

Pursuant to Article 4, item 3) and Article 14, paragraph 1, item 11) 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) and Article 28, paragraph 7 of the Law on Banks (RS Official Gazette, Nos 107/2005, 91/2010 and 14/2015), the Executive Board of the National Bank of Serbia adopts the following

D E C I S I O N
ON TEMPORARY MEASURES FOR BANKS AIMED AT ADEQUATE
MANAGEMENT OF CREDIT RISK IN AGRICULTURAL LOANS
PORTFOLIO IN CONDITIONS OF AGGRAVATED AGRICULTURAL
PRODUCTION

1. This Decision sets out the measures and activities which a bank is obligated to implement with the aim of adequate management of credit risk in agricultural loans portfolio (hereinafter: loan) in conditions of aggravated agricultural production by enabling loan rescheduling to debtors.

2. The bank is obligated to approve loan rescheduling to the debtor, at his request, in accordance with this Decision (hereinafter: rescheduling), if on 31 May 2022 all of the following conditions have been met:

- 1) the debtor is not in arrears longer than 90 days under any obligation to which the rescheduling applies;
- 2) the debtor is not in a default status in respect of the bank within the meaning of NBS regulations;
- 3) the bank's receivables from the debtor are not considered a non-performing loan or a non-performing receivable within the meaning of NBS regulations.

The debtor referred to in paragraph 1 hereof is also a person engaging in the purchase and cold storage of fruit in line with regulations.

The debtor referred to in paragraph 1 hereof is a person entered in the Register of Agricultural Households within the meaning of the law governing agriculture and rural development (hereinafter: Register), namely:

- 1) a natural person who is the holder of a commercial family agricultural household within the meaning of the law governing agriculture and rural development;
- 2) an entrepreneur;

- 3) a legal person, specifically:
- an agricultural cooperative with minimum five cooperative members entered into the Register as holders or members of five different agricultural households entered into the Register,
 - other legal person classified as a micro or small legal person in accordance with the law governing accounting.

Loans approved within the Republic of Serbia's guarantee scheme or with a guarantee of international financial institutions, as well as on account of subsidised loans, are eligible for rescheduling only with a prior consent of the issuer of the guarantee and/or subsidy.

3. Rescheduling is a change in the conditions of an individual loan in order to enable the debtor a grace period of six to twelve months (depending on the period which the debtor opts for in the application from Section 4 of this Decision) for the repayment of all of his obligations to the bank under the loan, during which period the bank does not collect receivables on account of the loan principal, though it collects the contracted interest rate, and the loan repayment period is extended so that the amount of the annuity (periodic obligation to be paid upon the expiry of the grace period) determined when the rescheduling was approved is not higher than the same amount in the period before the rescheduling.

The loan referred to in paragraph 1 hereof is a loan approved to the debtor referred to in Section 2, paragraph 2 hereof for the purpose of performing an agricultural activity, as well as a loan approved to the debtor referred to in Section 2, paragraph 3 hereof for the purpose of performing activities under that paragraph.

Loan repayment terms that were defined by the approval of rescheduling (e.g. interest rate, additional collateral, etc.) may not be less favourable for the debtor than the original, i.e. initial terms in the loan agreement.

If rescheduling is approved to the debtor in accordance with this Decision, it shall be deemed that the arrears in settling the debtor's obligations to the bank under the loan that is being rescheduled stopped on the day when the application from Section 4 of this Decision was submitted, and the debtor's arrears to the bank shall be defined according to the new repayment plan in the loan agreement.

As for the debtor's obligations in terms of the interest rate calculated for the duration of the halt in the repayment of obligations (moratorium) within the meaning of regulations on temporary measures for banks aimed at

preserving financial system stability, the rescheduling shall apply in such a manner that the interest is collected after the expiry of the grace period, then distributed evenly over the loan repayment period and is not accrued to the remainder of the debt.

4. Within five working days from the day this Decision enters into force, the bank is obligated to post a notification on its website homepage and on its business premises, notifying debtors that they may submit an application to the bank to require rescheduling in accordance with this Decision.

The bank is also obligated to deliver individual notifications from paragraph 1 of this Section to all its debtors from Section 2 of this Decision by 31 October 2022.

The notification from paragraphs 1 and 2 of this Section shall contain clear, accurate and complete information pertaining to the following:

- 1) the possibility of submitting an application for the approval of rescheduling (hereinafter: application), stating the conditions for the approval;
- 2) the possibility to choose the length of the grace period of six to twelve months;
- 3) the manner of submitting the application;
- 4) a representative example of the amount of obligations under the loan before and after rescheduling, which contains all elements based on which the conditions for the application of rescheduling can be determined.

5. The debtor may submit the application to the bank on the bank's business premises, electronically or by post, by no later than 30 April 2023.

The bank is obligated to make a decision on the debtor's application and notify the debtor thereof within 30 days from the day of the receipt.

6. With its internal acts the bank shall regulate the following:

- 1) authorisations and responsibilities of the bank's bodies and employees in the process of implementing measures and activities from this Decision;
- 2) a system of monitoring and reporting on measures and activities from this Decision and the results of their implementation;
- 3) communication procedure with debtors within the meaning of this Decision.

7. The bank shall submit to the NBS a report on measures and activities undertaken with the aim of approving rescheduling to the debtors referred to

in Section 2, paragraph 2 hereof, as well as the results of those measures and activities.

The bank shall submit the report from paragraph 1 of this Section on the form *Monthly Report on Approved Rescheduling of Agricultural Loans*, printed together with this Decision as Annex 1 and integral to the Decision.

The report from paragraph 1 of this Section shall be submitted by the bank by no later than the 20th day of the month, as at the last calendar day of the previous month.

The bank must submit the first report from paragraph 1 of this Section by 20 November 2022, as at 31 October 2022.

The bank shall submit the report from paragraph 1 of this Section as at 30 June 2023 by 20 July 2023.

By way of exception, the report from paragraph 1 of this Section in the part pertaining to the initial balance of all loans to which the Decision refers, part C – shall be submitted by the bank once, as at 30 September 2022, by no later than 20 October 2022.

7a. The bank shall submit to the NBS a report on measures and activities undertaken with the aim of approving rescheduling to the debtors referred to in Section 2, paragraph 3 hereof, as well as the results of those measures and activities.

The bank shall submit the report from paragraph 1 of this Section on the form *Monthly Report on Approved Rescheduling of Loans to Persons Engaging in Purchase and Cold Storage of Fruit*, printed together with this Decision as Annex 2 and integral to the Decision.

The report from paragraph 1 of this Section shall be submitted by the bank by no later than the 20th day of the month, as at the last calendar day of the previous month.

The bank must submit the first report from paragraph 1 of this Section by 20 March 2023, as at 28 February 2023.

The bank shall submit the report from paragraph 1 of this Section as at 30 June 2023 by 20 July 2023.

By way of exception, the report from paragraph 1 of this Section in the part pertaining to the initial balance of all loans approved to the debtors under

that paragraph, part C – shall be submitted by the bank once, as at 31 December 2022, by no later than 20 February 2023.

8. The bank may not charge a fee for undertaking measures and activities in accordance with this Decision, or for expenses it may incur in relation to those measures and activities, including the expenses of processing clients' applications, except expenses needed to approve the receivables which are not determined by the bank.

9. The bank's receivables from debtors who have been approved rescheduling, and which, at the moment this Decision entered into force, were not restructured or non-performing, or were not considered a non-performing loan within the meaning of NBS regulations, i.e. where the default status did not begin – shall not be considered restructured or non-performing, or a non-performing loan within the meaning of NBS regulations, i.e. they will not be considered in default, because of the approval of rescheduling.

The treatment from paragraph 1 of this Section shall also apply to receivables from that paragraph in the period after the rescheduling is approved, for as long as the conditions for this are fulfilled within the meaning of NBS regulations.

Approving the rescheduling to debtors in accordance with this Decision does not necessarily imply that there was also a significant increase in credit risk, and does not necessarily represent a modification of a financial asset, hence banks shall not be required to recognise losses on account of this modification.

10. The bank is obligated to align its internal acts with the provisions of this Decision by 31 October 2022 and submit them to the NBS immediately upon adoption.

11. This Decision shall apply to obligations under loans approved to debtors before this Decision entered into force.

12. This Decision shall enter into force on the day following its publication in the RS Official Gazette.

NBS Executive Board No 85

6 October 2022

B e l g r a d e

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

Dr Jorgovanka Tabaković, sgd.