



NATIONAL BANK OF THE REPUBLIC OF NORTH MACEDONIA

Pursuant to Article 47 paragraph 1 item 6 of the Law on the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 158/10, 123/12, 43/14, 153/15, 6/16 and 83/18) and Article 64 paragraph 3 of the Banking Law (Official Gazette of the Republic of Macedonia No. 67/07, 90/09, 67/10, 26/13, 15/15, 153/15, 190/16, 7/19 and 101/19), the National Bank of the Republic of North Macedonia Council adopted the following

DECISION on amending the Decision on the methodology for determining the capital adequacy (Official Gazette of the Republic of North Macedonia No. 181/19)

1. In the Decision on the methodology for determining the capital adequacy (Official Gazette of the Republic of Macedonia No. 47/12, 50/13, 71/14, 223/15, 218/16 and 221/18), in item 6, sub-item 12) paragraph 3 indent 3 shall be amended and read as follows: "Development Bank of North Macedonia".

2. In item 6, sub-item 24) shall be amended and read as follows:

"24) **Market risks** shall include:

- Risk of investments in equity instruments which are a part of the trading book;
- Risk of investments in debt instruments which are a part of the trading book; and
- Risk of noncompliance with exposure limits arising from trading book positions."

In sub-item 31), the words: "in the trading book" shall be deleted.

Sub-item 32) shall be amended and read as follows:

"32) **Counterparty risk** shall denote a risk that the counterparty would not settle its cash liabilities to the bank on the basis of financial instruments, prior or on the settlement date."

3. In item 27, paragraph 1 shall be amended and read as follows:

"The capital requirements for covering risks shall be the sum of:

- the capital requirement for credit risk, as defined by section VI of this Decision;
- the capital requirement for currency risk, as defined by section VII of this Decision;
- the capital requirement for market risks, as defined by section VIII of this Decision;
- the capital requirement for settlement/delivery risk, as defined by section VIII-a of this Decision;

- the capital requirement for counterparty risk, as defined by section VIII-b of this Decision;
- the capital requirement for commodity risk, as defined by section IX of this Decision, and
- the capital requirement for operational risk, as defined by section X of this Decision."

4. In item 62, the words: "the Macedonian Bank for Development Promotion" shall be replaced with the words: "the Development Bank of North Macedonia".

5. In item 66, paragraph 4 shall be followed by a new paragraph 5 that reads as follows:

"The bank shall apply the provisions of paragraph 4 of this item to consumer loans with contractual maturity equal to or longer than eight years approved after 1 January 2016, including the consumer loans in which the bank has extended the maturity date after 1 January 2016, whereby the total maturity of the loan, determined as a sum of the contractual maturity on 1 January 2016 and of all extensions of the maturity date of the loan, is equal to or longer than eight years."

6. In item 110, paragraph 1 shall be amended and read as follows:

"The capital requirements for market risks shall be a sum of:

- 1) Capital requirement for position risk, as a sum of:
 - capital requirements for risk of investments in debt instruments, as defined according to Section VIII.3 of this Decision, and
 - capital requirements for risk of investments in equity instruments, as defined according to Section VIII.4 of this Decision, and
- 2) Capital requirements for exceeding exposure limits, as defined according to Section VIII.5 of this Decision."

7. In item 112, paragraph 2 shall be amended and read as follows:

"The bank may perform the netting as stated in paragraph 1 of this item, in the case of:

- long and short positions in the same financial instrument issued by one person;
- long and short positions in different financial instruments issued by one person, only if the financial instruments are of the same seniority or the financial instruments in which the bank has short position are junior to the instruments in which the bank has long position."

8. In item 120, the words: "financial instrument portfolio (collective investment units)" shall be replaced with the words: "stakes in investment funds (collective investment undertakings)".

9. Item 139 shall be amended and read as follows:

"139. Capital requirements for exceeding exposure limits shall be obtained by including those positions in debt instruments and equity instruments registering the highest specific risk as defined in Sections VIII.3 and VIII.4 of this Decision, the

transactions in debt instruments, equity instruments, currencies and goods for which capital requirements for settlement/delivery risk are calculated, as defined by section VIII-a of this Decision and the financial instruments for which capital requirements for counterparty risk are calculated, as defined by section VIII-b of this Decision."

10. The number and title before item 142 shall be amended and read as follows:

"VIII-a. CAPITAL REQUIREMENTS FOR SETTLEMENT/DELIVERY RISK"

11. In item 143, the words: "position in the trading book" shall be replaced with the word: "transaction".

12. The number and title before item 145 shall be amended and read as follows:

"VIII-b. CAPITAL REQUIREMENTS FOR COUNTERPARTY RISK"

13. In item 145 paragraph 1 introductory sentence, the words: "position groups" shall be replaced with the words: "financial instruments".

Paragraph 2 shall be deleted.

14. In item 148, the number: "147" shall be replaced by the number: "146".

15. This Decision shall enter into force on the eighth day from the date of its publication in the Official Gazette of the Republic of North Macedonia, and shall apply from 1 January 2020.

Notwithstanding paragraph 1 of this item, the items 1, 4, 5, 8 and 14 of this Decision shall apply from 30 September 2019.

D No. 02-15/VIII-2/2019
29 August 2019
Skopje

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