



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

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Pursuant to Article 48 paragraph 1 item 3 and Article 68 paragraph 3 of the Law on the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 158/10, 123/12, 43/14, 153/15, 6/16 and 83/18) and item 40 of the Decision on the method of determining connected persons/entities and exposure limits (Official Gazette of the Republic of North Macedonia No. 198/20 and 308/20), the Governor of the National Bank of the Republic of North Macedonia adopted the following

### **INSTRUCTIONS**

#### **for implementation of the Decision on the method of determining connected persons/entities and exposure limits (Official Gazette of the Republic of North Macedonia No. 11/21)**

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

1. These Instructions shall set forth the form and content of the reports for implementation of the Decision on the method of determining connected persons/entities and exposure limits (Official Gazette of the Republic of North Macedonia No. 198/20 and 308/20) (hereinafter: the Decision) and the manner of reporting to the National Bank of the Republic of North Macedonia (hereinafter: the National Bank).

The terms that are used in these Instructions shall have the same meaning as in the Decision.

2. The bank shall fill in and submit to the National Bank:

- Statement on the connection with persons with special rights and responsibilities, shareholders and credit borrowers of the bank;
- Report on the exposure to persons with special rights and responsibilities in the bank - Form P1/1;
- Report on the exposure to subsidiaries and shareholders with qualified holding in the bank - Form P1/2;
- Report on capital holdings of the bank in non-financial institutions - Form P2;
- Report on the bank's large exposures - Form P3;
- Report on the largest exposures to other banks, financial companies and other institutions - Form P4;
- Report on exposures exceeding Euro 10 million in denar counter-value - Form P5;
- Report on exposures on the basis of a concluded reverse repo agreement - Form P6;
- Summary review of the bank's exposure and the capital holdings in non-financial institutions - Form P7.

The statement and the forms under paragraph 1 of this item shall represent an integral part of these Instructions.

3. If the bank is subject to consolidated supervision, according to the National Bank regulation on consolidated supervision of banks, it shall fill in the reports under item 2 paragraph 1 indents 5, 6 and 7 of these Instructions on a consolidated basis, taking into account the exposures of all members of the banking group.

When filling in the reports under item 2 paragraph 1 indents 5, 6 and 7 of these Instructions, the bank referred to in paragraph 1 of this item shall state that these are reports on a consolidated basis.

## **II. STATEMENT ON THE CONNECTION WITH PERSONS WITH SPECIAL RIGHTS AND RESPONSIBILITIES, SHAREHOLDERS AND CREDIT BORROWERS OF THE BANK**

4. The persons with special rights and responsibilities and the shareholders with qualified holding in the bank shall be required to review the list of the persons with special rights and responsibilities, the shareholders and the credit borrowers of the bank at the beginning of every year as of 31 December of the previous year.

Pursuant to item 29 paragraph 1 of the Decision, after the performed review in the list, the persons/entities under paragraph 1 of this item shall fill in and sign a Statement on the connection with persons with special rights and responsibilities, shareholders and credit borrowers, in which they shall state the persons with special rights and responsibilities, shareholders and credit borrowers of the bank, which pursuant to the Banking Law and the Decision, shall be considered connected thereto.

## **III. REPORTS ON THE EXPOSURE TO PERSONS/ENTITIES CONNECTED TO THE BANK**

5. For the purposes of these Instructions, reports on the exposure to the persons/entities connected to the bank shall denote reports under item 2 indents 2 and 3 of these Instructions.

### **Report on the exposure to persons with special rights and responsibilities (Form P1/1)**

6. The Report on the exposure to persons with special rights and responsibilities in the bank - Form P1/1 shall state the bank's exposure to persons with special rights and responsibilities, including the exposure to persons/entities connected thereto, determined according to the Banking Law and the Decision.

The Form P1/1 shall be filled in according to the rules determined in items 7 and 8 of these Instructions.

7. The columns from Form P1/1 shall be filled in by applying the following rules:

7.1. Column 2 "person with special rights and responsibilities" shall state the persons with special rights and responsibilities in the bank and the persons/entities connected thereto.

7.2. Column 3 "ID number" shall state the ID number of the person with special rights and responsibilities and its connected persons/entities.

7.3. Column 4 "banking book" shall state the bank's exposure arising from the banking book, determined in line with items 4 and 6 of the Decision;

7.4. Column 5 "trading book" shall state the bank's exposure arising from the trading book, determined in line with items 5 and 6 of the Decision;

7.5. Column 6 "total exposure" shall state the total exposure of the bank to the person with special rights and responsibilities, the persons/entities connected thereto, as well as the total exposure to the person with special rights and responsibilities in the bank and the persons/entities connected thereto, as a total of the amounts under columns 4 and 5 of this Form;

7.6. Column 7 "deductions" shall state the amount of the corresponding deductions of exposure to a person/entity, defined in line with item 2 sub-item 2.5 of the Decision;

7.7. Column 8 "type of credit risk mitigation instrument" shall state the type of the credit risk mitigation instrument of the National Bank regulation on the methodology for determining capital adequacy included as a deduction in column 7 of this Form, which meets the requirements under items 9 and 25 of the Decision;

7.8. Column 9 "total exposure by deductions" shall state the difference between the amounts under columns 6 and 7 of this Form;

7.9. Column 10 "% of OF" shall present the proportion between the amounts under column 9 and the amount of the bank's own funds at the end of the quarter to which the report refers, determined according to the National Bank regulation on the methodology for determining capital adequacy;

7.10. Column 11 "banking book/OF" shall present the proportion between the difference of the amounts under columns 4 and 7 and the amount of the bank's own funds at the end of the quarter to which the report refers, determined according to the National Bank regulation on the methodology for determining capital adequacy;

7.11. Columns 12, 13 and 14 shall be filled in with data on the exceeding of the exposure limit to a person with special rights and responsibilities in the bank and the persons/entities connected thereto in accordance with item 22 of the Decision:

7.11.1. Column 12 "excess amount" shall state the amount of the exceeding of the exposure limit to the person with special rights and responsibilities in the bank and the persons/entities connected thereto;

7.11.2. Column 13 "reason" shall state the reason for the exceeding of the exposure limit to the person with special rights and responsibilities in the bank and the persons/entities connected thereto. The column shall be filled in by using the following signs:

- A1 - if the exceeding resulted from merger or acquisition of two legal entities, in accordance with item 22 paragraph 1 indent 1 of the Decision,
- A2 - if the exceeding resulted from reasons beyond control of the bank, in accordance with item 22 paragraph 1 indent 2 of the Decision,

- A3 - if the exceeding resulted from trading book exposure in accordance with item 22 paragraph 1 indent 3 of the Decision;

7.11.3. Column 14 "period" shall state the period of the exceeding of the exposure limit to the person with special rights and responsibilities in the bank and the persons/entities connected thereto, expressed in days, whereby the submission of these data shall not be considered as fulfillment of the bank's obligation referred to in item 35 of the Decision for reporting to the National Bank immediately after the occurrence of the exceeding of the corresponding exposure limit.

8. The rows of the Form P1/1 shall be filled in by applying the following rules:

8.1. Row 1 shall state the data on the person with special rights and responsibilities 1;

8.2. Rows 1.1, 1.2, ... shall state the data on every person connected to the person with special rights and responsibilities 1 of row 1 of this Form. Moreover, as many rows shall be added as there are persons/entities connected to the person with special rights and responsibilities 1 to which the bank is exposed;

8.3. Row 2 shall state the aggregate data on the person with special rights and responsibilities 1 of row 1 of this Form and the persons/entities connected thereto;

8.4. The other rows of the form shall be filled in with data on the exposures to the other persons with special rights and responsibilities in the bank and the persons/entities connected thereto, by following the guidelines referred to in sub-items 8.1, 8.2 and 8.3 of this item. Moreover, as many rows shall be added as there are persons with special rights and responsibilities and persons/entities connected thereto, to which the bank is exposed (a row for a person with special rights and responsibilities in the bank shall also be added in cases when the bank is not exposed to that person, but is exposed to a person/entity connected thereto);

8.5. Row I "total" shall be filled in for columns 4, 5, 6, 7 and 9 as a total of the rows presenting the aggregate data on the persons with special rights and responsibilities. Column 11 of this row shall present the proportion between the difference of the amounts under columns 4 and 7 of this row and the amount of the bank's own funds at the end of the quarter to which the report refers, determined according to the National Bank regulation on the methodology for determining capital adequacy.

### **Report on the exposure to subsidiaries and shareholders with qualified holding in the bank (Form P1/2)**

9. The Report on the exposure to subsidiaries and shareholders with qualified holding in the bank - Form P1/2 shall state the total exposure of the bank to the bank's subsidiaries and the exposure to the shareholders with qualified holding in the bank, including the exposure to the persons/entities connected to the shareholders with qualified holding in the bank, determined according to the Banking Law and the Decision.

The Form P1/2 shall be filled in according to the rules determined in items 10 and 11 of these Instructions.

10. The columns from Form P1/2 shall be filled in by applying the following rules:

10.1. Column 2 "subsidiary/shareholder" shall state the bank's subsidiaries and the shareholders with qualified holding in the bank and the persons/entities connected thereto;

10.2. When filling in columns 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14, rules under item 7 sub-items 7.2, 7.3, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, 7.10 and 7.11 of these Instructions shall be applied respectively.

11. The rows of the Form P1/2 shall be filled in by applying the following rules:

11.1. Part 1 "part 1 - subsidiaries" shall state data on each subsidiary of the bank, thus adding as many rows as there are subsidiaries to which the bank is exposed. Row I "total subsidiaries" shall be filled in for columns 4, 5, 6, 7 and 9 and shall present the total exposure of the bank to its subsidiaries. Column 11 of this row shall present the proportion between the difference of the amounts under columns 4 and 7 of this row and the amount of the bank's own funds at the end of the quarter to which the report refers, determined according to the National Bank regulation on the methodology for determining capital adequacy;

11.2. Part 2 "part 2 - shareholders" shall state data on each shareholder of the bank with qualified holding and the persons/entities connected thereto. Moreover, as many rows shall be added as there are shareholders and persons/entities connected thereto, to which the bank is exposed. Rows of part 2 of this Form shall be filled in with the appropriate application of the rules referred to in item 8, sub-items 8.1, 8.2, 8.3 and 8.4 of these Instructions. Row II "total shareholders" shall be filled in for columns 4, 5, 6, 7 and 9 of this Form, as a total of the rows presenting the aggregate data on the shareholders with qualified holding in the bank. Column 11 of this row shall present the proportion between the difference of the amounts under columns 4 and 7 of this row and the amount of the bank's own funds at the end of the quarter to which the report refers, determined according to the National Bank regulation on the methodology for determining capital adequacy.

11.3. Row III "total" shall state the sum of rows I and II of this Form, for columns 4, 5, 6, 7 and 9 of this Form. Column 11 of this row shall present the proportion between the difference of the amounts under columns 4 and 7 of this row and the amount of the bank's own funds at the end of the quarter to which the report refers, determined according to the National Bank regulation on the methodology for determining capital adequacy.

#### **IV. REPORT ON CAPITAL HOLDINGS OF THE BANK IN NON-FINANCIAL INSTITUTIONS**

12. The Report on capital holdings of the bank in non-financial institutions - Form P2 shall present the capital holdings (investments) of the bank in non-financial institutions. This Form shall not state data on the bank's investments in the ancillary banking services undertakings.

The Form P2 shall be filled in according to the rules determined in items 13 and 14 of these Instructions.

13. The columns from Form P2 shall be filled in by applying the following rules:

13.1. Column 2 "non-financial institution" shall state the non-financial institutions the bank has capital holdings in;

13.2. Column 3 "ID number" shall state the ID number of the non-financial institution the bank has an investment in;

13.3. Column 4 "capital holding" shall state the amount of the capital holding (investment) of the bank in the non-financial institution;

13.4. Column 5 "acquired capital holding" shall state the amount of capital holdings acquired based on outstanding claims, only in the first three years of their acquisition that are not taken into account when determining the limit on the investments in non-financial institutions, in accordance with item 26 of the Decision;

13.5. Column 6 "exposure" shall state the difference between the amounts under columns 4 and 5 of this Form;

13.6. Column 7 "% of OF" shall present the proportion between the amounts under column 6 and the amount of the bank's own funds at the end of the quarter to which the report refers, determined according to the National Bank regulation on the methodology for determining capital adequacy;

13.7. Column 8 "excess amount" shall state the amount of the exceeding of the limit on the investments in non-financial institutions.

14. The rows of Form P2 shall state the data on the non-financial institutions the bank has a capital holding in, thus adding as many rows as there are non-financial institutions the bank has a capital holding in.

14.1. Row I "total" shall be filled in for columns 4, 5 and 6 as a total of the rows of this Form presenting the bank's capital holdings in the individual non-financial institutions.

## **V. REPORT ON THE BANK'S LARGE EXPOSURES**

15. The Report on the bank's large exposures - Form P3 shall state the large exposures to the clients - credit borrowers of the bank and the persons/entities connected thereto.

The Form P3 shall be filled in according to the rules determined in items 16 and 17 of these Instructions.

16. The columns from Form P3 shall be filled in by applying the following rules:

16.1. Column 2 "client" shall state the clients and the persons/entities connected thereto, to which the bank has a large exposure. For the purposes of the preparation of this report on a consolidated basis, this column shall state the clients

and the persons/entities connected thereto, if the total exposure of all members of the banking group is treated as large exposure on a consolidated basis;

16.2. When filling in columns 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14, rules under item 7 sub-items 7.2, 7.3, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, 7.10 and 7.11 of these Instructions shall be applied respectively.

17. Rows of Form P3 shall be filled in with the appropriate application of the rules referred to in item 8, sub-items 8.1, 8.2, 8.3 and 8.4 of these Instructions.

Row I "total" shall be filled in for columns 4, 5, 6, 7 and 9 as a total of the rows presenting the aggregate data on the clients to which the bank has a large exposure. Column 11 of this row shall present the proportion between the difference of the amounts under columns 4 and 7 of this row and the amount of the bank's own funds at the end of the quarter to which the report refers, determined according to the National Bank regulation on the methodology for determining capital adequacy.

## **VI. REPORT ON THE LARGEST EXPOSURES TO OTHER BANKS, FINANCIAL COMPANIES AND OTHER INSTITUTIONS**

18. The Report on the largest exposures to other banks, financial companies and other institutions - Form P4 shall state the ten largest exposures of the bank to other banks, as well as the ten largest exposures of the bank to financial companies and other institutions performing similar activities as banks.

The Form P4 shall be filled in according to the rules determined in items 19 and 20 of these Instructions.

19. The columns from Form P4 shall be filled in by applying the following rules:

19.1. Column 2 "name" shall state the name of banks, financial companies and other institutions performing similar activities as banks;

19.2. When filling in columns 3, 4, 5, 6, 7, 8 and 9, rules under item 7 sub-items 7.2, 7.3, 7.4, 7.5, 7.6, 7.7 and 7.8 of these Instructions shall be applied respectively.

20. The rows from Form P4 shall be filled in by applying the following rules:

20.1. Part 1 "part 1 - banks" shall state data on the ten largest exposures to other banks (rows from no. 1 to no. 10). The presentation of the banks is in declining order, according to the amount of the exposure to the other bank, including the exposure to the persons/entities connected to the other bank, on the reporting date. For the purposes of the preparation of this report on a consolidated basis, the presentation of the banks is in declining order, according to the amount of the exposures of all members of the banking group to the other bank, including the exposure to the persons/entities connected to the other bank, on the reporting date;

Row 11 "total banks" shall state the sum of columns 4, 5, 6, 7 and 9 of rows from no. 1 to no. 10 of this Form;

20.2. Part 2 "part 2 - financial companies and other institutions" shall state the data on the ten largest exposures to financial companies and other institutions performing similar activities as banks (rows from no. 12 to no. 21). The presentation of the financial institutions and the other institutions performing similar activities as banks is in declining order, according to the amount of the exposure to that financial company/other institution, including the exposure to the persons/entities connected to that financial company/other institution, on the reporting date. For the purposes of the preparation of this report on a consolidated basis, the presentation of the largest exposures to the financial institutions and the other institutions performing similar activities as banks is in declining order, according to the amount of the exposures of all members of the banking group to that financial company/institution, including the exposure to the persons/entities connected to that financial company/other institution, on the reporting date;

Row 22 "total financial companies and other institutions" shall state the sum of columns 4, 5, 6, 7 and 9 of rows from no. 12 to no. 21 of this Form;

20.3. Row 23 "total" shall state the sum of columns 4, 5, 6, 7 and 9 of rows 11 and 22 of this Form.

## **VII. REPORT ON EXPOSURES EXCEEDING EURO 10 MILLION IN DENAR COUNTER-VALUE**

21. The Report on exposures exceeding Euro 10 million in denar counter-value - Form P5 shall state the bank's exposures that do not represent large exposures, and which exceed Euro 10 million in denar counter-value.

The Form P5 shall be filled in according to the rules determined in items 22 and 23 of these Instructions.

22. The columns from Form P5 shall be filled in by applying the following rules:

22.1. Column 2 "name" shall state the clients to which the bank is exposed, whereby the exposure does not represent a large exposure presented in the Form P3, but exceeds Euro 10 million in denar counter-value. For the purposes of the preparation of this report on a consolidated basis, this column shall state the clients to which the total exposure of all members of the banking group does not represent a large exposure presented in the Form P3 on a consolidated basis, but exceeds Euro 10 million in denar counter-value;

22.2. Column 3 "ID number" shall state the ID number of the client;

22.3. Column 4 "exposure" shall state the exposure of the bank to the client on the reporting date. For the purposes of the preparation of this report on a consolidated basis, this column shall state the total exposure of all members of the banking group to the client on the reporting date;

22.4. Column 5 "bank" shall state the part of the exposure on the reporting date that represents an exposure of the bank. This column shall not to be filled in, if the bank is not subject to consolidated supervision;



22.5. Column 6 "other members of the banking group" shall state the part of the exposure on a consolidated basis on the reporting date that represents an exposure of the other members of the banking group to which the bank belongs. This column shall not to be filled in, if the bank is not subject to consolidated supervision.

23. The rows of Form P5 shall state the clients to which the bank has an exposure exceeding Euro 10 million in denar counter-value. The presentation of the clients is in declining order according to the amount of the exposure of the bank to the clients on the reporting date. For the purposes of the preparation of this report on a consolidated basis, the presentation of the clients is in declining order, according to the amount of the total exposure of all members of the banking group to those clients, thus presenting the clients to which the total exposure of all members of the banking group on the reporting date exceeds Euro 10 million in denar counter-value;

Row I "total" shall state the sum of columns 4, 5 and 6 of this Form.

### **VIII. REPORT ON EXPOSURES ON THE BASIS OF A CONCLUDED REVERSE REPO AGREEMENT**

24. The Report on exposures on the basis of a concluded reverse repo agreement - Form P6 shall state the bank's exposures in accordance with item 8 of the Decision.

The Form P6 shall be filled in according to the rules determined in items 25 and 26 of these Instructions.

25. The columns from Form P6 shall be filled in by applying the following rules:

25.1. Column 2 "bank/client" shall state the banks with which the bank has a concluded reverse repo agreement referred to in item 8 of the Decision, as well as the persons whose liabilities are purchased (third parties) through the concluded reverse repo agreement;

25.2. Column 3 "ID number" shall state the ID number of the bank, i.e. of the third party;

25.3. Column 4 "exposure" shall state the exposure on the basis of the reverse repo agreement concluded with another bank;

25.4. Column 5 "exposure to a third party" shall state the exposure to third parties whose liabilities are purchased with the concluded reverse repo agreement.

26. The rows of Form P6 shall state the data on each bank and on each third party from column 2 of this Form, thus adding as many rows as there are banks with which the bank has concluded a reverse repo agreement referred to in item 8 of the Decision, i.e. as there are third parties whose liabilities are purchased with the respective reverse repo agreement;

26.1. Rows "total" shall state the sum of the exposure to third parties whose liabilities are purchased with the reverse repo agreement concluded with each bank;

26.2. Rows "difference" shall state the difference between the amount of the exposure to the bank with which the reverse repo agreement is concluded and the sum of the exposures to third parties whose liabilities are purchased with the reverse repo agreement concluded with that bank.

## **IX. SUMMARY REVIEW OF THE BANK'S EXPOSURE AND THE CAPITAL HOLDINGS IN NON-FINANCIAL INSTITUTIONS**

27. The Summary review of the bank's exposure and the capital holdings in non-financial institutions - Form P7 shall state the total exposure of the bank and the total capital holdings in non-financial institutions, presented in the Forms P1/1, P1/2, P2, P3, P4 and P5 and the bank's property in land, buildings and equipment.

The Form P7 shall be filled in according to the rules determined in item 28 of these Instructions.

28. The columns from Form P7 shall be filled in by applying the following rules:

28.1. Column 3 "amount" shall show the appropriate amount of the total exposure, i.e. of capital holdings in non-financial institutions and the bank's property in land, buildings and equipment. This column shall be filled in as follows:

28.1.1. Row 1 "total exposure to persons with special rights and responsibilities" shall state the amount of the total exposure to the persons with special rights and responsibilities and the persons/entities connected thereto of row I, column 9 of the Form P1/1;

28.1.2. Row 2 "total exposure to subsidiaries and shareholders with qualified holding" shall state the amount of the total exposure to subsidiaries and shareholders with qualified holding and persons/entities connected thereto of row III, column 9 of the Form P1/2;

28.1.3. Row 3 "total exposure to the persons/entities connected to the bank" shall state the sum of rows 1 and 2 of this Form;

28.1.4. Row 4 "aggregate amount of capital holdings in non-financial institutions" shall state the total amount of investments in non-financial institutions of row I, column 6 of the Form P2;

28.1.5. Row 5 "total amount of the property in land, buildings, equipment" shall state the total amount of the bank's property in land, buildings and equipment;

28.1.6. Row 6 "aggregate amount of capital holdings in non-financial institutions and total amount of the property in land, buildings, equipment" shall state the sum of rows 4 and 5 of this Form;

28.1.7. Row 7 "total large exposures" shall state the total amount of large exposures of row I, column 9 of the Form P3.

28.1.8. Row 8 "total exposure of the largest exposures to other banks, financial companies and other institutions" shall state the total amount of the largest exposures to other banks, financial companies and other institutions of row 23, column 9 of the Form P4;

28.1.9. Row 9 "total exposure of exposures exceeding Euro 10 million in denar counter-value" shall state the total amount of exposures exceeding Euro 10 million in denar counter-value of row I, column 4 of the Form P5;

28.2. Column 4 "deduction" shall state the amount of the exposure to bank's clients occurring in several groups of connected persons/entities (in rows 1, 2 and 7 of this column), i.e. the amount of the foreclosed property up to three years (for row 5 of this column).

28.3. Column 5 "calculation amount" shall state the difference between the amounts under columns 3 and 4 of this Form;

28.4. Column 6 "% of own funds" shall present the proportion between the amounts under column 5 and the amount of the bank's own funds at the end of the quarter to which the report refers, determined according to the National Bank regulation on the methodology for determining capital adequacy. This column shall not be filled in for rows 1, 2 and 5 of this Form.

## **X. REPORTING TO THE NATIONAL BANK**

29. The bank shall be obliged to prepare the reports referred to in item 2 of these Instructions and to submit them to the National Bank, according to the frequency and deadlines prescribed in the Decision.

## **XI. CLOSING PROVISIONS**

30. The provisions of these Instructions relating to banks, shall properly apply to savings houses.

Foreign bank branches shall properly apply the provisions of these Instructions, taking into account the provisions of the Banking Law and bylaws adopted pursuant to this law governing the operation of foreign bank branches in the Republic of North Macedonia.

31. Once these Instructions enter into force, they shall supersede the Instructions for implementation of the Decision on the exposure limits (Official Gazette of the Republic of Macedonia No. 78/08, 29/09 and 108/12).

32. These Instructions shall enter into force on the eighth day from the day of their publication in the Official Gazette of the Republic of North Macedonia.

**I No. 16-995/1  
14 January 2021  
Skopje**

**Anita Angelovska Bezhoska  
Governor**

