

LAW ON MICRO-FINANCING BANKS

1. GENERAL PROVISIONS

Article 1

This Law shall regulate the incorporation and the operations of banks for micro financing.

Article 2

Bank for microfinancing shall be incorporated for financing activities that are performed by legal entities and physical persons:

- proprietors according to Article 1 of the Company Law,
- persons engaged in professional service providers (lawyers, notaries public, etc.)
- persons engaged in agricultural activity according to paragraphs 1 and 2 of Article 7 of the Law on agricultural activity,
- persons engaged in handicrafts activity according to Article 3 and paragraph 1 of Article 4a of the Law on handicrafts activity.

Persons from paragraph 1 of this Article, from the point of view of scope of accounting records, pursuant to Company Law, are divided as small proprietors.

Article 3

The Bank for microfinancing shall operate pursuant to the provisions from the Banking Law, unless otherwise stipulated by this Law.

2. INCORPORATION

Article 4

The Bank for microfinancing shall be incorporated as joint stock company.

Domestic and foreign legal entities and physical persons may be shareholders of the Bank for microfinancing.

More than 50% of the shares of the bank for microfinancing have to be owned by legal entities meeting the following criteria:

1. to have capital that cannot be less than EUR 25,000,000 in denar equivalent, calculated according to the middle exchange rate of the National Bank of the Republic of Macedonia (hereinafter referred to as: "National Bank") on the day the request for issuance of incorporation and working licence is submitted;
2. to perform activities continuously in a period of at least 5 years; and
3. to have experience in incorporating and managing specialized institutions for micro financing.

National Bank shall stipulate the documents proving the fulfillment of criteria referred to in paragraph 3 of this Article.

Article 5

Founding capital for the bank for microfinancing shall not be less than EUR 4,000,000 in denar equivalent, calculated according to the middle exchange rate of the National Bank on the day the application for registering in the trade registry is submitted.

The Bank for microfinancing is obliged to maintain capital value from paragraph 1 of this Article.

Article 6

Incorporation and working licence shall be issued according to procedure stipulated in the Banking Law.

Article 7

The Bank for microfinancing shall acquire the feature of legal entity by registering in the trade registry.

3. FINANCIAL ACTIVITIES

Article 8

The Bank for microfinancing shall perform the following financial activities:

- 1) acceptance of all kinds of money deposits from legal entities and physical persons;
- 2) granting credits;
- 3) taking credits in the country and from abroad;
- 4) foreign exchange operations;
- 5) issuance of credit cards;
- 6) issuance of electronic money;
- 7) financial leasing;
- 8) payment operations in the country;
- 9) payment operation with abroad;
- 10) economic and financial consulting;
- 11) rendering services when executing invoices, keeping records;
- 12) issuance of denar and foreign exchange money guarantees, surety and other forms of guarantee; and
- 13) trading foreign exchange and executing foreign exchange transactions.

The Bank for microfinancing may carry out the activities referred to in paragraph 1, indents 2, 7, and 12, for entities in Article 2 of this Law only.

Article 9

In its operations, the Bank for microfinancing shall take care of environmental protection pursuant to the laws of the Republic of Macedonia and the long-term commitments for meeting the EU Directives for environmental protection.

4. SUPERVISORY STANDARDS

Article 10

The Bank for microfinancing is obliged to maintain capital adequacy rate that can be no less than 16%.

Credit exposure of the Bank for microfinancing towards single entity must not exceed 3% of the guarantee capital of the Bank for microfinancing.

Average credit exposure of the Bank for microfinancing must not exceed EUR 10,000 in denar equivalent, calculated according to the middle exchange rate of the National Bank.

Average credit exposure of the Bank for microfinancing is calculated as a ratio between the total credit exposure and the total of granted credits, letters of credits and guarantees.

The Bank for microfinancing may not invest in capital part of other legal entities.

5. FINAL PROVISIONS

Article 11

The Bank for microfinancing may be reorganized in a bank incorporated pursuant to the Banking Law, should it meet the conditions stipulated by that Law.

Article 12

Articles 4, 5, 6 and 7 of this Law shall cease to apply in a period of 2 years following the entrance into force of this Law.

Article 13

This Law shall enter into force on the eighth day following the day it is published in the "Official Gazette of the Republic of Macedonia".