



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

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Pursuant to Article 69 of the Law on the National Bank of the Republic of Macedonia ("Official Gazette of the Republic of Macedonia" no. 3/02, 51/03, 85/03, 40/04, 61/05, 129/06), Article 143 paragraph 4 of the Banking Law ("Official Gazette of RM" no. 67/2007 and 90/2009) and item 8 paragraph 4 of the Decision on the terms and the procedure for implementing the rehabilitation plan and the assets and liabilities transfer plan ("Official Gazette of the Republic of Macedonia" no. 31/2008 and 61/2010), the Governor of the National Bank of the Republic of Macedonia adopted the following

### **Procedures for performing sale of the assets of a bank under administration (\*) ("Official Gazette of the Republic of Macedonia" no. 69/2010)**

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

1. The Procedures for performing sale of the assets of a bank under administration (hereinafter referred to as: the Procedures) shall set forth the procedure for performing sale of the assets of the bank under administration, as part of the Rehabilitation Plan.

2. The procedure for performing sale of assets of the bank under administration shall encompass the following steps:

- identification and evaluation of the assets to be sold;
- identification and selection of the qualified bidders;
- determining of the closed bid date and informing the qualified bidders about the closed bid date;
- preparation of the set of documents;
- conducting of the closed bid of the assets;
- visit to the bank under administration;
- receiving bids for purchase of assets;
- selection of the most favorable bid, i.e. the purchasing bank;
- signing of the agreement for sale of the assets of the bank under administration (hereinafter referred to as: agreement for sale of the assets).

#### **II. PROCEDURE FOR SALE OF ASSETS**

##### **1. Identification and evaluation of the assets to be sold**

3. The Rehabilitation Plan shall be developed by the administrator on the basis of the analysis of the condition of the bank under administration. If the Rehabilitation Plan envisages sale of assets, during the development of the Rehabilitation Plan the administrator shall have into consideration the following:

- possibility for improvement of the operations of the bank under administration by selling part or all assets;
- economic and market conditions the bank under administration operates in;
- the previous experience in the implementation of the sale of assets of other banks under administration in the Republic of Macedonia;
- other adequate information.

\* This bylaw (act) shall enable compliance with the regulation of the European Union (Directive 2001/24/EC of the European Parliament and of the Council of April 04. 2001 on the reorganization and

4. The administrator shall identify the assets to be sold in accordance with item 8 paragraph 3 of the Decision on the terms and the procedure for implementing the rehabilitation plan and the plan for sale of assets and liabilities (hereinafter referred to as: the Decision).

5. Besides the identification of the assets to be sold, the administrator shall be required to determine their value on the date of adoption of the decision on introduction of administration in the bank.

For determining the value of the assets to be sold, the administrator should use and fill-in **Annex no. 1- List of assets to be sold**, with Annexes 1a and 1b as its integral part. The list shall be used as a basis for preparation of the set of documents and it shall not be submitted to the qualified bidders.

6. The value of the assets to be sold shall be presented through the net accounting and the current value of each individual asset.

The net accounting value shall denote the accounting value of the assets impaired by the adequate depreciation amount, the impairment, premium, discount and the effects of the change in the fair value.

The current value of the asset shall be the discounted value of the future cash inflows and outflows related to the collection/sale of the asset, including also the inflows and outflows related to the collection of the collateral (in instances when the credits are sold together with their collateral).

In instance when it is necessary to determine the current value of large number of credits to be sold, the administrator can divide the credits in groups, according to their similarity (for example, the households' credits can be divided into: housing credits, consumer credits, credit cards, etc.). In each group individually, both the regular and the non-performing credits shall be reviewed. From each group of similar credits representative sample, of at least 5% of the total number of credits in the group is selected, for which the current value shall be determined, which should include also the costs for collection of individual exposures. The obtained current value of the representative sample shall be applied to the entire group of similar credits.

7. Within the deadlines prescribed in the Banking Law, the administrator shall submit the Rehabilitation Plan that contains sale of the assets of the bank under administration to the Governor of the National Bank (hereinafter referred to as: the Governor).

If the Governor approves the Rehabilitation Plan, pursuant to the deadlines prescribed in the Banking Law, the administrator shall undertake further activities for its implementation, i.e. activities for the implementation of the steps envisaged with these Procedures.

If the Governor fails to approve the Rehabilitation Plan, s/he shall act in accordance with the Banking Law.

## **2. Identification and selection of the qualified bidders**

8. Within five days after the approval of the Rehabilitation Plan, the Governor shall submit to the administrator the data for the qualified bidders that should be invited to participate in the closed bid for sale of the assets of the bank under administration.

The Governor shall determine the qualified bidders pursuant to items 9 and 10 of these Procedures.

9. For the needs of these Procedures, qualified bidders shall be deemed the banks in the Republic of Macedonia, which in accordance with the internal acts of the National Bank have low, or moderate risk with stable and downward trend.

For the needs of these Procedures, the National Bank shall make and regularly update the list of qualified bidders that meet the criteria under paragraph 1 of this item.

10. The Governor shall select, from the list of qualified bidders, the qualified bidders that will be invited to participate in the closed bid for sale of the assets of the bank under administration, having in mind the following:

- the amount of the own funds and the capital adequacy ratio the qualified bidder would have after the purchase of the assets;
- the undertaken measures and the identified irregularities in the operations of the qualified bidder;
- the risk profile of the qualified bidder and the adequacy of its risk management systems relative to the assets to be sold.

### **3. Determining of the closed bid date and informing of the qualified bidders for the closed bid date**

11. Within three days after receiving the data under item 8 of these Procedures, the administrator shall send an invitation to the qualified bidders for participation in the closed bid, which contains the basic data on the intention on performing sale of assets and the deadline until when the qualified bidders are required to express their interest for participation.

12. The qualified bidders the invitation under item 11 of these Procedures is sent to shall be required, within the deadline stated on the invitation, to express their interest for participation in the closed bid through submission of filled-in application form (**Annex no. 2**) and a photocopy of the signed standard agreement for confidentiality of the data related to the sale of the assets (**Annex no. 3**).

13. The administrator shall set the date of the closed bid conduct, sending a written notification about that to the qualified bidders, which in line with item 12 of these Procedures, expressed an interest to participate in the closed bid.

The administrator shall be obliged to inform the qualified bidders under item 12 of these Procedures about the date under paragraph 1 of this item, at least two days before conducting the close bid.

### **4. Preparation of the set of documents**

14. The administrators shall be obliged to prepare the set of documents that is submitted to the qualified bidders under item 12 of these Procedures, on the date of conducting of the close bid.

15. The set of documents shall contain at least the following data and information:

- type, number and the total accounting value of the assets to be sold;
- location of the assets to be sold;

- data on the credits to be sold, following the guidelines stated in the standard form that is given in Annex no. 4.

In the set of documents, the individual credits that are sold can be grouped according to their similarity (according to the characteristics of the claims or the debtors, the terms of payment, the type of collateral, the geographic location, etc.).

16. The set of documents shall contain the value of the assets at which they are recorded in the bank's accounting (on a gross basis), not the value determined by the administrator, in accordance with item 6 of these Procedures.

## **5. Conducting of the closed bid**

17. Before the closed bid begins, the qualified bidders shall be required to submit the signed standard agreement for confidentiality of the data related to the sale of the assets (Annex no. 3) in original.

The standard agreement for confidentiality of the data related to the sale of the assets must be signed by all members of the Management Board of the bank - qualified bidder.

The qualified bidder shall be required to appoint a person, or persons as its representative in the conducting of the closed bid. The identity of the person/persons that will represent the qualified bidder shall be stated in the application form that is submitted prior to the commencement of the closed bid.

18. After determining of the identity of the qualified bidders and their representatives, the administrator shall sign the standard agreement for confidentiality of the data related to the sale of the assets, giving a set of documents to each qualified bidder.

19. With the finalization of the activities under items 17 and 18 of these Procedures, it shall be considered that the conditions for commencement of the closed bid are met.

The closed bid shall be held in the premises of the National Bank, which should be fully psychically protected during the closed bid conduct. Only the following persons shall have the right to enter these premises:

- administrator;
- representatives of the qualified bidders under item 17 of these Procedures; and
- persons employed in the National Bank, who will be included in the closed bid conduct.

20. The closed bid shall be conducted according to the following order:

- the administrator shall give a short introduction about the planned sale of the assets and the assets subject to the sale;
- the administrator shall inform the qualified bidders on accepting only those bids that encompass purchase of all assets to be sold;
- the administrator or other person appointed by the Governor shall give a description of the legal framework for implementation of the sale of the assets;
- the administrator shall set a timeframe (in hours) within which the qualified bidders may review the set of documents;
- after the expiration of this period, the administrator and the persons under item 19 paragraph 2 indent 3 shall answer on the potential questions related to the sale of the assets.

21. During the closed bid conduct, the administrator may assess that in order to provide a successful sale, the qualified bidders should pay a visit to the bank under administration. In that case, the administrator shall inform the qualified bidders on the possible visit and undertake all activities for its organization, in line with part 6 of this Section.

If the administrator estimates that the visit to the bank under administration is not necessary, the sale of the assets shall continue by performing the activities stipulated in part 7 of this Section.

## **6. Visit to the bank under administration**

22. In instances under item 21 paragraph 1 of these Procedures, the administrator shall be obliged to undertake all activities for successful realization of the visits to the bank under administration by all qualified bidders.

The administrator shall set the timeframe for visiting the bank under administration.

23. By visiting the bank under administration, the qualified bidders can make an analysis of the assets to be sold.

During the visit to the bank under administration, all qualified bidders should be enabled an access to the same data and given the same period for analysis, with the efficient and the fast finalization of the procedure for sale of the assets being taken into consideration.

The administrator shall appoint persons employed in the bank under administration that will be responsible for giving information and data to the qualified bidders related to the realization of the sale.

24. Every qualified bidder that visits the bank shall appoint a responsible person of the group (with contact data: telephone number, fax, e-mail etc.) and a list of the group members. The number, the names and other data about the responsible person and the group members, as well as the dates of the visit paid by each individual qualified bidder shall be strictly confidential and must not be disclosed to the other qualified bidders.

25. The administrator, or other person appointed by him/her, shall constantly monitor the visit of every qualified bidder. The administrator, or the other person, shall keep a record for both the entry and the exit of all members of the groups of each individual qualified bidder.

26. Copying, photographing, recording and taking out of the documentation of the bank under administration shall be forbidden. Only paper notes, or lap-tops notes shall be allowed. The qualified bidders shall not have access to:

- minutes from the meeting of the Supervisory Board of the bank under administration;
- on-site examination reports performed by the National Bank, or other competent body;
- data on the bank's deposits, that do not serve as a collateral to the assets to be sold;
- data on the employees in the bank under administration;
- other sensitive data that do not pertain to the assets to be sold.

27. During the implementation of the closed bid and the visit paid to the bank under administration, the representatives of the qualified bidders shall be required to adhere to the provisions of the standard agreement for confidentiality of the data related to the sale of the assets.

The qualified bidders must not exchange information and data with the employees (except to the employees under item 23 paragraph 3 of these Procedures), the fiduciaries, other business partners of the bank under administration, or with other qualified bidders, about the performance of the sale of the assets, the problems of the bank under administration, or other similar information and data.

## **7. Submission of the bids for purchase of the assets**

28. At the end of the close bid conduct, the administrator shall inform the qualified bidders on the deadline for the submission of the bids for purchase of the assets to be sold (hereinafter referred to as: the bid/bids).

29. Every interested qualified bidder shall be required to submit the bid in original, signed by all members of the Management Board of the bank-qualified bidder, based on the decision of the Supervisory Board of the bank-qualified bidder, until the deadline set by the administrator. These bids shall be considered final bids and they can not be subject to changes and supplements.

30. The bid (**Annex no. 5**) should contain at least the following elements:

- description of the bid for purchase of assets (Form 1);
- the price the qualified bidder is willing to pay for the assets to be sold (Form 2);
- a proof for the paid guarantee deposit.

Together with the submission of the bid under paragraph 1 of this item, the qualified bidder shall be required to paid guarantee deposit on a special account with the National Bank in the amount of 10% of the amount of the assets to be sold (the total bid price).

## **8. Selection of the most favorable bid, i.e. of the purchasing bank**

31. The administrator shall be obliged to review all received bids, to make their assessment and to select the most favorable bid within five days after the expiration of the deadline pertaining to the bids submission.

The bids that fail to envisage purchase of the total assets to be sold shall be considered incomplete and they shall not be taken into consideration in the selection of the most favorable bid.

32. The selection of the most favorable bid shall be made according to the following procedure:

- 1) In **Annex no. 6** (Data for each individual bid) shall state the total bid price encompassed in the bids of each individual qualified bidder and the total current value of all assets to be sold, set forth in accordance with item 6 of these Procedures.
- 2) The total bid price of each individual bid shall be compared to the total current value of the assets to be sold.

- 3) The most favorable bid shall be considered the bid registering the positive difference between the total bid price and the total current value (positive value of the column "Difference no. 1" of the Annex no. 6). If there is no such bid, the bid registering the smallest negative difference between these two values shall be selected.
- 4) If the negative value between the total bid price and the total current value of the assets to be sold is in the amount that fails to enable fulfillment of the objectives of the Rehabilitation Plan, the administrator can give proposal for cessation of the procedure for sale of the assets.

33. The qualified bidder the bid of which is selected as the most favorable one shall be considered as a purchasing bank of the assets.

If the purchasing bank under paragraph 1 of this item until the signing of the agreement for sale of the assets withdraws from the transfer, the bid assessed as the second after the bid of the purchasing bank that withdrew will be selected. This bid shall be deemed as the most favorable, while the qualified bidder that submitted it shall be considered as a purchasing bank.

The bank under paragraph 2 of this item that withdrew from the purchase of the assets shall have no right on return on the guarantee deposit under item 30 paragraph 2 of these Procedures.

## **9. Signing of the agreement for sale of assets**

34. The administrator shall select the most favorable bid about which s/he shall prepare a report containing an explanation for the selection and the contents of the received bids.

For the selection made, the administrator shall send a written notification to the Governor, containing the report on the selection and the filled-in Annex no. 6.

35. The administrator shall notify the purchasing bank about the selection as soon as possible and call it on a meeting, at which the final agreement for the sale of the assets is signed (**Annex no. 7**) taking care for the confidentiality of the entire process.

Within the deadline under paragraph 1 of this item, the administrator shall inform also the participants the bids of which were rejected and state the deadline within which they will have their guarantee deposit returned. In order to preserve the confidentiality of the process, the name of the purchasing bank shall not be disclosed to them.

36. A meeting with the selected purchasing bank shall be appointed at which the agreement for sale of assets and all other necessary documents are signed. All future steps shall simultaneously be agreed.

37. The debtors of the bank under administration the liabilities of which are sold, shall become debtors of the purchasing bank.

38. After the signing of the agreement for sale of the assets, the administrator shall submit notification to the persons/entities which have their liabilities towards the bank under administration (assets of the bank under administration) transferred to the purchasing bank.

The purchasing bank shall send a detailed notification to the persons/entities having the liabilities towards the bank under administration purchased, containing the data determined in Article 8 of the agreement for sale of the assets.

### **III. CESSATION OF THE PROCEDURE FOR SALE OF THE ASSETS**

39. During the performance of the sale of the assets, the administrator may determine that its adequate realization is not possible (if no bids are received, the bids fail to provide accomplishment of the objectives of the Rehabilitation Plan etc.). In that instance, the administrator shall prepare a report proposing a cessation of the procedure for sale of the assets, which contains the reasons for such proposal. The administrator shall be required to submit the report to the Governor as soon as possible, but no longer than five business days from the determining of the inability to perform the sale.

The Governor shall review the report under paragraph 1 of this item and decide on the received proposal. In instances when the Governor accepts the proposal, the sale of the assets shall be terminated. If the rehabilitation plan envisages other activities, except the sale of assets and those activities provide basis for accomplishing the objectives of the plan, the administrator shall continue with their accomplishment. If the Rehabilitation Plan envisages no other activities except the sale of the assets, the Governor shall review the condition of the bank under administration and shall decide on the further activities pursuant to the Banking Law.

In instances when the Governor finds that there are still conditions to continue with the sale of the assets, s/he shall hold a meeting with the administrator at which it is decided on the future activities related to the (dis)continuance of the sale of the assets of the bank under administration. If no consent is reached at the meeting, the Governor shall pronounce in accordance with the procedure set forth in the Decision.

### **IV. TRANSITIONAL AND CLOSING PROVISIONS**

40. The process of the sale of the assets should last within the timeframe defined in **Annex no. 8**. This timeframe shall encompass the period from the approval the Rehabilitation Plan and the adoption of the decision on entitling the administrator for undertaking further activities for realization of the plan, until the signing of the agreement for sale of the assets.

The timeframe shall depend on the size, the nature and the characteristics of the bank under administration, as well as on the need for faster and efficient performance of the sale of the assets.

41. The Annexes from no. 1 to no. 8 shall represent an integral part of these Procedures.

42. These procedures shall enter into effect on the eighth day from the day of their publishing in the "Official Gazette of the Republic of Macedonia".

**No. 3345**  
**May 12, 2010**

**Governor**  
**Petar Goshev, M.Sc.**

#### **Annexes:**

Annex no. 1- List of assets to be sold

Annex no. 1a - List of each credit to be sold

Annex no. 1a - List of the group of similar credits to be sold



- Annex no. 2 - Application form
- Annex no. 3 - Agreement for confidentiality of the data related to the sale of the assets
- Annex no. 4 - Standard form of the set of documents for credits to be sold
- Annex no. 5 - Bid for purchase of assets (Forms 1-2)
- Annex no. 6 - Data for each individual bid
- Annex no. 7 - Agreement for sale of assets of the bank under administration
- Annex no. 8 - Timeframe for performing the sale of the assets