

Based on Article 18, paragraph 1, item 3 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004 and 44/2010) and Section 19 of the Decision on Banks' Required Reserves with the National Bank of Serbia (RS Official Gazette, No 3/2011), the Governor of the National Bank of Serbia hereby issues

**G U I D E L I N E S**  
**FOR IMPLEMENTING THE DECISION ON BANKS' REQUIRED**  
**RESERVES WITH THE NATIONAL BANK OF SERBIA**

1. For the purpose of implementing the Decision on Banks' Required Reserves with the National Bank of Serbia (hereinafter: the Decision), these Guidelines define in more detail the terms used in the Decision and the contents of reports on the calculation of dinar and/or foreign currency required reserves that banks are obliged to submit to the National Bank of Serbia (hereinafter: the NBS).

2. Liabilities with maturity up to two years and/or 730 days are liabilities carried in accounts having 0, 1, 2, 3, 4, 5, 6 or 7 code numbers in their seventh digit position, as well as liabilities carried in accounts for which no 7<sup>th</sup> digit coding is prescribed by accounting regulations.

Liabilities with maturity over two years and/or 730 days are liabilities carried in accounts having 8 or 9 code numbers in their seventh digit position, and/or liabilities with maturity of 731 days or longer pursuant to the guidelines for banks on the obligation and manner of collecting, processing and submission of data on the stock and composition of their lending, receivables and liabilities.

3. Liabilities not indexed by a foreign currency clause (hereinafter: non-indexed liabilities) in respect of dinar deposits, credits, securities and other dinar liabilities are all liabilities in respect of dinar deposits, credits, securities and other dinar liabilities, including portions of dinar deposits received under transactions performed by the bank on behalf and for the account of third parties that are in excess of the amount of investment made from such deposits, which are included in the dinar reserve base with relevant interest and fees and are not indexed by foreign currency clause, while the accounts in which they are carried have 0, 5 or 9 code numbers in the sixth digit position.

When classifying non-indexed liabilities in the OR–Din. Form (Schedule 1):

– liabilities to legal entities also include liabilities to entrepreneurs, while the accounts in which they are carried have 40 code number in the fourth and fifth digit positions;

– liabilities to households also include liabilities to private households with employed persons, as well as liabilities to registered agricultural producers, while the accounts in which they are carried have 80 or 81 code numbers in the fourth and fifth digit positions.

Non-indexed liabilities also mean non-indexed liabilities in respect of dinar deposits, credits and other external dinar liabilities relating to dinar deposits and credits received from foreign entities, as well as other dinar liabilities to foreign entities, which are included with relevant interest and fees in the dinar reserve base and are not indexed by foreign currency clause, and the accounts in which they are carried have 70, 71, 72, 73, 74, 78 or 79 code numbers in the fourth and fifth digit positions, and the code numbers 0, 5 or 9 in the sixth digit position.

Liabilities from paragraph 3 hereof are shown separately in the OR–Din. Form (Schedule 1), under ref. Nos 1.2 and 2.2, and classified by maturity in accordance with Section 2 of these guidelines.

4. Liabilities in respect of foreign currency savings deposits with banks are foreign currency liabilities under transaction deposits, demand deposits, short- and long-term deposits of households, entrepreneurs, foreign natural persons, domestic non-resident natural persons, private households with employed persons and registered agricultural producers, which are included with respective interest and fees in the foreign currency reserve base and are carried in bank's ledgers in the following accounts: 500, 501, 502, 503, 504, 505, 520 and 521, and have 40, 60, 61, 72, 73, 80 or 81 code numbers in the fourth and fifth digit positions.

Liabilities from paragraph 1 hereof are shown separately in the OR–Dev. Form (Schedule 2), under ref. Nos 1.3 and 2.3, and classified by maturity in accordance with Section 2 of these guidelines.

5. Foreign currency clause indexed liabilities (hereinafter: indexed liabilities) in respect of dinar deposits, credits, securities and other indexed liabilities are all liabilities in respect of dinar deposits, credits, securities and other dinar liabilities, including portions of dinar deposits received under transactions performed by the bank on behalf and for the account of third parties that are in excess of the amount of investment made from such deposits, which are included with respective interest, exchange rate differentials and fees in the foreign currency reserve base and are indexed by

a foreign currency clause, and the accounts in which they are carried have 1, 2, 3, 4, 7 or 8 code numbers in the sixth digit position.

Liabilities from paragraph 1 hereof are shown separately in the OR-Dev. Form (Schedule 2), under ref. Nos 1.4 and 2.4, and classified by maturity in accordance with Section 2 of these guidelines.

6. Subordinated liabilities exempt from reserve requirements, under the terms of the Decision, represent the total amount of subordinated liabilities initially recognised by the NBS as eligible for inclusion into the bank's supplementary capital, irrespective of the amount being included into the bank's supplementary capital.

7. Time dinar savings exempt from reserve requirements, under the terms of the Decision, are time dinar savings accumulated from 31 October through 8 November 2010 and indexed to a foreign currency clause. The exemption applies until the maturity of those savings.

Time dinar savings from paragraph 1 hereof include dinar liabilities under short- and long-term deposits of households, foreign natural persons, domestic non-resident natural persons, private households with employed persons and registered agricultural producers, which are carried with respective interest and fees in bank's ledgers in the following accounts: 402, 403, 404, 405, 420 and 421, and have 60, 61, 72, 73, 80 or 81 code numbers in the fourth and fifth digit positions, 0, 5 or 9 code numbers in the sixth digit position, and 2, 3, 4, 5, 6, 7, 8 or 9 code numbers in the seventh digit position.

8. Liabilities to banks allocating required reserves with the NBS also include liabilities to banks that used to allocate required reserves in line with NBS regulations, but against which bankruptcy or liquidation proceedings have been instituted in the meantime. These liabilities mean only liabilities incurred until the day of institution of the proceedings.

9. The base for the calculation of dinar and/or foreign currency required reserves is the daily average balance of reservable liabilities established by the Decision in the prior calendar month, carried in bank's ledgers in accounts from the account list published on the NBS website, as well as in other accounts in which liabilities to be included in the reserve base in line with the Decision are carried.

The base for the calculation of dinar and/or foreign currency required reserves does not include liabilities carried in accounts that have the code number 10 – *central bank* as the fourth and fifth digit, nor liabilities relating to domestic banks, which are carried in accounts having the code number 11 –

*domestic banks and other monetary intermediation* in the fourth and fifth digit positions.

The base for the calculation of foreign currency required reserves from paragraph 1 hereof also includes the daily average balance of deposits, credits and other foreign currency funds received from abroad under transactions performed by a bank on behalf and for the account of third parties in the prior calendar month, which are carried in off-balance sheet records in account group 95.

10. The balance of loans as at 13 January 2011, as well as the balance of loans on the last calendar day of the month for which the reserve base is determined, includes loans approved by banks in accordance with government regulations on interest subsidies for loans for investment and export financing, liquidity maintenance and purchase of long-term current assets, as well as the balance of loans approved for those purposes in the prior period.

Beginning from 31 July 2011, the balance of lending on the last calendar day of the month for which the reserve base is determined shall not include loans approved by banks from 1 July 2011 onwards or loans whose original maturity has expired.

The loans referred to in this Section include short- and long-term loans, plus calculated interest and fees, but excluding valuation adjustments.

The increase in loans, within the meaning of the Decision, is the difference between the balance of those loans as at the last calendar day of the month for which the reserve base is determined and their balance as at 13 January 2011, the effects of changes in the dinar exchange rate excluded.

The effects of changes in the exchange rate of the dinar from paragraph 4 hereof are excluded by recalculating to euros the balance of dinar loans as at 13 January 2011 and their balance as at the last calendar day of the month for which the reserve base is determined – by applying the official middle exchange rate of the dinar valid on 13 January 2011.

The amount of dinar loans indexed to a foreign currency clause – denominated in other currencies as at 13 January 2011 and as at the last calendar day of the month for which the reserve base is determined – is recalculated to euros by applying the official middle exchange rate of the dinar valid on 13 January 2011, and/or the last calendar day of the month for which the reserve base is determined.

The increase in loans is calculated as described in Form OR – Pr. (Schedule 3).

11. The portions of required reserves calculated in euros, allocated in dinars and/or euros and determined by applying the percentages prescribed by the Decision, are adjusted proportionately to the effect of the increase in loans.

A proportionate effect of the increase in loans from paragraph 1 hereof is the ratio of required reserves calculated in euros less 25% of the increase in loans and required reserves calculated in euros.

12. The amount of dinar/foreign currency required reserves to be allocated in the maintenance periods 18 February – 17 March 2011 and 18 March – 17 April 2011 shall be determined pursuant to the OR–OOI Form (Schedule 4).

13. Banks shall submit to the National Bank of Serbia the following reports:

- 1) report on the calculation of dinar required reserves – OR-Din. Form (Schedule 1);
- 2) report on the calculation of foreign currency required reserves – OR-Dev Form (Schedule 2);
- 3) report on the calculation of the increase in loans approved pursuant to government regulations – OR-Pr Form (Schedule 3);
- 4) report on the obligation to allocate dinar/foreign currency required reserves – OR-OOI Form (Schedule 4);
- 5) overview of dinar and foreign currency liabilities and interest margins in respect of funds received by banks in accordance with Section 3, provision 4) of the Decision – OR-MFO Form (Schedule 5).

The forms referred to herein are printed with and integral to these guidelines.

14. Banks shall submit the reports from Section 13, paragraph 1 hereof electronically to the National Bank of Serbia – Information Technology, on the 17<sup>th</sup> day of the month, in line with the guidelines regulating compilation and electronic submission of data to the National Bank of Serbia.

The report from Section 13, paragraph 1, provision 4) hereof shall be submitted on 17 February and 17 March 2011 only.

Notwithstanding paragraph 1 hereof, if the 17<sup>th</sup> day of the month falls on a non-business day, the reports referred to in that paragraph must be submitted on the business day prior to the day of the required reserves calculation.

15. A bank that has been granted an operating license after the first day of the calendar month shall submit a report on its first calculation of required reserves against the reserve base pertaining to the following calendar month, i.e. when data on daily balances of deposits and other items included in the reserve base for all days in the calendar month become available.

Calculated required reserves of a bank that has been granted an operating license and founded by a merger of two or more banks, as well as a bank that has been granted an approval of the NBS to acquire another bank, in the maintenance period during which the funds in such bank accounts for the allocation of required reserves have merged, shall be the sum of calculated required reserves of banks that merged and/or of the acquiring bank and the target bank, whereas the allocated required reserves, from the 18<sup>th</sup> day of the month until the day of merging of funds in such bank accounts for the allocation of required reserves shall be the sum of allocated required reserves of banks that merged, and/or of the acquiring and the target bank.

On the 17<sup>th</sup> day of the month, the bank from paragraph 2 hereof that underwent a status change shall submit a report on its first calculation of required reserves to the National Bank of Serbia for the maintenance period following the maintenance period during which the funds in such bank accounts for the allocation of required reserves have merged.

16. Banks shall allocate the calculated foreign currency required reserves to the National Bank of Serbia's foreign currency accounts abroad, pursuant to the list of accounts determined by the National Bank of Serbia.

17. These guidelines shall supersede the Guidelines for Implementing the Decision on Banks' Required Reserves with the National Bank of Serbia (RS Official Gazette, Nos 17/2010, 67/2010 and 81/2010).

18. These guidelines are published in the RS Official Gazette and take effect as of 17 June 2011.

D. No 13  
13 June 2011  
B e l g r a d e

G o v e r n o r  
National Bank of Serbia

Dr Dejan Šoškić, sign.

