



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), Article 68 paragraph 1 item 2 and Article 69 paragraph 2 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 Council of the National Bank of the Republic of North Macedonia adopted the following

DECISION amending the Decision on the methodology for credit risk management

1. In the Decision on the methodology for credit risk management (Official Gazette of the Republic of Macedonia No. 149/18), Section VI shall be followed by a new Section VI-A that reads as follows:

"VI-A SPECIAL PROVISIONS FOR MITIGATING THE CONSEQUENCES OF COVID-19 EPIDEMIC"

58-a. Credit exposure classified in A, B or C risk category on 29 February 2020 and which in the period from 1 March to 30 September 2020 will be past due on any basis for more than 90 days, but less than 150 days from the maturity date or which in this period will meet any of the criteria referred to in item 44 of this Decision, shall not be treated as non-performing credit exposure.

The provisions of paragraph 1 of this item shall also refer to credit exposure classified in A or B risk category which is approved in the period from 1 March to 30 September 2020.

In the period from 1 March to 30 September 2020, the bank shall not be required to apply item 43 of this Decision to clients whose credit exposures are listed in paragraphs 1 and 2 of this item.

58-b. If from 1 March to 30 September 2020, on two occasions, the bank performs any of the activities specified in item 37 paragraph 1 of this Decision on credit exposure classified in A, B or C risk category on 29 February 2020, such credit exposure shall not be treated as restructured credit exposure.

If from 1 March to 30 September 2020, the bank performs any of the activities specified in item 37 paragraph 1 of this Decision, on restructured credit exposure classified in A, B or C risk category on 29 February 2020, such credit exposure shall not be treated as restructured non-performing credit exposure.

Activities referred to in paragraphs 1 and 2 of this item may also include approval of a grace period for repayment of the principal, interest and/or other client liabilities related to the credit exposure.

The credit exposures referred to in this item shall be regulated by the provisions of items 38 and 39 of this Decision.

58-c. The credit exposures referred to in 58-b of this Decision shall not be regulated by the provisions of items 33 and 35 of this Decision.

The bank shall not be required to prepare the financial analysis referred to in item 34 of this Decision for credit exposures referred to in item 58-b to clients – natural persons.

The financial analysis referred to in item 34 of this Decision for clients - non-financial legal entities shall contain at least elements the bank needs to determine the activities referred to in item 37 paragraph 1 of this Decision that best correspond to the client's financial standing.

58-d. In its internal acts, the bank shall prescribe the manner of implementing the provisions of items 58-b and 58-c paragraph 3 of this Decision, including the manner of informing its clients on the application of the provisions of this Section, following the recommendations and measures given/undertaken by the Government of the Republic of North Macedonia for dealing with the COVID-19 epidemic.

58-e. As of 30 September 2020, the bank shall prepare a review with a monthly dynamics for granting non-performing treatment to the credit exposures referred to in item 58-a of this Decision in the period until 31 December 2020.

The bank shall be required to grant the non-performing treatment to all exposures that on 31 December 2020 meet the requirements referred to in item 2 sub-item 2.6 of this Decision and to comply with the provisions of item 43 of this Decision.

The bank shall submit the review referred to in paragraph 1 of this item to the National Bank, by 30 October 2020.

58-f. The bank shall submit to the National Bank monthly reports on credit exposures referred to in items 58-a and 58-b as of the end of the reporting month.

The deadline for submitting the reports referred to in paragraph 1 of this item shall be 15 days after the expiration of the reporting period.

58-g. The provisions of this Section apply to credit exposures to natural persons and non-financial legal entities.

For the purposes of this Section, credit exposure classified in C risk category shall not include non-performing credit exposure classified in this risk category on 29 February 2020."

2. This Decision shall enter into force on the day of its publication in the Official Gazette of the Republic of North Macedonia.