one of this Decision whose articles of agreement or an agreement regulating its activities in the Republic of Serbia have been ratified.

4. Resident borrowers and/or banks shall report to the National Bank of Serbia on credits referred to in Section 1 of this Decision in line with the regulation adopted by the National Bank of Serbia.

### **Dinar credits granted by foreign creditors to resident borrowers**

5. Foreign creditor may grant a dinar credit to resident borrower from the proceeds of current and capital transactions permitted by the Law, including the proceeds of the primary sale of long-term dinar debt securities issued by that foreign creditor in the Republic.

6. Dinar credits referred to in Section 5 of this Decision shall be extended with the maturity over one year from the date of disbursement, and if drawn in tranches – the maturity date shall be calculated for each individual tranche from the date of its drawing.

If the dinar credit is repaid in several instalments, the repayment may begin only after six months have expired from the date of each drawing and shall be made in pro rata payments until the dinar credit is fully repaid.

7. Dinar credits for financing the purchase, processing and production of agricultural products or exports of goods and services may be extended to resident legal entities and entrepreneurs with the minimum maturity of three months.

8. Notwithstanding Sections 6 and 7 of this Decision, dinar credits may be repaid before the deadlines specified therein, as well as without meeting the pro rata repayment requirement specified in Section 6, paragraph 2 of this Decision, in accordance with the lending programme/business standards of the international financial organisation from Section 2, indent one of this Decision whose articles of agreement or an agreement regulating its activities in the Republic of Serbia have been ratified.

9. A dinar credit may be repaid by a new dinar credit before the deadlines from Sections 6 and 7 of this Decision, if the maturity of the new

dinar credit is the same or longer than the maturity prescribed by the said Sections.

### **Credits in dinars granted by banks to non-residents**

10. Banks may grant credits in dinars to a non-resident legal or natural person by:

1) crediting the payment card account of that non-resident with a bank in the Republic;

2) crediting the account of a resident seller and/or lessor to whom the non-resident is obligated to make payment under current or capital transactions permitted by the Law.

The provisions of paragraph 1 of this Section shall not apply to non-residents referred to in Section 2, indents one and two of this Decision – an international financial organisation and development bank or a financial institution founded by a foreign state.

11. As part of their regular activities, banks may grant to foreign banks credits in dinars with maximum maturity of two business days, where a business day is any day other than Sunday and days of holiday designated as non-business days.

Banks may grant credits in dinars to non-residents referred to in Section 2, indents one and two of this Decision – an international financial organisation and development bank or a financial institution founded by a foreign state – without any limitation as to the maturity of such credits.

### **Final provisions**

12. This Decision supersedes the Decision on Terms and Conditions of Performing Foreign Credit Transactions in Dinars (RS Official Gazette, No 85/2011).

13. This Decision enters into force on the eighth day following its publication in the RS Official Gazette.

NBS EB No 54  
7 November 2013  
B e l g r a d e

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

Dr Jorgovanka Tabakovic