



NATIONAL BANK OF THE REPUBLIC OF NORTH MACEDONIA

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 has 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 maintenance of the reserve requirement for banks and foreign bank branches (hereinafter referred to as: banks) and savings houses, which have founding and operating license issued by 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:

- received deposits and received loans;
- issued equity debt securities;
- other liabilities.

The reserve requirement base shall not include:

- liabilities to other 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 loans to legal entities intended for financing projects for the construction of new facilities or for increasing the installed power of the existing facilities for domestic production of electricity from renewable sources.

Loans to legal entities, in terms of item 3 paragraph 1 of this Decision, shall denote the loans approved to legal entities which, on the last day of the calendar month for which the report is produced, with the bank are classified in A or B risk category, pursuant to the Decision on the methodology for credit risk management.

Newly approved loans to legal entities, in terms of item 3 paragraph 1 of this Decision, shall denote approved and disbursed loans after 1 October 2022 as of 31 December 2024, which are still due on the last day of the calendar month for which the report is produced and which meet the following criteria:

- approvals and complete documentation for the purpose of the project, in accordance with the regulations and the rules of the Energy and Water Services Regulatory Commission of the Republic of North Macedonia, the Law on Energy and other laws and regulations;
- the original maturity of the loan to be at least two years.

4. The banks and the savings houses shall report to the National Bank on the liabilities outstanding, comprising the reserve requirement base, for each day of the calendar month, within 15 (fifteen) calendar days after the end of the calendar month for which the report is produced.

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, within 15 (fifteen) calendar days after the end of the calendar month for which the report is produced.

The liabilities in foreign currency, for each day of the calendar month and the claims in foreign currency of item 3 paragraph 1, 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 savings houses shall submit the report referred to in paragraph 1 of this item by mail on a form, in accordance with Attachment 3, which is an integral part of this Decision.

5. The banks' and the savings houses' reserve requirement base for a certain maintenance period shall be calculated as an average of the liabilities for each day of the calendar month that precedes two months of the calendar month in which the reserve requirement maintenance period starts. The base from the foreign currency liabilities of the banks 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.

III. RESERVE REQUIREMENT RATES

6. The reserve requirement rates for banks and savings houses for liabilities with contractual maturity of up to 2 years, shall be:

- 8% for liabilities in domestic currency;
- 100% for liabilities in domestic currency with FX clause;
- 21% for liabilities in foreign currency.

The reserve requirement rates for banks and savings houses for liabilities with contractual maturity of over 2 years, shall be:

- 0% for liabilities in domestic currency;
- 100% for liabilities in domestic currency with FX clause
- 5% for liabilities in foreign currency.

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

- liabilities to natural persons in domestic currency with contractual maturity of over one up to two years;
- liabilities based on repo-transactions in domestic currency.

Deposits of natural persons that fall in the liabilities from paragraphs 2 and 3 of this item shall be regulated by the reserve requirement rates for the respective currency, if the agreement provides for one of the stated conditions:

- there is no possibility of early deposit withdrawal by the natural person prior to the end of contractual maturity period; or
- there is a possibility of 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.

If the deposits referred to in paragraph 4 of this item do not meet the contractual terms, the reserve requirement rates referred to in paragraph 1 of this item for the respective currency shall be applied.

In case of deposit withdrawal and termination of the contract, contrary to the contractual terms specified in paragraph 4 of this item, the bank, i.e. the savings house shall be obliged to submit a notification on correction of the data for the reserve requirement base to the National Bank. On the basis of the notification from the bank, i.e. the savings house, the National Bank shall act in accordance with item 16 of this Decision.

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 6 of this Decision to the base of the liabilities in domestic currency; and
 - 15% of the amount obtained by applying the rates under item 6 of this Decision to the base of the liabilities in foreign currency.

8. The reserve requirement for banks in foreign currency shall be calculated as a sum of:
- 85% of the amount obtained by applying the rates under item 6 of this Decision to the base of the liabilities in foreign currency; and
 - the amount obtained by applying the rate under item 6 of this Decision to the base of the liabilities in domestic currency with a currency clause.

9. The bank shall verify the calculated reserve requirement through the electronic system within 18 (eighteen) calendar days after the end of the calendar month for which the report is produced, comprising the basis for calculating the reserve requirement maintenance period. If the bank fails to verify the calculation within the specified term, the reserve requirement determined for that maintenance period shall be final.

10. The savings houses' reserve requirement in denars shall be calculated by applying the rates referred to in item 6 of this Decision to the reserve requirement base from liabilities in domestic currency and liabilities in domestic currency with a currency clause. The savings house shall verify the calculated reserve requirement by mail, within 18 (eighteen) calendar days after the end of the calendar month for which the report is produced, comprising the basis for calculating the reserve requirement maintenance period.

V. RESERVE REQUIREMENT MAINTENANCE

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 maintenance 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 funds from 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 85% of the reserve requirement calculated in euros, in accordance with item 8 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 maintenance period is at least equal to 15% of the reserve requirement calculated in euros, in accordance with item 8 of this Decision.

On a daily basis, the bank may fully use the portion of the reserve requirement that is fulfilled through the foreign exchange account in euros in MIPS.

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 maintenance periods in Denars and in Euro, for banks and savings houses, in an indicative calendar of reserve requirement maintenance periods.

The calendar shall be disclosed prior to the beginning of the calendar year on the National Bank website.

The National Bank may change the indicative calendar. The changed indicative calendar of the reserve requirement maintenance periods shall be published on the web site of the National Bank before the start of the maintenance period to which the change refers.

15. 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 lower rate of 0% and 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 the bank's allocated funds in accordance with item 12 of this Decision is higher than the confirmed 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 lower rate of 0% and 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.

16. If the National Bank determines that the confirmed reserve requirement of the bank or the savings house within a certain maintenance period is lower, due to submitted 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 confirmed reserve requirement and the calculated reserve requirement with corrected data on the base and/or the claims, on a special account of the National Bank within the respective duration of the maintenance period/s that showed difference. On request of the bank, the duration of maintaining additional funds on the special account is shortened, while the amount of additional 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

17. 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 11 and item 12 paragraph 1 indent 2 of this Decision;
- of the unfulfilled outstanding amount at the end of the day, in accordance with item 12 paragraph 1 indent 1 and item 13 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 16 of this Decision.

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

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

19. In case of merger, or acquisition of banks during the maintenance period, the reserve requirement shall be transferred to the new bank, i.e. to the acquiring bank. The

maintenance of the reserve requirement shall represent a sum of the maintenance of the reserve requirement of banks in a process of merger, or acquisition.

20. In case of a division of a bank during the maintenance 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 maintenance of the reserve requirement.

21. 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 maintenance period, the reserve requirement of the savings house for the current maintenance 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

22. 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 30 November 2030.

23. As an exception to item 6 paragraph 1 indent 1 of this Decision, starting from the reserve requirement period that starts on 12 June 2024 and ends on 23 July 2024, the reserve requirement rate for liabilities in domestic currency with maturity up to 2 years, shall be 6.5%.

24. As an exception to item 11 paragraph 1 of this Decision, as of the reserve requirement maintenance period that starts on 12 June 2024 and ends on 23 July 2024, 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 the clearing house Clearing Interbank Systems AD Skopje for the maintenance period is at least equal to the calculated reserve requirement, in conformity with item 7 of this Decision.

25. On the day this Decision starts being applied, it shall supersede the Decision on reserve requirement (Official Gazette of the Republic of North Macedonia No. 16/23, 171/23 and 197/23).

26. This Decision shall enter into force on the eighth day of its publication in the Official Gazette of the Republic of North Macedonia, and shall apply from 12 June 2024 with the maintenance of the reserve requirement calculated from the liabilities from April 2024.

**No. 02-7700/6
28 February 2024
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:

	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.

ATTACHMENT 3

Име на штедилницата

Седиште

ИЗВЕШТАЈ

за пресметување на задолжителна резерва на штедилниците во денари за _____ година

[illegible]

Место и датум

Печат и потпис на овластено лице

* When filling in the form, only the outstanding amounts of the accounts under Attachment 1 where the savings houses have recorded bookkeeping amounts shall be entered.

