



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

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Pursuant to Article 47 paragraph 1 item 6 and in accordance with Article 20 paragraph 2 of the Law on the National Bank of the Republic of North Macedonia (Official Gazette of the Republic of Macedonia No. 158/10, 123/12, 43/14, 153/15, 6/16 and 83/18 and Official Gazette of the Republic of North Macedonia No. 110/21), the National Bank of the Republic of North Macedonia Council adopted the following

### **DECISION on reserve requirement**

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

1. With this Decision, the National Bank of the Republic of North 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 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 CALCULATION 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 Tier II capital, in conformity with the Methodology for determining capital adequacy prescribed by the National Bank.

3. The reserve requirement base from banks' liabilities in domestic currency referred to in item 2 paragraph 1 of this Decision shall be reduced by the amount of the claims on the basis of newly approved and restructured loans to non-financial companies of the activities that have negative effects of the pandemic of the viral infection COVID-19 and are in accordance with the information published by the Government of the Republic of North Macedonia.

Loans to non-financial companies, in terms of this Decision, shall denote the loans to non-financial companies which, on the last day of

the calendar month for which the report is produced, with the bank are classified in A, B or C risk category, pursuant to the Decision on the methodology for credit risk management (Official Gazette of the Republic of Macedonia No. 149/18 and Official Gazette of the Republic of North Macedonia No. 76/20 and 116/20). Loans classified in C risk category, on the last day of the calendar month for which the report is produced, shall not include non-performing loans.

Newly approved loans, in terms of this Decision, shall denote approved and disbursed loans, i.e. used credit lines:

- after 1 March 2020 for the activities from group 1, i.e. after 1 August 2021 for the activities from group 2 of the Decision on the list of activities supported by measures of the Government of the Republic of North Macedonia, which are still due on the last day of the calendar month for which the report is produced, and
- after 1 March 2020 for the activities that are not included in the Decision on the list of activities supported by measures of the Government of the Republic of North Macedonia and for which the banks have submitted a notification on newly approved loan in accordance with item 3 paragraph 1 and item 4 paragraph 2 of this Decision as of 31 July 2021 and are still due on the last day of the calendar month for which the report is produced.

Restructured loans, in terms of this Decision, shall denote the loans for which the bank has performed any of the activities of item 37 paragraph 1 of the Decision on the methodology for credit risk management (Official Gazette of the Republic of Macedonia No. 149/18 and Official Gazette of the Republic of North Macedonia No. 76/20 and 116/20):

- after 1 March 2020 for the activities from group 1, i.e. after 1 August 2021 for the activities from group 2 of the Decision on the list of activities supported by measures of the Government of the Republic of North Macedonia and which are still due on the last day of the calendar month for which the report is produced and
- after 1 March 2020 for the activities that are not included in the Decision on the list of activities supported by measures of the Government of the Republic of North Macedonia and for which the banks have submitted a notification on restructured loan in accordance with item 3 paragraph 1 and item 4 paragraph 2 of this Decision as of 31 July 2021 and are still due on the last day of the calendar month for which the report is produced.

For the application of this item of the Decision, the Governor passes a Decision on the list of activities supported by measures of the Government of the Republic of North Macedonia, which is reviewed on a regular basis, depending on the available information and is published on the National Bank website.

4. 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 3, paragraph 1 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 of item 3 paragraph 1 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.

5. 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 6, paragraph 1, indent 1 of this Decision is applied, shall be reduced by the amount of the claims referred to in item 3, paragraph 1.

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**

6. The reserve requirement ratios for banks shall equal:
- 8% for liabilities in domestic currency;
  - 50% for liabilities in domestic currency with FX clause;
  - 15% for liabilities in foreign currency.

By way of derogation from paragraph 1, indent 3 of this item, the reserve requirement ratios shall equal 13% for liabilities to non-residents - financial companies in foreign currency with contractual maturity up to one year.

By way of derogation from paragraphs 1 and 2 of this item, the reserve requirement ratios shall equal 0% for:

- liabilities to natural persons in domestic currency with contractual maturity of over one year;
- liabilities to natural persons 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;
- liabilities to nonresidents – financial institutions in domestic currency, in domestic currency with FX clause and in foreign currency, with contractual maturity of over one year and liabilities to non-residents in domestic currency, in domestic currency with FX clause and in foreign currency, with contractual maturity of over two years.

Deposits considered to be liabilities under paragraph 3 indent 1 and 2 of this

item, shall take 0% reserve requirement ratios, 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  $\frac{1}{4}$  of the valid deposit interest rate, for the period from the date of deposit lock/relock to the date of deposit withdrawal.
7. The reserve requirement rate for savings houses shall equal 2.5%.

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

8. The reserve requirement for banks in Denars shall be calculated as a sum of:
- the amount obtained by applying the ratios under item 6 paragraph 1 indent 1 and paragraph 3 of this Decision to the base of the liabilities in domestic currency;
  - the amount obtained by applying the ratios under item 6 paragraph 1 indent 2 and paragraph 3 indents 2 and 5 of this Decision to the base of the liabilities in domestic currency with FX clause; and
  - 30% of the amount obtained by applying the ratios under item 6 paragraph 1 indent 3, paragraph 2 and paragraph 3 indents 2 and 5 of this Decision to the base of the liabilities in foreign currency.

9. The banks' reserve requirement in foreign currency shall equal 70% of the amount obtained by applying the ratios under item 6 paragraph 1 indent 3, paragraph 2 and paragraph 3 indents 2 and 5 of this Decision to the base of the liabilities in foreign currency.

10. 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.

11. The savings houses' reserve requirement shall be calculated by applying the rate under item 7 of this Decision on the reserve requirement base.

#### **V. RESERVE REQUIREMENT FULFILLMENT**

12. The bank shall fulfill the reserve requirement in Denars if the average daily outstanding amount on the bank's account with the National Bank and the bank's balance on the account for the reserve guarantee fund of clearing house Clearing Interbank Systems AD Skopje for the fulfillment period is at least equal to the calculated reserve requirement, in conformity with item 8 of this Decision.

On a daily basis, the bank may fully use the portion of the reserve requirement in Denars that is fulfilled through the bank's account with the National Bank.

13. 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 95% of the reserve requirement calculated in euros, in accordance with item 9 of this Decision, and
  - the average daily outstanding amount of bank's funds allocated to the foreign exchange account in euros in MIPS for the fulfillment period is at least equal to 5% of the reserve requirement calculated in euros, in accordance with item 9 of this Decision.

14. 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 11 of this Decision.

15. 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.

16. The National Bank shall not calculate reserve requirement remuneration in denars.

Remuneration shall be charged on reserve requirement in euro at a rate equal to the interest rate on the ECB's overnight deposit facility applicable as of the last day of the reserve maintenance period. If the average daily outstanding amount of bank's funds allocated to the foreign exchange account in euro in MIPS exceeds 5% of the calculated reserve requirement in euro for the entire reserve maintenance period, remuneration shall be charged on the excess allocated funds at a rate equal to the interest rate on the ECB's overnight deposit facility applicable as of the last day of the reserve maintenance period, less 0.15 percentage points.

If the rates referred to in paragraph 2 of this item are negative, the banks shall pay remuneration to the National Bank.

The remuneration shall be calculated by applying the following formula:

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

where:

N - remuneration on reserve requirement in euro for the reserve maintenance period;

ZR - amount of reserve requirement maintenance in euro;

VZR – average daily excess reserve requirement in euro; n - annual remuneration rate;

D = number of days in the maintenance period.

The remuneration shall be calculated in denars using the NBRNM middle exchange rate on the last day of the maintenance period. The remuneration shall be paid in denars within eight days after the end of the maintenance period.

17. If the National Bank determines that the reserve requirement of the bank or the savings house within a certain fulfillment period is below the reserve requirement calculated under items 8, 9 and 11 of this Decision, due to false data on the reserve requirement base and/or for the claims referred to in item 3 paragraph 1, the bank or the savings house shall:

- allocate additional denar equivalent funds calculated on the basis of the difference in the allocated reserve requirement, on a special account of the National Bank within the respective duration of the fulfillment period/s that showed difference. On request of the bank, the duration of maintaining additional funds on the special account may be shortened, while the amount of funds increases accordingly, and

- pay remuneration calculated for the amount of additional funds for periods when the reserve requirement is not fulfilled, in the amount of the corresponding interest rate on CB bills in the period/s that showed difference. The remuneration shall be paid outright on the first day of allocation of additional assets.

## **VI. PENALTY PROVISIONS**

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

- on the unfulfilled average daily outstanding amount for the entire reserve requirement period in accordance with item 12 paragraph 1 and item 13 paragraph 1 indent 2 of this Decision;
- of the unfulfilled outstanding amount at the end of the day, in accordance with item 13 paragraph 1 indent 1 and item 14 of this Decision.

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 prescribed by law, in case of violation of the provisions of this Decision.

Paragraph 1 of this item shall not apply to the cases under item 17 of this Decision.

## **VII. 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 acquiring bank. 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 acquiring bank. The reserve requirement to the end of the current period shall be fulfilled on an average level.

### **VIII. TRANSITIONAL AND CLOSING PROVISIONS**

23. The reserve requirement base from banks' liabilities in domestic currency referred to in item 2 paragraph 1 of this Decision shall be reduced by the amount of the claims referred to in item 3 paragraph 1 of this Decision, as of 31 December 2022.

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. 87/16, 218/16, 138/17, 189/17, 198/18 and Official Gazette of the Republic of North Macedonia No. 69/20 and 146/20).

25. This Decision shall enter into force on the day of publication in the Official Gazette of the Republic of North Macedonia, and shall apply from 15 September 2021 with the fulfillment of the reserve requirement calculated from the liabilities from August 2021.

**D. No. 02-15/XI-3/2021  
29 July 2021 Skopje**

**Anita Angelovska Bezhoska  
Governor and Chairperson  
of the Council of the National Bank  
of the Republic of North Macedonia**

## **ATTACHMENT 1**

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

	<b>Accounts payable and other liabilities</b>
2249	Received advances in Denars - Received advances for other purposes
	<b>Current accounts in Denars</b>
800	Non-financial companies
801	Country
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
	<b>Sight deposits in Denars</b>
810	Non-financial companies
811	Country
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
	<b>Term deposits in Denars</b>
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*
	<b>Liabilities on securities issued in Denars and in Denars with FX clause</b>
830	Issued debt securities in Denars
831	Issued debt securities in Denars with FX clause
	<b>Borrowings in Denars</b>
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 Country
- 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.

