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**PARLIAMENT OF THE REPUBLIC OF MACEDONIA**

Pursuant to Article 75 paragraphs 1 and 2 of the Constitution of the Republic of Macedonia, the President of the Republic of Macedonia, and the President of the Parliament of the Republic of Macedonia issue the following:

**DECREE  
FOR PROCLAIMING OF THE LAW ON THE MACEDONIAN BANK FOR  
DEVELOPMENT PROMOTION**

The Law on the Macedonian Bank for Development Promotion has been proclaimed, passed

by the Parliament of the Republic of Macedonia at its session held on August 18, 2009.

No. 07-3635/1  
August 18, 2009  
Skopje

President of  
the Republic of Macedonia  
**Gjorge Ivanov**

President of  
the Parliament of the Republic of Macedonia  
**Trajko Veljanoski**

**LAW  
ON THE DEVELOPMENT BANK OF NORTH MACEDONIA  
(Unofficial revised text)<sup>1</sup>**

Article 1

This Law shall regulate the objectives, tasks, activities, operations and organization of the Development Bank of North Macedonia.

Article 2

The primary objective of the Development Bank of North Macedonia (hereinafter referred to as: "DBNM") shall be to support and instigate the development of the Macedonian economy in compliance with the strategic policies, objectives and priorities of the Republic of North Macedonia.

Article 3

DBNM is a joint stock company, and the Republic of North Macedonia is the sole shareholder.

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<sup>1</sup> The unofficial revised text of the Law on the Development Bank of North Macedonia is composed of: Law on the Macedonian Bank for Development Promotion (Official Gazette of the Republic of Macedonia No. 105/09) and Law amending the Law on the Macedonian Bank for Development Promotion (Official Gazette of the Republic of North Macedonia No. 77/21).

#### Article 4

In its operations DBNM shall adhere to the following principles:

- non-competition, indiscrimination and transparency of operations,
- profitability and efficiency, and
- economic legitimacy of investment projects and investments.

#### Article 5

- (1) Provisions of the Banking Law, except provisions on the amount of the initial capital and the required amount of own funds for performing certain activities, founding and operating license, consents of a shareholder, restrictions of rights arising from shares, consent for modification and/or amendment to the Bank's Statute on increase in the initial capital, higher rate of capital adequacy which may be prescribed by the Governor and provisions for administration appropriately apply to DBNM, unless otherwise stipulated herein.
- (2) Law on insurance supervision shall not apply to DBNM.
- (3) Provisions of the Law on Securities in regard with the issuing, offer and redeem of securities, and provisions of the Trade Company Law regarding increase in the capital stock shall not apply to the procedure for increase in initial capital of DBNM.
- (4) Regulations for allocation and maintenance of compulsory reserves on accounts with the National Bank of the Republic of North Macedonia for limiting the increase of exposure and regulation for open currency position shall not apply to DBNM.
- (5) Regulations for allocation and maintenance of compulsory reserves on accounts with the National Bank of the Republic of North Macedonia and for limiting the increase of exposure shall not apply to the commercial banks placements out of the DBNM funds.

#### Article 6

- (1) The DBNM initial capital is MKD 932,400,000.
- (2) The Republic of North Macedonia may increase the initial capital of MBDP by paid-in funds from the Budget of the Republic of North Macedonia, as well as other funds of the Republic of North Macedonia on the basis of a decision of the Government of the Republic of North Macedonia. Increase shall be made by enlarging the number of DBNM shares.
- (3) DBNM General Meeting of Shareholders shall adopt a decision on increasing the initial capital which shall encompass the amount of the increase, number and class of shares.
- (4) The decision from paragraph (3) of this Article has a characteristic of a decision on amendment of the DBNM Statute.
- (5) The increase in the initial capital shall be registered in the Trade Registry maintained with the Central Registry of the Republic of North Macedonia and shall be performed at the Central Securities Depository.

#### Article 7

In order to perform tasks and activities set forth in this Law, DBNM shall provide funds by way of indebtedness in the country and abroad and by issuing debt securities in compliance with the law.

#### Article 8

The net profit of the business year shall be transferred to the DBNM reserves.

#### Article 9

- (1) DBNM is responsible with all its assets for its liabilities.
- (2) DBNM shall acquire movable and immovable property and it shall use, manage and dispose of it without limitations.
- (3) The Republic of North Macedonia guarantees for the DBNM liabilities. The total liabilities of DBNM may not in any time exceed 10 times of the amount of DBNM own funds.

#### Article 10

Main tasks of the DBNM shall be the following:

- 1) financing the development of the companies founded in the Republic of North Macedonia;
- 2) instigating exports;
- 3) providing support to small and medium-sized enterprises founded in the Republic of North Macedonia;
- 4) financing of infrastructure;
- 5) supporting the regional development, and
- 6) financing environment security and protection projects and renewable energy projects.

#### Article 11

- (1) In order to accomplish the objectives and tasks set forth in this Law, DBNM shall perform the following activities:
  - 1) lending in the country, including financing of commercial transactions;
  - 2) issuance of payment guarantees, backing guarantees and other forms of collateral;
  - 3) redeem, sale and collection of receivables;
  - 4) domestic and international payment operations, including sale of foreign currency;
  - 5) factoring and forfeiting for the account of clients;
  - 6) trade in securities on its own behalf and for its own account;
  - 7) collecting, processing and analyzing information on legal entities' creditworthiness and their selling;
  - 8) economic and financial consulting;
  - 9) credit insurance against commercial and political risks, and
  - 10) investment insurance.
- (2) DBNM performs its activities from paragraph (1) of this Article on its own behalf and for its own account, and on behalf and for the account of the Republic of North Macedonia on grounds of an agreement.

- (3) DBNM may, also, perform other activities on its own behalf and for its own account, if they are related to the performance of the activities in Article 10 of this Law and the activities of paragraph (1) of this Article. DBNM may accept deposits from legal entities and natural persons only if they serve as collateral in regard with the DBNM activities in paragraph (1) of this Article.
- (4) DBNM shall not lend or issue guarantees and other forms of collateral to the Republic of North Macedonia and to the Budget beneficiaries and institutions users of the Republic of North Macedonia Budget funds.

#### Article 12

DBNM may perform the activities from Article 11 of this Law through other banks or non-banking financial institutions and/or directly and/or together with other banks or non-banking financial institutions.

#### Article 13

- (1) For implementation of projects and/or programs of the Government of the Republic of North Macedonia, DBNM shall:
  - 1) approve loans;
  - 2) approve loans with subsidized interest rate, and
  - 3) issue guarantees from the Guarantee Fund.
- (2) The Government of the Republic of North Macedonia and DBNM shall conclude an agreement that will determine the conditions for approving the loans referred to in paragraph (1) items 1) and 2) of this Article, the amount of the funds and the way of their provision and transfer to DBNM.
- (3) The Government of the Republic of North Macedonia and DBNM shall conclude an agreement that will determine the conditions for issuing the guarantees referred to in paragraph (1) item 3) of this Article.

#### Article 13-a

- (1) DBNM, upon prior approval of the Government of the Republic of North Macedonia, may establish funds with assets to support the development of the Macedonian economy for which special organizational units shall be organized in DBNM.
- (2) The Government of the Republic of North Macedonia and DBNM shall conclude an agreement that will determine the manner of the operations and the purpose of the assets from the funds referred to in paragraph (1) of this Article.

#### Article 13-b

To support the development by guaranteeing working assets loans and fixed assets loans approved by banks and savings houses that have obtained a founding and operating license by the Governor of the National Bank of the Republic of North Macedonia, DBNM shall organize a Guarantee Fund as a separate organizational unit.

#### Article 13-c

- (1) The assets of the Guarantee Fund shall be provided from:
  - 1) The Budget of the Republic of North Macedonia, as non-repayable funds in the amount of Euro 10 million;
  - 2) loans and/or credit lines from international financial institutions;
  - 3) donations from the country and abroad;
  - 4) income from commissions for issued guarantees and
  - 5) income from placements in securities.
- (2) The Government of the Republic of North Macedonia may adopt a decision on increasing the amount of the non-repayable funds referred to in paragraph (1) item 1) of this Article.
- (3) DBNM shall submit to the Ministry of Finance, by 30 June in the current year, a report on the amount of the paid guarantees and the stock of the non-repayable funds provided from

the Budget of the Republic of North Macedonia referred to in paragraph (1) item 1) of this Article, as of 31 May in the current year.

(4) The Government of the Republic of North Macedonia may adopt a decision on supplementing the non-repayable funds with funds from the Budget of the Republic of North Macedonia upon proposal of the Ministry of Finance after receiving the report referred to in paragraph (3) of this Article, not later than 31 March of the next year.

(5) The Guarantee Fund shall not calculate and shall not charge interest on the funds referred to in paragraph (1) of this Article.

(6) The assets of the Guarantee Fund shall not be included in the DBNM capital and may be used only for the purposes determined in Article 13-d of this Law.

(7) For work with the assets of the Guarantee Fund, DBNM shall open a separate earmarked account in the National Bank of the Republic of North Macedonia.

(8) For the assets of the Guarantee Fund, DBNM shall keep separate financial and accounting records.

(9) The assets of the Guarantee Fund may be placed in short-term securities, issued by the Republic of North Macedonia and by the National Bank of the Republic of North Macedonia.

(10) The interest income from the placements referred to in paragraph (9) of this Article shall be paid into the account referred to in paragraph (7) of this Article and shall be an integral part of the non-repayable funds provided from the Budget of the Republic of North Macedonia.

#### Article 13-d

(1) The assets of the Guarantee Fund shall be used to issue guarantees for provision of payments on the basis of principal of newly approved working and fixed assets loans with a maturity up to eight years with predetermined dynamics, approved by banks and savings houses that have a founding and operating license issued by the Governor of the National Bank of the Republic of North Macedonia.

(2) Beneficiaries of the guarantees can be micro, retail and medium traders, as well as wholesale traders that perform export registered in the Republic of North Macedonia.

(3) Wholesale traders that perform export in terms of this Law shall denote trade companies in which the revenues on the basis of exports have a share of at least 30% in the total revenues generated in the fiscal year that precedes the year in which the guarantee is approved.

(4) The guarantees referred to in paragraph (1) of this Article shall not be approved for projects that:

1) are financed with funds from DBNM;

2) pollute the environment and nature;

3) are intended for production and distribution of weapons and military equipment;

4) are intended for production of tobacco, drugs and other narcotics;

5) are related to games of chance;

6) include experiments on live animals;

7) are related to real estate trade;

8) are related to financial activities and

9) are implemented by trade companies in state ownership or trade companies in which the Republic of North Macedonia is a member or shareholder with at least 51% of the core principal.

#### Article 13-e

The Guarantee Fund shall guarantee up to 80% of the working assets loans and up to 50% of the fixed assets loans.

#### Article 13-f

(1) To approve guarantees to the beneficiaries of the guarantees referred to in Article 13-d paragraph (2) of this Law, the following shall be applied:

1) portfolio guarantees and/or

2) individual guarantee.

(2) Portfolio guarantees in terms of this Law shall be guarantees of portfolio of loans approved by a bank or savings house that are issued on the basis of an agreement concluded between DBNM and a bank or savings house.

(3) Individual guarantee in terms of this Law shall be a guarantee for a loan approved by a bank or savings house to a wholesale trader who performs export referred to in Article 13-d paragraph (3) of this Law.

(4) The manner of issuing the guarantees between DBNM and a bank or savings house shall be regulated by an agreement concluded in accordance with the Law on Obligations.

#### Article 13-g

(1) The guarantees referred to in Article 13-d of this Law shall be approved in favor of the banks and savings houses that have obtained a founding and operating license by the Governor of the National Bank of the Republic of North Macedonia.

(2) The total amount of approved loans with a guarantee from the Guarantee Fund may not exceed the tenfold amount of the funds of the Guarantee Fund.

(3) Exposure to the same trader and persons/entities connected thereto on the basis of a guarantee from the Guarantee Fund shall be regulated in the agreement referred to in Article 13 paragraph (3) of this Law.

(4) Exposure to a certain bank on the basis of portfolio guarantees from the Guarantee Fund may be up to 25% of the amount of the assets of the Guarantee Fund.

(5) Exposure to a certain savings house on the basis of portfolio guarantees from the Guarantee Fund may be up to 10% of the amount of the assets of the Guarantee Fund.

(6) Exposure to a certain bank or savings house on the basis of guarantees from the Guarantee Fund shall not be calculated in the exposure referred to in Article 14 of this Law.

(7) Banks and savings houses may submit an application to DBNM for activation of a guarantee if the credit beneficiary is late at least 60 days with repayment of the loan on the basis of principal debt secured by a guarantee issued by the Guarantee Fund.

(8) The guarantees issued by the Guarantee Fund shall be paid within 30 days from the day of submission of the application to DBNM for payment of the guarantee.

(9) DBNM shall have the right, from the assets of the Guarantee Fund, to charge commissions and other costs which arise from the work of the Guarantee Fund in the amount regulated in the agreement referred to in Article 13 paragraph (3) of this Law.

(10) DBNM shall be obliged to undertake activities related to collection of the claims on the basis of the issued guarantees.”.

#### Article 14

(1) The DBNM capital adequacy rate may not be below 8%.

(2) Large exposure for DBNM means exposure to a person and connected persons of 10% of the DBNM own funds.

(3) DBNM exposure to a person and connected persons should not exceed 25% of DBNM own funds.

(4) As an exception to paragraph (3) of this Article, DBNM exposure to a bank may not exceed two times the amount of the DBNM own funds.

(5) The DBNM Supervisory Board shall approve exposure to an individual bank of above 20% of the DBNM own funds.

(6) The National Bank Council prescribes special methodology for correction of value, i.e. allocation of a special reserve by DBNM, led by the specific status and tasks of DBNM.

#### Article 15

(1) Exposure of the banks and other financial institutions towards DBNM shall be treated as exposure towards the Republic of North Macedonia.

- (2) Unconditional guarantees payable on first call and credit insurance policies issued by DBNM as collateral instruments, in defining assets weighted according to the banks' credit risk shall be treated as claims on the Republic of North Macedonia.

#### Article 16

- (1) Banks and other financial institutions shall not pledge their receivables arising from activities performed with DBNM funds.
- (2) Legal acts performed contrary to paragraph (1) of this Article shall be considered void.
- (3) In case of bankruptcy or liquidation of a bank or a non-banking financial institution through which DBNM lend its funds, DBNM receivables on the basis of main debt together with the wayside receivables and collateral, shall be transferred to DBNM.

#### Article 17

- (1) Bank bodies shall be: General Meeting of Shareholders, Supervisory Board, Board of Directors, Risk Management Committee, Auditing Committee, and other bodies specified by the DBNM Statute in accordance with the Banking Law.
- (2) The DBNM Supervisory Board shall consist of 5 members.
- (3) The Government of the Republic of North Macedonia shall appoint the members of the Supervisory Board, three on proposal of the Minister of Finance, one on proposal of the Vice President of the Government of the Republic of North Macedonia responsible for economic matters and one on proposal of the Minister of Economy.
- (4) The Government of the Republic of North Macedonia shall appoint the members of the Supervisory Board upon prior approval of the Governor of the National Bank of the Republic of North Macedonia.
- (5) Members of the Supervisory Board are also representatives of the state capital in the General Meeting of the Shareholders.
- (6) The DBNM Board of Directors shall consist of 2 members.

#### Article 18

- (1) The National Bank of the Republic of North Macedonia, within its competences, shall supervise the DBNM operations.
- (2) The Ministry of Finance shall supervise the operations of the DBNM performed on behalf of and for the account of the Republic of North Macedonia.
- (3) DBNM shall submit to the General Meeting of Shareholders of the Republic of North Macedonia and to the Government of the Republic of North Macedonia an Annual Report on its operations in the previous year, by May 31 of the calendar year, at the latest.

#### Article 18-a

- (1) DBNM shall, not later than 30 June of the current year, submit to the Government of the Republic of North Macedonia an annual report on the operations of the Guarantee Fund for the previous year and of the funds organized pursuant to Article 13-a paragraph (1) of this law.
- (2) DBNM shall publish the amount of approved loans, number of approved loans, amount of approved guarantees and limit on guarantees by banks and savings houses issued by the Guarantee Fund on its website on a quarterly basis.

(3) DBNM shall submit to the Ministry of Finance a semi-annual report on the structure of approved loans with a guarantee from the Guarantee Fund by risk category as of 30 June and December within 30 days after the end of the half-year.

(4) The Ministry of Finance, on the basis of the data submitted by DBNM referred to in paragraph (3) of this Article, shall publish on its website a semi-annual report on the fiscal risks of the Guarantee Fund, the guarantee exposure and the initiated procedures for activation of the guarantees.”.

#### Article 19

Bankruptcy proceeding or liquidation procedure may not be initiated or carried out in DBNM.

#### Article 20

Provision under Article 12 of this Law for direct performance of activities by DBNM shall commence on January 1<sup>st</sup>, 2010.

#### Article 21

Placements approved by the day this Law enters into force shall be subject to the procedures in force on the day of their approval.

#### Article 22

Macedonian Bank for Development Promotion established with the Law on Establishing the Macedonian Bank for Development Promotion (Official Gazette of the Republic of Macedonia no. 24/98, 6/2000, 109/2005 and 130/2008) shall continue its operations as Macedonian Bank for Development Promotion in accordance with the provisions of this Law.

#### Article 23

(1) Funds from the Guarantee Fund established with the Law on Establishing the Macedonian Bank for Development Promotion (Official Gazette of the Republic of Macedonia no. 24/98, 6/2000, 109/2005 and 130/2008) shall be transferred to the initial capital of DBNM, and within 30 days from the entering into force of this Law, DBNM shall increase appropriately the number of shares.

(2) Guarantees issued by the Guarantee Fund by the day this Law enters into force shall be liability of DBNM.

#### Article 24

The existing members of the Board of Directors of DBNM who perform this function, shall continue performing the function of members of the Board of Directors until the expiration of the period the consent from the Governor of the National Bank of the Republic of North Macedonia refer to.

#### Article 25

The Council of the National Bank of the Republic of North Macedonia shall adopt the Methodology under Article 14, paragraph (6) of this Law, within 3 months from the day this Law enters into force.

#### Article 26

On the date this Law enters into force, the Law on Establishing the Macedonian Bank for Development Promotion (Official Gazette of the Republic of Macedonia no. 24/98, 6/2000, 109/2005 and 130/2008) shall cease to be effective.



Article 27

This Law shall enter into force on the eighth day from the date of its publishing in the "Official Gazette of the Republic of North Macedonia".