

*Approved: by the decree of the President of NBG, N10/04, 11/02/2011
Amended: by the decree of the President of NBG, N49/04, 17/06/2011
Amended: by the decree of the President of NBG, N55/04, 27/07/2011
Amended: by the decree of the President of NBG, N75/04, 23/07/2012
Amended: by the decree of the President of NBG, N34/04, 02/04/2013
Amended: by the decree of the President of NBG, N118/04, 27/11/2013
Amended: by the decree of the President of NBG, N152/04, 16/05/2016
Amended: by the decree of the President of NBG, N111/04, 28/07/2017
Amended: by the decree of the President of NBG, N182/04, 25/12/2017
Amended: by the decree of the President of NBG, N106/04, 14/06/2018
Amended: by the decree of the President of NBG, N169/04, 25/07/2018
Amended: by the decree of the President of NBG, N55/04, 19/03/2019*

Regulation on Maintenance of Minimum Reserves Requirements by Commercial Banks

Article 1. General Provisions

1. National Bank of Georgia (hereafter NBG) sets the minimum reserve requirements in compliance with the organic law on the National Bank of Georgia for commercial banks and branches of foreign banks (hereafter Banks) licensed in Georgia.
2. Minimum reserve requirements are set for the purpose of the monetary policy and for supporting the monetary operations.
3. In accordance to this regulation, the banks are required to keep the respective amounts on the dedicated accounts at NBG.
4. For the purposes of this regulation, the amounts of minimum reserve requirements are rounded to the units of currency; less than half of a unit will be disregarded, whereas half unit or more will be rounded to one unit.

Article 2. The Ratio of Minimum Reserve Requirements

1. Reserve requirements on funds attracted in the national currency amount to 5%;
2. Reserve requirements on funds attracted in the foreign currency amount to 30%; except for the borrowings in foreign currencies with the remaining maturities from 365 to no greater than 730 days.
3. Reserve requirements on borrowings in foreign currencies, with the remaining maturities from 365 to no greater than 730 days, amount to 15%.

Article 3. Calculation of Minimum Reserves

1. Minimum reserve requirements are calculated by multiplying average attracted funds by minimum reserve requirements ratio.
2. Attracted funds include liabilities of banks to third parties, which include all types of deposits, borrowings and all debt securities issued by banks except the liabilities mentioned in point 3 of this regulation.
3. Following liabilities are not included in attracted funds:
 - a) Repo and swap operations and liabilities received from Ministry of Finance of Georgia as covered deposits;
 - b) Subordinated debt, which satisfies the requirements of the regulatory capital and is recognized as such by NBG, regardless of whether or not it is included in the calculation of the regulatory capital;
 - c) (Removed 16/05/2016)
 - d) (Removed 16/05/2016)
 - e) Liabilities to NBG and other resident banks;
 - f) Borrowings in the national currency with remaining maturities of 365 days and more and borrowings in foreign currencies with remaining maturities of 730 days and more;
 - g) Standardized certificate of deposits issued by the bank;
 - h) Demand deposits and overnight deposits received from non-resident commercial banks.

- 3¹. The borrowings include the loans borrowed from financial institutions, the funds received from issued debt securities and nonstandard certificates of deposit.
4. Average attracted funds is the arithmetic average of funds at the end of each calendar day during the calculation period on the attracted funds accounts of a bank.
5. Funds in other currencies except for US dollars and Euro are reflected in equivalent US dollars for calculating attracted funds and respective minimum reserves.
6. Average attracted funds are calculated separately for:
 - a) Funds attracted in the national currency.
 - b) Funds attracted in Euro.
 - c) Funds attracted in US dollars and other currencies (except Euro).
7. Average attracted funds are calculated for specific calculation period.
8. Calculation period is a two-week period determined by NBG, which starts on Tuesday and ends on Monday.

Article 4. Maintenance of Minimum Reserves

1. Bank is required to deposit and maintain minimum reserves on reserve accounts at NBG during the maintenance period in compliance with this regulation.
2. Maintenance period is a two-week period, which starts on the seventeenth day after the end of the calculation period, on Thursday and ends on Wednesday.
3. Each calculation period is associated to one maintenance period.
4. Reserve accounts are:
 - a) Special account in US dollar at NBG.
 - b) Special account in Euro at NBG.
 - c) Settlement account in Lari at NBG.
 - d) Cash service account in Lari at NBG.
5. A bank is required to maintain minimum reserves in the currency of attracted funds. Maintenance of minimum reserves for the funds attracted in other currencies except for US dollar and Euro is in US dollars, on reserve accounts in US dollars.
6. A bank is required to:
 - a) Maintain the minimum reserves for the maintenance period on reserve accounts each day during the maintenance period.
 - b) Maintain the balance on reserve account in national currency in such manner that the average balance calculated at the end of the period for the maintenance period is no less than required minimum reserves for the period.
7. Minimum reserve amount is considered to be the end-of-day balance on reserve accounts on business days and the previous business day's end-of-day balance on nonbusiness days.
8. (Removed 17/06/2011)
9. If the actual balance on appropriate foreign currency reserve accounts is greater than required reserves, any excess amount will be transferred by NBG to the respective foreign currency correspondent account of a bank at NBG after the end of the maintenance period.
10. If a banking license is revoked for a bank, any amount on reserve accounts is fully transferred by NBG to the liquidation account of the bank. If the banking license was revoked because of a reorganization of a bank (merger, acquisition), the amount in question is returned to the assignee bank on an account indicted by the bank.

Article 5. Accrual of Interest on Minimum Reserves

1. NBG will pay interest on balances of reserve accounts in foreign currencies, but on no more than the amount of required minimum reserves, to a bank by the interest rate determined by NBG.
2. NBG will pay interest on average balances of reserve accounts in national currencies for the maintenance period, but on no more than the amount of required minimum reserves, to a bank by the interest rate determined by NBG.
3. An interest is paid no later than two days after the end of the maintenance period to the following accounts:
 - a) To the national currency settlement account of a bank at NBG, in case of interest payment is in national currency for the balances of reserve accounts in national currency;
 - b) To the foreign currency settlement accounts of a bank at NBG, in case of interest payment is in foreign currency for the balances of reserve accounts in foreign currencies; if there is no sufficient funds on relevant settlement accounts, difference is settled in national currency and the amount is calculated with the official exchange rate on the settlement day.

Article 6. Reporting and Special Provisions

1. Maintenance of minimum reserve requirements by banks is controlled by NBG.
2. A Bank is obliged to provide minimum reserve requirements reporting statement predetermined by NBG by means of special E-mail ReserveRequirements@nbg.gov.ge, signed electronically by the bank manager and responsible person on reporting, after 5 (five) business days from each end of maintenance period. In case when bank is not able to provide NBG with electronically signed statement, it is acceptable to provide written form duly signed and stamped (if such stamp exists) by the bank manager and responsible person on reporting.
3. In a certain occasion, in case of temporary financial difficulties of a certain bank, for the purposes of avoiding severe liquidity problems, with the recommendations of Banking Supervision Department of NBG, with the approval of Macroeconomics and Statistics Department of NBG and with terms and provisions laid out by the Monetary Policy Committee of NBG, the president or vice president of NBG is authorized to relieve the bank from minimum reserve requirements.
4. Relief from the minimum reserve requirements is administrated by the order of the president or vice president of NBG.