LAW
on establishing the Macedonian Bank
for Development Promotion

1. GENERAL PROVISIONS

Article 1

This Law shall establish and regulate the operations and organization of the Macedonian Bank for Development Promotion (hereinafter: "the Bank").

Article 2

The primary task of the Bank shall be to support the development, which shall be performed through the following sectors:

- financing investments of small and medium enterprises;
- promoting exports;
- implementing foreign loans and donation.

Article 3

The Bank shall operate pursuant to the provisions in the Law on Banks and Savings Houses, unless otherwise stipulated in this Law.

2. ESTABLISHMENT

Article 4

The Bank shall be established as a joint stock company.

Founders of the Bank, in addition to the Republic of Macedonia, can also be the Chamber of Commerce of the Republic of Macedonia, as well as other domestic and foreign legal entities.

The founding capital for establishing the Bank shall amount to Denar equivalent of DM 30 million, calculated according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of payment.

The share of the Republic of Macedonia in the founding capital may not be less than 51%. The founding capital paid in by the Republic of Macedonia when establishing the Bank shall be provided from privatization receipts from "Makedonski Telekomunikacii".

The total share of foreign legal entities in the founding capital may not exceed 30%.

Article 5
The Bank shall acquire status of a legal entity after its entry in the trade registry.

The following documents shall be enclosed in the application for entry in the trade registry:

- incorporation act;
- Statute of the Bank;
- evidence for payment of the founding capital referred to in Article 4, paragraph 3 of this Law.

3. SCOPE OF OPERATIONS

Article 6

The Bank shall have the following scope of operations:

- crediting the initiation of operations and development of small and medium enterprises by providing medium-term and long-term credits;
- financing exports with credits approved for identified export inflows;
- issuing credit guarantees approved for identified export inflows; and
- insurance and reinsurance of identified export inflows against commercial and non-commercial risks.

The Bank shall perform the operations referred to in paragraph 1 indents 1, 2 and 3 of this Article through the commercial banks.

The exposure of the Bank to a certain bank for financing development and export projects may amount up to double amount of the guarantee capital of the Bank.

In order to perform its operations referred to in paragraph 1 of this Article, the Bank may, on its own behalf and for its own account, on the basis of decision by the Management Board, conclude credit operations with domestic and foreign institutions and issue securities pursuant to the law.

The Bank shall not approve credits or issue guarantees to the state, public enterprises and institutions financed from the Budget.

The Bank shall perform the activities stipulated in this Article only with enterprises which timely settle their liabilities due to the banks.

The manner of performing the operations referred to in paragraphs 1, 2, 3, and 4 of this Article shall be prescribed more precisely by the Statute of the Bank.

Article 7

When approving projects, the Bank shall take into consideration the environment protection, pursuant to the laws of the Republic of Macedonia and the long-term commitments for meeting the EU Directives for environment and nature protection.
When approving credits and issuing guarantees, the Bank shall take into consideration the international principles of free trade and competition, as well as the rules of the World Trade Organization.

Article 8

The Bank may perform all operations on its own behalf and for its own account should they be in relation to the fulfillment of the operations set forth in Article 6 of this Law.

The Bank may not accept money deposits from physical and legal entities, except deposits serving as guarantee for insurance and reinsurance against commercial and non-commercial risks.

The Bank may not perform payment operations in the country, as well as trade with securities on behalf of other persons.

4. ASSETS

Article 9

The following shall be assets of the Bank:

- paid in founding capital;
- issuance of securities, pursuant to Article 6, paragraph 3 of this Law; and
- other sources.

The Bank shall be obliged to determine the conditions and the manner of keeping and increasing the real value of assets referred to in paragraph 1 of this Article in its Statute and other general acts, and to provide regular collection of its claims using appropriate instruments.

Article 10

The Bank shall operate independently, according to the banking operation principles, and especially according to the following principles:

- liquidity;
- reliability; and
- profitability.

Article 11

The guarantee capital of the Bank shall cover:

- founding capital;
- reserves; and
- other sources used by the Bank, without any limitations, to cover business risks and its loses.

The safety reserves shall not be included in the guarantee capital.
Article 12

The Bank shall create safety reserves in order to cover risks against performing the operations referred to in Article 6, paragraph 1 indent 3 of this Law.

The amount of reserves referred to in paragraph 1 of this Article shall be determined by the Government of the Republic of Macedonia.

Article 13

The Bank shall distribute a dividend to the shareholders from the net profits.

When distributing the dividend, the Bank shall primarily take into account the maintenance and increase of its reserves.

The dividend to be allocated to the government shall be transferred to the reserves of the Bank.

Each shareholder may transform the dividend allocated to him/her into a shareholding capital.

Article 14

Single credit approved to a borrower, amounting to 10% of the guarantee capital of the Bank, shall be considered as large credit in terms of this Law and pursuant to the Law on Banks and Savings Houses.

The total amount of all credits and other claims and guarantees to a single borrower must not exceed 30% of the guarantee capital of the Bank.

The total amount of large credits must not exceed triple amount of the guarantee capital of the Bank.

Article 15

The Bank shall guarantee for its liabilities regarding the operations referred to in Article 6, paragraph 1, indents 1 and 2, and paragraph 3 of the same Article, as well as for the incurred liabilities towards creditors or third parties with the guarantee capital referred to in Article 11 of this Law.

Should the guarantee capital and safety reserves of the Bank be insufficient for the Bank to be able to perform the operations according to Article 6, paragraph 1 indent 1 of this Law, the Republic of Macedonia may, within its budget funds, to take over the liabilities of the Bank.

The Minister of Finance and the Bank shall conclude agreement for the liabilities taken over referred to in paragraph 2 of this Article, which shall regulate more precisely the manner of repayment.

6. ORGANIZATION OF THE BANK
Article 16

Operations referred to in Article 6, paragraph 1 of this Law shall be performed by the Bank through:

- organizational unit for development promotion of small and medium enterprises; and
- organizational unit for export promotion.

The internal organization of the Bank shall be stipulated more precisely by the Statute of the Bank and other general acts.

7. BODIES OF THE BANK

Article 17

Bodies of the Bank shall be the following: Assembly of Shareholders, Management Board, Director and other bodies determined by the Statute.

The representatives of the state capital of the Republic of Macedonia, being founder of the Bank, in the Assembly of Shareholders shall be appointed by the Government of the Republic of Macedonia.

Article 18

Number, composition, competencies, rights, obligations, and responsibilities of the bodies of the Bank shall determined more precisely by the Statute of the Bank.

The Statute of the Bank and its amendments and modifications shall be adopted by the Assembly of Shareholders pursuant to the provisions in the Law on Banks and Savings Houses.

8. SUPERVISION

Article 19

The National Bank of the Republic of Macedonia shall perform supervision of the Bank, pursuant to the Law on Banks and Savings Houses.

Article 20

For the purpose of informing the shareholders, the Bank shall prepare an annual report (not later than June 30 in the calendar year following the business year), reviewed and evaluated by certified economic appraiser.

Article 21

The business year of the Bank shall be the appropriate calendar year.

9. FINAL PROVISION
Article 22

This Law shall become effective on the eighth day from the day of its publication in "Official Gazette of the Republic of Macedonia".