

**PARLIAMENT OF THE REPUBLIC OF MACEDONIA**

On the basis of Article 75 paragraph 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 on its session held on 18 August 2009.

No. 07-3635/1 18 August 2009 Skopje	President of the Republic of Macedonia <b>Gjorge Ivanov</b>
President of the Parliament of the Republic of Macedonia <b>Trajko Veljanoski</b>	

**LAW ON THE MACEDONIAN BANK FOR DEVELOPMENT PROMOTION**

Article 1

This Law shall regulate the objectives, tasks, activities, operations and organization of the Macedonian Bank for Development Promotion.

Article 2

The primary task of the Macedonian Bank for Development Promotion (hereinafter referred to as: MBDP) shall be to support and instigate the development of the Macedonian economy in compliance with the strategic politics, objectives and priorities of the Republic of Macedonia .

Article 3

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

Article 4

In its operations MBDP adhere to the following principles:

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

Article 5

- 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 MBDP, unless otherwise stipulated herein.
- Law on insurance supervision shall not apply to MBDP.
- 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 MBDP.
- Regulations for appropriation and maintenance of compulsory reserves on accounts at the National Bank of the

Republic of Macedonia for limiting the increase of exposure and regulation for open currency position shall not apply to MBDP.

- Regulations for appropriation and maintenance of compulsory reserves on accounts at the National Bank of the Republic of Macedonia and for limiting the increase of exposure shall not apply to the commercial banks placements out of the MBDP funds.

#### Article 6

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

#### Article 7

In order to perform tasks and activities set forth in this Law, MBDP 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 MBDP reserves.

#### Article 9

- MBDP is responsible with all its assets for its liabilities.
- The Republic of Macedonia guarantees for the MBDP liabilities. The total liabilities of MBDP may not in any time exceed 10 times of the amount of MBDP own funds.

#### Article 10

The MBDP may perform the following basic activities:

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

#### Article 11

- In order to accomplish the objectives and activities set forth in this Law, MBDP shall perform the following activities:
- lending in the country, including financing commercial transactions;
- issuance of payment guarantees, backing guarantees and other forms of collateral;
- redeem, sale and collection of receivables;
- domestic and international payment operations, including sale of foreign currency;
- factoring and forfeiting for the account of clients;
- trade in securities on its own behalf and for its own account;
- collecting, processing and analyzing information on legal entities' creditworthiness and their selling;
- economic and financial consulting;
- credit insurance against commercial and political risks, and
- investment insurance.

- MBDP 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 Macedonia on grounds of an agreement.

- MBDP 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. MBDP may accept

deposits from legal entities and natural persons only if they serve as collateral in regard with the MBDP activities in paragraph (1) of this Article.

- MBDP shall not lend or issue guarantees and other forms of collateral to the Republic of Macedonia and to the Budget beneficiaries and institutions users of the Republic of Macedonia Budget funds.

#### Article 12

Activities in Article 11 of this Law, MBDP may perform through other banks or non-banking financial institutions and/or directly and/or together with other banks or non-banking financial institutions.

#### Article 13

- In order to carry out projects and programmes of the Republic of Macedonia Government , MBDP provides credits with subsidized interest rate.

- The Government of the Republic of Macedonia and MBDP shall conclude an agreement which shall set forth conditions under which interest rate subsidy shall be made, the amount of funds, the type of collateral and the way of funds transfer to MBDP.

#### Article 14

- The MBDP capital adequacy rate may not be below 8%.
- Large exposure for MBDP means exposure to a person and connected persons of 10% of the MBDP own funds.
- MBDP exposure to a person and connected persons should not exceed 25% of MBDP own funds.
- As an exception to paragraph (3) of this Article, MBDP exposure to a bank may not exceed two times of the MBDP own funds.
- MBDP Supervisory Board gives approval for the exposure to a certain bank of more than 25% of MBDP own funds.
- The National Bank Council prescribes special methodology for correction of value, i.e. appropriation of a special reserve by MBDP, led by specific status and activities of MBDP.

#### Article 15

- Exposure of the banks and other financial institutions towards MBDP shall be treated as exposure towards the Republic of Macedonia .
- Unconditional guarantee payable on first call and credit insurance policies issued by MBDP as collateral instruments, in defining assets weighted according to the banks' credit risk shall be treated as claims at the Republic of Macedonia .

#### Article 16

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

#### Article 17

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

#### Article 18

- The National Bank of the Republic of Macedonia , within its competences, supervises the MBDP operations.
- The Ministry of Finance supervises operations of the MBDP performed on behalf of and for the account of the Republic of Macedonia .
- MBDP shall submit to the General Meeting of Shareholders of the Republic of Macedonia and to the Government of the Republic of Macedonia an Annual Report on operations in the previous year, on May 31 of the calendar year the latest.

#### Article 19

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

#### Article 20

Provision under Article 12 of this Law for direct performance of activities by MBDP shall commence on January 1 st , 2010.

#### Article 21

On placements approved by the day this Law enters into force shall apply procedures in force on 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 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 MBDP, and within 30 days from the entering into force of this Law, MBDP shall increase appropriately the number of shares.
- (2) Guarantees issued from the Guarantee Fund by the day this Law enters into force are liability of MBDP.

#### Article 24

The existing members of the Board of Directors of MBDP 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 Macedonia refer to.

#### Article 25

The Methodology under Article 14, paragraph (6) of this Law, the Council of the National Bank of the Republic of Macedonia shall adopt 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 being valid.

#### 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 Macedonia