



## **NATIONAL BANK OF THE REPUBLIC OF MACEDONIA**

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Pursuant to Article 47 paragraph 1 item 6, and in conformity with Article 20 paragraph 2 of the Law on the National Bank of the Republic of Macedonia ("Official Gazette of the Republic of Macedonia" no. 158/2010 and 123/12), the National Bank of the Republic of Macedonia Council adopted this

### **DECISION on reserve requirement**

#### **I. GENERAL PROVISIONS**

1. With this Decision, the National Bank of the Republic of Macedonia (hereinafter referred to as: National Bank) shall regulate the calculation and fulfillment of the reserve requirement for banks and foreign bank branches, which have founding and operating, i.e. opening and operating license issued by the Governor of the National Bank (hereinafter referred to as: banks) and savings houses, which have founding and operating license issued by the Governor of the National Bank.

#### **II. RESERVE REQUIREMENT BASE**

2. The basis for calculation of the reserve requirement (hereinafter referred to as: reserve requirement base) shall encompass the banks' liabilities in domestic currency, in domestic currency with FX clause and in foreign currency (Attachment 1 and Attachment 2, which are an integral part of this Decision) and the savings houses' liabilities in domestic currency and in domestic currency with FX clause (Attachment 1) as follows:
  - deposits and received loans;
  - debt securities issued by banks and savings houses;
  - other liabilities.

The reserve requirement base shall not include:

- liabilities to banks and savings houses;
- liabilities to the National Bank;
- liabilities based on subordinated and hybrid instruments, which are part of the bank's i.e. savings house's additional capital, in conformity with the Methodology for determining capital adequacy prescribed by the National Bank.

The reserve requirement base from banks' liabilities in domestic currency referred to in paragraph 1 of this item shall be reduced by the amount of the claims on the basis of:

- newly approved loans to non-financial companies referred to in paragraph 4 of this item;
- investments in debt securities in domestic currency issued by non-financial companies referred to in paragraph 4 of this item, in the amount of the nominal value.

The claims referred to in paragraph 3, indents 1 and 2 of this item apply to non-financial companies - net-exporters and/or non-financial companies that use the funds to finance projects for the domestic production of electricity, for their own and/or commercial purposes.

Net-exporters, in terms of this Decision, shall denote non-financial companies that in the past twelve months made foreign exchange inflow on the basis of realized exports larger than foreign exchange outflow on the basis of realized imports.

The newly approved loan, in terms of this Decision, shall denote a loan to non-financial companies that have an average classification at the level of the banking system of the Republic of Macedonia in the risk category "A" or "B" (according to the last available data from the Credit Registry of the National Bank), or is secured by first-class collateral instruments, in accordance with the Decision on credit risk management ("Official Gazette of the Republic of Macedonia" no. 17/08, 31/09, 91/11 and 127/12), and which is approved and paid:

- after January 01, 2013 and is still due on the last day of the calendar month for which the report is produced, or
- before December 31, 2012 and is still due on the last day of the calendar month for which the report is produced, but after January 01, 2013, the bank did not increase bank fees and reduced the amount of the nominal interest rate by at least 0.5 percentage points.

The debt securities referred to in paragraph 3, indent 2 of this item, shall be issued by non-financial companies that have an average classification at the level of the banking system of the Republic of Macedonia in the risk category "A" or "B" (according to the last available data from Credit Registry of the National Bank).

3. The banks shall report to the National Bank on the liabilities outstanding, comprising the reserve requirement base, for each day of the calendar month, until the last working day, at the latest, prior to the beginning of the fulfillment period.

The banks shall report to the National Bank also on the claims outstanding of item 2, paragraph 3, indents 1 and 2 of this Decision on the last day of the calendar month for which the report is produced, no later than the last working day prior to the beginning of the fulfillment period.

The savings houses shall report to the National Bank on the liabilities outstanding, comprising the reserve requirement base, for each day of the last calendar month of the quarter, until the last working day, at the latest, before the beginning of the fulfillment period.

The liabilities in foreign currency, for each day of the calendar month and the claims in foreign currency on the last day of the calendar month, shall be presented in Denars by applying the middle exchange rate of the National Bank, valid on the last day of the calendar month.

The banks shall submit the report under paragraphs 1 and 2 of this item through the National Bank electronic system for reserve requirement (hereinafter referred to as: electronic system). The manner of using the electronic system shall be set forth in the

"Technical instructions for operating the National Bank electronic system for reserve requirement".

The savings houses shall submit the report referred to in paragraph 3 of this item by mail on a form, in accordance with Attachment 3, which is an integral part of this Decision.

4. The banks' reserve requirement base for a certain fulfillment period shall be calculated as an average of the liabilities for each day of the calendar month that precedes the fulfillment period. The base from the foreign currency liabilities shall be presented in Euros, as well, by applying the middle exchange rate of the National Bank valid on the last day of the calendar month.

The reserve requirement base from banks' liabilities in domestic currency for which the reserve requirement rate under item 5, paragraph 1, indent 1 of this Decision is applied, shall be reduced by the amount of the claims referred to in item 2, paragraph 3.

The savings houses' reserve requirement base for three consecutive fulfillment periods shall be calculated as an average of the liabilities for each day of the last calendar month in the quarter that precedes the first of the three fulfillment periods.

### **III. RESERVE REQUIREMENT RATE**

5. The reserve requirement rate for banks shall equal:
  - 10% for liabilities in domestic currency;
  - 20% for liabilities in domestic currency with FX clause;
  - 13% for liabilities in foreign currency.

By way of derogation from paragraph 1 of this item, the reserve requirement rate shall equal 0% for the following:

- liabilities to natural persons in domestic currency, in domestic currency with FX clause and in foreign currency with contractual maturity of over two years,
- liabilities based on repo-transactions in domestic currency;
- liabilities based on issued debt securities in domestic currency and original maturity of at least two years, in the amount of the nominal value.

Deposits considered to be liabilities under paragraph 2 indent 1 of this item shall take 0% reserve requirement rate, if the contractual terms:

- allow no early deposit withdrawal by the natural person prior to the end of contractual maturity period, or
- allow early deposit withdrawal prior to the expiration of the contractual maturity period upon full termination of the agreement and calculation of interest by applying an interest rate not exceeding 1/4 of the valid deposit interest rate, for the period from the date of deposit lock/relock to the date of deposit withdrawal.

6. The reserve requirement rate for savings houses shall equal 2.5%.

### **IV. RESERVE REQUIREMENT CALCULATION**

7. The reserve requirement for banks in Denars shall be calculated as a sum of:

- the amount obtained by applying the rates under item 5 paragraph 1 indent 1 and paragraph 2 of this Decision to the base of the liabilities in domestic currency;
  - the amount obtained by applying the rates under item 5 paragraph 1 indent 2 and paragraph 2 indent 1 of this Decision to the base of the liabilities in domestic currency with FX clause; and
  - 23% of the amount obtained by applying the rates under item 5 paragraph 1 indent 3 and paragraph 2 indent 1 of this Decision to the base of the liabilities in foreign currency.
8. The banks' reserve requirement in foreign currency shall equal 77% of the amount obtained by applying the rates under item 5 paragraph 1 indent 3 and paragraph 2 indent 1 of this Decision to the base of the liabilities in foreign currency.
  9. The bank shall verify the calculated reserve requirement through the electronic system one working day, at the latest, before the commencement of the reserve requirement fulfillment period. If the bank fails to verify the calculation within the specified term, the reserve requirement determined for that fulfillment period shall be final.
  10. The savings houses' reserve requirement shall be calculated by applying the rate under item 6 of this Decision on the reserve requirement base.

## **V. RESERVE REQUIREMENT FULFILLMENT**

11. The bank shall fulfill the reserve requirement in Denars if the average daily outstanding amount on the bank account with the National Bank for the fulfillment period is at least equal to the calculated reserve requirement, in conformity with item 7 of this Decision.

On a daily basis, the bank can use the reserve requirement in Denars, in full.

12. The bank shall fulfill the reserve requirement in Euros if the daily outstanding amount of bank's funds allocated to the foreign exchange account of the National Bank abroad is at least equal to the calculated reserve requirement, in line with item 8 of this Decision.
13. The savings house shall fulfill the reserve requirement in Denars if the daily outstanding amount of the savings house's funds allocated to the special reserve requirement account with the National Bank is at least the same as the calculated reserve requirement, in line with item 10 of this Decision.
14. The National Bank shall specify the reserve requirement fulfillment period in Denars and in Euro, for banks and savings houses, in an indicative calendar of reserve requirement fulfillment periods for the current year.

The calendar shall be disclosed at least one month prior to the beginning of the current year on the National Bank website.

## **VI. REMUNERATION OF RESERVE REQUIREMENT**

15. The remuneration rate of the reserve requirement in Denars shall equal 1.00%, p.a.

The remuneration rate of the reserve requirement in Euros shall equal 0.10%, p.a.

16. The National Bank shall calculate the remuneration of the fulfilled reserve requirement, maximum to the amount of the reserve requirement, in line with item 7, 8 and 10 of this Decision, by applying the following formula:

$$N = \frac{ZR \cdot n \cdot d}{100 \cdot 360}$$

where:

N - remuneration of reserve requirement for the fulfillment period

ZR - amount of the fulfilled reserve requirement

n - remuneration rate

d - number of days in the fulfillment period

The remuneration shall be paid upon expiration of the fulfillment period.

17. If the National Bank finds out that the reserve requirement of the bank or the savings house for a certain fulfillment period is below the reserve requirement calculated under items 4, 7, 8 and 10 of this Decision, due to false data on the reserve requirement base, the bank or the savings house shall allocate a fixed amount equal to the difference, to a special account of the National Bank, for the specified fulfillment period. The National Bank shall not pay remuneration for the allocated amount.

If the National Bank finds out that the reserve requirement of the bank or the savings house for a certain fulfillment period exceeds the reserve requirement calculated under items 4, 7, 8 and 10 of this Decision, due to false data on the reserve requirement base, the bank or the savings house shall return the paid remuneration calculated on the amount equal to this difference, within eight days of the date of occurrence of the obligation.

## **VII. PENALTY PROVISIONS**

18. The National Bank shall calculate and charge legal penalty interest to banks and savings houses, if they fail to fulfill the reserve requirement.

The banks and savings houses shall pay the legal penalty interest within eight days from the day of occurrence of the liability.

The National Bank may also undertake other measures in case of violation of the provisions of this Decision.

## **VIII. RESERVE REQUIREMENT IN CASE OF STATUS CHANGES AND REVOCATION OF LICENSE OF A BANK/SAVINGS HOUSE**

19. The National Bank may exclude a bank/savings house from fulfilling the reserve requirement from the first day of the fulfillment period, in case the founding and operating license of the bank/savings house is revoked during that period.

20. In case of merger or acquisition of banks during the fulfillment period, the reserve requirement shall be transferred to the new bank, i.e. to the bank that continues operating. The fulfillment of the reserve requirement shall represent a sum of the fulfillment of the reserve requirement of banks in a process of merger or acquisition.
21. In case of a division of a bank during the fulfillment period, the reserve requirement shall be transferred to the new banks. Each bank shall undertake a part of the reserve requirement representing appropriate proportion of the total reserve requirement base of the bank subject to a division. The same proportion shall be applied in case of fulfillment of the reserve requirement.
22. In case of merger of savings houses for the purpose of forming a bank, acquisition of savings houses by a bank or transformation of a savings house to a bank during the fulfillment period, the reserve requirement of the savings house for the current fulfillment period shall be transferred, in equal amount, to the new bank, i.e. to the bank that continues operating. The reserve requirement to the end of the current period shall be fulfilled on an average level.

#### **IX. CLOSING PROVISIONS**

23. The reserve requirement base from banks' liabilities in domestic currency referred to in item 2 paragraph 1 shall be reduced by the amount of the claims referred to in item 2 paragraph 3 indents 1 and 2 of this Decision, which are approved and paid as of December 31, 2014, as well as after the expiration of this period if the bank's claims are still due on the last day of the calendar month for which the report is produced.
24. On the day this Decision starts being applied, it shall supersede the Decision on reserve requirement ("Official Gazette of the Republic of Macedonia" no. 126/11).
25. This Decision shall enter into force on the eighth day from the day of its publishing in the "Official Gazette of Republic of Macedonia", and shall start being applied on January 1, 2013.

**D. No. 02-15/XII-1/2012  
November 29, 2012  
Skopje**

**Dimitar Bogov  
Governor  
  
Chairman  
of the National Bank of the Republic  
of Macedonia Council**

## ATTACHMENT 1

List of liabilities in domestic currency and in domestic currency with FX clause:

### **Accounts payable and other liabilities**

2249 Received advances in Denars - Received advances for other purposes

### **Current accounts in Denars**

800 Non-financial companies  
801 Government  
802 Non-profit institutions that serve the households  
8053 Financial companies - Insurance companies  
8054 Financial companies - Pension funds  
8055 Financial companies - Other financial companies  
807 Households  
808 Non-residents  
809 Restricted current accounts

### **Sight deposits in Denars**

810 Non-financial companies  
811 Government  
812 Non-profit institutions that serve the households  
8153 Financial companies - Insurance companies  
8154 Financial companies - Pension funds  
8155 Financial companies - Other financial companies  
817 Households  
818 Non-residents  
819 Restricted sight deposits

### **Term deposits in Denars**

820 Non-financial companies\*  
821 Government\*  
822 Non-profit institutions that serve the households\*  
8253 Financial companies - Insurance companies\*  
8254 Financial companies - Pension funds\*  
8255 Financial companies - Other financial companies\*  
827 Households\*  
828 Non-residents\*

## **Liabilities on securities issued in Denars and in Denars with FX clause**

- 830 Issued debt securities in Denars
- 831 Issued debt securities in Denars with FX clause

### **Borrowings in Denars**

- 840 Non-financial companies\*
- 841 Government\*
- 842 Non-profit institutions that serve the households\*
- 8453 Financial companies - Insurance companies\*
- 8454 Financial companies - Pension funds\*
- 8455 Financial companies - Other financial companies\*
- 848 Non-residents\*

### **Term and sight deposits in Denars with FX clause**

- 860 Non-financial companies\*
- 861 Government\*
- 862 Non-profit institutions that serve the households\*
- 8653 Financial companies - Insurance companies\*
- 8654 Financial companies - Pension funds\*
- 8655 Financial companies - Other financial companies\*
- 867 Households\*
- 868 Non-residents\*

### **Liabilities based on borrowings in Denar with FX clause**

- 870 Non-financial companies\*
- 871 Government\*
- 872 Non-profit institutions that serve the households\*
- 8753 Financial companies - Insurance companies\*
- 8754 Financial companies - Pension funds\*
- 8755 Financial companies - Other financial companies\*
- 878 Non-residents\*

### **Financial leasing in Denars and in Denars with FX clause**

- 880 Non-financial companies
- 8853 Financial companies - Insurance companies
- 8854 Financial companies - Pension funds
- 8855 Financial companies - Other financial companies
- 888 Non-residents
- 8890 Financial leasing in Denars with FX clause - Non-financial companies
- 88953 Financial leasing in Denars with FX clause - Financial companies - Insurance companies
- 88954 Financial leasing in Denars with FX clause - Financial companies - Pension funds
- 88955 Financial leasing in Denars with FX clause - Financial companies - Other financial companies
- 8898 Financial leasing in Denars with FX clause - Non-residents

\* With the exception to accounts for accumulated depreciation.



## ATTACHMENT 2

List of liabilities in foreign currency:

### **Accounts payable and other liabilities**

- 2250 Received advances in foreign currency - Received advances in foreign currency from foreign banks
- 2259 Received advances in foreign currency - Other received advances in foreign currency

### **Accrued expenses, differed income and temporary accounts**

- 295 Other transaction accounts

### **Current accounts in foreign currency**

- 700 Non-financial companies
- 701 Government
- 702 Non-profit institutions that serve the households
- 70511 Financial companies - Banks - Foreign exchange loro covered L/Cs and guarantees
- 70512 Financial companies - Banks - Covers received for checks and letters of credit in foreign currency
- 7053 Financial companies - Insurance companies
- 7054 Financial companies - Pension funds
- 7055 Financial companies - Other financial companies
- 707 Households
- 708 Non-residents
- 709 Restricted current accounts in foreign currency

### **Special accounts in foreign currency**

- 712 Special accounts of legal entities in foreign currency
- 719 Other funds of the legal entities in foreign currency

### **Foreign currency deposits**

- 720 Non-financial companies\*
- 721 Government\*
- 722 Non-profit institutions that serve the households\*
- 7253 Financial companies - Insurance companies\*
- 7254 Financial companies - Pension funds\*
- 7255 Financial companies - Other financial companies\*
- 727 Households\*
- 728 Non-residents\*

### **73 Liabilities on securities issued in foreign currency**

#### **Borrowings in foreign currency**

- 7401 Residents - Government\*
- 74051 Residents - Financial companies - Other financial companies\*
- 7409 Residents - Other sectors\*
- 748 Non-residents\*

#### **Financial leasing in foreign currency**

- 780 Non-financial companies

7853 Financial companies - Insurance companies  
7854 Financial companies - Pension funds  
7855 Financial companies - Other financial companies  
788 Non-residents

\*With the exception to accounts for accumulated depreciation.

