



## **NATIONAL BANK OF THE REPUBLIC OF MACEDONIA**

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Pursuant to Article 64 paragraph 1 item 22 of the Law on the National Bank of the Republic of Macedonia ("Official Gazette of the Republic of Macedonia" no. 3/02, 51/03, 85/03, 40/04, 61/06 and 129/06) and Article 172 paragraphs 1 and 8 of the Banking Law ("Official Gazette of the Republic of Macedonia" no. 67/07) the National Bank of the Republic of Macedonia Council adopted the following

### **DECISION on the terms and the manner of operating savings houses (Unofficial revised text)<sup>1</sup>**

#### **I. GENERAL PROVISIONS<sup>2</sup>**

1. This Decision sets forth the terms and the manner of operating savings houses in the Republic of Macedonia with respect to:

- credit approval and exposure,
- capital adequacy,
- investments,
- accepting deposits,
- internal audit, and
- currency risk management.

#### **II. LENDING AND EXPOSURE OF A SAVING HOUSE**

2. The exposure to a person and persons connected thereto shall not exceed 10% of the savings house's own funds.

The exposure to a shareholder, i.e. member with qualified participation in the

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<sup>1</sup> This is a revised text of the Decision on the terms and the manner of operating savings houses. The revised text consists of the Decision on the terms and the manner of operating savings houses (Official Gazette of the Republic of Macedonia No. 79/07), Decision on amending the Decision on the terms and the manner of operating savings houses (Official Gazette of the Republic of Macedonia No. 78/08) and the Decision on amending the Decision on the terms and the manner of operating savings houses (Official Gazette of the Republic of North Macedonia No. 74/15).

<sup>2</sup> In item 7 of the Decision on amending the Decision on terms and the manner of operating savings houses ("Official Gazette of the Republic of Macedonia" No. 74/15) it is regulated that savings banks are obliged to comply with its provisions by December 31, 2015 at the latest. As an exception to this, the provisions of item 5 of the same decision shall start to be applied from the day of the compliance of the savings bank with its provisions, but no later than December 31, 2016.

savings house and persons connected thereto shall not exceed 5% of the savings house's own funds.

The exposure to a person with special rights and responsibilities and persons connected thereto shall not exceed 3% of the savings house's own funds.

The total exposure to persons referred to in paragraphs 2 and 3 of this item shall not exceed 65% of the savings house's own funds.

The total exposure to banks and savings houses shall not exceed 30% of the savings house's own funds.

3. The total exposure to persons referred to in item 2 paragraphs 2 and 3 of this Decision shall be approved on the basis of a decision of a supervisory body or Meeting of Shareholders, i.e. Meeting of Members of the savings house.

The terms of lending, accepting deposits and performing other financial transactions with the persons referred to in item 2 paragraphs 2 and 3 of this Decision, at equal risk level defined under the supervisory standards shall not be more favorable than the terms that apply to other savings house's clients.

## **II-A. CAPITAL ADEQUACY**

4. The savings house shall maintain capital adequacy ratio of not below 20%.

The savings house shall set capital adequacy ratio as required by the National Bank regulation governing the methodology for determining capital adequacy.

In determining capital adequacy, the capital requirement for covering risks as determined by the regulation of paragraph 2 of this item, shall be multiplied by 2.5.

## **III. INVESTMENTS OF SAVINGS HOUSE**

5. The savings house shall not acquire land, buildings and equipment not used for the purposes of performing its activities, as well as capital holdings in other entities, other than those acquired on the basis of foreclosures.

The savings house's property in land, buildings and equipment shall not exceed 30% of the savings house's own funds.

The limit under paragraph 2 of this item shall not include the property in land, buildings and equipment acquired on the basis of foreclosures, not used for the purposes of performing its activities and capital holdings acquired on the basis of foreclosures.

The savings house shall sell the property and the capital holdings acquired on the basis of foreclosures within 3 years from the acquisition. Otherwise, they shall be

included in the limit referred to in paragraph 2 of this item.

6. The savings house shall have written policies and procedures in place that apply to the process of assuming and selling the property acquired on the basis of foreclosures.

#### **IV. ACCEPTING DEPOSITS**

7. The savings house shall display, at its teller premise, a statement that it does not accept any foreign currency deposits.

8. The savings house shall have written policies and procedures in place governing at least the method of accepting, recording and payment of the deposits, calculating the interest and segregation of duties.

#### **V. INTERNAL AUDIT**

9. The provisions pertaining to the manner of organizing and performing internal audit under chapter IX part 6 of the Banking Law shall be applied.

Notwithstanding paragraph 1 of this item, if the savings house does not have an authorized auditor in its Internal Audit Department, at least one of the officers employed in the Internal Audit Department shall have an auditor certification, acquired pursuant to law.<sup>3</sup>

#### **V-A CURRENCY RISK MANAGEMENT**

9-a. The savings house shall manage currency risk in accordance with the nature, size and complexity of its activities.

Currency risk management referred to in paragraph 1 of this item shall include all activities and transactions of the savings house denominated in Denars with FX clause.

In the process of currency risk management, the savings house shall follow the guidelines and requirements set forth in the National Bank currency risk management regulations governing the establishment of a currency risk management system, the mandates of the savings house's boards in the currency risk management and the adoption and scope of policies and procedures relevant for managing this risk.

In internal regulations governing currency risk identification, measurement, control or mitigation and monitoring, the savings house must define one or more indicators for monitoring and limiting the currency risk exposure.

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<sup>3</sup> In item 7 paragraph 2 of the Decision on amending the Decision on the terms and the manner of operating savings houses ("Official Gazette of the Republic of Macedonia" no. 74/15) it is regulated that the provisions of item 9 paragraph 2 of the Decision on the terms and the manner of operating savings houses, shall start to be applied from the day on the compliance of the savings bank with these provisions, but not later than December 31, 2016.

The National Bank may require from the savings house to apply different indicators for monitoring and limiting exposure to currency risk that the savings house must observe.

## **VI. PROVISIONAL AND CLOSING PROVISIONS**

10. The savings houses shall comply with the provisions of this Decision within 12 months after the date of its effectiveness.

11. This Decision shall enter into force on the eighth day after its publishing in the "Official Gazette of the Republic of Macedonia".

12. Once this Decision enters into force, the Decision on determining the scope and the manner of operating the savings houses ("Official Gazette of the Republic of Macedonia" no. 111/00, 80/02 and 66/03) shall become void.

**Petar Goshev MSc.**  
Governor  
President of the National Bank  
of the Republic of Macedonia Council