



NATIONAL BANK OF THE REPUBLIC OF 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 and 6/16) and Article 65-h paragraphs 2 and 8 of the Banking Law (Official Gazette of the Republic of Macedonia No. 67/07, 90/09, 67/10, 26/13, 15/15, 153/15 and 190/16), the National Bank of the Republic of Macedonia Council adopted the following

DECISION on the methodology for determining maximum distributable amount of earnings (Official Gazette of the Republic of Macedonia No. 26/17)

I. GENERAL PROVISIONS

1. This decision sets forth the methodology for determining the maximum distributable amount of earnings of the banks (hereinafter: maximum distributable amount) specifying:

- the manner of determining the maximum distributable amount;
- the manner and contents of reporting to the National Bank of the Republic of Macedonia (hereinafter: the National Bank);
- the contents of the capital conservation plan;

2. Terminology not defined in this Decision shall have the meaning defined in the Banking Law and the Decision on the methodology for determining capital adequacy (hereinafter: methodology for capital adequacy).

II. MANNER OF DETERMINING MAXIMUM DISTRIBUTABLE AMOUNT

3. The maximum distributable amount shall be the product of the available distributable amount, as set in item 4 of this Decision, and the appropriate distribution factor, as set in item 5 of this Decision.

The bank shall calculate the maximum distributable amount referred to in paragraph 1 of this item before undertaking any of the following activities:

- to distribute the earnings related to the positions of the Common Equity Tier 1 capital (CET1);
- to undertake to pay variable fees or to pay variable fees; and
- to make payments based on instruments that are part of the Additional Tier 1 capital.

4. The available distributable amount shall be the sum of the amounts referred to in indents 1 and 2 of this item less the amount referred to in indent 3 of this item, taking into account the provisions of the Company Law:

- the current profit generated over a specified period of time shorter than a calendar year, not included in the calculation of the CET1 of the bank in accordance with the capital adequacy methodology, and generated after the adoption of the last decision on distributing the financial result by the Bank's General Meeting of Shareholders or after undertaking any of the activities referred to in item 3, paragraph 2 of this Decision;
- the year-end profit generated during one calendar year, not included in the calculation of the CET1 of the bank in accordance with the capital adequacy methodology, and generated after the adoption of the last decision on distributing the financial result by the Bank's General Meeting of Shareholders or after undertaking any of the activities referred to in item 3, paragraph 2 of this Decision;
- the tax on current profit and/or on year-end profit payable by the bank, if included in the retained non-distributable profit from the bank's CET1.

5. The distribution factor shall be determined using the amount of CET1, which according to the Banking Law can be used to meet the total amount of capital buffers (hereinafter: excess CET1).

The allocation factor shall be:

- 0, if excess CET1 is lower or equal to 25% of the total amount of capital buffers;
- 0.2, if excess CET1 is higher than 25% but lower or equal to 50% of the total amount of capital buffers;
- 0.4, if excess CET1 is higher than 50% but lower or equal to 75% of the total amount of capital buffers;
- 0.6, if excess CET1 is higher than 75% but lower than 100% of the total amount of capital buffers;
- 1, if excess CET1 is equal or higher than the total amount of capital buffers.

III. MANNER AND CONTENTS OF REPORTING TO THE NATIONAL BANK

6. The bank shall report to the National Bank on the distribution factor referred to in item 5 of this Decision, at least semi-annually, using data on the amount of the excess CET1 as of 30 June and 31 December.

7. The deadline for submitting the report referred to in item 6 of this Decision as of 30 June shall be fifteen working days, and the deadline for submitting the report referred to in item 6 of this Decision as of 31 December shall be five working days after the submission date for the non-audited annual financial statement.

8. Prior to performing any of the activities referred to in item 3 paragraph 2 of this Decision, the bank shall submit the following data to the National Bank:

- the report referred to in item 6 of this Decision, prepared using data on the last day of the month prior to the submission of the report referred to in this item;

- the available distributable amount including the amounts referred to in item 4 indents 1, 2 and 3 of this Decision;
- the maximum distributable amount, determined in accordance with item 3 of this Decision;
- the amount distributable or payable by the bank.

IV. CAPITAL CONSERVATION PLAN

9. The bank that fails to meet the total amount of capital buffers shall prepare a capital conservation plan and deliver it to the National Bank within 10 days after determining that it no longer meets the total amount of capital buffers.

Besides the plan from paragraph 1 of this item, the bank that failed to meet the total amount of capital buffers shall also submit the data from item 8 of this decision to the National Bank.

10. The capital conservation plan shall correspond to the volume and complexity of the activities performed by the bank.

11. The capital conservation plan shall contain at least:

- forecast of income and expenses, and of balance sheet items;
- plan with activities and dynamics for increasing the CET1 for meeting the required total amount of capital buffers;
- other data necessary for assessing the appropriateness of the capital conservation plan.

The National Bank may request additional information and data from the bank that it considers necessary for assessing the appropriateness of the capital conservation plan.

The bank shall perform the activities required in the capital conservation plan, approved by the National Bank, as set in the timetable.

V. CLOSING PROVISIONS

12. The Governor of the National Bank shall prescribe the method of implementing this Decision by applying the respective Instructions.

13. This Decision shall enter into force on the eighth day from the day of its publication in the Official Gazette of the Republic of Macedonia.

D. No. 02-15/II-4/2017
27 February 2017
Skopje

Dimitar Bogov
Governor

Chairman
of the National Bank of the
Republic of Macedonia Council