

**Approved by
Resolution dated
October 6, 2009
by the Management Board
of the Central Bank
of Azerbaijan Republic**

Protocol No.28

**REGULATION
FOR
STATISTIC REPORTING OF CASH CIRCULATION**

(as amended on 15.04.2010)

1. General provisions

- 1.1. This Regulation has been developed in accordance with the Laws of Azerbaijan Republic «On the Central Bank of Azerbaijan Republic», «On banks», and relevant regulations issued by the Central Bank of Azerbaijan Republic (hereinafter referred to as the Central Bank).
- 1.2. Statistic reporting of cash circulation signifies information about the sources of receipt and areas of spending of cash to and from the cash offices of banks (hereinafter referred to as cash).
- 1.3. Head offices of banks shall aggregate and consolidate such reports for their entire network (the bank and its branch offices, divisions, etc.) and submit them to the Central Bank.
- 1.4. These reports shall be developed in accordance with the format of the «Statistic Report of Cash Circulation of Banks» (Annex 1, hereinafter referred to as KDS-1 Reporting Form) and the reporting provisions hereof.

2. Contents of the report

- 2.1. The cash circulation report shall consist of three sections:
 - Section A: the **cash balance** at the beginning and end of the reported period;
 - Section B: **cash receipts**;
 - Section C: **cash expenditures**.
- 2.2. Operations reported under the **cash receipts** section shall be classified into the following groups depending on the area of business, legal status and type of operations of the bank's customers:

No.	Section/Group/Item	Name of section/group/item
	A10	CASH BALANCE AS OF PERIOD START
		<i>CASH RECEIPTS</i>
1	B00	Revenues from legal entities
<i>1</i>	<i>B10</i>	<i>Revenues of legal entities from sales of goods</i>
<i>1,2</i>	<i>B20</i>	<i>Revenues of legal entities from performance of works and services</i>
2	B30	Revenues from individuals
3	B40	Revenues from the bank's financial transactions with legal entities and individuals
4	B50	Revenues from ATM's
5	B60	Other revenues
		<i>TOTAL RECEIPTS:</i>
6	B70	Revenues designated to replenish the cash office
7	B80	Revenues from the Central Bank and its regional offices
		BALANCE

2.2.1. **Cash balance as of the period-start (A10)**

This group must specify the bank's cash balance as at the beginning of the reported period.

The period-start cash balance must be equal to the «Period-End Cash Balance» section of the previous reporting period's KDS-1 reporting form, as well as the balance reported under account 1001 of the bank's consolidated balance sheet for the previous reporting period.

2.2.1. **Revenues from legal entities (B00)**

This group specifies the bank's operating cash receipts from sales of goods and provision of services by the bank's corporate customers.

2.2.1.1. **Revenues of legal entities from sales of goods (B10: B11-B16)**

Under the statistic reporting form (KDS-1 Reporting Form), this group specifies the bank's cash receipts from the proceeds generated by trade, industrial, farming and other agribusiness, constructions, fuel station companies, entities and cooperatives from sales of goods.

Revenues from sales of goods must be reported under the appropriate items of this group depending on the type of business of each entity.

Revenues from sales of goods in areas not covered by these items of the report must be reported under the *Revenues from other sales* item.

2.2.1.2. **Revenues of legal entities from performance of works and services (B20: B21-B25)**

Under the KDS-1 reporting form, this group specifies the bank's cash receipts from the revenues generated by transport, utility (gas, water, power supply, etc.), communications, hospitality, catering and other service providers.

Revenues from provision of services must be reported under the relevant items of this group

depending on the type of each provider's activities.

The bank must report revenues from performance of works and provision of services by its customers that are not covered by this group under the *Revenues from other services* item.

2.2.2. Revenues from individuals (B30: B31-B35)

This group specifies the bank's cash receipts from individuals including: 1) tax, duty and insurance payments; 2) utility payments (gas, water, electricity, etc.); 3) financial aid, bank notes, social and other similar payments; 4) tuition fees; 5) cash payments from unincorporated individual entrepreneurs.

Revenues from individuals must be reported under the relevant items of the KDS-1 reporting form.

Payments of individuals not covered by these items of the report must be reported under the *Other revenues* item.

2.2.3. Revenues from the bank's financial transactions with legal entities and individuals

This group specifies the bank's cash revenues/receipts from financial transactions with the bank's customers: 1) charges to deposit accounts; 2) charges to current accounts and revenues from money transfers; 3) charges to accounts of notary offices in connection with property sales and purchases; 4) revenues on loans to customers; 5) revenues from sale of government and other securities; 6) revenues from sale of foreign exchange.

The bank's revenues from financial transactions with legal entities and individuals must be reported under the relevant items of the KDS-1 reporting format.

Revenues from transactions not covered by this section of the report must be reported under the *Other revenues from financial transactions* item.

2.2.4. Revenues from ATM's (B50)

Cash balances received by the bank's operating cash office reportable under the Central Bank's «Regulation for administration of cash transactions and transportation of valuables for credit institutions» must be reported under this item.

2.2.5. Other revenues (B60)

The bank's operating cash receipts from other operations not reported under the receipt items of the statistic reporting form, including revenues from other financial institutions, international organizations, state administrations and executive bodies, shareholders, founders, as well as contributions to the bank's paid-in capital and other revenues, must be reported under this item.

2.2.6. Revenues designated to replenish the cash office (B70: B71-B72)

Revenues designated to replenish the cash office must be classified as inter-branch *settlements* and *interbank settlements*. The bank's cash receipts from its own branch offices and divisions must be reported under item B71, and cash receipts from other banks or their branch offices and divisions under item B72.

2.2.7. Revenues from the Central Bank and its regional offices (B80: B81-B82)

The bank's cash receipts from the Central Bank and its regional offices must be classified as *revenues from the Central Bank* and *revenues from the Central Bank's regional offices*. The bank's cash receipts from the Central Bank must be reported under item B81, cash receipts from the Central Bank's regional offices under item B82.

2.3. Operations reported under the **expenditures** section of the report are classified in the following groups depending on the line of business, legal status and type of operations of the bank's customers:

No.	Section/Group/Item	Name of section/group/item
		EXPENDITURES
1	C00	Legal entities and unincorporated individual entrepreneurs
<i>1,1</i>	<i>C10</i>	<i>Payments for acquisition of goods, works and services</i>
<i>1,2</i>	<i>C20</i>	<i>Salary (and payments equated to salary), pension, allowance, insurance and other social payments</i>
2	C30	Payments on the bank's financial transactions with legal entities and individuals
3	C40	Cash injections to ATM's
4	C50	Other payments
		TOTAL EXPENDITURES
6	C60	Payments designated to replenish the cash office
7	C70	Payments to the Central Bank and its regional offices
		BALANCE
	A20	PERIOD-END CASH BALANCE

2.3.1. Payments to legal entities and unincorporated individual entrepreneurs (C00)

This section reports payments to the bank's corporate and unincorporated individual entrepreneur customers for acquisition of goods, works and services from the bank's operating cash office.

2.3.1.1. Payments for acquisition of goods, works and services

Under the KDS-1 reporting form attached hereto, this group reports the bank's cash payments to trade, industrial, construction, farming and other agribusiness enterprises for acquisition of goods, as well as to transportation, communications, hospitality, catering and other service providers for provision of services.

Payments must be reported under the relevant items of the KDS-1 reporting form depending on the line of business of each enterprise.

Expenditures of the bank's customers that are not covered under this section of this report must be reported under the *Other enterprises* item.

2.3.1.2. Salary (and payments equated to salary), pension, allowance, insurance and other social payments (C20: C21-C29)

This group reports the bank's cash expenditures associated with salary (and payments equated to salary), pension, allowance, insurance and other social payments/charges of trade, industrial, farming and other agribusiness, construction, cooperative, transportation, communication, hospitality, catering, show-business entities and organizations, as well as financial service

providers.

Payments must be reported under the relevant items of the KDS-1 reporting form depending on the line of business of each entity.

Payments to sectors not covered under this section of the report must be reported under the *Other enterprises* item.

2.3.2. **Payments on the bank's financial transactions with legal entities and individuals (C30: C31-C38)**

All operating cash expenditures of the bank resulting from financial transactions with legal entities and individuals must be reported in this group of the reporting form.

Financial transactions are classified as follows, depending on their type:

- Payments from deposit accounts — cash payments from the customer's deposit account held with the bank;
- Payments from current accounts, money transfers — cash payments from current accounts held with the bank; cash payments associated with money transfers without establishing an account;
- Payments to notary offices for property sale and purchase acquisitions;
- Payments on loans granted — lending in cash to legal entities and individuals;
- Interest and dividend payments — cash interest and dividend payments on various obligations of the bank;
- Insurance payment — all kinds of insurance payments from the bank's cash office;
- Cash payments for acquisition of government and other securities — cash payments made by the bank to legal entities and individuals for repurchase (buy-back) of equities, bonds, lottery tickets, certificates and other securities;
- Payments on foreign exchange purchases — in-house cash payments (head office and branch offices), as well as cash payments for foreign exchange purchases at the bank's exchange bureaus;
- Other payments on financial transactions — cash payments of all kinds related to financial transactions not included in any of the above categories financed by the bank.

2.3.3. **Cash injections in ATM's (C40)**

The bank's cash expenditures for the purpose of supplying cash to ATM's in accordance with the Central Bank's «Regulation for administration of cash transactions and transportation of valuables for credit institutions in Azerbaijan Republic» must be reported under this item.

2.3.4. **Other payments (C50)**

Cash payments associated with other operations not reported under any of the above items of expenditures, including expenses and cash payments to other financial institutions, international organizations, state authorities, as well as the bank's own administrative, food, vacation expenses and payments must be reported under this item.

2.3.5. **Payments to replenish the cash office (C60: C61-C62)**

Payments designated to replenish the cash office must be classified as inter-branch *settlements* and *interbank settlements*. The bank's cash payments to its own branch offices and divisions are reported under item C61, payments to other banks or their branch offices and divisions are reported under item C62.

2.3.6. **Payments to the Central Bank and its regional offices (C70: C71-C72)**

The bank's payments to the Central Bank and its regional offices are classified as *Payments to the Central Bank* and *Payments to the Central Bank's regional offices*. The bank's payments to the Central Bank are reported under item C71, payments to the Central Bank's regional offices are reported under item C72.

2.4. **Period-end cash balance (A20)**

This section of the KDS-1 reporting form reports the bank's period-end cash balance. The period-end cash balance must be equal to the balance reported under account 1001 of the bank's consolidated balance sheet statement.

3. Report preparation and submission

- 3.1. The cash circulation report is prepared based on accounting records (cheques, cash receipt and expense orders and other similar documents).
- 3.2. The receipt section of the cash circulation report is reported under the appropriate items of the reporting format depending on the source of revenues as specified in the cash receipt document, while the expenditures section depends on the purpose of amounts received from customers.
- 3.3. All items of the reported are summed in totals by groups, groups are summed in total by relevant sections.
- 3.4. The total of sections B10, B20, B30, B40, B50, B60 of the report is presented in the *Total Receipts* item, the total of sections C10, C20, C30, C40, C50 is presented in the *Total Expenditures* item.
- 3.5. Total receipt and expenditure items must be presented in the relevant **Balance** item of the report. The **Balance** item of the receipts sections must be equal to the **Balance** item of the expenditures section.
- 3.6. The period-end cash balance is a result of subtracting the period's cash expenditures from the sum of the period-start cash balance and cash receipts during the period.

In addition, the period-end cash balance must be the same as the balance of account 1001 of the bank's balance sheet statement.

- 3.7. Period of the cash circulation report is one month.
- 3.8. Banks must submit their consolidated cash circulation statistic reports for their entire networks (bank and its branch offices, divisions) to the Central Bank in electronic and hard copy format within 3 (three) business days of the month following the end of each reported month. If no operations were performed during the reportable period, this indicator of the report must be presented as «0» (zero).
- 3.9. Reports submitted to the Central Bank must be approved/certified by the signatures of the Chairman of the bank's Management Board and the chief accountant, and the bank's corporate seal/stamp.
- 3.10. If any information contained in the report is found to be inaccurate, the reporting bank must immediately make appropriate adjustments and corrections.

4. Final provisions

- 4.1. Any bank and bank administrators in breach of the reporting requirements as defined hereunder shall be held liable in accordance with the existing laws.
- 4.2. This Regulation shall take effect on October 6, 2009.

E.Rustamov, Governor, Central Bank of Azerbaijan