

Pursuant to Article 4, item 3), Article 14, paragraph 1, item 11) and Article 15, paragraph 1 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 hereby adopts the following

D E C I S I O N
ON TEMPORARY MEASURES FOR BANKS RELATING TO
NATURAL PERSONS' HOUSING LOANS

1. This Decision prescribes temporary measures and activities aimed at preserving the stability of the financial system which banks are obliged to apply for the protection of borrowers – housing loan beneficiaries.

2. A housing loan within the meaning of this Decision shall be a loan which the bank approved to the borrower for the purchase of a residential property, in the amount of up to EUR 200,000 in the dinar equivalent at the middle exchange rate of the National Bank of Serbia on the day of loan disbursement, this loan being secured by the residential property mortgage.

The residential property from paragraph 1 of this Section shall have the meaning specified in the decision governing capital adequacy of banks.

A borrower within the meaning of this Decision shall be a natural person who is the first-time beneficiary of a housing loan referred to in paragraph 1 hereof (hereinafter: the borrower).

3. A bank shall be obliged, on conditions and in the manner set out in this Decision, to apply a temporary freeze on the contracted variable nominal interest rate on a housing loan that was approved to the borrower, at this rate, before the effective date of this Decision, and/or to reduce such interest rate on those loans.

The nominal interest rate referred to in paragraph 1 of this Section applied on housing loans from the same paragraph shall not exceed 4.08%, i.e. the weighted average interest rate on the stock of housing loans approved in the Republic of Serbia published by the National Bank of Serbia as at 31 July 2022, increased by 30%.

By way of exception from paragraph 2 of this Section, in case that a housing loan was approved to a borrower in the period since 31 July 2022 until

the effective date of this Decision, whereby at the time of conclusion of the loan agreement the nominal interest rate referred to in paragraph 1 hereof exceeded 4.08% – the nominal interest rate on such loan may not exceed the nominal interest rate from the repayment schedule that was submitted to the borrower at conclusion of the loan agreement (first repayment schedule).

If on the agreed date of adjustment of the nominal interest rate on a housing loan the bank determines that such rate exceeds the prescribed interest rate from paragraph 2, and/or paragraph 3 of this Section, it shall submit to the borrower within 15 days a new repayment plan aligned with interest rates from those paragraphs, as well as the notification on the manner of application of the freeze and/or reduced interest rate within the meaning of this Decision.

If on the agreed date of adjustment of the nominal interest rate on a housing loan the bank determines that such rate is lower than the prescribed interest rate from paragraph 2, and/or paragraph 3 of this Section, it shall make a new repayment plan in accordance with the contract concluded with the borrower and submit it to the borrower together with the notification about that change.

A temporary freeze from paragraph 1 of this Section shall not be applied if the bank establishes, on the agreed date of adjustment of the nominal interest rate on a housing loan, that such rate was raised in accordance with the housing loan agreement, but not above the interest rate from paragraph 2 of this Section.

4. In housing loans with a variable interest rate approved in the period of application of this Decision, the bank shall set the fixed part of the nominal interest rate (bank's margin) in a percentage not higher than 1.1% for that period, whereafter the percentage defined by the loan agreement shall apply.

In housing loans with a fixed interest rate approved in the period of application of this Decision, the bank shall contract a nominal interest rate of up to 5.03%.

5. A receivable from a borrower which at the time of coming into force of this Decision was not more than 90 days past due, i.e. was not forborne or non-performing, or considered a non-performing loan within the meaning of National Bank of Serbia's regulations, i.e. was not in default – shall not be considered a forborne receivable or non-performing receivable, or non-performing loan within the meaning of National Bank of Serbia's regulations, and/or shall not be considered to be in default solely based on the application of the interest rate prescribed by this Decision.

The application of the interest rate from this Decision does not necessarily assume there was a significant increase in credit risk.

After the cessation of the application of this Decision the bank shall not have the right to claim from the borrower a portion of interest that was not calculated and applied due to the application of the interest rate prescribed by this Decision.

6. Apart from measures specified in Sections 2 to 5 of this Decision, a bank shall enable all financial services consumers, within the meaning of the law governing the protection of financial services consumers (hereinafter: consumer), in the period of application of this Decision, at a consumer's request, to make an early loan repayment without the obligation to pay the early repayment fee, fully or partially, regardless of the amount that is being early repaid.

In case of a partial early repayment referred to in paragraph 1 of this Section, the bank shall enable to a consumer that the remaining repayment term for a housing loan remains the same or be shortened in accordance with the consumer's request, depending on the option chosen by the consumer.

A bank shall enable to a consumer, in accordance with this Decision, to make a full or partial early repayment of a housing loan the next business day upon receiving the early repayment request.

If the bank fails to act within the deadline referred to in paragraph 3 of this Section, it shall not have the right to charge an interest for using a loan, and/or the early repaid portion of a loan, for the period after the expiration of that term.

7. A bank shall submit to borrowers using housing loans referred to in Section 3 hereof for which on the effective date of the Decision and/or the due date of the first annuity under the housing loan after 1 October 2023 the contracted variable nominal interest rate was higher than the interest rate from paragraph 2, and/or 3 of that Section – a new repayment plan, to be applied starting with the loan annuity that falls due in October 2023, as well as the notification on the manner of application of the reduced interest rate within the meaning of this Decision, not later than five days prior to the due date of that housing loan annuity.

8. Starting from 1 October 2023, banks shall submit to the National Bank of Serbia monthly notifications about the measures and activities taken in accordance with this Decision.

9. This Decision shall enter into force on the next day following its publication in the Official Gazette of the Republic of Serbia and shall be applied until 31 December 2024.

NBS Executive Board No 78
11 September 2023

B e l g r a d e

Chair
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