



NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

Pursuant to Article 69 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 and 61/2005), Article 21 paragraph 2 of the Law on Foreign Exchange Operations ("Official Gazette of the Republic of Macedonia" 34/01, 49/01, 103/01 and 51/03) and item 7 of the Decision on the terms and the manner of extending foreign currency credits and foreign currency indexed credits between residents ("Official Gazette of the Republic of Macedonia" No. 41/2006), the Governor of the National Bank of the Republic of Macedonia, adopted the following

INSTRUCTIONS

for enforcing the Decision on the terms and the manner of extending foreign currency credits and foreign currency indexed credits between residents

I. GENERAL PROVISIONS

1. These Instructions regulate the manner of filling in and the deadlines for submitting reports on extended foreign currency credits and foreign currency indexed credits between residents.
2. For the purposes of monitoring the foreign currency credits and foreign currency indexed credits extended to residents, the banks shall submit the following reports to the National Bank of the Republic of Macedonia:
 - DK-1 form – Report on foreign currency credit extended to residents in the current month;
 - KDK-1 form – Report on foreign currency indexed credits extended to residents in the current month;
 - DK-2 form – Report on the amount of the foreign currency credits extended to residents at the end of the month;
 - KDK-2 form – Report on the amount of the foreign currency indexed credits extended to residents at the end of the month;

The forms referred to in this item shall make an integral part of these Instructions.

3. The foreign currency credit and the foreign currency indexed credit shall be considered approved at the moment when the credit amount is transferred to a special account of the resident.

Foreign currency indexed credits shall denote Denar credits the current value of which is directly contingent upon the ratio between the domestic and the foreign currency, irrespective of whether the FX valuation is made regularly, periodically, optionally, etc.

4. For the purposes of reporting as specified by these Instructions, the bank shall represent the credits on the basis of credit cards.

II. DK-1 FORM

5. The DK-1 form (Report on foreign currency credits extended to residents in the current month) contains data on foreign currency credit extended to residents during the month the report refers to. The DK-1 form shall be filled in according to the following rules:

- a) Column no.1 – "Ref. no.", presents the reference number of the resident the foreign currency credit was extended to.
- b) Column no.2 – "National ID number" presents the resident's National ID number.
- c) Column no.3 – "Tax number" presents the resident's single tax number. This column shall not be filled in by the residents-natural persons.
- d) Column no. 4 - "Resident" includes the residents the bank has extended foreign currency credits to. In the light of these Instructions, the residents are classified into four categories: I, II, III and IV category of residents.

The first category of residents includes net exporters. Net exporters shall be considered all residents who in the previous twelve months registered larger foreign currency inflow on the basis of export, relative to the foreign currency outflow on the basis of import, and/or the analysis of residents carried out by the bank indicates that, during the credit period, they will generate larger foreign currency inflow relative to their total foreign exchange liabilities.

The second category of residents includes residents whose price of their prevailing product depends on the price movements of such product on the international markets.

The third category of residents includes the residents - natural persons.

The fourth category of residents includes all other residents the bank extended foreign currency credits to, that do not belong to the foregoing three categories of residents.

- e) Column no.5 - "Risk category" contains the risk category the resident is classified in, i.e. the credit extended to the resident, by applying measures as defined in Chapter II of the Decision on determining the methodology for classification of the on-balance sheet and off-balance sheet assets items of the banks according to their risk degree ("Official Gazette of the Republic of Macedonia" no. 21/2002 – revised text).
- f) Column no.6 – "Currency code" presents the currency code the foreign currency credit was extended in to the resident.
- g) Column no.7 – "Approved foreign currency amount" presents the amount of the foreign currency credit extended to the resident.
- h) Column no.8 – "Approved Denar amount" presents Denar equivalent of the foreign currency credit. The exchange rate agreed between the bank and the resident at which the foreign currency credit was approved shall be applied when recording the amount.
- i) Column no.9 – "Exchange rate" presents the exchange rate at which the bank extended the foreign currency credit to the resident.
- j) Column no.10 - "Purpose" presents the purpose of the extended foreign currency credit. When filling in this column, the following two codes are used:

- PS – in the case of foreign currency credit extended for the purposes of repaying due liability to a non-resident;
 - PZ - in the case of foreign currency credit extended for domestic payments.
- k) Column no. 11 - "Extension date" presents the date of extending the foreign currency credit to the resident, as specified in item 3 of these Instructions.
- l) Column no.12 - "Due date" presents the due date of the extended foreign currency credit.
- m) Column no.13 - "Collateral" presents a summary of the type of collateral for the foreign currency credit. Depending on the type of collateral, one or several of the following codes shall be used when filling in this column:
- ZP - movable collateral;
 ZN - fixed collateral;
 M - bill of exchange;
 PO - cash collateral;
 BG - guarantee issued by a bank;
 KG - guarantee issued by non-bank legal entity;
 O - other types of collateral.
- n) Row no. I presents the amount of total foreign currency credits extended to the first category of residents (net exporters), thus filling in only columns no. 7 and 8.
- o) Row no. II presents the amount of total foreign currency credits extended to the second category of residents (whose price of product depends on the price movements of such product on the international markets), thus filling in only columns no. 7 and 8.
- p) Row no. III presents the amount of total foreign currency credits extended to the third category of residents (natural persons), thus filling in only columns no. 7 and 8.
- q) Row no. IV represents the amount of total foreign currency credits extended to the fourth category of residents (other residents), thus filling in only columns no. 7 and 8.
- r) Row no. V represents the amount of total foreign currency credits extended to residents, which is a sum of the amounts presented in rows no. I, II, III and IV, thus filling in only columns no. 7 and 8.

III. KDK-1 FORM

6. The KDK-1 form (Report on foreign currency indexed credits extended to residents in the current month) contains data on foreign currency indexed credit extended to residents during the month the report refers to. The KDK-1 form shall be filled in according to the following rules:
- a) Column no. 1 – "Ref. no.", presents the reference number of the resident the foreign currency indexed credit was extended to.
 - b) Column no. 2 – "National ID number" presents the resident's National ID number.
 - c) Column no. 3 – "Tax number" presents the resident's single tax number. This column shall not be filled in by the residents-natural persons.

- d) Column no. 4 - "Resident" includes the residents the bank has extended foreign currency indexed credits to. In the light of these Instructions, the residents are classified into four categories: residents' category I, II, III and IV.

The first category of residents includes net exporters. Net exporters shall be considered all residents who registered larger foreign currency inflow on the basis of exports in the previous twelve months, relative to the foreign currency outflow on the basis of imports, and/or residents the analysis of which carried out by the bank indicates that, during the credit period, they will generate larger foreign currency inflow relative to their total foreign exchange liabilities.

The second category of residents includes residents whose price of their prevailing product depends on the price movements of such product on the international markets.

The third category of residents includes the residents - natural persons.

The fourth category of residents includes all other residents the bank extended Foreign currency indexed credits to, that do not belong to the foregoing three categories of residents.

- e) Column no. 5 - "Risk category" contains the risk category the resident is classified in, i.e. the credit extended to the resident, by applying measures as defined in Chapter II of the Decision on determining the methodology for classification of the on-balance sheet and off-balance sheet assets items of the banks according to their risk degree ("Official Gazette of the Republic of Macedonia" no. 21/2002 – revised text).
- f) Column no. 6 – "Currency code" presents the currency code of foreign currency clause.
- g) Column no. 7 – "Approved Denar amount" presents the Denar amount of the extended credit.
- h) Column no. 8 - "Extension date" presents the date of extending the foreign currency indexed credit to the resident, as specified in item 3 of these Instructions.
- i) Column no. 9 - "Due date" presents the due date of the extended foreign currency indexed credit.
- j) Column no.10 - "Collateral" presents a summary of the type of collateral for the Foreign currency indexed credit. Depending on the type of collateral, one or several of the following codes shall be used when filling in this column:

ZP - movable collateral;

ZN - fixed collateral;

M - bill of exchange;

PO - cash collateral;

BG - guarantee issued by a bank;

KG - guarantee issued by non-bank legal entity;

O - other types of collateral.

- k) Row no. I presents the amount of total foreign currency indexed credits extended to the first category of residents (net exporters), thus filling in only column no. 7.
- l) Row no. II presents the amount of total foreign currency indexed credits extended to the second category of residents (whose price of product depends on the price movements of such product on the international markets), thus filling in only column no. 7.

- m) Row no. III presents the amount of total foreign currency indexed credits extended to the third category of residents (natural persons), thus filling in only column no. 7.
- n) Row no. IV represents the amount of total foreign currency indexed credits extended to the fourth category of residents (other residents), thus filling in only column no. 7.
- o) Row no. V represents the amount of total foreign currency indexed credits extended to residents, which is a sum of the amounts presented in rows no. I, II, III and IV, thus filling in only column no. 7.

IV. DK-2 FORM

7. The DK-2 form (Report on the amount of foreign currency credits extended to residents at the end of the month) contains data on the amount of the foreign currency credits extended to residents at the end of the month the report refers to. The DK-2 form is filled in according to the following rules:
 - a) Column no. 2 - "Description", foreign currency credits are divided into four groups by category of residents as defined by the criteria referred to in item 5 subitem d) of these Instructions.
 - b) Column no. 3 - "Credits for external payments" present the amount of foreign currency credits for external payments at the end of the month the report refers to. This item includes the part of the balance on the accounts of groups 16, 32 and 34 and the account 086 which refers to foreign currency credits to residents for external payments, and the balance on other accounts which record such foreign currency credits.
 - c) Column no. 4 - "Credits for domestic payments" present the amount of foreign currency credits at the end of the month the report refers to, used in Denar equivalent for domestic payments. This item includes the part of the balance on the accounts of groups 16, 32 and 34 and the account 086 which refers to foreign currency credits to residents used in Denar equivalent for domestic payments, and the balance on other accounts which record such foreign currency credits.
 - d) Column no. 5 - "Regular credits" is a sum of the part of the amounts of columns no. 3 and 4 that refer to the regular foreign currency credits.
 - e) Column no. 6 - "Non-performing credits" is a sum of the part of the amounts of columns no. 3 and 4 that refer to the non-performing foreign currency credits.
 - f) Column no. 7 - "Total" is a sum of columns 3 and 4, i.e. a sum of columns 5 and 6.
 - g) Row no. I – "Amount of foreign currency credits to first category of residents at the end of the month" presents a sum of foreign currency credits to first category of residents (net exporters) in each risk category.
 - h) Row no. II – "Amount of foreign currency credits to second category of residents at the end of the month" presents a sum of foreign currency credits to second category of residents (whose product price depends on the price movements of such product on the international markets) in each risk category.
 - i) Row no. III - "Amount of foreign currency credits to third category of residents at the end of the month" presents a sum of foreign currency credits to third category of residents (natural persons) in each risk category.

- j) Row no. IV - "Amount of foreign currency credits to fourth category of residents at the end of the month" presents a sum of foreign currency credits to fourth category of residents (other residents) in each risk category.
- k) Row no. V - "Amount of foreign currency credits to residents at the end of the month" presents a sum of rows I, II, III and IV.
- l) Row no. VI - "Recovered foreign currency credits" records the amount of foreign currency credits to residents recovered in the current month the report refers to, thus filling in only columns 5, 6 and 7.
- m) Row no. VII - "Foreign currency credits carried over" records the amount of foreign currency credits carried over from the accounts for regular credits to the accounts for non-performing credits and vice versa, in the current month the report refers to, thus filling in only the following columns:
 - Column no. 5 - "Regular credits" records the amount of foreign currency credits carried over from the accounts for non-performing credits to the accounts for regular credits.
 - Column no. 6 - "Non-performing credits" records the amount of foreign currency credits carried over from the accounts for regular credits to the accounts for non-performing credits.

V. KDK-2 FORM

- 8. The KDK-2 form (Report on the amount of foreign currency indexed credits extended to residents at the end of the month) contains data on the amount of the foreign currency indexed credits extended to residents at the end of the month the report refers to. The KDK-2 form is filled in according to the following rules:
 - a) Column no. 2 - "Description", Foreign currency indexed credits are divided into four groups by category of residents as defined by the criteria referred to in item 6 subitem d) of these Instructions.
 - b) Column no. 3 - "Regular credits" records the amount of regular foreign currency indexed credits at the end of the month the report refers to. The bank shall enclose reviews of accounts for regular foreign currency indexed credits, including the amount of such credits on each account.
 - c) Column no. 4 - "Non-performing credits" records the amount of non-performing foreign currency indexed credits at the end of the month the report refers to. The bank shall enclose reviews of accounts for non-performing foreign currency indexed credits, including the amount of such credits on each account.
 - d) Column no. 5 - "Total" is a sum of columns 3 and 4.
 - e) Row no. I – "Amount of foreign currency indexed credits to first category of residents at the end of the month" presents a sum of foreign currency indexed credits to first category of residents (net exporters) in each risk category.
 - f) Row no. II – "Amount of foreign currency indexed credits to second category of residents at the end of the month" presents a sum of foreign currency indexed credits to second category of residents (whose product price depends on the price movements of such product on the international markets) in each risk category.

- g) Row no. III - "Amount of foreign currency indexed credits to third category of residents at the end of the month" presents a sum of foreign currency indexed credits to third category of residents (natural persons) in each risk category.
- h) Row no. IV - "Amount of foreign currency indexed credits to fourth category of residents at the end of the month" presents a sum of foreign currency indexed credits to fourth category of residents (other residents) in each risk category.
- i) Row no. V - "Amount of foreign currency indexed credits to residents at the end of the month" presents a sum of rows I, II, III and IV.
- j) Row no. VI - "Recovered foreign currency indexed credits" records the amount of foreign currency indexed credits to residents recovered in the current month the report refers to.
- k) Row no. VII - " Foreign currency indexed credits carried over" records the amount of foreign currency indexed credits carried over from the accounts for regular credits to the accounts for non-performing credits and vice versa, in the current month the report refers to, thus filling in only the following columns:
 - Column no. 3 - "Regular credits" records the amount of foreign currency indexed credits carried over from the accounts for non-performing credits to the accounts for regular credits.
 - Column no. 4 - "Non-performing credits" records the amount of foreign currency indexed credits carried over from the accounts for regular credits to the accounts for non-performing credits.

VI. SUBMISSION OF THE DK-1, KDK-1, DK-2 AND KDK-2 FORMS

- 9. The bank shall submit the DK-1, KDK-1, DK-2 and KDK-2 forms on a monthly basis within 15 days after the expiration of the month the report refers to.
- 10. The banks shall prepare the first report referred to in these Instructions as of April 30, 2006 and shall submit it to the National Bank of the Republic of Macedonia by May 15, 2006.

VII. CLOSING PROVISIONS

- 11. These Instructions shall enter into force within 8 days after being published in the "Official Gazette of the Republic of Macedonia".
- 12. Once these Instructions start being applied, the Instructions for enforcing the Decision on the terms and the manner for concluding foreign exchange credit operations between residents ("Official Gazette of the Republic of Macedonia" no. 66/2003) ceases being valid.

Skopje, April 18, 2006
No. 2336

Petar Goshev, MSc.
Governor