



## **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 6 paragraph 2 and Article 22 paragraph 7 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 and 74/24), the National Bank of the Republic of North Macedonia Council has adopted the following

### **DECISION on the conditions and the method of approving emergency liquidity assistance**

#### **I. General provisions**

1. With this Decision, the National Bank of the Republic of North Macedonia (hereinafter referred to as: the National Bank) shall prescribe the conditions and the method of approving emergency liquidity assistance for a bank in the Republic of North Macedonia, the types of instruments for providing liquidity assistance and the National Bank activities for managing any risk arising from the approved liquidity assistance.

#### **II. Conditions for approving emergency liquidity assistance**

2. The emergency liquidity assistance shall be approved for improving bank's liquidity, in order to maintain the stability of the financial system.

3. Emergency liquidity assistance can be used by banks that have an obligation to meet reserve requirement and are MIPS participants.

The emergency liquidity assistance shall be approved to a bank that according to the National Bank's assessment is solvent and sustainable, and which is unable to provide liquidity through other sources, has an adequate action plan with measures, accepted by the Executive Board of the National Bank, it will undertake to overcome the temporary liquidity difficulties and has appropriate collateral.

4. For the purposes of approving emergency liquidity assistance, the bank shall be considered solvent if it meets a capital adequacy ratio of at least 8% or if for the bank whose capital adequacy ratio is lower than 8%, but not lower than 2%, there are reasonable prospects for its recapitalization on the basis of which one can justifiably expect that the bank will meet the capital adequacy ratio of 8% within 6 months from submitting the application.

5. For the purposes of approving emergency liquidity assistance, the bank shall be considered sustainable if its business model, assessed in accordance with the latest determined overall risk profile of the bank, enables profitable operations in the medium run.

6. The emergency liquidity assistance shall be temporary and banks can use it on a short-term basis of up to six months. After the expiration of the first six months, the bank can use emergency liquidity assistance another six months, at the most, so that the maximum duration of the use of the liquidity assistance by the bank is twelve months.

Within the maximum duration of the use of the emergency liquidity assistance referred

to in paragraph 1 of this item, the emergency liquidity assistance shall be realized by approving collateralized loans in the shorter term, which can be used on several occasions, acting in accordance with Section III of this Decision.

7. As a rule, the emergency liquidity assistance shall be approved in denars.

As an exception to paragraph 1 of this item, if the bank needs financing in foreign currency and is unable to provide foreign currency assets through the foreign exchange market, the emergency liquidity assistance may also be approved in foreign currency, only in euros.

8. For the approved emergency liquidity assistance, regardless of the currency in which it is approved, the National Bank shall charge interest at an interest rate that is obtained by adding three percentage points to the interest rate on overnight loan facilities with the National Bank, which is applicable in the moment of approving the emergency liquidity assistance.

### **III. Method of approving emergency liquidity assistance**

9. The bank shall submit an application to the Executive Board of the National Bank for using emergency liquidity assistance, which shall include:

- description of the reasons that led to the need for using emergency liquidity assistance;
- necessary amount of emergency liquidity assistance;
- assessment of the maximum time needed for using emergency liquidity assistance by the National Bank;
- list of all the assets available to the bank and appropriate documentation to confirm the ownership;
- statement from the Management Board that the bank has previously used all other available sources of liquidity, including the possibility of financing from the parent bank, if applicable;
- statement from the Management Board that the bank is unable to provide foreign currency assets through the foreign exchange market, in the cases of item 7 paragraph 2 of this Decision;
- action plan and forecasts with measures to be undertaken by the bank to overcome the temporary liquidity problems and forecasted balance sheet and indicators for monitoring the emergency liquidity assistance, in accordance with Form 1, which is an integral part of this Decision. The plan shall include a detailed description/explanation by quarters for the manner of overcoming the liquidity problems, especially taking into account the plan for the movement of own funds, the lending plan, the dividend policy, the deposit growth plans and the strategy for keeping and attracting new depositors, the policy on establishing and monitoring collateral and
- forecast of the interest income and expenses, and the financial results for the next 12 months.

The Executive Board of the National Bank may require other, additional data from the bank, in order to assess its financial standing.

10. The Executive Board of the National Bank shall decide on the approval or rejection of the application for emergency liquidity assistance. In case of approval, the Executive Board shall decide on the amount of the loan for emergency liquidity assistance to be approved to a bank, the maturity date of the loan for liquidity assistance and the

instruments for providing liquidity assistance.

The Executive Board of the National Bank shall make the decision referred to in paragraph 1 of this item, on the basis of the assessment of the fulfillment of the conditions by the bank for approving emergency liquidity assistance, the action plan with measures submitted by the bank and the assessment of the effects of the approval or non-approval on the stability of the financial system.

The approval of the liquidity assistance by the Executive Board may be accompanied by additional conditions for the bank that will be laid down in the agreement for approving the emergency liquidity assistance from item 11 of this Decision.

11. On the basis of the Executive Board's decision referred to in item 10 of this Decision, the National Bank and the bank shall conclude an agreement for approving emergency liquidity assistance (hereinafter: the Agreement), which shall regulate the mutual rights and obligations.

The Agreement shall also regulate the provision instruments that the bank should transfer in favor of the National Bank.

All costs incurred during the procedure for approving and providing emergency liquidity assistance and its execution shall be borne by the bank.

12. The National Bank shall pay off the funds from the approved emergency liquidity assistance once the bank transfers the provision instruments in favor of the National Bank.

13. The bank shall be obliged to submit to the National Bank a daily report on liquidity flows, in accordance with Form 2 - Form for monitoring the liquidity of a bank that uses emergency liquidity assistance, which is an integral part of this Decision.

The bank shall be obliged to submit the report on the fulfillment of the measures from the action plan referred to in item 9 paragraph 1 indent 7 of this Decision, together with the other necessary data on the fulfillment of the obligations on the basis of the Agreement referred to in item 11, at least once a week or more frequently, at request of the National Bank.

14. In case of non-fulfillment of some of the obligations specified in the Agreement referred to in item 11 of this Decision by the bank, the National Bank shall be entitled to immediately terminate the Agreement and to start executing the instruments for securing the claims on the basis of the approved liquidity assistance.

On the date the liquidity assistance is terminated, all unsettled liabilities that the bank incurs or will incur (undue interest until the day of termination) on the basis of that agreement, shall fall due.

15. Before the date the loan for emergency liquidity assistance falls due, the bank may require changes in the contractual terms of the previously approved loan for emergency liquidity assistance. The application shall be submitted to the Executive Board together with the documentation provided for in item 9 of this Decision, if there are changes in the previously submitted documentation.

The National Bank may also require other data and information and additional documentation from the bank.

The Executive Board shall decide on the basis of the bank's application for

changes in the contractual terms of the emergency liquidity assistance.

For all changes in the contractual terms of the emergency liquidity assistance, the National Bank and the bank shall conclude an Annex to the Agreement.

16. On the date the loan for emergency liquidity assistance falls due, the bank shall repay the approved amount of liquidity assistance to the National Bank, including the interest.

The bank may repay the loan for emergency liquidity assistance before the maturity date, of which it shall inform the National Bank in writing.

17. If on the date the liquidity assistance falls due or is terminated, the bank does not meet or partially meets the obligations arising from the Agreement referred to in item 11 of this Decision and the Annexes thereto, the National Bank shall calculate and charge a legal default interest and shall commence the activities for executing the provision instruments referred to in item 18 of this Decision.

#### **IV. Provision instruments and activities for managing the risks from the approved emergency liquidity assistance**

18. The instruments for providing emergency liquidity assistance accepted by the National Bank shall include debt securities, foreign currency, bank's claims on the National Bank, bank's claims on clients and other funds that the National Bank will assess as acceptable.

The Executive Board of the National Bank shall assess which instruments it will accept for providing the liquidity assistance from the list of assets referred to in item 9 paragraph 1 indent 4 of this Decision.

The Executive Board shall assess the acceptability of the instruments for providing the emergency liquidity assistance referred to in paragraph 2 of this item, on the basis of the criteria prescribed by the National Bank Council with an internal act.

The residual maturity of the provision instruments should be longer than the maturity date of the emergency liquidity assistance.

19. The amount of approved emergency liquidity assistance is lower than the value of the instruments that are used for provision, in accordance with the National Bank's estimates for the risks which arise from the approved liquidity assistance.

During the use of the emergency liquidity assistance, the National Bank shall regularly monitor the value of the provision instruments and shall be entitled to request additional coverage in funds and/or in appropriate provision instruments.

20. In order to maintain the stability of the financial system, in the cases provided for in Article 22 paragraph 4 of the Law on the National Bank of the Republic of North Macedonia, the Executive Board of the National Bank may approve to a bank emergency liquidity assistance based on a guarantee provided by the Government of the Republic of North Macedonia.

The guarantee of the Government of the Republic of North Macedonia shall refer to the amount of the emergency liquidity assistance, including the interest for the period of using liquidity assistance.

## **V. Closing provisions**

21. Once this Decision enters into force, it shall supersede the Decision on the credit of last resort (Official Gazette of the Republic of Macedonia No. 74/15).

22. This decision shall enter into force on the eighth day of its publication in the Official Gazette of the Republic of North Macedonia.

**No. 02-34557/5  
9 October 2024 Skopje**

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

# Form 1 - Forecasted balance sheet and indicators for monitoring the emergency liquidity assistance

Forecasted balance sheet and indicators for monitoring the loan for the emergency liquidity assistance						
	Initial balance	balance at the end of the month when the application was submitted	quarter 1	quarter 2	quarter 3	quarter 4
<b>ASSETS</b>						
Money in cash						
Funds with the National Bank (including deposits with the National Bank)						
Securities issued by the National Bank						
Securities issued or guaranteed by the Government						
with residual maturity of up to 3 months						
with residual maturity from 3 months to 1 year						
with residual maturity from 1 to 3 years						
with residual maturity from 3 to 10 years						
with residual maturity of over 10 years						
Securities issued by any other government authority, public enterprises and public institutions, trade companies established by the Government or in which the Government is the majority shareholder, municipal authorities in the Government, municipalities of the City of Skopje and the City of Skopje						
with residual maturity of up to 3 months						
with residual maturity from 3 months to 1 year						
with residual maturity from 1 to 3 years						
with residual maturity from 3 to 10 years						
with residual maturity of over 10 years						
Securities issued by other central governments, public institutions in other countries, local government and regional authority of other countries, multilateral development banks and international organizations						
with residual maturity of up to 3 months						
with residual maturity from 3 months to 1 year						
with residual maturity from 1 to 3 years						
with residual maturity from 3 to 10 years						
with residual maturity of over 10 years						
Other debt securities, equity instruments and derivatives						
Placements in banks						
Loans to non-financial entities						
corporate loans						
household loans						
loans to other entities						
Claims on the basis of taxes						
Other claims						
Intangible assets						
Tangible assets						
Foreclosed assets from outstanding claims						
<b>LIABILITIES</b>						
Deposits of financial companies						
demand deposits						
short-term deposits						
long-term deposits						
Deposits of non-financial entities						
corporate deposits						
household deposits						
deposits of other entities						
demand deposits						
short-term deposits						
long-term deposits						
Insured deposits						
uninsured deposits						
Loan liabilities						
covered loans						
uncovered loans						
Issued debt instruments						
Subordinated and hybrid instruments						
Liabilities on the basis of taxes						
Derivatives and other financial liabilities						
Special reserve and other provisions						
Capital and reserves						
<b>National Bank financing requirement</b>						
liabilities to the National Bank on the basis of the monetary policy instruments						
loan for the emergency liquidity assistance (ELA)						
<b>Available collateral after applying coverage ratios (haircuts)</b>						
liabilities to the National Bank on the basis of the monetary policy instruments						
loan for the emergency liquidity assistance (ELA)						
<b>Reserve requirement</b>						
<b>National Bank financing requirement (% total assets)</b>						
liabilities to the National Bank on the basis of the monetary policy instruments (% of total assets)						
loan for the emergency liquidity assistance (ELA) (% of total assets)						
<b>Total high-quality liquid assets (HQLA)</b>						
<b>Risk-weighted assets (RWA)</b>						
<b>Capital adequacy ratio (CAR)</b>						
<b>Liquidity coverage ratio</b>						

Form 2 - Form for monitoring the liquidity of a bank that uses emergency liquidity assistance

Form for monitoring the liquidity of a bank that uses emergency liquidity assistance									
on a daily basis	Liquid assets	currency	stock in millions	Positions in the bank balance sheet that fall due in the next 30 days					
		denars		loans					
		euro		maturity date	amount	name of client	interest rate		
		USD							
		other currencies		Total					
	net flows in the previous working day	deposits of legal entities		borrowings					
		household deposits		maturity date	amount	name of the borrower	interest rate	collateral	
		total deposits		secured					
		interbank borrowings		unsecured					
		loans		currency swap					
total net liquid flows			Total						
explanations (especially in cases of significant and/ or unusual net cash flows)			maturity of debt securities						
every week	expected flows for the next 7 days	deposits of legal entities		maturity date	amount	issuer	category		
		household deposits		National Bank					
		total deposits		Country					
		interbank borrowings		banks					
		loans		non-financial legal entities					
		other		other					
	total net liquid flows			Total					
explanations (especially in cases of significant and/ or unusual net cash flows)			issued debt securities						
			maturity date	amount	buyer	category			
			bond						
			covered bond						
			other instruments						
			Total						
			explanations (especially if there is information on prolongation of loans/borrowings/ maturity of securities)						