



Macedonian Banking Association

Macroeconomic data and

BANKING SYSTEM OF THE REPUBLIC OF NORTH MACEDONIA

September 30, 2024

Credit rating of the state

- BB - outlook Stable, **Standard & Poor's Credit rating agency** confirmed the implementation of good policies, the stable banking system and domestic currency and increased foreign reserves

Industrial production volume index

- 95.8 annual

Trade

- Import amounts 2.662 EUR millions
- Export amounts 1.932 EUR millions

GDP growth

- 3%

Inflation

- 3.3%

Countercyclical capital buffer_CCyB

- 1%

FX Reserves

- 4.407 EUR millions,

Share of green portfolio in total FX reserve portfolio 1.6%, issued by Ministry of Finance 600 million

Reference rate

- 6.05%

Labour Market

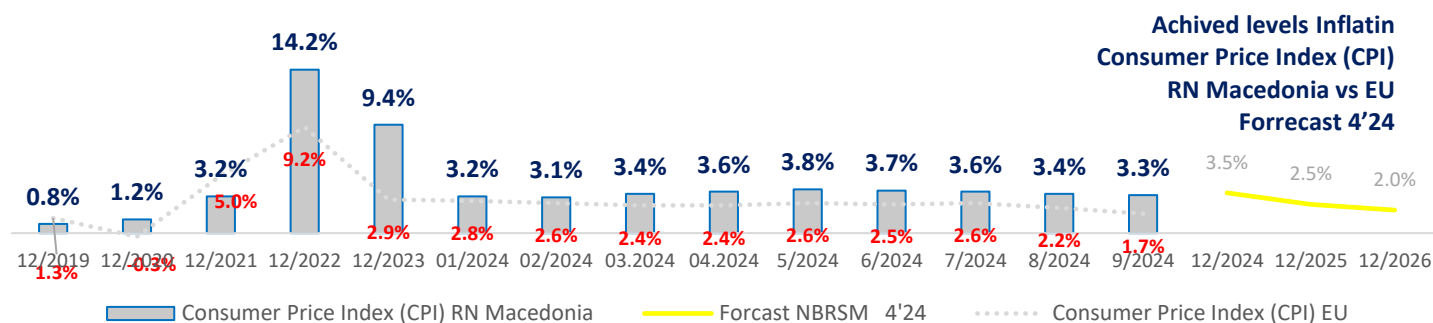
- Rate of unemployment 12.3

Source :

NBRM BASIC ECONOMIC INDICATORS FOR REPUBLIC OF NORTH MACEDONIA
Quarterly Report Q32024

NBRM, REPORT ON RISKS IN THE BANKING SYSTEM OF THE REPUBLIC OF MACEDONIA,
Indicators on the banking system

Key economic indicators	Q3 23	Q4 23	2023	O1 24	O2 24	O3 24
Industrial production volume index	0,7	0,7	0,7	-3,1	-5,1	-4,2
External Trade (%) total import	2,708	2,900	11,149	2,736	2,806	2.662
External Trade (%) total export	1,988	2,082	8,323	1,929	2,001	1.932
Real GDP growth (%)	1	0,9	1	1,2	2,8	3
Central Government Budget surplus/deficit (% GDP)	-0,5	-1,6	-4,8	-1,6	-1,0	-0,1
Inflation (CPI%)	11,5	9,4	9,4	3,4	3,7	3,3
Reference rate	6,3	6,3	6,3	6,3	6,3	6,05
Current and pending countercyclical capital buffer (CCyB) rates	0,50	0,50	0,50	0,75	0,75	1
Current Account Bal. (EUR millions)	229,1	-125,4	55,6	-195,1	-111,7	
Gross External Debt (EUR millions)	11,068	11,356	11,356	11,799	11,875	
Foreign Reserves (EUR millions)	3,901	4,538	4,538	4287	4.337	4.407
Foreign direct invest. (EUR millions)	40	199	488	252	204	
Unemployment (%)	12,8	13,0	13,1	12,9	12,5	12,3
MKD/EUR	61,51	61,50	61,56	61,62	61,52	



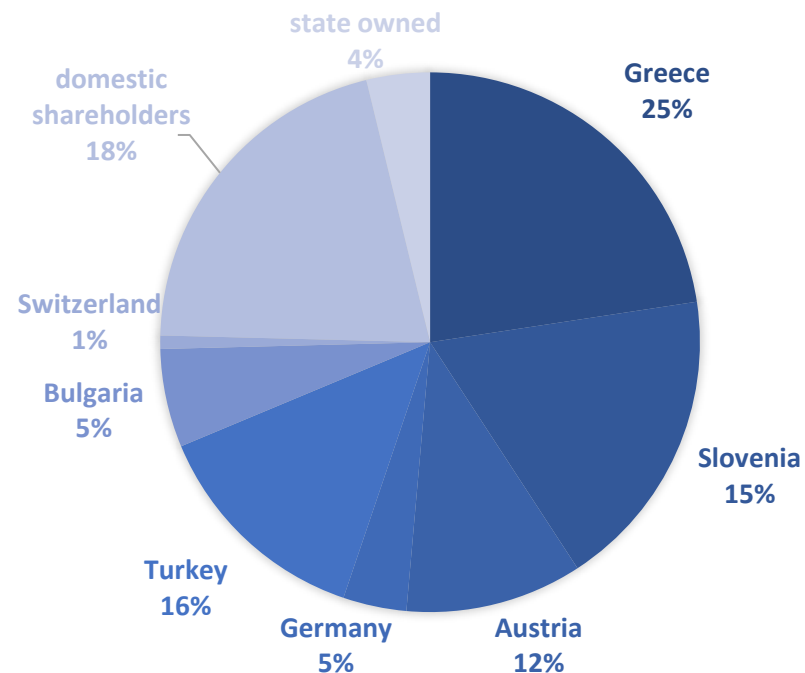
The credit rating of the state:
'BB-' Ratings Affirmed; Outlook Stable

Standard & Poor's, Credit rating agency

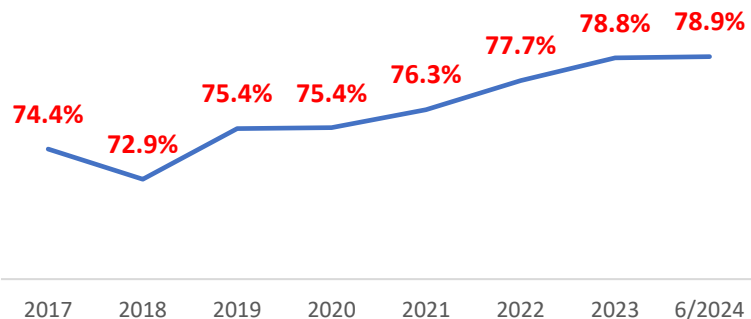
Извор: <https://www.nbrm.mk/ns-newsarticle-soopstenie-01082024.nspj>
(Rating Report Republic of North Macedonia | 1 August 2024)

Macedonian Banking sector

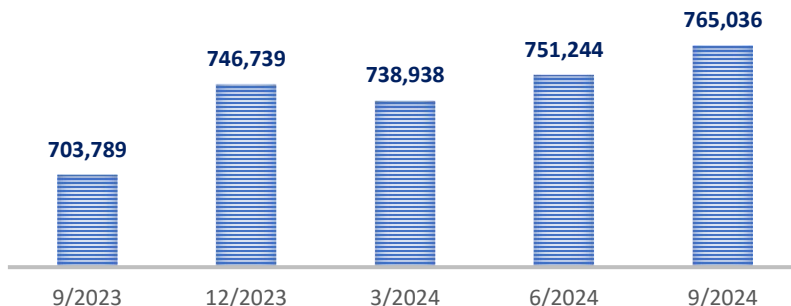
in millions of denars	9/2023	12/2023	3/2024	6/2024	9/2024	annual change (%)	quarterly change (%)
Total assets of the Banking system	703,789	746,739	738,938	751,244	765,036	↑ 8.7%	1.8%
Loans	432,312	440,560	444,977	458,207	464,860	↑ 7.5%	1.5%
Deposits	516,317	539,602	534,525	544,432	556,975	↑ 7.9%	2.3%
Capital & reserves	92,561	92,910	98,096	99,596	103,897	↑ 12.2%	4.3%



PARTICIPATION OF FOREIGN CAPITAL



ASSETS



- The Banking sector consists of 13 active banks, 5 large (amounts 625,283 Mio. Den.) 81% in total assets, 3 medium (amounts 93,579 Mio. Den.) 12% in total assets, 5 small (amounts 46,174 Mio. Den.) 6% in total assets and 2 saving houses.
- Participation of foreign capital 78,9%
- Total assets of the Banking system registered the amount of 765,036 Mio. Den., increased by 8.7% annual and 1.8% quarterly, which is supported by the growth of the deposit by 7.9% annual, 2.3% quarterly and the capital position of the banks which increased by 12,2% annual, 4.3% quarterly. Total loans increased by 7,5% annual, 1.5% quarterly.

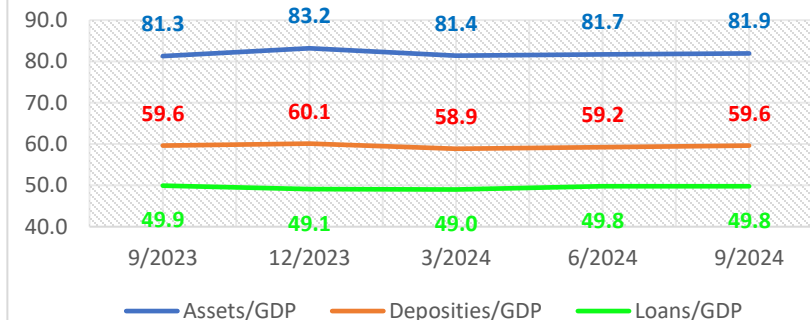
The level of financial intermediation measured by:

- ✓ The ratio of total assets and GDP is 81.9% which indicates the dominant position of banks in the financial system
- ✓ Total deposits from non-financial sector/GDP is 59.6%
- ✓ Total gross loans to non-financial sector/GDP is 49.8.1%

Source NBRSM, Department for financial stability, Last revision to GDP figures (at current prices): 06.12.2024

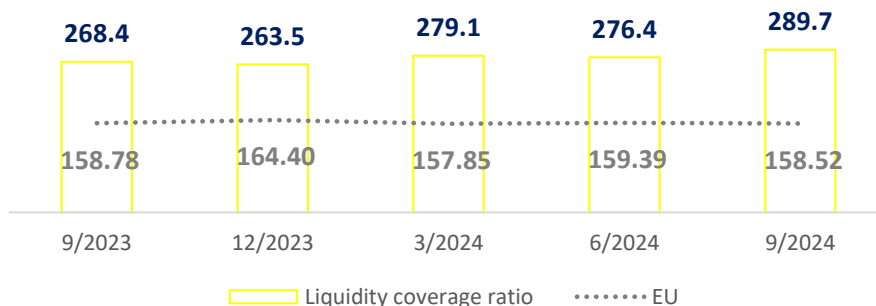
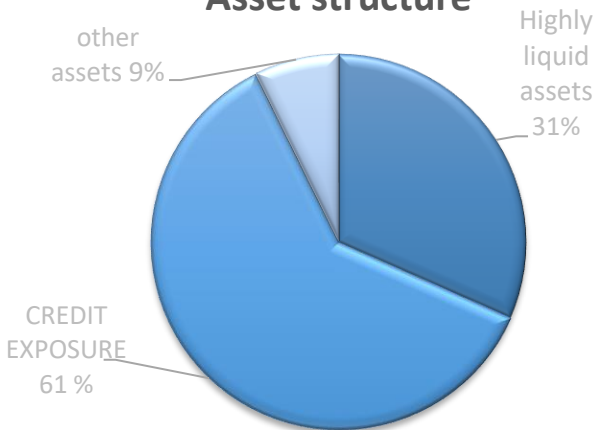
NBRM, Quarterly Report Q32024

Financial intermediation

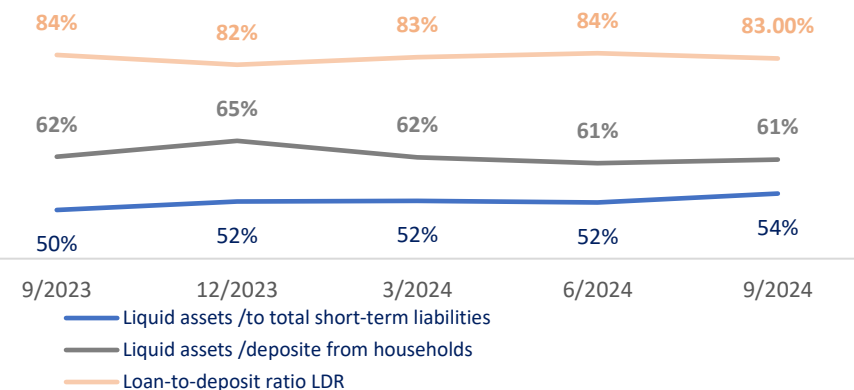


Macedonian Banking sector Assets

Asset structure



Liquidity Coverage Ratio (accordance with requirements of Basel III)



- In structure of total assets highly liquid assets* participates by 31%* total credit exposure participates by 61% while the rest of 9% is other assets.

- Stable participation of liquid assets confirm the appropriate liquidity risk management by banks and the satisfactory resilience to the assumed extreme liquidity outflows

- ✓ Liquidity Coverage Ratio 289.7%, which is almost three times higher than the regulatory minimum of 100%

EUROZONE LCR 158.52%

- ✓ Liquid assets / Assets 31%
- ✓ Liquid assets / Short-term liabilities 54%
- ✓ Liquid assets / Deposits households 61%
- ✓ Loans/Deposits ratio LDR 83%

** Liquid assets: cash, treasury bills, government bonds
 *** Non-financial sub: state, non-financial companies, households, nonprofit ins. and nonresidents

Source:

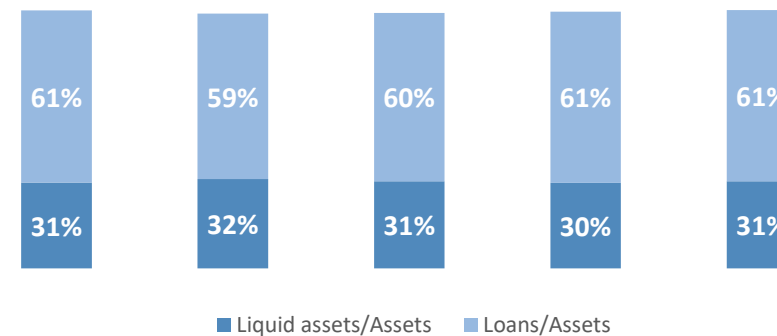
✓ *NBRM, REPORT ON RISKS IN THE BANKING SYSTEM OF THE REPUBLIC OF MACEDONIA, Indicators on the banking system*

✓ *NBRM, Quarterly Report Q32024, annex 24*

✓ *European Central Bank | Banking supervision*

www.bankingsupervision.europa.eu/home/html/index.en.html

liquid assets/Assets Loans/Assets

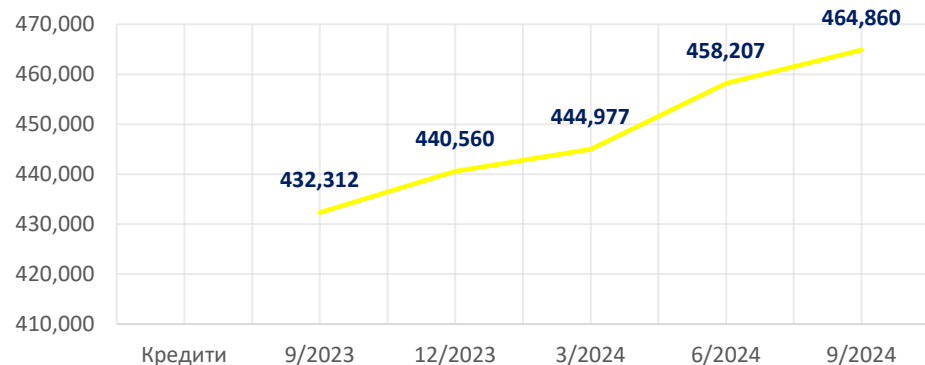


Macedonian Banking sector

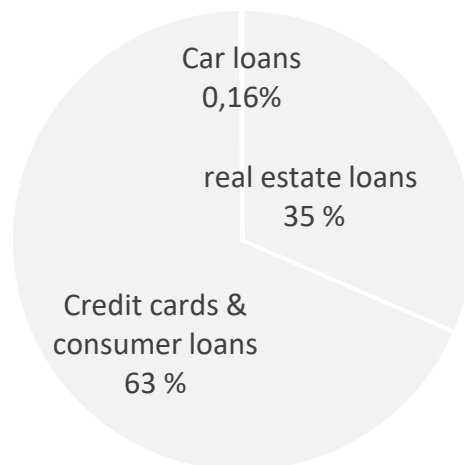
Loans/ support green transformation of the economy

in millions of denars

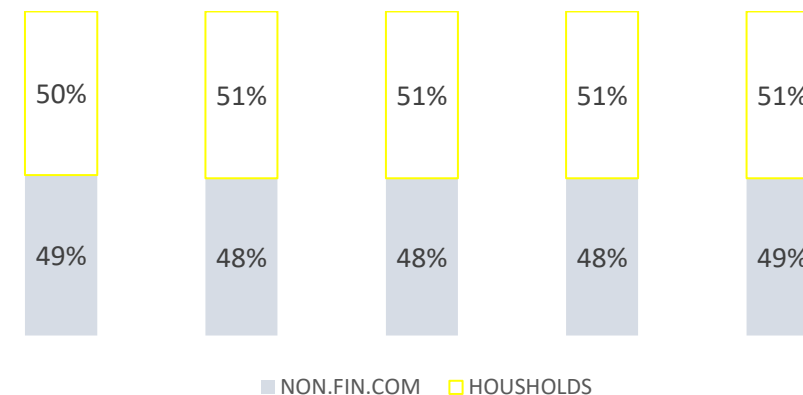
LOANS



Loans - households



Structure of loans



Total loans amounts 464.860 Mio. DEN. increased by 7.5% annual or 1.5% quarterly

- Households' loans:
 - ✓ consumer loans and credit cards increased by 5.6% annual or 1.7% quarterly
 - ✓ Real estate loans, increased by 11.1% annual or 2,6% quarterly
 - ✓ Car loans increased by 13.2% annual or 2.1% quarterly


Our banks have also paid attention to raising awareness about green loans as a form of financing that enables borrowers to invest exclusively in projects that make a substantial

environmental impact, including climate-related projects, improve the energy efficiency, support investments in green technologies, materials and solutions, support investments in renewable energy sources, control and prevention of pollution and protection of the environment.

✓ Green Loans - households amount 996 Mio. DEN, 0,4% in total Loans to households'

*According to World Bank

Source: REPORT ON RISKS IN THE BANKING SYSTEM OF THE REPUBLIC OF MACEDONIA, Indicators on the banking system, annex 9, Quarterly Report Q32024

	9/2023	12/2023	3/2024	6/2024	9/2024	annual change (%)	quarterly change (%)
Loans - households							
Consumer loans and credit cards	154,434	156,865	156,988	160,479	163,154	↑ 5.6%	1.7%
Car loans	385	403	407	427	436	↑ 13.2%	2.1%
Real estate loans	81,525	84,196	85,952	88,277	90,535	↑ 11.1%	2.6%
other	3,366	3,331	2,934	2,931	2,980	↓ -11.5%	1.7%
Total	239,710	244,795	246,282	252,114	257,106	↑ 7.3%	2.0%
 Green loans	1,186	1,224	1,090	1,016	995	↓ -16.1%	-2.1%

Weighted interest rates on granted loans

INTEREST RATES ON TOTAL GRANTED LOANS

(Denar and foreign currency)

	9/2023	12/2023	3/2024	6/2024	9/2024
Weighted interest rates on granted loans	5.49	5,47	5,50	5.47%	5.41%

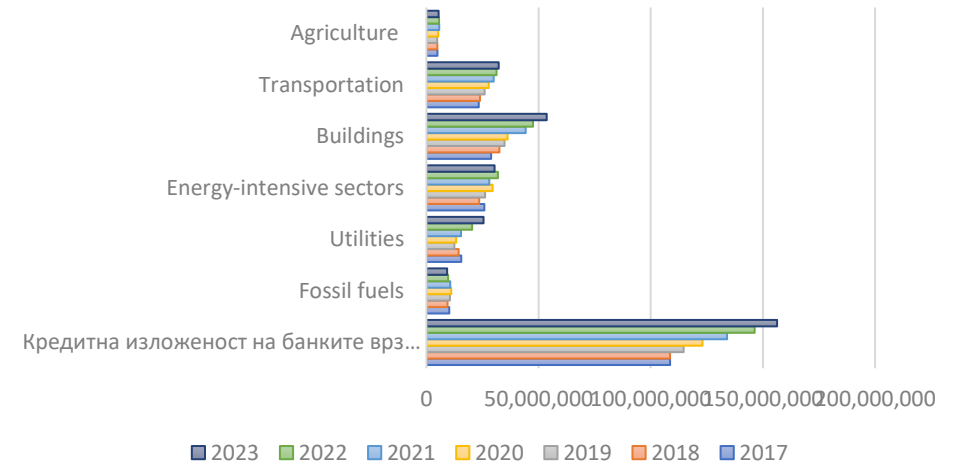
Macedonian Banking sector

Loans/ support green transformation of the economy


in millions of denars

- Loans of non-financial companies participate with 48%, increased by 6.41% annual, and 0,6% quarterly
 - Loans structure by economic activity of non-financial companies :
 - Our banks have also paid attention to raising awareness about green loans as a form of financing that enables borrowers to invest exclusively in projects that make a substantial environmental impact, including climate-related projects, improve the energy efficiency, support investments in green technologies, materials and solutions, support investments in renewable energy sources, control and prevention of pollution and protection of the environment.
 - Green Loans of non-financial com. amount 19.354 Mio. DEN 8.8% in total Loans of non-financial companies
 - According last macroeconomic ESG indicators have been identified as transition risks: the following climate sensitive activities:
 - Fossil fuels
 - Utilities
 - Energy-intensive sectors
 - Buildings
 - Transportation
 - Agriculture
- Source: REPORT ON RISKS IN THE BANKING SYSTEM OF THE REPUBLIC OF MACEDONIA , Indicators on the banking system, annex 9, Quarterly Report Q32024

Loan concentration by climate policy relevant sectors

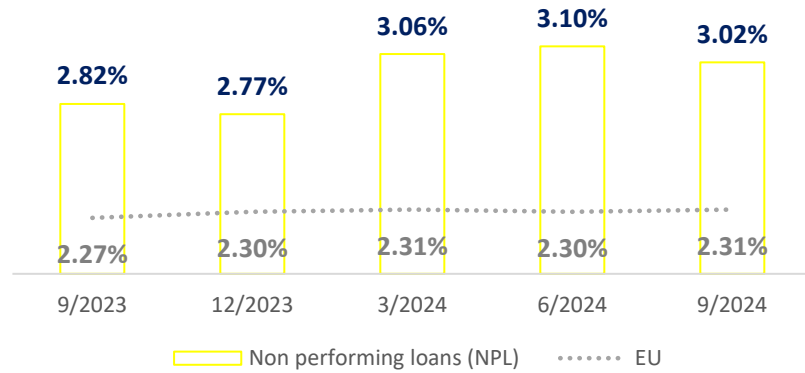


Loan concentration by economic activity -non-financial companies

	<u>9/2023</u>	<u>12/2023</u>	<u>3/2024</u>	<u>6/2024</u>	<u>9/2024</u>	annual change (%)	quarterly change (%)
Industry	62,932	61,214	62,138	65,021	63,375	↑ 0.7%	-2.5%
Construction	41,840	43,768	43,647	44,879	45,511	↑ 8.8%	1.4%
Electricity, gas, steam and air conditioning supply	20,196	21,678	22,523	23,549	24,860	↑ 23.1%	5.6%
Trade	77,253	82,010	80,843	81,872	81,481	↑ 5.5%	-0.5%
Transport and storage	21,187	21,509	26,921	21,764	22,015	↑ 3.9%	1.2%
other	44,483	46,062	46,915	46,263	47,903	↑ 7.7%	3.5%
Total	267,891	276,240	282,988	283,348	285,145	↑ 6.4%	0.6%
 Green Loans	17,763	18,639	18,771	19,407	19,354	↑ 9.0%	-0.3%

Macedonian Banking sector Loans, Credit Risk and Asset Quality

Non-performing loans / Total loans (NPL)



Indicators for the quality of credit portfolio		
	annual change (pp)	quarterly change (pp)
Non-performing loans / Total loans	0.20%	-0.08%
NPL Coverage with impairment	-5.22%	0.54%

✓ Rate of non-performing loans 3.02%, increase by 0.20 pp annual and reduced by (-0.08) pp quarterly,

✓ participation of NPL, households 44%, non-financial companies 55%

EUROZONE 2,31%

✓ NPL Coverage - Coverage of non-performing loans with impairment (non-financial companies) 64.21% reduced by (-5.22) pp annual or increase by 0,54 pp quarterly

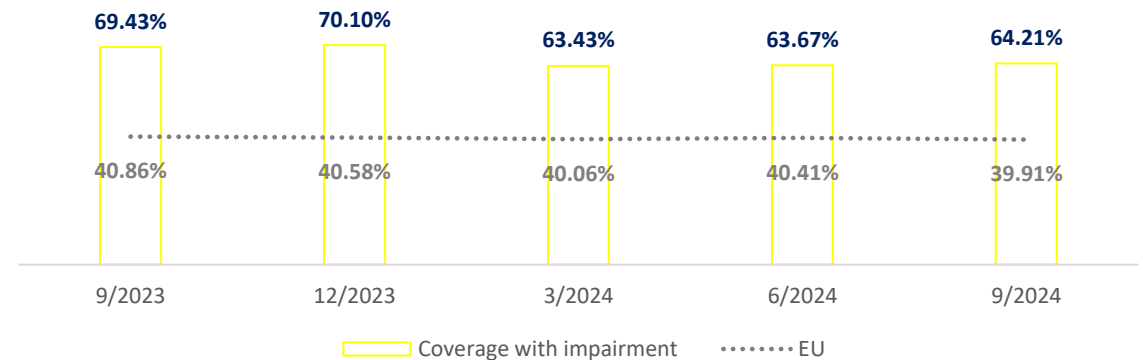
EUROZONE 39.91%

Source: NBRM, REPORT ON RISKS IN THE BANKING SYSTEM OF THE REPUBLIC OF MACEDONIA, Indicators on the banking system, annex 5

NBRM, Quarterly Report Q32024

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Coverage - Coverage of non-performing loans with impairment



Macedonian Banking sector Liability's

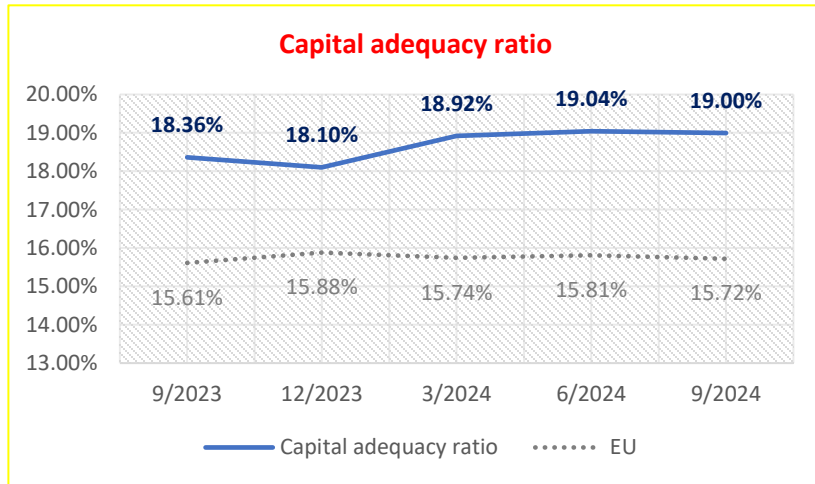
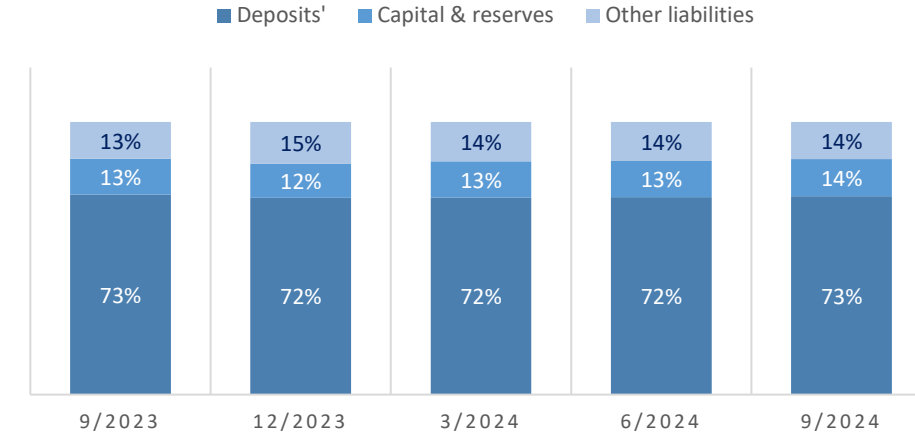
in millions of denars

Liability's structure	9/2023	12/2023	3/2024	6/2024	9/2024
Deposits ¹	516,317	539,602	534,525	544,432	556,975
Capital & reserves	92,561	92,910	98,096	99,596	103,897
Other liabilities	94,911	114,227	106,317	107,216	104,164
Total	703,789	746,739	738,938	751,244	765,036

	annual change (%)	quarterly change (%)
Deposits ¹	↑ 7.9%	2.3%
Capital & reserves	↑ 12.2%	4.3%
Other liabilities	↑ 9.7%	-2.8%
Total	↑ 8.7%	1.8%

LIABILITIES STRUCTURE

3Q 2024



- In the structure of liabilities, the deposits amount 556,975 Mio. DEN are dominant that participate by 73%, regarding previous year are increased by 7.9% or 2.3% quarterly
- Capital & reserves amount 103,897 Mio. DEN, participate with 14%, increased by 12.2% annual, or 4.3% quarterly
- Capital adequacy ratio is 19.00% and regarding previous year is increased by 0,64

pp annual, or reduced by (-0.04) pp quarterly and likewise indicates on the capacity and coverage of the risks from Banks activity as well as stabile level on Banking sector solvency

• EUROZONE 15,72%

Source: NBRM

REPORT ON RISKS IN THE BANKING SYSTEM OF THE REPUBLIC OF MACEDONIA

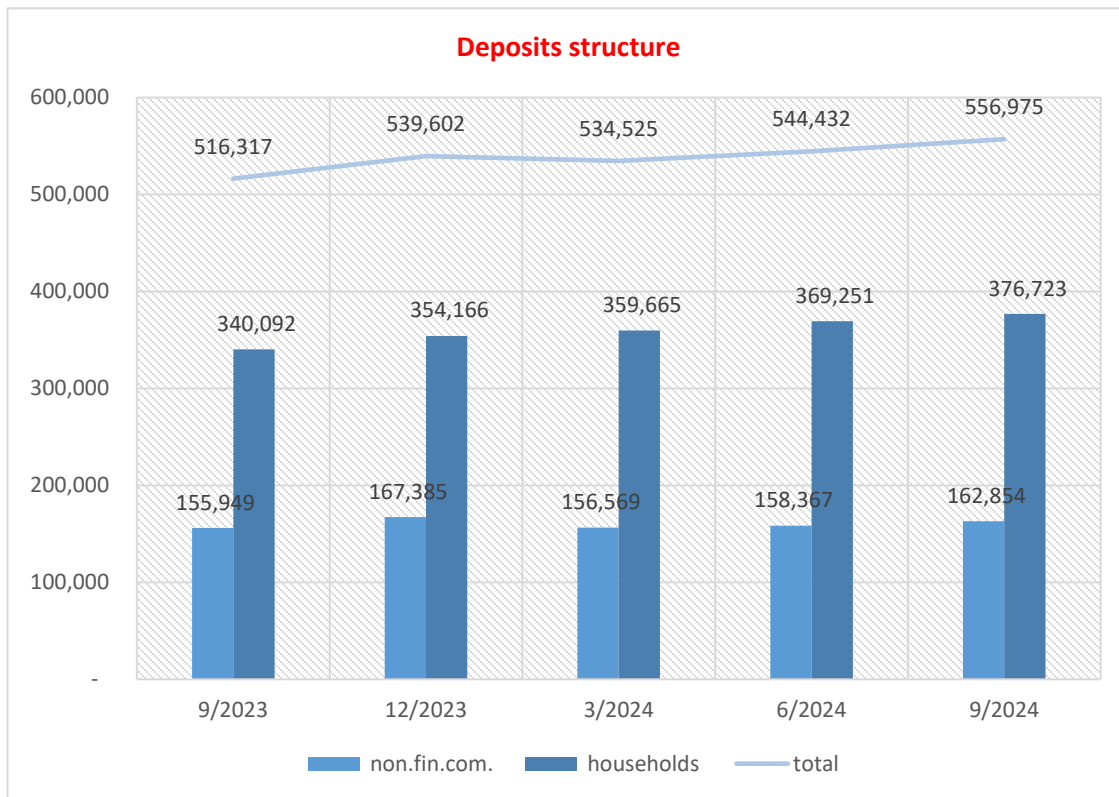
Indicators on the banking system

Quarterly Report Q32024, annex 31

European Central Bank | Banking supervision

Macedonian Banking sector Deposits

in millions of denars



- ✓ Deposits from households participate with 68%, increased by 10.8% annual and 2% quarterly
- ✓ Nonfinancial corporations participate with 28%, increased by 4.4% annual and reduced by 2.8 pp quarterly

Source: NBRM
REPORT ON RISKS IN THE BANKING SYSTEM OF THE REPUBLIC OF MACEDONIA
Indicators on the banking system

Deposit's structure	annual change(%)	quarterly change(%)
Total	↑ 7.9%	2.3%
non.fin.com.	↑ 4.4%	2.8%
households	↑ 10.8%	2.0%

Weighted interest rates on received deposits

INTEREST RATES ON TOTAL RECEIVED DEPOSITS
(Denar and foreign currency)

9/2023	12/2023	3/2024	6/2024	9/2024
1,59	1,79	1,80	1.88%	2.01%

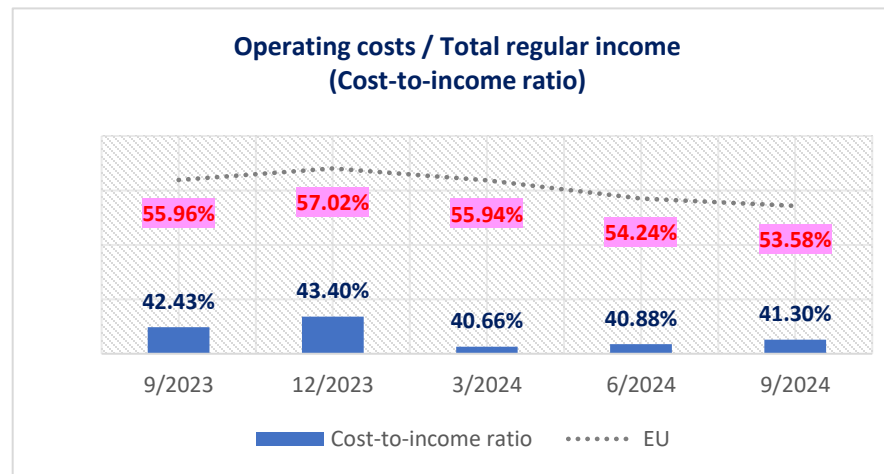
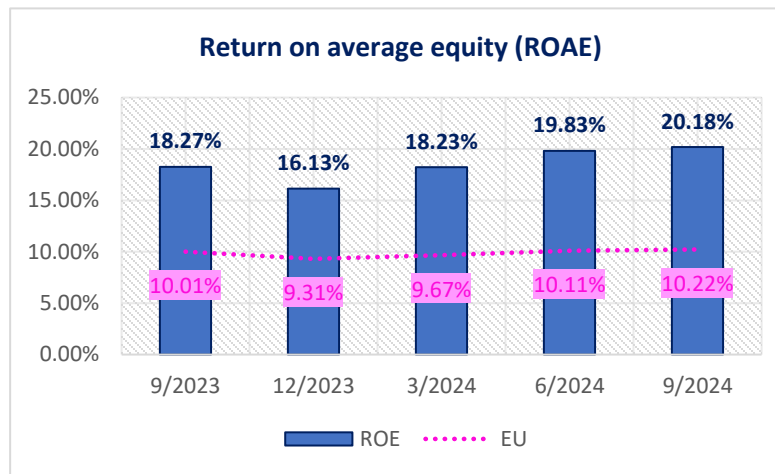
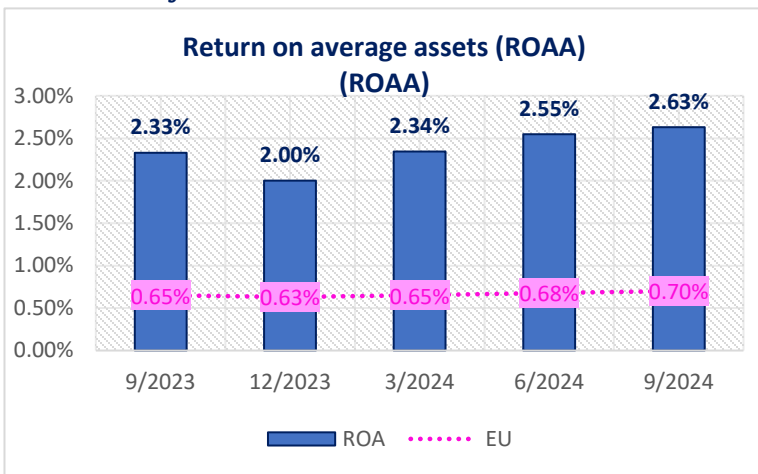
Household's
annual 10.8 %

Total deposits
annual 7.9%



Macedonian Banking sector

Profitability indicators



Banking sector has stable rates of profitability measured by

- ✓ **Return on average asset (ROAA) 2.63%**, increased by 0.3 pp annual, or 0.1 pp quarterly
EUROZONE 0.70%
- ✓ **Return on average equity (ROAE) 20.18%**, increased by 1.9 pp annual or 0.4 pp quarterly
EUROZONE 10.22%

- ✓ **41.30% of total income cover** operating costs of the Banks
- ✓ **70.99%** of operating income is net interest income

Source: NBRM REPORT ON RISKS IN THE BANKING SYSTEM OF THE REPUBLIC OF MACEDONIA, Indicators on the banking system, Quarterly Report Q32024, annex 32
European Central Bank | Banking supervision

Profitability		annual change (pp)	quarterly change (pp)
Return on average assets (ROAA)	↑	0.3	0.1
Return on average equity (ROAE)	↑	1.9	0.4
Cost-to-income ratio	↓	-1.1	0.4
Net interest income / operating income	↑	0.3	0.2

