



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

---

Pursuant to Article 47 paragraph 1 item 6 and item 6-a 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 Official Gazette of the Republic of North Macedonia No. 110/21 and 74/24), Article 65-f paragraph 1 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 and 7/19) and Official Gazette of the Republic of North Macedonia No. 101/19 and 122/21), and in connection with Article 16 paragraph 1 item 6 and Article 17 paragraph 1 item 1 of the Law on Financial Stability (Official Gazette of the Republic of North Macedonia No. 173/22), the National Bank of the Republic of North Macedonia Council has adopted the following

### **DECISION**

#### **on the methodology for determining systemically important banks**

**(Official Gazette of the Republic of North Macedonia No. 275/24)**

#### **I. GENERAL PROVISIONS**

1. This Decision lays down the methodology on the basis of which the National Bank of the Republic of North Macedonia (hereinafter: the National Bank) identifies systemically important banks in the Republic of North Macedonia and determines capital buffer for each systemically important bank.

The capital buffer for systemically important banks is a macro-prudential instrument in accordance with the law, while the determining of this capital buffer for each systemically important bank with the Decision of item 10 paragraph 2 of this Decision is a macro-prudential measure.

The methodology referred to in paragraph 1 of this item shall contain:

- quantitative approach in assessing systemic importance of each bank, i.e. quantitative criteria, indicators and sub-indicators used to identify systemically important banks;
- method of determining capital buffer for systemically important banks, based on the quantitative approach;
- assessment of systemic importance based on additional assessment and additional quantitative and qualitative indicators;
- method of determining capital buffer for systemically important banks, based on additional assessment.

Consolidated financial statements and consolidated supervisory reports of the banking group are taken into account for a bank subject to consolidated supervision.

## **II. QUANTITATIVE APPROACH FOR IDENTIFYING SYSTEMICALLY IMPORTANT BANKS**

2. The quantitative approach for identifying systemically important banks relies on the following four criteria of systemic importance:

- size,
- substitutability,
- interconnectedness,
- complexity.

The criteria referred to in paragraph 1 of this item shall have the same meaning, i.e. they shall have the same weight when determining the systemic importance of the banks.

The size criterion reflects the importance of the bank in terms of its market share (assets of the banking system). The larger the bank, the greater the likelihood that its instability can have an adverse effect on the financial system and the public confidence.

The substitutability criterion reflects the role of each bank in the real economy or on a specific market within the financial sector. Banks that perform specific functions for a large number of end-users for whom they represent an important provider of a particular product have greater relevance to the financial stability and the rapid substitution of the activities of one bank with another may be limited.

The interconnectedness criterion reflects the banks' presence in the activities with the financial institutions in the country, on the foreign exchange market and in the domestic payment operations.

The complexity criterion reflects the presence of domestic banks on international markets, i.e. the volume of cross-border activities of banks, the volume of international payment operations, as well as the performance of custodial activities.

3. Each criterion of item 2 in this decision includes quantitative indicators that show the importance of each bank by each criterion.

The quantitative indicators referred to in paragraph 1 of this item shall have the same meaning, i.e. they shall have the same weight within each criterion.

Individual quantitative indicator referred to in paragraph 1 of this item may consist of sub-indicators, which shall have the same meaning, i.e. they shall have the same weight within each quantitative indicator.

The quantitative indicators referred to in paragraph 1 of this item and the sub-indicators referred to in paragraph 3 of this item are shown in Annex 1 - Systemic importance criteria and quantitative indicators included in each criterion, which is an integral part of this Decision.

Criterion importance weights, indicators and sub-indicators are specified in the Instructions of item 12 of this Decision.

4. Based on the criteria, indicators and sub-indicators of items 2 and 3 of this

Decision, the National Bank shall calculate an aggregate assessment of the systemic importance for each bank in the Republic of North Macedonia, as an average value of the assessments of the criteria for that bank.

Notwithstanding paragraph 1 of this item, the calculations for the purposes of identifying systemically important banks do not include the Development Bank of North Macedonia AD Skopje, which is excluded from the identification of systemically important banks in the Republic of North Macedonia due to its specific character and its limited type of activities.

5. The cut-off point between systemically important and systemically unimportant banks in the Republic of North Macedonia is 350 basis points. The bank whose aggregate assessment exceeds the cut-off point is identified as systemically important.

### **III. DETERMINING CAPITAL BUFFER FOR SYSTEMICALLY IMPORTANT BANKS, BASED ON THE QUANTITATIVE APPROACH**

6. Based on the aggregate assessment referred to in item 4 of this decision, each systemically important bank shall be classified into one of the five sub-categories of systemic importance.

Sub-categories of systemic importance shall range between the cut-off point (minimum value) and the aggregate assessment of the bank with the highest systemic importance increased by one standard deviation of the aggregate assessments of all systemically important banks (maximum value).

7. For each sub-category of systemic importance, an appropriate percentage of capital buffer is assigned, which can range from 1% to 3.5% of risk-weighted assets.

The capital buffer for each sub-category of systemic importance is presented in Annex 3 - Capital buffer for each sub-category of systemic importance, which is an integral part of this Decision.

The intervals of the five sub-categories of systemic importance are specified in the Instructions of item 12 of this Decision.

### **IV. ADDITIONAL ASSESSMENT FOR IDENTIFYING SYSTEMICALLY IMPORTANT BANKS**

8. Besides the quantitative approach of Section II of this Decision, the National Bank shall also apply an additional assessment on the basis of which the bank whose aggregate assessment according to the quantitative approach is between 4.5 and 350 basis points identifies it as a systemically important bank on the basis of the assessment of the bank in the quantitative approach of Section II of this Decision and on the basis of the additional quantitative and qualitative indicators.

The list of additional quantitative and qualitative indicators referred to in paragraph 1 of this item is provided in Annex 2 - Additional indicators, which is an integral part of this Decision.

The bank referred to in paragraph 1 of this item, whose assessment for any of the criteria referred to in item 2 of this Decision exceeds 350 basis points, shall be identified as a systemically important bank.

The bank referred to in paragraph 1 of this item whose value exceeds 350 basis points by at least one additional quantitative indicator or that meets the conditions from the additional qualitative indicators shall be identified as a systemically important bank.

The assessment of systemic importance according to the additional quantitative indicators shall be made in accordance with the method specified in items 3 and 4 of this Decision, whereby the calculation includes all banks, except for the Development Bank of North Macedonia AD Skopje.

## **V. DETERMINING CAPITAL BUFFER BASED ON ADDITIONAL ASSESSMENT**

9. The bank that based on the application of the additional assessment of Section IV of this Decision is identified as a systemically important bank, shall be classified into the lowest sub-category of systemic importance, determined in accordance with Section III of this Decision.

## **VI. DYNAMICS FOR DETERMINING SYSTEMICALLY IMPORTANT BANKS AND FOR ALLOCATING CAPITAL BUFFER FOR SYSTEMICALLY IMPORTANT BANKS**

10. The National Bank shall identify systemically important banks in accordance with the provisions of this Decision, based on the data as of 30 June of the current year.

For each bank identified as a systemically important bank in accordance with paragraph 1 of this item, the Executive Board of the National Bank shall adopt a Decision stating the capital buffer rate for a systemically important bank that should be maintained by the bank and shall submit it to the bank no later than 31 October in the current year.

Together with the Decision referred to in paragraph 2 of this item, the National Bank shall also submit an explanation to the systemically important bank for the manner of identifying that bank as systemically important.

The bank which for the first time has been identified as a systemically important bank or whose rate of capital buffer for systemically important banks has been increased, shall be obliged to reach the capital buffer rate indicated in the Decision referred to in paragraph 2 of this item, not later than 30 September in the following year.

The bank whose rate of capital buffer for systemically important banks has not been changed, shall be obliged to maintain that rate at least by 30 September in the following year.

11. Pursuant to law, the National Bank shall publish the list of banks identified

as systemically important banks on its web site within 15 days upon submission of the Decision referred to in item 10 paragraph 2 of this Decision.

12. The Governor of the National Bank shall adopt Instructions for implementation of this Decision specifying in particular:

- the manner of determining the aggregate assessment of each bank, including the criterion importance weights, indicators and sub-indicators according to the quantitative approach,
- the manner of determining systemic importance based on the additional assessment, and
- the intervals of each sub-category of systemic importance.

The Instructions of paragraph 1 of this item shall be reviewed at least once every three years, reassessing the intervals of each sub-category of systemic importance.

## **VII. TRANSITIONAL AND CLOSING PROVISIONS**

13. The National Bank shall conduct the first identification of systemically important banks in accordance with this Decision on the basis of the data as of 30 June 2025 and shall inform systemically important banks about the rate of the capital buffer for systemically important banks, not later than 31 October 2025.

The bank referred to in paragraph 1 of this item which as of 1 April 2025 is not identified as a systemically important bank pursuant to the Decision on the methodology for determining systemically important banks (Official Gazette of the Republic of Macedonia No. 26/17 and Official Gazette of the Republic of North Macedonia No. 88/21 and 102/22) shall be obliged to reach the capital buffer rate indicated in the Decision referred to in paragraph 1 of this item, by 30 September 2026.

The bank referred to in paragraph 1 of this item whose rate of capital buffer for systemically important banks is higher than the rate it was obliged to reach by 31 March 2025, shall be obliged to reach the capital buffer rate indicated in the Decision referred to in paragraph 1 of this item, not later than 30 September 2026, by when it maintains the rate it was obliged to reach by 31 March 2025.

The bank referred to in paragraph 1 of this item whose rate of capital buffer for systemically important banks is equal to the rate it was obliged to reach by 31 March 2025, shall be obliged to maintain that rate, at least by 30 September 2026.

14. This Decision shall enter into force on the eighth day following that of its publication in the Official Gazette of the Republic of North Macedonia, and shall apply from 1 April 2025.

D. No. 02-43728/10  
26.12.2024  
Skopje

**Anita Angelovska Bezhoska, PhD**  
**Governor and Chairperson of the Council**  
**of the National Bank of the Republic of North**  
**Macedonia**

### Annex 1 - Systemic importance criteria and quantitative indicators included in each criterion

Systemic importance criterion	Indicators Calculated for each bank, as a ratio of individual position of each bank and same position at a banking system level	Sub-indicators Calculated for each bank, as a ratio of individual position of each bank and same position at a banking system level
Size	Total assets	/
Substitutability	Credit risk exposure to non-financial entities - residents	/
	Deposits of non-financial entities - residents	/
Interconnectedness	Payment operations through payment systems	/
	Turnover on the foreign exchange market without the turnover with the National Bank	/
	Claims on and liabilities to financial institutions - residents, based on loans and deposits	Claims Liabilities
Complexity	Claims and liabilities from abroad	Claims Liabilities
	Cross - border payment operations	/
	Assets of investment and pension funds under custody	/

### Annex 2 - Additional indicators

<b>Quantitative indicators</b>
Deposits covered by the Deposit Insurance Fund
Deposits not covered by the Deposit Insurance Fund
<b>Qualitative indicators</b>
Performance of critical functions in accordance with the Bank Resolution Law

### Annex 3 - Capital buffer for each subcategory of systemic importance

Subcategory of systemic importance	Interval	Capital Buffer rate for systemically important banks
5	above i4	3.5%
4	above i3 to i4 (maximum value)	2.5%
3	above i2 to i3	2%
2	above i1 to i2	1.5%
1	over 350 to i1	1%