FitchRatings

Republic of North Macedonia

Key Rating Drivers

Ratings Affirmed, Stable Outlook: North Macedonia's 'BB+' rating is supported by a record of credible and consistent macroeconomic policies underpinning the longstanding de facto exchange rate peg to the euro, more favourable governance indicators than peer medians, and a commitment to an EU accession process that acts as a reform anchor in the medium term. Set against these factors are the high (albeit declining) banking sector euroisation, higher net external debt compared to peers, high structural unemployment, and weak productivity growth.

Large Fiscal Deficits: North Macedonia posted a general government deficit of an estimated 4.6% of GDP in 2024 (revised target: 4.9%; current 'BB' median of 3%). This was primarily due to stronger than projected revenues and some under-execution of capex. Fitch expects a largely unchanged deficit in 2025. Moderate increases in the revenue base resulting from electronic invoicing progress and the unlocking of around 0.2pp of GDP in grants from the Western Balkans Growth Plan (WBGP) will contribute to a decline in the deficit to 4% by 2026.

Lack of Fiscal Anchor: The authorities have failed to adopt full implementation of the Organic Budget Law (OBL) this year, signalling adoption will start in 2026. The 2025 budget formally targets a 4% of GDP deficit, above the OBL-envisaged limit of 3%. The authorities attribute the large capex and defence spending needs in 2025 to limiting the pace of fiscal consolidation. In Fitch's view, the absence of a firm fiscal anchor constrains fiscal policy credibility.

Debt Reduction Unlikely: Gross general government debt (GGGD)/GDP was 53.8% at end-2024, in line with peer medians. In January 2025, the authorities fully repaid a EUR500 million (3% of 2025F GDP) Eurobond by raising a sovereign loan from Hungary. Fitch expects a EUR700 million Eurobond maturing in June 2026 will be refinanced on the international markets. Fitch's baseline medium-term projections show GGGD exceeding 58% of GDP by 2029. This is due to projected primary deficits, and growth gradually slowing towards medium-term potential.

Stable Growth: Despite external headwinds, real GDP growth reached 2.8% in 2024, exceeding estimates due to strong government spending and investment. As the government ramps up spending on the flagship "8/10d" road corridors (connecting North Macedonia with neighbouring countries) in 2025-26, Fitch projects growth peaking at 4% in 2026. The investment pipeline remains strong, but weak productivity growth (annual average of 0.6% in 2021-24) and poor demographics will constrain medium-term growth.

Credible Currency Peg: The denar's de facto euro peg is supported by a strong international reserves position (projected to average 4.3 months of current external payments in 2025-26). The external liquidity ratio remains strong, estimated at 168.4% at end-2024.

High Unemployment, Strong Wage Growth: Unemployment remains structurally high (end-2024: 11.9%) due to skills shortages and uneven regional economic development. Wage growth is strong, averaging 13% annually in 2022-24, resulting in some of the highest wages in the Western Balkans region (in PPP-adjusted terms). However, this has not adversely affected competitiveness. Strong wage growth and increased domestic demand are among domestic drivers of inflation, which averaged 4.2% in 2024 (HICP).

Slow Progress with EU Accession: There has been no major progress with EU accession talks, given the continued Bulgarian insistence on constitutional changes by North Macedonia to formally recognise Bulgarians as an ethnic minority. Nevertheless, relations with most EU members remain positive, and Fitch expects the country to unlock the first tranche of the total envelope of EUR750 million (4.6% of GDP) WBGP funds in 2025.

Ratings

Foreign Currency	
Long-Term IDR	BB+
Short-Term IDR	B
Local Currency	
Long-Term IDR	BB+
Short-Term IDR	B
Country Ceiling	BBB-
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable

Highest ESG Relevance Scores

Environmental	3
Social	4
Governance	5

Rating Derivation

Sovereign Rating Model (SRM)	BB
Qualitative Overlay (QO)	+1
Structural features	0
Macroeconomic	+1
Public finances	0
External finances	0
Long-Term Foreign-Currency IDR	BB+

Source: Fitch Ratings

Data

	2024E
GDP (USDbn)	17
Population (m)	1.8

Source: Fitch Ratings

Applicable Criteria

Country Ceiling Criteria (July 2023)
Sovereign Rating Criteria (October 2024)

Related Research

Fitch Affirms North Macedonia at 'BB+'; Outlook Stable (March 2025)
Global Economic Outlook (March 2025)
Interactive Sovereign Rating Model
Fitch Fiscal Index - Analytical Tool
Click here for more Fitch Ratings content on North Macedonia, Republic of

Analysts

Arvind Ramakrishnan
+44 20 3530 1100
arvind.ramakrishnan@fitchratings.com

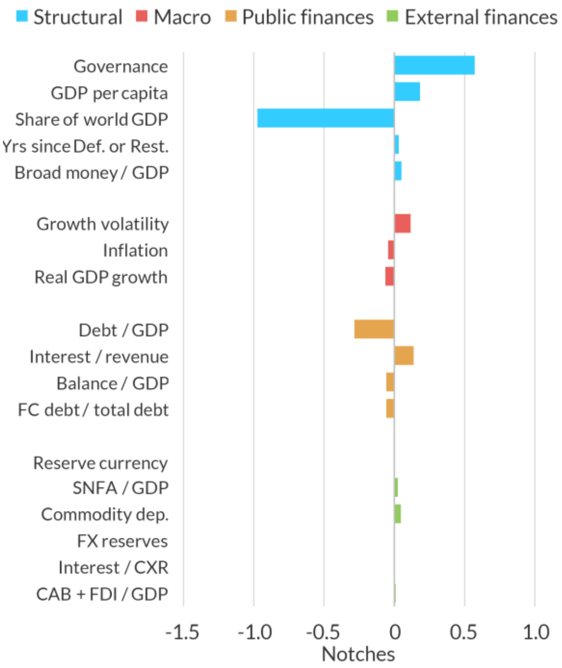
Milan Trajkovic
+49 69 710469 410
milan.trajkovic@fitchratings.com

Rating Summary

Long-Term Foreign-Currency Issuer Default Rating: BB+

Sovereign Rating Model: BB

Contribution of variables, relative to BB Median



Qualitative Overlay: +1

Adjustments relative to SRM data and output

Structural features: No adjustment.

Macroeconomic outlook, policies and prospects: +1 notch, to reflect the deterioration in the SRM output driven by the pandemic shock and the high inflation stemming from the war in Ukraine.

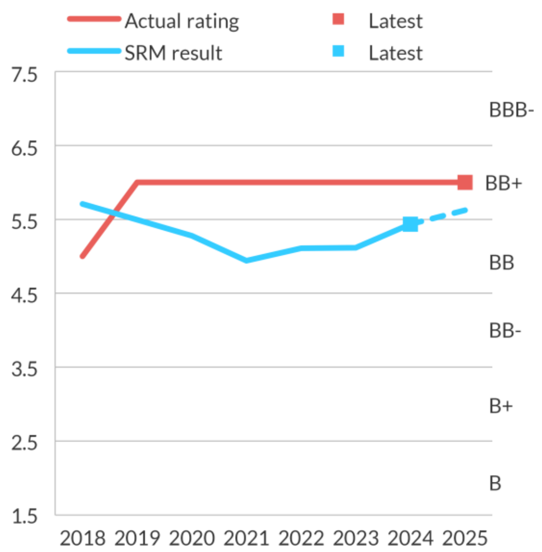
The deterioration of the GDP volatility variable and the jump in inflation reflect very substantial and unprecedented exogenous shocks that have hit the vast majority of sovereigns, and Fitch currently believes that North Macedonia has the capacity to absorb them without lasting effects on its long-term macroeconomic stability.

Public finances: No adjustment.

External finances: No adjustment.

Note: See *Peer Analysis table* for summary data, including rating category medians; see the *Full Rating Derivation table* for detailed SRM data.
Source: Fitch Ratings

Sovereign Rating Model Trend



Recent Rating Derivation History

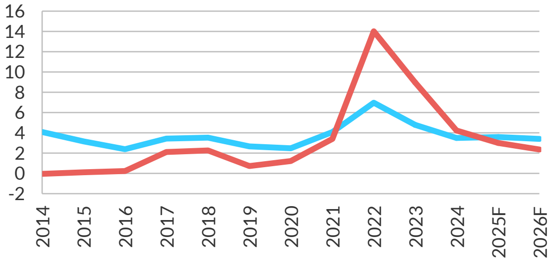
Review Date	LT FC IDR	SRM Result[ab]	QO S	QO M	QO PF	QO EF
Latest	BB+	BB	0	+1	0	0
4 Oct 2024	BB+	BB	0	+1	0	0
5 Apr 2024	BB+	BB	0	+1	0	0
6 Oct 2023	BB+	BB	0	+1	0	0
14 Apr 2023	BB+	BB	0	+1	0	0
28 Oct 2022	BB+	BB	0	+1	0	0
29 Apr 2022	BB+	BB	0	+1	0	0
5 Nov 2021	BB+	BB	0	+1	0	0
7 May 2021	BB+	BB	0	+1	0	0
13 Nov 2020	BB+	BB	0	+1	0	0

[a] The latest rating uses the SRM result for 2024 from the chart. This will roll forward to 2025 in July 2025.
[b] Historical SRM results in this table may differ from the chart, which is based on our latest data, due to data revisions.
Abbreviations: LT FC IDR = Long-Term Foreign-Currency Issuer Default Rating; SRM = Sovereign Rating Model; QO = Qualitative Overlay
Source: Fitch Ratings

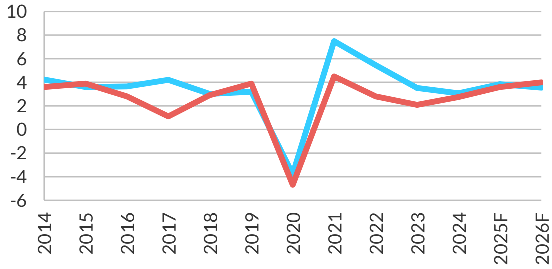
Peer Analysis

North Macedonia — BB Median

Consumer Price Inflation
(annual avg, %)

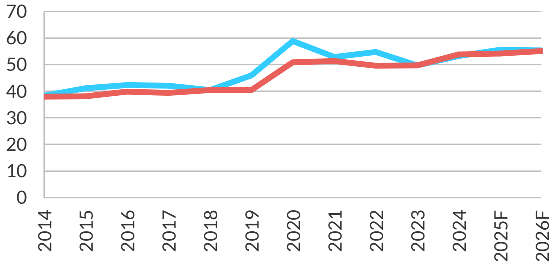


Real GDP Growth
(%)

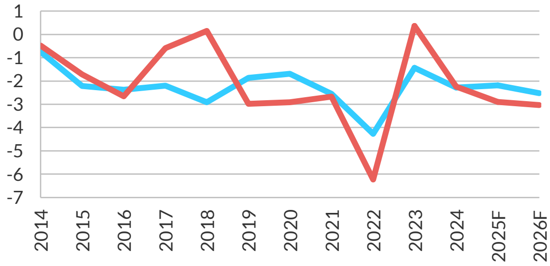


General Government Balance
(% GDP)

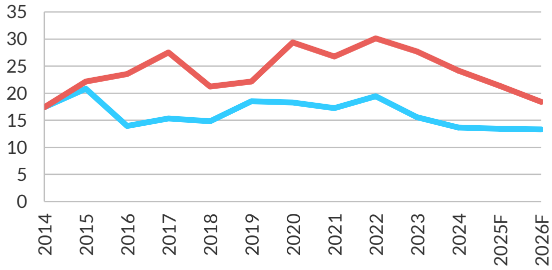
Gross General Government Debt
(% GDP)



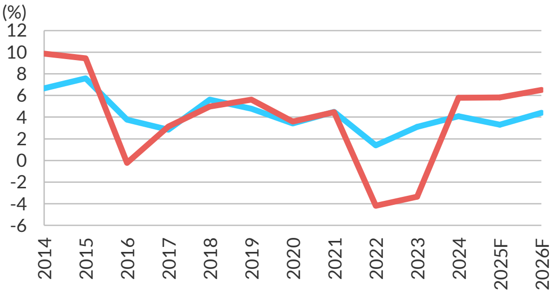
Current Account Balance
(% GDP)



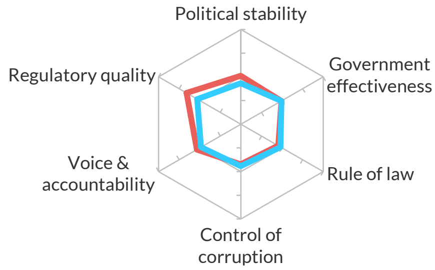
Net External Debt
(% GDP)



Real Private-Sector Credit Growth
(%)



Governance Indicators
Percentile rank



Source: Fitch Ratings, Statistical Office, Ministry of Finance, IMF, World Bank

Peer Analysis

2024E[a]	North Macedonia	BB median	B median	BBB median
Structural features				
GDP per capita (USD) [SRM]	9,174	8,553	2,718	14,008
Share in world GDP (%) [SRM]	0.0	0.1	0.0	0.2
Composite governance indicator (percentile, latest) [SRM][b]	51.2	44.0	36.7	58.0
Human development index (percentile, latest)	56.7	52.8	35.6	66.3
Broad money (% GDP) [SRM]	69.9	49.1	36.3	60.9
Private credit (% GDP, 3-year average)	51.6	40.0	23.9	56.3
Dollarisation ratio* (% bank deposits, latest)	40.0	36.0	30.0	15.9
Bank system capital ratio (% assets, latest)	18.9	16.6	17.2	15.9
Macroeconomic performance and policies				
Real GDP growth (%, 3-year average) [SRM]	2.8	3.9	4.2	3.3
Real GDP growth volatility (complex standard deviation) [SRM]	2.5	2.9	3.3	3.4
Consumer price inflation (%, 3-year average) [SRM]	5.4	4.8	6.1	3.2
Unemployment rate (%)	11.9	9.2	7.7	7.6
Public finances (general government)[c]				
Balance (% GDP, 3-year average) [SRM]	-4.5	-3.0	-3.5	-2.6
Primary balance (% GDP, 3-year average)	-2.7	-0.9	-1.4	-0.7
Interest payments (% revenue, 3-year average) [SRM]	5.3	8.4	8.8	7.5
Gross debt (% revenue, 3-year average)	155.6	162.4	227.5	157.0
Gross debt (% GDP, 3-year average) [SRM]	52.5	40.1	50.9	38.1
Net debt (% GDP, 3-year average)	47.2	35.5	42.1	31.9
FC debt (% gross debt, 3-year average) [SRM]	66.7	59.4	63.0	33.7
External finances[c]				
Current account balance (% GDP, 3-year average)	-1.6	-2.6	-3.6	-1.6
Current account balance + net FDI (% GDP, 3-year avg.) [SRM]	3.3	0.7	-1.3	0.7
Commodity dependence (% CXR) [SRM]	9.4	21.9	36.0	19.3
Gross external debt (% GDP, 3-year average)	77.2	47.9	49.5	55.1
Net external debt (% GDP, 3-year average)	24.4	11.2	21.6	11.4
Gross sovereign external debt (% GXD, 3-year average)	39.5	43.6	59.9	29.8
Sovereign net foreign assets (% GDP, 3-year average) [SRM]	0.3	-2.1	-16.9	2.0
External interest service (% CXR, 3-year average) [SRM]	2.5	3.8	3.8	4.1
Foreign-exchange reserves (months of CXP) [SRM]	4.5	4.5	3.9	4.9
Liquidity ratio	168.4	139.1	146.7	134.1

[a] Three-year averages are centred on this year. Fitch does not forecast indicators labelled 'latest', meaning data may be lagging.
[b] Composite of all six World Bank Worldwide Governance Indicators (see chart on the previous page).
[c] See *Appendix 2: Data Notes and Conventions* for details of data treatment for public finances and external finances.
Source: Fitch Ratings, Statistical Office, Ministry of Finance, IMF, World Bank, United Nations

* Refers to proportion of FX-denominated deposits in total bank deposits (for North Macedonia, these are mostly denominated in euros)

Supplementary Information

BSI / MPI = - / 1. About the BSI and MPI: Fitch's bank systemic indicator (BSI) equates to a weighted average Viability Rating. The macro-prudential risk indicator (MPI) focuses on one potential source of financial stress, ranging from '3' – high potential vulnerability to financial stress over the medium term based on trends in credit expansion, equity and property prices and real exchange rates – to '1' – low likelihood. For more information, refer to Fitch Ratings' most recent Macro-Prudential Risk Monitor report.

Year cured from the most recent default or restructuring event, since 1980 = 2000.

The de facto exchange rate regime, based on the latest IMF Annual Report on Exchange Arrangements and Exchange Restrictions report, is 'Stabilized arrangement'.

Rating Factors

Strengths

- A credible macroeconomic policy mix, consistent with a long-standing de facto exchange-rate peg to the euro.
- Governance and human development indicators are more favourable than the median of 'BB' category peers.
- The banking sector is stable, well-capitalised, liquid, and with sound asset quality.
- An EU accession process acts as a reform anchor over the medium term.
- The external liquidity ratio is comfortably above 100%, mitigating balance of payments risks.

Weaknesses

- GGGD is highly exposed to exchange-rate risk, with about 67% of GGGD denominated in foreign currency (end-2024).
- Deposit euroisation is fairly high, at 40.6% as of 3Q24, partly countered by a broadly matched proportion of foreign-currency (euro)-denominated loans.
- Gross and net external debt levels are above peer medians (though about 45% of government external debt is concessional, and inter-company lending accounts for 66% of private sector external debt).
- Unemployment is structurally high, at 11.9% as of end-2024, reflecting a large informal economy and skills shortages.

Rating	Sovereign
BBB-	Aruba
	Azerbaijan
	Greece
	India
	Mexico
	Romania
BB+	**North Macedonia**
	Colombia
	Morocco
	Oman
	Panama
	Paraguay
	San Marino
	Serbia
	Vietnam
BB	Brazil
	Costa Rica
	Georgia
	Guatemala

Source: Fitch Ratings

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Public Finances: Failure to implement a credible fiscal consolidation strategy that results in a stabilisation of the GGGD/GDP trajectory in the medium term.

External Finances: Pressure on foreign-currency reserves and/or the de facto currency peg against the euro, caused by a marked deterioration in the external position.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Public Finances: A sharp and sustained decline in GGGD/GDP consistent with an improvement in fiscal management and policy credibility.

Structural/Macro: An improvement in medium-term growth prospects and/or governance standards, for example, through demonstrated progress towards EU accession.

Forecast Summary

	2021	2022	2023	2024E	2025F	2026F
Macroeconomic indicators and policy						
Real GDP growth (%)	4.5	2.8	2.1	2.8	3.6	4.0
Unemployment (%)	15.8	14.5	13.1	11.9	12.5	12.5
Consumer price inflation (annual average % change)*	3.4	14.0	9.0	4.2	3.0	2.4
Policy interest rate (annual average, %)**	1.3	2.3	5.8	6.2	5.3	5.3
General government balance (% GDP)	-5.4	-4.3	-4.3	-4.6	-4.5	-4.0
Gross general government debt (% GDP)	51.4	49.6	49.7	53.8	54.2	55.1
MKD per USD (annual average)	52.1	58.6	56.9	56.9	59.0	58.7
Real private credit growth (%)	4.5	-4.2	-3.3	5.8	5.8	6.5
External finance						
Merchandise trade balance (USDbn)	-2.8	-3.7	-2.8	-3.4	-3.6	-3.7
Current account balance (% GDP)	-2.7	-6.2	0.4	-2.2	-2.9	-3.0
Gross external debt (% GDP)	77.5	82.6	79.6	76.4	75.7	73.8
Net external debt (% GDP)	26.8	30.1	27.7	24.2	21.4	18.4
External debt service (principal + interest, USDbn)	1.6	1.0	1.7	1.3	2.1	2.3
Official international reserves including gold (USDbn)	4.1	4.1	5.0	5.2	5.3	5.5
Gross external financing requirement (% int. reserves)	41.9	39.5	31.4	29.9	40.2	43.1
Real GDP growth (%)						
US	6.1	2.5	2.9	2.8	1.7	1.5
China	8.4	3.0	5.2	5.0	4.4	4.0
Eurozone	5.4	3.5	0.4	0.9	0.7	1.1
World	6.3	2.7	3.1	2.9	2.3	2.2
Oil (USD/barrel)	70.6	98.6	82.1	79.5	70.0	65.0

* Harmonised Index of Consumer Prices. ** Central bank bill rate.
Source: Fitch Ratings, IMF, national authorities

Sources and Uses

Public Finances (General Government)

(MKDbn)	2024	2025
Uses	**62.7**	**62.5**
Budget deficit	43.5	45.5
MLT amortisation	19.2	16.9
Domestic	19.2	16.9
External	0.0	0.0
Sources	**62.7**	**62.5**
Gross borrowing	100.8	104.4
Domestic	55.8	56.5
External	45.0	47.9
Privatisation	0.0	0.0
Other	-14.4	-49.6
Change in deposits (- = increase)	-23.8	7.7

Source: Fitch Ratings

External Finances

(USDbn)	2024	2025
Uses	**1.5**	**2.1**
Current account deficit	0.4	0.5
MLT amortisation	1.1	1.6
Sovereign	0.4	0.8
Non-sovereign	0.8	0.8
Sources	**1.5**	**2.1**
Gross MLT borrowing	1.4	2.0
Sovereign	0.6	1.0
Non-sovereign	0.8	1.1
FDI	1.2	0.7
Other	-0.7	-0.6
Change in FX reserves (- = increase)	-0.3	0.0

Source: Fitch Ratings

Credit Developments

Fiscal Consolidation Set to Be Slow After Wider Deficit in 2024

North Macedonia posted a general government deficit of an estimated 4.6% of GDP in 2024, slightly short of the revised target of 4.9% (current 'BB' median: 3%), primarily owing to stronger than projected revenues (due to strong economic and wage growth), along with some under-execution of capex. Social security revenue collection reached 104% of target owing to robust labour market performance. The government was able to clear some of the arrears it claimed to have uncovered following its election in 2024, although unpaid liabilities remain.[1]

Fitch expects a largely unchanged deficit in 2025 given a projected ramping-up of capex and a normalisation of pension and social security expenditure (after large fixed increases in 2024 and 1Q25)[2], while modest increases in the revenue base given some progress with electronic invoicing and unlocking of around 0.2pp of GDP in grants from the Western Balkans Growth Plan, will lead to a decline in the deficit to 4% by 2026.

Changes to the Law on Social Care Assistance are expected to streamline some social assistance costs, with a positive fiscal impact of 0.2pp of GDP in 2025. The government is negotiating minimum wage increases and aiming to streamline public wage increases, although this may be difficult to achieve ahead of local elections in 2H25. There is some upside to revenue growth, depending on the pace of adoption of technical assistance from the World Bank to increase digital invoicing.

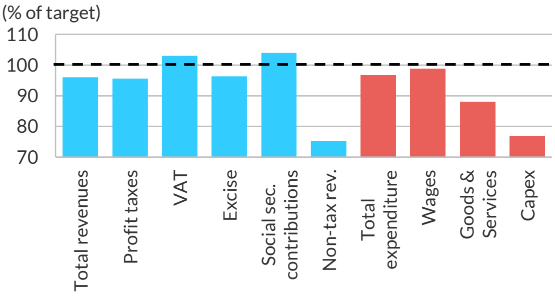
The government has made ambitious plans to boost capex to both deliver growth, as well as unlock and deploy funds from the Western Balkans Growth Plan (WBGP), from which North Macedonia is eligible to claim an allocation of EUR750 million (loans and grants) in total. The 2025 budget envisions 12% of GDP in capex spending, although Fitch considers this to be optimistic given capacity constraints and labour shortages. In the long run, the government expects to stabilise capex at around 5% of GDP.

The government postponed the full adoption of the Organic Budget Law (OBL) to 2026 as the necessary by-laws for its implementation were only adopted in December 2024. The 2025 budget (which has been approved by Parliament) formally targets a 4% of GDP budget deficit, which would be above the OBL-envisaged limit of 3%. The authorities cite large capex projects, notably the 8/10d road corridors (about 0.8% of GDP) and local infrastructure projects (0.6% of GDP), as well as the purchase of new defence equipment (0.5% of GDP), as reasons to limit the pace of fiscal consolidation.

The two-year EUR530 million Precautionary Liquidity Line (PLL), expired in November 2024 on schedule. North Macedonia drew down a total of EUR253 million (1.6% of 2024 GDP) from it. Fitch understands a new IMF programme is not under consideration.

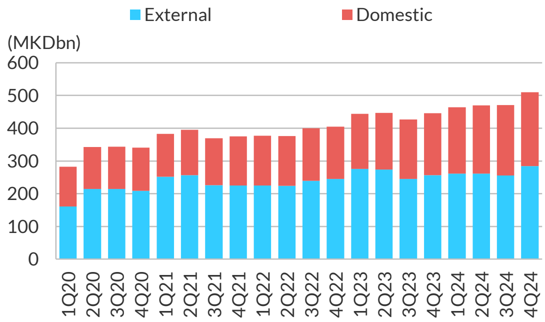
Budget Execution: 2024

Performance against budget targets



Source: Fitch Ratings, Ministry of Finance

General Government Debt



Source: Fitch Ratings, Haver Analytics

General Government Debt on Upward Trajectory

GGGD/GDP stood at 53.8% as of end-2024, in line with peer medians. The authorities fully repaid a EUR500 million (3% of 2025F GDP) Eurobond by raising a sovereign loan from Hungary, in January 2025. A previous EUR500 million

[1] Estimates of arrears owed by the government amounted to about 4% of GDP at end-2024.
[2] The VMRO-DPMNE government decided to award an MKD2,500 (around EUR40.6) a month increase in pensions in September 2024 and will award another similar increase in March 2025 (cumulative impact: 1% of GDP). The government has not yet decided whether it will return to the indexation to inflation and average wage growth formula for the scheduled pension increase in September 2025.

loan (also from Hungary), secured in October 2024, is being used for budgetary and on-lending purposes through the Development Bank of North Macedonia. Fitch expects that a EUR700 million Eurobond maturing in June 2026 will be refinanced in international markets.

Under Fitch's medium-term projections, GGGD will exceed 58% of GDP by 2029 as we project North Macedonia to continue to run primary deficits, and growth will gradually slow towards medium-term potential. About 45% of external government debt is owed to multilateral and bilateral creditors. At end-2024, about 67% of GGGD was FX-denominated, mostly in euros, minimising exchange rate risks due to the denar's de facto peg with the euro.

Guarantees and other contingent liabilities amounted to 8.1% of GDP as of end-2024, reflecting the liabilities of various SOEs and PPPs. In Fitch's opinion, the probability of these liabilities crystallising is low.

Relatively Strong Growth in 2024; Stable Growth Outlook in 2025-2026

Despite external headwinds, real GDP growth reached 2.8% of GDP in 2024, beating the government's estimates, amid strong government spending and investment. On the production side, agriculture and industrial production[3] both shrank over the year (-2% and -3.6% yoy growth respectively), while construction (owing to several capex projects as well as private sector activity) grew by 13.2%.

As the government ramps up spending on the flagship 8/10d corridors in 2025-26, growth will reach a peak of 4% in 2026. While the investment pipeline is set to remain strong, weak productivity growth (annual average of 0.6% in 2021-24) and poor demographics will act as a drag on medium-term growth.

The main risk to growth comes from external factors. While North Macedonia's direct trade exposure to the US is low (2024: 1.4% of goods exports in 2024), about 40% of its exports go to Germany, and 30% are machinery and transport equipment, thereby raising indirect exposures significantly. Fitch expects net exports to continue to remain negative contributors to growth in 2025-26.

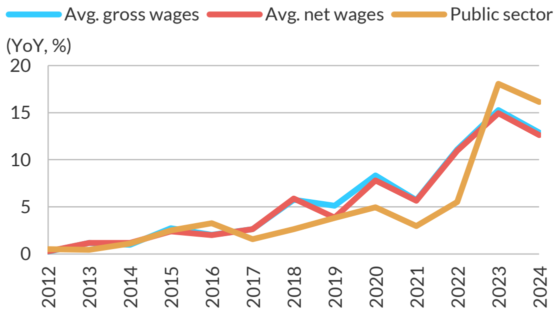
Inflation Eases in 2024; Rate Cuts Unlikely

Inflation (HICP) averaged 4.2% in 2024 (2023: 9%), although it has since edged up to 5.6% on average in January-February 2025, partly reflecting base effects and the impact of electricity prices[4]. Strong wage growth (2024: 13% and 12.6% yoy increase in gross and net wages respectively) are among drivers of inflation. Authorities cut the central bank bill rate by a cumulative 75bps in 2024 and a further 20bps in February 2025, reflecting the fall in the headline rate of inflation, although Fitch expects limited scope for further cuts given that inflation is unlikely to fall further.

Monetary policy transmission is affected by a structural excess of liquidity, although banks have been increasingly passing on rate cuts to new loans. Banking sector euroisation is high at 40.6% of deposits as of 3Q24, although this is decreasing. Demand for credit remains quite strong, with overall credit growth of 11% in 2024 (household credit: 9%; corporate credit: 14%).

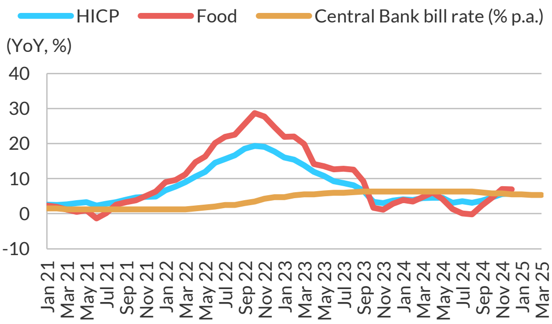
As in previous years, in February 2025, the government imposed de facto price controls for over 100 product groups for two months, by capping the gross profit margins for wholesalers and retailers, as part of its inflation control measures. It remains unclear how such measures would be compatible with market rules under an EU regime, given the government's goal of EU accession.

Wage Growth



Source: Fitch Ratings, Haver Analytics

Inflation and Interest Rates



Source: Fitch Ratings, Haver Analytics

[3] A major driver of industrial production decline was a 16.6% slowdown in electricity production, partly due to high base effects.
[4] Electricity price increases are scheduled in January and July each year.

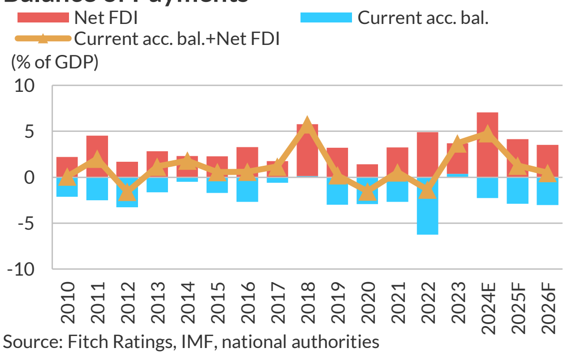
Current Account Returns to Deficit; Solid FDI Inflows in 2024

Following a small surplus in 2023, the current account recorded a deficit of 2.2% of GDP in 2024 in line with long-term trends, and reflecting a worsening of the trade balance given slower external demand as well as a smaller secondary income surplus. Net FDI soared to a 17-year high of 7% of GDP in 2024, reflecting robust investments in free economic zones.[5] Fitch expects continued adequate net FDI coverage of the current account deficits, which are projected to average 3% of GDP in 2025-26.

International reserves grew by 4% to EUR5 billion in 2024, equivalent to an estimated 4.5 months of current account payments, over 100% of short-term external debt, and over 100% of the IMF's ARA metric. Strong growth in gold prices contributed to a 26% increase in the value of gold reserves, which accounted for 11% of international reserves at end-2024. In February, the European Central Bank extended a EUR400 million (2.6% of GDP) repo line to 2027[6] at the request of National Bank of the Republic of North Macedonia (NBRNM), providing an emergency cushion in the (unlikely) event of a sudden FX shortage.

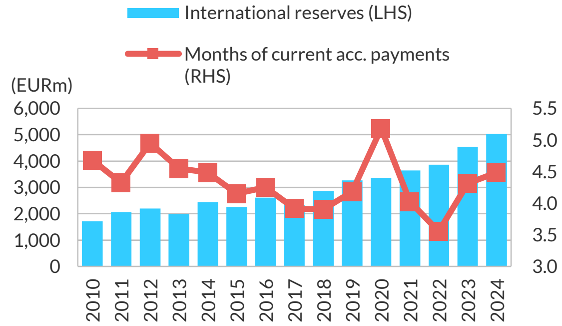
Fitch projects international reserves to average 4.4 months of current account payments in 2025-26, and comfortably backing the de facto peg with the euro. North Macedonia's external liquidity ratio is strong, at an estimated 168.4% as of end-2024. North Macedonia's net external debt, at 24.2% of GDP as of 2024, was above the 'BB' peer median by about 10pp, primarily reflecting the large stock of FDI in private sector external debt.

Balance of Payments



Source: Fitch Ratings, IMF, national authorities

International Reserves



Source: Fitch Ratings, IMF, national authorities

Slow Progress with EU Accession

There has been no notable progress with EU accession talks, given the continued Bulgarian insistence on constitutional changes by North Macedonia to formally recognise Bulgarians as an ethnic minority. North Macedonia is unchanged on its position of incorporating such changes but only retroactively, after it joins the EU. Nevertheless, relations with most EU members remain positive, and Fitch expects the country to unlock the first tranche of the total envelope of EUR750 million (4.6% of GDP) WBGP funds in 2025.

[5] As of end-2024, the top countries of origin of FDI (based on stocks) were Austria, Greece, Turkiye, Germany and the Netherlands.
[6] The ECB had first extended this facility to the NBRNM in 2H2020 to meet liquidity needs during the Covid-19 pandemic.

Public Debt Dynamics

Barring an exchange rate shock (which Fitch views as unlikely given the strength of the de facto currency peg with the euro), a failure to achieve fiscal consolidation poses the greatest risk to medium-term debt dynamics. In a scenario where primary deficits are 1pp of GDP worse than the baseline, GGGD/GDP would exceed 63% by 2029, in excess of the 60% limit for public debt specified by the Organic Budget Law.

Debt Dynamics - Fitch's Baseline Assumptions

	2023	2024	2025	2026	2027	2028	2029
Gross general government debt (% of GDP)	49.7	53.8	54.2	55.1	56.3	57.4	58.2
Primary balance (% of GDP)	-2.9	-2.7	-2.4	-2.0	-2.0	-1.6	-1.3
Real GDP growth (%)	2.1	2.8	3.6	4.0	3.5	3.0	3.0
Average nominal effective interest rate (%)	3.2	4.0	4.5	4.3	4.3	4.2	4.2
MKD/USD (annual avg)	56.9	56.9	59.0	58.7	58.8	59.1	59.4
GDP deflator (%)	7.7	2.9	3.0	2.6	2.6	2.3	2.3
Stock-flow adjustments (% of GDP)	0.0	0.0	-1.0	0.3	0.0	0.0	0.0

Source: Fitch Ratings

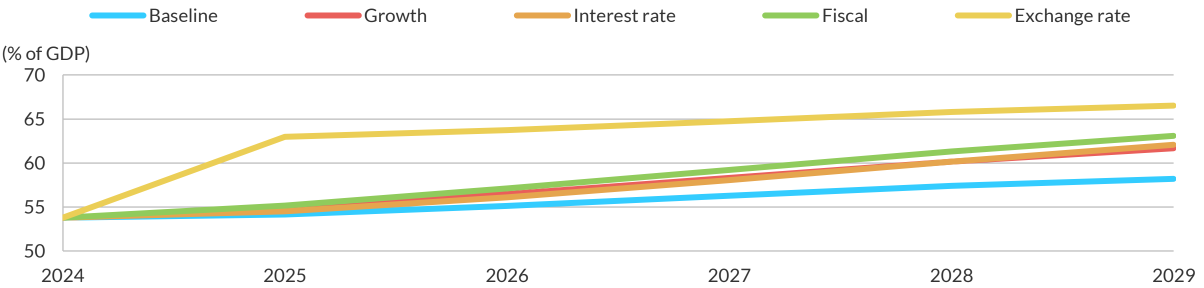
Debt Sensitivity Analysis: Fitch's Scenario Assumptions

Growth	Real GDP growth half standard deviation lower than baseline
Interest rate	Marginal interest rate 250bp higher
Fiscal	Primary balance 1pp of GDP below baseline
Exchange rate	30% depreciation in USD/MKD exchange rate at end-2025

Source: Fitch Ratings

Sensitivity Analysis

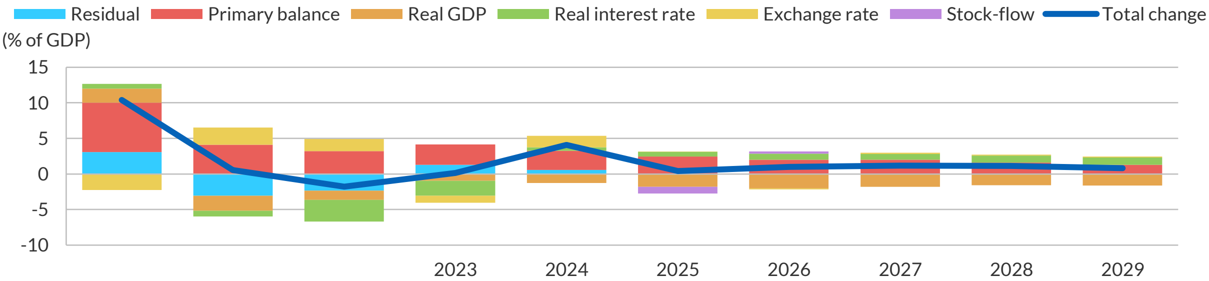
Gross general government debt



Source: Fitch Ratings, Fitch Debt Dynamics Model

Baseline Scenario: Debt Creating Flows

Change in gross general government debt



About the Public Debt Dynamics

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

Data Tables

General Government Summary

(% GDP)	2018	2019	2020	2021	2022	2023	2024E	2025F	2026F
Revenue	30.4	31.4	29.9	32.0	31.6	32.7	34.0	34.7	35.4
Expenditure	31.5	33.5	38.1	37.4	35.9	37.0	38.5	39.2	39.4
o/w interest payments	1.2	1.2	1.2	1.3	1.1	1.4	1.9	2.1	2.0
Interest payments (% revenue)	3.9	3.7	4.0	3.9	3.6	4.4	5.6	5.9	5.6
Primary balance	0.1	-1.0	-7.0	-4.1	-3.2	-2.9	-2.7	-2.4	-2.0
Overall balance	-1.1	-2.1	-8.2	-5.4	-4.3	-4.3	-4.6	-4.5	-4.0
Gross government debt	40.4	40.4	50.8	51.4	49.6	49.7	53.8	54.2	55.1
% of government revenue	133.0	128.9	169.9	160.5	157.1	152.2	158.4	156.2	155.9
Issued in domestic market	15.3	15.9	19.7	20.5	19.6	21.1	23.9	26.3	26.3
Issued in foreign markets	25.1	24.5	31.2	30.8	30.0	28.6	29.9	27.9	28.9
Local currency	8.5	9.3	12.3	12.6	12.0	14.5	17.9	20.0	22.1
Foreign currency	31.9	31.2	38.6	38.8	37.6	35.2	35.9	34.1	33.1
Central government deposits	5.6	4.8	6.3	6.2	4.7	4.2	6.5	5.4	5.4
Net government debt	34.8	35.6	44.5	45.2	44.9	45.5	47.3	48.8	49.7
Financing		2.1	8.2	5.4	4.3	4.3	4.6	4.5	4.0
Domestic borrowing		1.3	3.2	2.5	1.2	3.3	3.9	3.9	1.7
External borrowing		0.0	8.6	-0.1	0.8	2.3	1.3	-0.2	2.8
Other financing		0.8	-3.6	3.0	2.3	-1.3	-0.6	0.8	-0.5
Change in deposits (- = increase)		0.5	-1.3	-0.4	0.8	0.0	-2.5	0.8	-0.4
Privatisation		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other		0.3	-2.3	3.4	1.5	-1.3	1.9	0.0	-0.1

Source: Fitch Ratings, Ministry of Finance, IMF

Balance of Payments

(USDbn)	2018	2019	2020	2021	2022	2023	2024E	2025F	2026F
Current account	0.0	-0.4	-0.4	-0.4	-0.9	0.1	-0.4	-0.5	-0.6
(% GDP)	0.1	-3.0	-2.9	-2.7	-6.2	0.4	-2.2	-2.9	-3.0
Goods	-2.1	-2.2	-2.1	-2.8	-3.7	-2.8	-3.4	-3.6	-3.7
Services	0.4	0.4	0.5	0.6	0.8	0.8	1.2	1.2	1.2
Primary income	-0.5	-0.6	-0.5	-0.6	-0.6	-0.8	-0.9	-0.7	-0.7
Secondary income	2.2	2.0	1.7	2.4	2.6	2.9	2.7	2.6	2.6
Capital account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	-0.5	-0.7	-0.5	-0.7	-1.0	-0.5	-0.9	-0.5	-0.8
Direct investment	-0.7	-0.4	-0.2	-0.5	-0.7	-0.5	-1.2	-0.7	-0.7
Portfolio investment	-0.4	0.2	-0.3	-0.1	0.0	0.1	0.3	0.1	-0.2
Derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.6	-0.5	0.0	-0.1	-0.3	-0.1	0.0	0.1	0.1
Net errors and omissions	0.1	0.1	0.0	0.1	0.0	0.1	-0.2	0.0	0.0
Change in reserves (+ = increase)	0.7	0.4	0.1	0.4	0.2	0.6	0.3	0.0	0.2
International reserves, incl. gold	3.3	3.7	4.1	4.1	4.1	5.0	5.2	5.3	5.5
Liquidity ratio (%)	142.5	213.2	173.7	165.7	195.6	126.8	168.4	159.1	149.8
Memo									
Current external receipts (CXR)	10.1	10.1	9.2	11.9	13.0	14.0	13.6	14.1	14.5
Current external payments (CXP)	10.1	10.5	9.5	12.3	13.9	13.9	14.0	14.6	15.1
CXR growth (%)	18.7	0.2	-9.3	29.8	9.4	7.4	-2.9	3.5	3.3
CXP growth (%)	17.6	4.1	-9.2	28.9	13.1	0.2	0.2	4.3	3.6
Gross external financing requirement	1.1	0.9	1.4	1.7	1.6	1.3	1.5	2.1	2.3
% International reserves	37.9	26.9	37.0	41.9	39.5	31.4	29.9	40.2	43.1
Net external borrowing	0.5	0.6	0.8	1.3	1.7	0.6	0.8	0.8	1.1

Source: Fitch Ratings, IMF, national authorities

External Debt and Assets

(USDbn)	2018	2019	2020	2021	2022	2023	2024E	2025F	2026F
Gross external debt	9.0	9.1	10.5	10.9	11.5	12.5	12.7	13.0	13.6
(% GDP)	70.8	72.4	84.8	77.5	82.6	79.6	76.4	75.7	73.8
(% CXR)	88.8	90.0	114.1	91.0	88.2	89.6	93.7	92.4	93.6
Short-term debt (% GXD)	13.8	14.3	13.0	14.2	18.6	17.3	13.8	14.0	13.9
By debtor									
Sovereign	3.3	3.2	4.1	4.3	4.4	4.9	5.1	5.2	5.6
Monetary authorities	0.1	0.1	0.1	0.4	0.7	0.7	0.5	0.6	0.6
General government	3.2	3.1	4.0	3.8	3.7	4.2	4.6	4.6	5.0
Banks	0.7	0.7	0.9	0.9	1.0	1.1	1.0	1.2	1.3
Other sectors	5.0	5.1	5.5	5.6	6.1	6.6	6.6	6.6	6.6
Gross external assets (non-equity)	6.3	6.3	6.9	7.1	7.3	8.2	8.7	9.3	10.2
Sovereign	3.3	3.7	4.1	4.2	4.3	5.0	5.2	5.3	5.5
International reserves, incl. gold	3.3	3.7	4.1	4.1	4.1	5.0	5.2	5.3	5.5
Other sovereign assets	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Banks	0.8	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0
Other sectors	2.2	2.0	2.0	2.1	2.3	2.3	2.7	3.2	3.7
Net external debt	2.7	2.8	3.6	3.7	4.2	4.4	4.0	3.7	3.4
(% GDP)	21.2	22.1	29.4	26.8	30.1	27.7	24.2	21.4	18.4
Sovereign	0.0	-0.4	0.0	0.1	0.1	-0.2	0.0	0.0	0.2
Banks	-0.2	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.3
Other sectors	2.8	3.2	3.5	3.5	3.8	4.3	3.9	3.4	2.9
International investment position									
Assets	6.8	6.9	7.6	8.0	8.2	9.3	9.9	10.6	11.5
Liabilities	13.7	14.1	16.1	16.2	16.8	18.4	18.7	19.1	20.0
Net	-6.9	-7.2	-8.5	-8.2	-8.7	-9.2	-8.9	-8.5	-8.4
Net sovereign	0.0	0.4	0.0	-0.1	-0.1	0.2	0.0	0.0	-0.2
(% GDP)	-0.3	3.4	0.0	-0.8	-0.9	1.0	0.3	-0.3	-1.1
External debt service (principal + interest)	1.3	0.7	1.2	1.6	1.0	1.7	1.3	2.1	2.3
Interest (% CXR)	2.0	1.9	2.3	2.0	1.7	2.6	1.4	3.4	4.3

Source: Fitch Ratings, IMF, national authorities

External Debt Service Schedule on Medium- and Long-Term Debt at end-2024

(EURm)	2025	2026	2027	2028
Sovereign: Total debt service	**1,000.2**	**1,070.8**	**958.4**	**1,193.8**
Amortisation	801.5	898.0	774.3	1,014.6
Multilateral	171.4	188.0	250.8	226.1
Official bilateral	5.1	10.0	23.3	88.4
Bonds	625.0	700.0	500.0	700.0
Other private creditors	0.0	0.1	0.1	0.1
Interest	198.7	172.8	184.1	179.2
Bonds	94.4	71.9	46.2	11.4
Loans	104.3	100.9	137.9	167.8

Source: Fitch Ratings, Ministry of Finance

Full Rating Derivation

Long-Term Foreign-Currency Issuer Default Rating (SRM + QO)	BB+

Sovereign Rating Model					Applied Rating[d]			BB
					Model Result and Predicted Rating			5.43 = BB
Input Indicator	**Weight (%)**	**2023**	**2024**	**2025**	**Adjustment to Final Data**	**Final Data**	**Coefficient**	**Output (notches)**
Structural features								**3.49**
Governance indicators (percentile)	22.0	n.a.	51.2	n.a.	-	51.2	0.079	4.04
GDP per capita (USD)	11.8	n.a.	9,174	n.a.	Percentile	40.7	0.037	1.49
Nominal GDP (% world GDP)	14.3	n.a.	0.02	n.a.	Natural log	-4.2	0.640	-2.66
Most recent default or restructuring	4.5	n.a.	2000	n.a.	Inverse 0-1[a]	0.0	-1.791	-0.01
Broad money (% GDP)	1.1	n.a.	69.9	n.a.	Natural log	4.2	0.145	0.62
Macroeconomic performance, policies and prospects								**-0.86**
Real GDP growth volatility	4.5	n.a.	2.5	n.a.	Natural log	0.9	-0.710	-0.65
Consumer price inflation	3.6	9.0	4.2	3.0	3-yr avg.[b]	5.4	-0.069	-0.37
Real GDP growth	1.8	2.1	2.8	3.6	3-yr avg.	2.8	0.057	0.16
Public finances								**-2.14**
Gross general govt debt (% GDP)	9.0	49.7	53.8	54.2	3-yr avg.	52.5	-0.023	-1.21
General govt interest (% revenue)	4.6	4.4	5.6	5.9	3-yr avg.	5.3	-0.044	-0.24
General govt fiscal balance (% GDP)	2.1	-4.3	-4.6	-4.5	3-yr avg.	-4.5	0.039	-0.18
FC debt (% of total general govt debt)	3.0	72.5	64.4	63.0	3-yr avg.	66.7	-0.008	-0.53
External finances								**0.08**
Reserve currency (RC) flexibility	7.2	n.a.	0.0	n.a.	RC score 0 - 4.5[c]	0.0	0.494	0
SNFA (% of GDP)	7.5	1.0	0.3	-0.3	3-yr avg.	0.3	0.011	0.00
Commodity dependence	1.1	n.a.	9.4	n.a.	Latest	9.4	-0.004	-0.03
FX reserves (months of CXP)	1.3	n.a.	4.5	n.a.	n.a. if RC score> 0	4.5	0.024	0.11
External interest service (% CXR)	0.2	2.6	1.4	3.4	3-yr avg.	2.5	-0.004	-0.01
CAB + net FDI (% GDP)	0.3	3.7	4.8	1.3	3-yr avg.	3.3	0.003	0.01
Intercept Term (constant across all sovereigns)								**4.87**

[a] Inverse 0-1 scale, declining weight; [b] of truncated value (2%-50%); [c] Declining weight; [d] Sovereign rating committee can override the SRM Predicted Rating if a marginal change in the Model Result leads to a notch change, which is judged to be temporary or caused by a re-estimation of the SRM, a process that Fitch undertakes on at least an annual basis. Please refer to the Rating Action Commentary for further information when the Applied Rating differs from the Predicted Rating.
Note: This table contains data as at the date of the most recent rating action. There may be minor differences to data presented elsewhere in this report, which may have been updated where appropriate, for example in the event of subsequent data releases.
Source: Fitch Ratings

Qualitative Overlay (Notch Adjustment, Range +/-3)	+1
Structural features	0
Macroeconomic outlook, policies and prospects	+1
Public finances	0
External finances	0

Source: Fitch Ratings

About the SRM and QO

Fitch's SRM is the agency's proprietary multiple regression rating model that employs 18 variables based on three-year centred averages, including one year of forecasts, to produce a score equivalent to a LT FC IDR. Fitch's QO is a forward-looking qualitative framework designed to allow for adjustment to the SRM output to assign the final rating, reflecting factors within our criteria that are not fully quantifiable and/or not fully reflected in the SRM.

Supplementary Ratings

Local-Currency Rating

North Macedonia's Long-Term Local-Currency IDR is in line with the Long-Term Foreign-Currency IDR. In Fitch's view, neither of the key factors cited in the criteria that would support an upward notching of the Long-Term Local-Currency IDR above the Long-Term Foreign-Currency IDR is present: strong public finance fundamentals relative to external finances, or previous preferential treatment of local-currency creditors.

Country Ceiling

The Country Ceiling for North Macedonia is 'BBB-', 1 notch above the LT FC IDR. This reflects moderate constraints and incentives, relative to the IDR, against capital or exchange controls being imposed that would prevent or significantly impede the private sector from converting local currency into foreign currency and transferring the proceeds to non-resident creditors to service debt payments.

Fitch's Country Ceiling Model produced a starting point uplift of 0 notches above the IDR. Fitch's rating committee applied a +1 notch qualitative adjustment to this, under the Long-Term Institutional Characteristics pillar, reflecting the importance of FDI to North Macedonia's open economy and the EU accession process.

Overall Country Ceiling Uplift (CCM + QA, notches)			**+1**
Country Ceiling Model (CCM, notches)			**0**
Pillar I = Balance of payments restrictions			**0**
Current account restrictions (% of 40)	Latest	45.0	+1
Capital account restrictions (% of 69)	Latest	55.1	0
Combined pillar II and III incentives score			**+1**
Pillar II = Long-term institutional characteristics			**+1**
Governance (WB WGI)	Latest	51.2	+2
International trade			+2
Trade openness	2020-24 avg	86.1	+3
Volatility of change in CXR (across 10yrs)	2024	12.8	+1
Export share to FTA partners	2020-24 avg	94.0	+3
International financial integration[a]	2020-24 avg	35.0	+1
Pillar III = Near-term risks			**+1**
Macro-financial stability risks			+1
Composite inflation risk score			+1
Volatility of CPI (across 10yrs)	2024	4.5	+1
Recent CPI peak	2020-24 max	14.0	+2
Cumulative broad money growth	2019-24 change %	45.6	+2
Volatility of change in REER (across 10 years)	2024	2.4	+3
Dollarisation	Most recent	40.6	+1
Exchange rate risks			+1
Net external debt (% of CXR)	2022-24 avg	31.0	+1
Exchange rate regime	Latest	Stabilised arrangement	+1
Qualitative Adjustment (QA, notches)			**+1**
Pillar I = Balance of payments restrictions			0
Pillar II = Long-term institutional characteristics			+1
Pillar III = Near-term macro-financial stability risks			0

[a] Data for international financial integration is the average of private external assets (% of GDP) & private external debt (% GDP).
Source: Fitch Ratings

Full Rating History

	Foreign-Currency Rating			Local-Currency Rating			
Date	Long-Term	Short-Term	Outlook/Watch	Long-Term	Short-Term	Outlook/Watch	Country Ceiling
14 Apr 23	BB+	B	Stable	BB+	B	Stable	BBB-
15 May 20	BB+	B	Negative	BB+	B	Negative	BBB-
14 Jun 19	BB+	B	Stable	BB+	B	Stable	BBB-
02 Feb 18	BB	B	Positive	BB	B	Positive	BB+
19 Aug 16	BB	B	Negative	BB	B	Negative	BB+
22 Jul 16	BB+	B	Negative	BB+	B	Negative	BBB-
21 Aug 15	BB+	B	Negative	BB+	-	Negative	BBB-
27 Oct 10	BB+	B	Stable	BB+	-	Stable	BBB-
21 May 09	BB+	B	Negative	BB+	-	Negative	BBB-
04 Nov 08	BB+	B	Stable	BB+	-	Stable	BBB-
14 Aug 07	BB+	B	Positive	BB+	-	Positive	BBB-
17 Aug 06	BB+	B	Stable	BB+	-	Stable	BBB-
13 Jun 06	BB+	B	Stable	BB+	-	Stable	BB+
01 Nov 05	BB	B	Positive	BB	-	Positive	BB

Source: Fitch Ratings

Appendix 1: Environmental, Social and Governance (ESG)

Credit Relevance Scores

General Issues	Key Sovereign Issues	SRM	QO	Score[a]
Environmental (E)				
GHG Emissions and Air Quality	Emissions and air pollution as a constraint on GDP growth	2	2	2
Energy Management	Energy resource management, including potential for 'stranded assets', affecting exports, government revenues and GDP	3	2	3
Water Resources and Management	Water resource availability and management as a constraint on GDP growth	2	2	2
Biodiversity and Natural Resource Management	Natural resource management, including potential for 'stranded assets', affecting exports, government revenues and GDP	3	2	3
Natural Disasters and Climate Change	Impact of adverse climate trends, and likelihood of and resilience to shocks	3	2	3
Social (S)				
Human Rights and Political Freedoms	Social stability, voice and accountability, regime legitimacy	4	2	4+
Human Development, Health and Education	Impact of human development, health and education on GDP per capita and GDP growth	3	2	3
Employment and Income Equality	Impact of unemployment and income equality on GDP per capita, GDP growth and political and social stability	3	2	3
Public Safety and Security	Impact of public safety and security on business environment and/or economic performance	3	2	3
Demographic Trends	Population decline or aging, rapidly rising youth population; pensions sustainability	3	2	3
Governance (G)				
Political Stability and Rights	Political divisions and vested interests; geo-political risks including conflict, security threats and violence; policy capacity: unpredictable policy shifts or stasis	5	2	5+
Rule of Law, Institutional & Regulatory Quality, Control of Corruption	Government effectiveness, control of corruption, rule of law, regulatory quality	5	2	5+
International Relations and Trade	Trade agreements, membership of international organizations, bilateral relations; sanctions or other costly international actions	3	2	3
Creditor Rights	Willingness to service and repay debt	4	2	4+
Data Quality and Transparency	Availability, limitations and reliability of economic and financial data, including transparency of public debt and contingent liabilities	3	2	3

Source: Fitch Ratings

About ESG Credit Relevance Scores

The scores signify the credit relevance of the respective E, S and G issues to the sovereign entity's credit rating, according to the following scale:

- 5 – Highly relevant to the rating, a key rating driver with a high weight.
- 4 – Relevant to the rating, a rating driver.
- 3 – Relevant, but only has an impact on the entity rating in combination with other factors.
- 2 – Irrelevant to the entity rating but relevant to the sector (sovereigns).
- 1 – Irrelevant to the entity rating and irrelevant to the sector (sovereigns).

The score for each 'General Issue' is comprised of a component SRM and QO score, and is simply the higher of the two. SRM scores are fixed across all sovereigns as the weights in the SRM are the same for all sovereigns; QO component scores vary across all sovereigns.

All scores of '4' or '5' result in a negative impact on the rating, unless indicated otherwise. Where a positive impact is occurring, the score of '4' or '5' is appended with a '+' symbol. Scores of '3', '2' and '1' do not have a direction of impact assigned.

Please refer to ESG Relevance Scores for Sovereigns for further information on the framework, including 'Sovereign Rating Criteria References' (which identify specific potentially related SRM variables and QO factors for each 'General Issue').

Credit-Relevant ESG Derivation

North Macedonia has an ESG Relevance Score of '5[+]' for Political Stability and Rights as World Bank Worldwide Governance Indicators (WBGI) have the highest weight in Fitch's SRM and are therefore highly relevant to the rating and a key rating driver with a high weight. As North Macedonia has a percentile rank above 50 for the respective Governance Indicator, this has a positive impact on the credit profile.

North Macedonia has an ESG Relevance Score of '5[+]' for Rule of Law, Institutional & Regulatory Quality, and Control of Corruption as WBGI have the highest weight in Fitch's SRM and are therefore highly relevant to the rating and are a key rating driver with a high weight. As North Macedonia has a percentile rank above 50 for the respective Governance Indicators, this has a positive impact on the credit profile.

North Macedonia has an ESG Relevance Score of '4[+]' for Human Rights and Political Freedoms as the Voice and Accountability pillar of the WBGI is relevant to the rating and a rating driver. As North Macedonia has a percentile rank above 50 for the respective Governance Indicator, this has a positive impact on the credit profile.

North Macedonia has an ESG Relevance Score of '4[+]' for Creditor Rights as willingness to service and repay debt is relevant to the rating and is a rating driver for North Macedonia, as for all sovereigns. As North Macedonia has a track record of 20+ years without a restructuring of public debt and is captured in our SRM variable, this has a positive impact on the credit profile.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Appendix 2: Data Notes and Conventions

Acronyms

Acronyms used in the above table and elsewhere in report are: Gross Domestic Product (GDP), Current External Receipts (CXR), Current External Payments (CXP), Current Account Balance (CAB), Foreign Direct Investment (FDI), World Bank Worldwide Governance Indicators (WBGI), Sovereign Rating Model (SRM), Qualitative Overlay (QO). For a full list of indicator definitions, please refer to the most recent Sovereign Data Comparator.

Medians

Medians underlying the SRM relative to rating category chart on the Rating Summary page and as reported in the Peer Analysis table on page 4 are long-term historical medians. These are based on actual data since 2000 for all sovereign-year observations when the sovereign was in the respective rating category at year-end. Current year ratings and data are excluded.

Chart medians on page 3 are based on data for sovereigns in the respective rating category at the end of each year. Latest ratings are used for the current year and forecast period.

Notes for North Macedonia, Republic of

All data are on a calendar-year basis, which aligns with the domestic fiscal year for this sovereign.

Public finances data referenced in this report relate to the consolidated general government, as per our principal approach, unless specifically noted otherwise where cited.

The external balance sheet data referenced in this report are derived from the international investment position dataset, as per our principal approach.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: https://www.fitchratings.com/understandingcreditratings. In addition, the following https://www.fitchratings.com/rating-definitions-document details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at https://www.fitchratings.com/site/regulatory. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.