



NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

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. 3/2002, 51/2003, 85/2003, 40/2004, 61/2005 and 129/2006) and Article 101 paragraph 3 of the Banking Law ("Official Gazette of the Republic of Macedonia" No. 67/2007), the National Bank of the Republic of Macedonia Council adopted the following

DECISION

on reports and data disclosure by the bank ("Official Gazette of the Republic of Macedonia" No. 134/2007)

I. GENERAL PROVISIONS

1. This Decision shall prescribe the reports and the data the bank is required to disclose, as well as the manner, the form and the deadlines for their disclosure.
2. The bank shall be required to adopt disclosure policy, which should contain the type of data to be disclosed, the disclosure dynamics and the control systems in the disclosure process.
3. The data the bank is required to disclose, according to this Decision, should be accurate and timely and give basis for making appropriate economic decisions by the users (public).

II. APPLICATION OF THE DECISION

4. The data and the reports stipulated in this Decision shall be disclosed by :
 - a bank which is not a member of a banking group, pursuant to the Banking Law, disclosing the data and the reports stipulated in this Decision, on individual basis;
 - a bank which is subjected to consolidated supervision, pursuant to the Banking Law, disclosing the data and the reports stipulated in this Decision on both individual and consolidated basis;
 - a bank which is a member of a banking group, pursuant to the Banking Law, except to the bank under line 2 of this paragraph, as well as a bank which is member of a banking group the parent entity's head office of which is within the European Union, which disclose only the data and the reports stipulated in items 8, 9, 11 and 12 of this Decision, on individual basis.

By exception to paragraph 1 line 3 of this item, the bank that is considered significant for the banking system of the Republic of Macedonia (hereinafter referred to as: significant subsidiary) shall be required to disclose all data and reports stipulated in this Decision, on individual basis.

Significant subsidiary shall be considered a bank founded in the Republic of Macedonia the participation of which in the total assets of the banking system of the Republic of Macedonia exceeds 5%.

5. The foreign bank's branch shall disclose the data and the reports stipulated in item 8 and 12.

By exception to paragraph 1 of this item, the foreign bank's branch considered to be significant for the banking system of the Republic of Macedonia, according to item 4 paragraph 3 of this Decision, shall be required to disclose respectively all data and reports stipulated in this Decision.

6. This Decision shall be respectively applied by the savings houses, as well.

III. REPORTS AND DATA THE BANK IS REQUIRED TO DISCLOSE

7. The bank should disclose the following:

- data on its operations;
- data on its shareholders;
- data on the amount of the own funds and those on the capital adequacy; and
- data on the systems and the risk management process.

The bank shall disclose the data under paragraph 1 of this item at least in the manner and within the scope prescribed in this Decision.

1. Data on the bank

8. The bank shall be required to disclose the following data:

- the title, the head office and the registration number;
- organizational structure and the number of employees;
- review of the financial activities that it may perform, according to the founding and operating license issued by the Governor of the National Bank of the Republic of Macedonia (hereinafter referred to as: the National Bank);
- review of the financial activities it performs currently, and
- review of the financial activities against which ban or restriction is stated by the Governor of the National Bank, i.e. the approval has been withdrawn.

9. Besides the data under item 8 of this Decision, the bank which is member of a banking group (regardless whether the head office of the parent entity is situated in the Republic of Macedonia, or elsewhere), shall disclose the following data:

- the title, the head office and the prevailing activity of the parent entity and of each of the members of the banking group;
- the organizational structure of the banking group;
- the participation of the bank in both total number of shares and voting shares in each of the members of the banking group.

10. Besides the data under item 8 and 9, the bank, which is subjected to the consolidated supervision, according to the Banking Law, shall disclose the following data:

- the share of the parent entity in both total number of shares and voting shares of each of the members of the banking group;
- description of the possible differences in the application of consolidation for accounting and supervisory purposes;
- the title of the entities which are: a) fully consolidated; b) proportionally consolidated; and c) in which the bank has capital holdings which are deductions from the bank's own assets; d) which are excluded from the consolidation for supervisory purposes and the basis they are excluded on;
- current or possible practical or legal obstacles for timely transfer of the own funds or for payment of the liabilities between the parent entity and its subsidiaries;
- the total amount by which the own funds of the banking group are lower than the required minimum of own funds or other appropriate category of all subsidiaries that are not included in the consolidation and the title of those subsidiaries.

2. Data on the bank's shareholders structure

11. The bank shall be obliged to disclose the following data on the shareholders with qualified holding:

- for legal entities - title, head office, legal status, prevailing activity and the percentage share in both total number of shares and total number of issued voting shares in the bank;
- for natural persons - first name, last name, the address and the percentage share in both total number of shares and total number of issued voting shares in the bank.

With regard to the shareholders having no qualified holding in the bank, their total number and their total share in both total number of shares and total number of issued voting shares in the bank shall be disclosed.

The bank that is subjected to consolidated supervision pursuant to the Banking Law, and which is not a parent entity of the banking group, shall disclose the data under paragraphs 1 and 2 of this item, also for the parent entity.

3. Data on the bank's own funds and those on the capital adequacy

12. The bank shall disclose the following data:

- the amount of the initial capital recorded in the Central Registry;
- number of shares of each type and class, as well as the nominal amount of shares;
- description of the features of the own funds' basic components;
- the amount and the component of the core capital, set in accordance with the Decision on the methodology for determining the capital adequacy (hereinafter referred to as: Methodology for determining the capital adequacy);
- the amount and the components of the supplementary capital I and supplementary capital II, as well as their amount, which according to the Methodology for determining the capital adequacy can be part of the bank's own funds;

- the type of the deductions from both core and supplementary capital and their amount;
- the total amount of own funds and the amount of the capital adequacy;
- the amount of the capital requirement for credit risk, set pursuant to the Methodology for determining the capital adequacy, stated separately for the on-balance sheet and off-balance sheet items;
- the amount of the capital requirement for currency risk set pursuant to the Methodology for determining the capital adequacy;
- the amount of the capital requirement for market risk, set pursuant to the Methodology for determining the capital adequacy, with the amount of the capital requirement for the general and the specific risk of investment in equities and investments in debt instruments from the trading portfolio and the amount of the capital requirement for the settlement risk, delivery risk and the counterparty risk being stated separately;
- the amount of the capital requirement for commodity risk;
- the capital requirement for exceeding of the exposure limits;
- the capital requirement for operational risk;
- the amount of the capital requirement for other risks, if the bank by own assessment determined that additional capital requirement for covering those risks is required, or if the National Bank determined additional amount of required capital, as a result of the nature, type and scope of the banks' activities, and the risks it is exposed to as a result of those activities.

4. Data on the risk management process

13. In conformity with the objectives and the risk management policies, the bank shall be required to disclose the following:

- the strategies and the processes of management of each risk;
- the structure and the organization of the risk management function;
- the structure of both risk measurement and internal reporting system;
- risk protection and mitigation policies, as well as the procedures for monitoring the efficiency of the policy implementation.

14. Besides the data under item 13 pertaining to the credit risk management, the bank shall be required to disclose the following data:

- description of the policy for impairment and allocation of special reserve;
- the amount of the credit risk exposure, prior and after the impairment is made, i.e. allocated special reserve;
- the average credit risk exposure for the disclosure period, and the exposure by risk categories;
- the amount of due loans;
- the amount of the credit risk exposures by which impairment is made, i.e. special reserve is allocated;
- geographic distribution of the credit risk exposure - the Republic of Macedonia, EU member-states, the other European countries, the OECD member-states (with the exception to the European countries), other countries;

- sector distribution of the credit risk exposure - exposure to banks, other financial institutions, non-financial institutions, households, Government, non-profit institutions serving households, non-residents;
- residual contractual maturity structure of the credit risk exposure (with maturity of up to one year and over one year);
- the structure of the credit risk exposure by activities. For the largest exposures towards individual activity the following data shall also be disclosed: a) amount of due loans; b) the amount of the exposure by which the impairment is made, i.e. the special reserve is allocated; c) the amount of the performed impairment, i.e. the special reserve is allocated for the identified loan losses arising from the exposure to the activity;
- the amount of restructured claims, in conformity with the Decision on the supervisory standards for regulating bank's **past due claims**;
- the movement of the impairment, i.e. allocated special reserve during the disclosure period (the balance in the beginning of the disclosure period, additional impairment, i.e. additionally allocated special reserve, recovery of impairment, i.e. special reserve, write-offs during the disclosure period and the balance at the end of the disclosure period).

15. Besides the data under item 13 of this Decision, regarding the market risk management, the bank shall be obliged to disclose data on the trade portfolio structure by types of financial instruments, as well as the policies it applies for distributing certain position in the trade portfolio, or the bank activities portfolio.

16. Besides the data under item 13 of this Decision, relative to the operational risk management, the bank shall be required to disclose the basic data on the approach it uses for the calculation of the capital requirement for operational risk.

17. Besides the data under item 13 of this Decision, relating the management of risk arising from the capital investments (acquiring capital parts), which are not part of the trade portfolio, the bank shall be required to disclose the following data:

- short description of the bank strategy for acquiring capital parts in other legal entities;
- short description of the bank policy for accounting measurement of the capital investments;
- the amount of capital investments and their classification by type, i.e. according to whether they are investments in equity securities, for which active market exists, or those having no such market;
- sector structure of the capital investments (capital investments in banks, other financial institutions, non-financial institutions, non-residents);
- cumulative amount of the realized gains (losses), arising from selling of investments during the disclosure period;
- the total amount of non-realized gains (losses) from capital investments.

IV. MANNER, FORM AND DEADLINES FOR DATA DISCLOSURE

18. The bank shall be obliged to disclose the data stipulated in this Decision in Macedonian and on its website in form of report.

The bank shall be required to report to the National Bank its website address, as well as every possible change.

The bank shall be required to state the date of the data disclosure under paragraph 1 of this item on its website. In case of correction of the disclosed data under paragraph 1 of this item by the bank, it shall be required to disclose also the date of the performed corrections.

19. The bank shall be required to disclose the data from section III parts 1, 2 and 3 of this Decision, at least on a semi-annual basis, while the data from section III part 4 of this Decision, shall be required to disclose at least once a year.

20. The data the bank is required to disclose on annual basis should be revised by the audit company.

21. The data pertaining to the balance at the end of the year (December 31) should be disclosed on the bank's website, until May 15, at the latest, in the current year for the previous calendar year.

The data referring to the balance at the end of the six-month period (June 30) should be disclosed on the bank's website until July 31, at the latest.

22. The National Bank may require from the bank to disclose part or all the data, which is stipulated in this Decision, for shorter periods, depending on the volume and the type of its activities, in case of significant changes in the shareholders structure of the bank, the amount and the structure of the bank risk exposure and in the amount and the structure of the bank's own fund.

V. RELEASING THE BANK FROM DATA DISCLOSURE REQUIREMENT

23. If the data the bank is required to disclose, pursuant to this Decision, are included in the disclosed revised financial statements, or represent part of the disclosed data, in compliance with the requirements of authorized stock exchange, or other authorized body, the bank shall have no obligation to disclose them additionally on its website.

24. The bank shall have no obligation for disclosing part, or all data stipulated in this Decision, in the following cases:

- when the data are not material;
- when the data have treatment of own or confidential data.

According to this Decision, the data shall be considered material if their exclusion, or misstatement may influence, or change the economic decision of the user of those data.

According to this Decision, own data shall denote data (for ex. for certain bank products and bank systems) the possible disclosure of which to the market competitors could cause reduced value of the bank investment in such products or systems and/or to lead to deterioration in its competitive position on the market.

According to this Decision, the data shall be considered confidential if acquired during conducting bank and other financial activities and transactions for individual bank clients.

25. The bank shall be required to inform the National Bank on the cases under item 23 and 24 of this Decision, within 15 days, at latest, before the date of data disclosure under item 21 of this Decision.

VI. TRANSITIONAL AND CLOSING PROVISIONS

26. The Governor of the National Bank may prescribe instructions for implementing this Decision.

27. This Decision shall enter into force the eighth day from its disclosing in the "Official Gazette of the Republic of Macedonia" and its implementation shall commence on December 31, 2007.

By exception of paragraph 1 of this item, the implementation of item 12, except lines 1, 2 and 7, and items 13, 14, 15, 16 and 17 of this Decision, shall commence on January 01, 2009.

**D.No. 02-15/X-1/2007
October 31, 2007
Skopje
Bank**

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