

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 in reference to Article 28, paragraph 7 of the Law on Banks (RS Official Gazette, Nos 107/2005, 91/2010 and 14/2015), the Executive Board hereby issues the following

DECISION
ON TEMPORARY MEASURES FOR BANKS TO MITIGATE THE
CONSEQUENCES OF THE COVID-19 PANDEMIC WITH THE AIM OF
PRESERVING FINANCIAL SYSTEM STABILITY

1. This Decision sets out the measures and activities which a bank is required to apply to mitigate the financial consequences of the COVID-19 pandemic on citizens and corporates, with the aim of preserving financial system stability in the Republic of Serbia.

2. A bank shall offer to borrowers (natural persons, farmers, entrepreneurs and companies) a suspension in the repayment of obligations (moratorium) within three days after this Decision enters into force.

The moratorium referred to in paragraph 1 hereof relates to borrowers' obligations in respect of loans and loan products (e.g. current account overdraft or credit cards) and obligations in respect of other bank products (e.g. hedging instruments for interest rate risk related to loans and/or loan products or based on bank guarantees).

The moratorium referred to in paragraph 1 hereof shall not apply to fees charged for bank services, such as payment operations (e.g. a transaction fee, account maintenance fee), investment services, broker-dealer activities, safe-keeping services etc.

3. A bank must publish the notification on the offer referred to in Section 2, paragraph 1 hereof (hereinafter: offer) on its website, whereby the offer shall be considered to have been submitted to all borrowers.

The notification on the offer shall contain precise and complete information pertaining to:

- start of application and period of validity of the moratorium in accordance with this Decision;
- calculation of interest during the moratorium;
- manner of the repayment of obligations after the moratorium under individual loans / loan products / other products of a bank;

- representative example of the amount of obligations under a concrete loan / loan product / other product – before and after the moratorium until the end of the repayment period, which shall contain all elements based on which it is possible to determine the conditions under which the moratorium is applied;
- possible ways of repaying obligations after the moratorium within the meaning of Section 6, paragraph 6 hereof;
- the duration of the automatic extension of the validity of the current account overdraft and/or credit card, in case the validity of these services expires during the moratorium.

A bank may also offer to the borrowers referred to in paragraph 1 hereof other facilities concerning the repayment of obligations.

4. A borrower may refuse the offer under each individual loan / loan product / other product:

- electronically (by completing the form on the bank's website or by sending notification by email at the address published on the bank's website for these purposes);
- by post;
- by telephone (dialling the number published on the bank's website for these purposes);
- on the bank's business premises by completing the form.

If the borrower does not reject the offer within ten days from the publication of the notification on the offer, he shall be considered to have accepted the offer, and the moratorium shall apply to his obligations referred to in Section 2, paragraph 2 hereof which fall due from 1 August 2020 to 30 September 2020.

If the borrower did not settle the obligations referred to in Section 2, paragraph 2 hereof which fell due in July 2020, the moratorium – except for obligations falling due from 1 August 2020 to 30 September 2020 – shall also apply to his outstanding obligations which fell due in July 2020.

A bank shall enable to the borrower to waive the application of the moratorium under each individual loan / loan product / other product during its validity, if the borrower requests so from the bank, in line with the procedure of refusing the offer referred to in paragraph 1 hereof, and if he makes full payment of the due but outstanding obligation covered by the moratorium.

If the borrower waives application of the moratorium in the manner referred to in paragraph 4 hereof, he shall be considered not to have accepted the offer and/or the moratorium.

5. During the moratorium, a bank shall not calculate the default interest on the outstanding receivable which fell due during the moratorium, shall not initiate the enforcement or enforced collection procedure against the borrower, and/or shall not undertake other legal actions to collect receivables from the borrower.

A bank shall calculate regular (contracted) interest during the moratorium.

A bank shall calculate regular (contracted) interest on the debt which has not fallen due (which does not include obligations which fall due during the moratorium) and the interest calculated in such way shall correspond to the amount of regular interest in accordance with the repayment schedule valid before this Decision entered into force.

By way of exception from paragraph 3 hereof, if a borrower is a company, a bank may also calculate regular (contracted) interest on the amounts of debt principal which fall due during the moratorium.

A bank shall calculate regular (contracted) interest on obligations under credit cards and current account overdraft during the moratorium.

6. After the moratorium, regular interest calculated in the manner referred to in Section 5 hereof shall be evenly distributed to the period of the repayment of loans and other products, and shall not be accrued to the debt principal, and the repayment period shall be extended by the period of the validity of the moratorium.

The default interest calculated during the moratorium on receivables which fell due before the start of application of the moratorium shall be evenly distributed to the period of the repayment of loans and other products of a bank, and shall not be accrued to the debt principal.

A bank shall compile a new repayment schedule extended by the period of the validity of the moratorium.

A bank shall submit a new repayment schedule by email or post to all borrowers who used the moratorium, if this is applicable given the type of a concrete product, without additional cost to the borrower. This plan must be compiled and submitted in case of loans.

The repayment schedule referred to in paragraph 3 hereof must be compiled in the way ensuring that the borrower is fully informed about all elements of obligations and the way of their settlement (including the balance of debt before and after the moratorium, presentation of annuities by specifying the exact amount of the principal and interest until the end of the new repayment period, maturity deadline, effective interest rate), and must also contain other data prescribed by the National Bank of Serbia's decision regulating the terms and conditions of calculating the effective interest rate and the layout and content of forms delivered to the user.

Within seven days from the submission of the repayment schedule referred to in paragraph 3 hereof, instead of repaying his obligations in the way defined by paragraph 1 hereof, the borrower may request from the bank to settle after the moratorium:

- 1) all obligations under a loan which were covered by the moratorium (all annuities from the period of the moratorium – principal and regular interest);
- 2) all obligations under regular interest calculated during the moratorium, along with the extension of the loan repayment deadline by the period of the validity of the moratorium.

When submitting the repayment schedule referred to in paragraph 3 hereof, a bank shall clearly present to the borrower the possibility of repayment in the manner referred to in paragraph 6 hereof, including the deadline prescribed in that paragraph, during which the borrower may request a different repayment method after the moratorium.

The validity of the current account overdraft and/or credit card shall be extended by the period of the validity of the moratorium.

7. In its internal acts, a bank shall regulate:

- authorisations and responsibilities in the process of implementing the measures and activities referred to in this Decision;
- the system for monitoring and reporting in the bank and reporting to the National Bank of Serbia on the activities and measures referred to in this Decision and the results of their application;
- types of facilities referred to in Section 3, paragraph 3 hereof and the conditions for their application;
- procedure for communication with borrowers within the meaning of this Decision.

A bank shall submit the acts referred to in paragraph 1 hereof to the National Bank of Serbia immediately upon their adoption.

8. A bank shall submit to the National Bank of Serbia a report on the activities implemented and measures taken in accordance with this Decision, and the results of such activities and/or measures.

A bank shall submit the report referred to in paragraph 1 hereof in the form *Monthly report on moratorium*, printed as Annex 1 along with this Decision, by no later than 15th day in the month with the balance as at the last calendar day of the previous month.

A bank must submit the first report referred to in paragraph 1 hereof with the balance as at 10 August until 14 August 2020.

The report referred to in paragraph 1 hereof shall be submitted until 15 October 2020.

9. A bank may not require from the borrower to compensate any costs relating to the taking of measures and activities in accordance with this Decision.

10. Receivables from borrowers who were approved the facilities referred to in Sections 2 and 3 hereof, and which, at the moment of entry into force of this Decision, were not past due over 90 days – shall not be considered forborne or non-performing receivables or non-performing loans within the meaning of the National Bank of Serbia's regulations, i.e. they shall not be considered to be in default.

11. A bank shall harmonise its internal acts with the provisions of this Decision within five days from the date when this Decision enters into force.

12. This Decision shall apply to obligations under loans / loan products / other products of a bank approved to the borrower before this Decision entered into force.

13. From the day this Decision enters into force, a bank shall suspend payments under standing orders of borrower's obligations which can be covered by the moratorium.

If a borrower, starting from 31 July 2020 and within the deadline referred to in Section 4, paragraph 2 hereof, informs a bank that he refuses the offer, the bank must collect the obligation falling due from the day when this Decision enters into force in the amount that would have been collected

had the bank not suspended payments in accordance with paragraph 1 hereof (without any additional interest calculation) and activate the standing order.

If the repayment of obligations of the borrower who informed the bank that he refuses the offer is carried out via a standing order with another bank, the bank shall inform thereof the other bank without delay, so as not to suspend the payment and/or to reactivate the standing order and collect obligations in the amount that would have been collected had the bank not suspended the payments in accordance with paragraph 1 hereof.

If the repayment of obligations of the borrower who informed the bank that he refuses the offer is carried out via wage garnishment, the bank shall inform thereof the employer and/or the Pension and Disability Insurance Fund of the Republic of Serbia without delay, so as not to suspend the transfer of funds and/or to carry out payment in the amount that would have been paid via wage garnishment had payment on account of wage garnishment not been suspended in accordance with paragraph 1 hereof.

If the employer or the Pension and Disability Insurance Fund of the Republic of Serbia make the transfer of funds based on wage garnishment from the day this Decision enters into force, within the regular repayment of obligations during the moratorium, and the borrower accepted the offer, the bank shall enable the borrower to use these funds in the account of that bank, make payments, or transfer funds to the borrower's account with another bank.

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

NBS EB No 102
27 July 2020
Belgrade

Chairperson
Executive Board
National Bank of Serbia
Governor
National Bank of Serbia

Dr Jorgovanka Tabaković, sgn