



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 and 153/15) and Article 2 paragraph 1 item 29 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 and 153/15), the National Bank of the Republic of Macedonia Council adopted the following

DECISION on amending the Decision on the methodology for determining the capital adequacy (Official Gazette of the Republic of Macedonia No. 223/15)

1. In the Decision on the methodology for determining the capital adequacy (Official Gazette of the Republic of Macedonia No. 47/12, 50/13 and 71/14), item 6, subitem 19) shall be followed by a new subitem 19-a) that reads as follows:

„19-a) Commercial real estate shall be any property intended for performing certain business or commercial activity, with the exception of plants and related manufacturing facilities and agricultural land. Construction land shall be considered commercial real estate, if intended for building of commercial real estate and if supported by construction license. Garage or parking place or yard shall be considered commercial real estate, if they are pledged, along with the commercial real estate. The equipment in the commercial real estate shall be considered commercial real estate, if it is pledged, along with the commercial real estate, with the exception of office equipment, computers, furniture and other similar equipment.”

2. In item 38 paragraph 4, indent 3 shall be amended and read as follows:

„-undertaken off-balance sheet liabilities based on performance guarantees and tender participation guarantees (including guarantees associated with these guarantees, such as guarantees for the return of advance payment) and all other guarantees that ensure certain performance, i.e. which do not guarantee fulfilment of certain credit obligation by the borrower.”.

In paragraph 5, indent 2, the words: „alike”, shall be replaced by the words: „transport/transit”.

In paragraph 5, indent 3 shall be amended and read as follows:

„undertaken off-balance sheet liabilities (uncovered guarantees and letters of credit) for payment in case of default by the debtor for payment towards third party

arising from certain business relation, with the exception of guarantees that guarantee credit relation,”

In paragraph 6, indent 1 shall be amended and read as follows:

„- uncovered guarantees (not elsewhere classified) that guarantee fulfilment of certain credit obligation by the borrower,”.

In paragraph 6, indent 6, the word „liabilities” shall be followed by the words: „to credit”.

3. In item 42, paragraph 1 shall be followed by a new paragraph 2 that reads as follows:

„The claims for which the National Bank has determined inadequate categorization in a lower risk weight, i.e. lower conversion factor, in the next two years the bank is obliged to apply the risk weight, i.e. the conversion factor which it should have applied in accordance with the provisions of this Decision, notwithstanding, the conditions for applying a lower risk weight i.e. conversion factor are fulfilled during those two years, unless the National Bank during those two years determined that the conditions for applying a lower risk weight i.e. conversion factor are fulfilled.”

4. In item 66, paragraph 3 shall be followed by a new paragraph 4 that reads as follows:

„By way of derogation from paragraphs 1 and 2 of this item, the bank is obliged to apply 150% risk weight to claims based on consumer loans with a maturity date equal to or longer than eight years.”

5. Item 66 shall be followed by a new item 66-a that reads as follows:

„66-a. The bank is obliged to apply 75% risk weight to the positive difference between:

- total exposure on the basis of overdrafts and credit cards issued on the date of reporting and
- total exposure on the basis of overdrafts and credit cards issued on December 31, 2015.

For the purposes of paragraph 1 of this item, total exposure on the basis of overdrafts and issued credit cards is determined as the sum of the on-balance sheet and off-balance sheet claims on the basis of overdrafts and issued credit cards, without taking into account the conversion factors and credit risk mitigation instruments.”

6. In item 71 indent 6 the word: "factors" shall be followed by the words: „and credit risk mitigation instruments”, and the words: „ the market value” shall be replaced by the words: „the market value” (the amendment to the Macedonian version does not affect the English version).

7. In item 72 paragraph 2 shall be amended and read as follows:

„By way of derogation from paragraph 1 of this item, the bank may apply 75% risk weight to claim covered by commercial real estate if:

- commercial real estate is used for performance of the activity of the debtor;
- value of the commercial real estate does not depend significantly on the creditworthiness of the debtor, not taking into consideration the impact which macroeconomic factors might have on the value of the commercial real estate and on the creditworthiness of the debtor;
- total amount of the claim, without reducing the amount of impairment, i.e. special reserve and without applying the conversion factors and credit risk mitigation instruments, does not exceed 50% of the market value of the commercial real estate;
- the criteria of item 71 indents 4 and 5 of this Decision are adequately fulfilled.”

8. Item 4 of this Decision shall apply to consumer loans with a maturity date equal to or longer than eight years approved after the date of application of this Decision, including consumer loans for which the bank made refinancing (excluding refinancing for loan exposure repayment to another bank) or restructuring made after the date of application of this Decision, whereby the overall maturity of the loan, determined as sum of the agreed maturity date as of the date of application of this Decision and on all extensions of the maturity of the loan, is equal to or longer than eight years.

9. This Decision shall enter into force on the eighth day from the date of its publication in the Official Gazette of the Republic of Macedonia, and shall apply from 1 January 2016.

D No. 02-15/XVI-3/2015
17 December 2015
Skopje

Dimitar Bogov
Governor
Chairman of the Council of the National Bank
of the Republic of Macedonia