

DEPOSIT INSURANCE FUND SKOPJE

*Permission on amendments and modifications to the Statute
granted on the Government session held on October 20, 2003*

S T A T U T E

of Deposit Insurance Fund Skopje

Skopje, October 2003

Pursuant to Article 15 of the Law on Deposit Insurance Fund ("Official Gazette of the Republic of Macedonia" No. 63/2000), the Managing Board of the Deposit Insurance Fund held its 10th meeting on Maj 24, 2001, to adopt the following

S T A T U T E of Deposit Insurance Fund Skopje

I. GENERAL PROVISIONS

Article 1

This Statute shall regulate the following:

- establishment of the Fund;
- title, seat, seal and trademark of the Deposit Insurance Fund (hereinafter the "Fund");
- subject of operations of the Fund;
- resources of the Fund;
- investments of the Fund;
- information within the Fund;
- deposit insurance premiums;
- manner of management and bodies of the Fund;
- allocation of profits, risk assumption and coverage of losses;
- business secret;
- termination of membership in the Fund;
- other issues significant for the operations of the Fund.

II. ESTABLISHMENT OF THE FUND

Article 2

The Fund shall be established by the Law on Deposit Insurance Fund.

Republic of Macedonia shall be the founder of the Fund;

The Fund shall be legal successor to the Savings Deposit Insurance Fund a.d. Skopje.

The founding capital of the Fund shall be Denar 10,299,958.00.

Article 3

The Fund shall have status of a legal entity and shall act on its own behalf and for its own account in the legal communication with third parties.

The Fund shall be liable to the full extent of its resources for the liabilities in the legal communication.

Article 4

With its status of legal successor, the Fund shall takeover all liabilities and claims from the Savings Deposit Insurance Fund a.d. Skopje.

Resources from the Savings Deposit Insurance Fund a.d. Skopje collected on the basis of technical premium and net profits of the Fund since its establishment up to the day of transfer to the account of this Fund shall be taken over and may be used only for the purpose of indemnification of depositors in case of risk event in a bank or savings house.

III. TITLE, SEAT, SEAL AND TRADEMARK

Article 5

The title of the Fund shall be: **Fond za osi guruvawe depozi ti Skopje**
In its communication with abroad, the Fund shall use its title in English: **Deposit Insurance Fund Skopje**.

Article 6

The seat of the Fund shall be in Skopje, on the following address: **Kej "13 Noemvri" Kula 3/4-13, Skopje**.

Article 7

The Fund shall have seal and stamp.
The Fund shall use the following types of seals:

1. Two round seals, the diameter of which shall be 32mm.
 - a) The seal shall have the title of the Fund, written in Cyrillic alphabet: **"Fond za osi guruvawe na depozi ti Skopje"**; and
 - b) The seal shall have the title of the Fund, written in English: **"Deposit Insurance Fund Skopje"**.
2. Rectangular seal, diameter of which shall be 45 mm.
The seal shall have the title of the Fund, space for the number of the Fund Journal and date.
3. Text seal.
4. Stamp for receipt of mail, with a file number.

Article 8

The trademark, emblem, and the logotype of letters of the Fund shall look like the following:

FOND ZA OSI GURUVAWE NA DEPOZI TI SKOPJE

Specially created and formulated emblem shall not be used.

Black shall be the color of the Fund.

The size of letters shall be proportional to the dimensions of the object that they are written on.

Article 9

The manner of usage of the seal, stamp and the trademark shall be determined with rulebook to be adopted by the Managing Board of the Fund.

Article 10

To the end of performing payment operations in the country, the Fund may open an account at the National Bank of the Republic of Macedonia and accounts at one or several commercial banks in the country.

IV. SUBJECT OF OPERATIONS OF THE FUND

Article 11

Subject of operations of the Fund shall be insurance of deposits of physical persons in banks and savings houses in the Republic of Macedonia.

Subject of insurance in the Fund shall be the following deposits of physical persons:

- Denar and foreign currency deposits and checking accounts of physical persons in banks and savings houses in the Republic of Macedonia,
- deposits related to payment cards issued by banks established in the Republic of Macedonia, and
- foreign currency inflows of physical persons in banks in the Republic of Macedonia.

The Fund shall insure deposits of physical persons until the day of exclusion of a bank or savings house from the Fund membership.

Article 12

The Fund shall not insure and reimburse the following deposits of physical persons:

1. Deposits of physical persons extended under privileged interest terms, other than the ones published by the bank or the savings house;
2. Deposits of the physical persons - owners of over 5% of the voting shares in the bank or the savings house;
3. Deposits of members of management bodies of the bank or the savings house;
4. Deposits of family members of direct lineage of 1st degree of the persons referred to in items 2 and 3 of this Article;
5. Deposits related to transactions used for money laundering if the perpetrator has been convicted and the sentence is effective.

In case a physical person has liabilities towards the bank, the total amount of the deposits of the person shall be reduced by the amount of the liabilities of the person towards the bank or savings house.

In case of joint deposit, the parts of the depositors are considered equal unless otherwise regulated with a contract.

Article 13

The Fund shall indemnify the physical persons in the amount of:

- 1) 100% of the total deposit of each physical person in a bank or savings house up to the amount of Denar equivalent of EUR 10,000 and
- 2) 90% of the total deposit of each physical person in a bank or savings house up to the amount of Denar equivalent ranging between EUR 10,000 and EUR 20,000, but not exceeding Denar equivalent of EUR 20,000.

The term deposit of a physical person shall mean all deposits referred to in Article 10 of this Statute that the physical person holds in a bank or savings house.

In the amount referred to in paragraph 1 of this Article, the principal of the deposit shall be calculated, increased by the calculated and undue interest, as follows:

- for Denar deposits, up to the discount rate of the National Bank of the Republic of Macedonia, valid for the appropriate period, if the valid interest rate in that period for the appropriate deposits, set by the bank or the savings house was higher than the discount rate; and

- for foreign currency deposits, up to the quarterly EURIBOR for the appropriate period, if the valid interest rate in that period for the appropriate deposits, determined by the bank or the savings house was higher than the quarterly EURIBOR.

The term principal in terms of this Statute shall mean the status of primary deposits with agreed interest ascribed until the day of occurrence of the risk event.

The term interest, which is added to the principal referred to in paragraph 3 of this Article shall be the calculated non-ascribed interest with interest rates in the amount up to the discount rate (for Denar deposits), i.e. up to the quarterly EURIBOR (for foreign currency deposits), until the day of occurrence of the risk event.

The deposits placed in foreign currency shall be converted in Denars at middle exchange rate of the National Bank of the Republic of Macedonia valid on the day the risk event occurred.

The reimbursement of both Denar and foreign currency deposits shall be in Denars.

Article 14

The Fund is not obliged to pay interest on the guaranteed amounts on the basis of the reimbursement amounts from the day of occurrence of the risk event to the day of payment of the indemnification.

For the claims exceeding the received resources from the Fund pursuant to paragraph 1 of Article 13 of this Statute, the physical persons shall realize their rights from the resources of the bank, i.e. savings house according to law.

Article 15

Banks and savings houses, members in the Fund, are obliged to place an announcement about the deposits insured in the Fund and about the level of reimbursement by the Fund on the counter where the payment operations are performed.

The text of the announcement referred to in this Article shall be determined by the Managing Board of the Fund.

Article 16

The day the decision by the Governor of the National Bank of the Republic of Macedonia on revoking the license to establish and operate a bank or savings house becomes effective shall be deemed the day of occurrence of the risk event.

The Fund shall start compensating the insured deposits of physical persons within three months from the day of occurrence of the risk event.

Article 17

The amount of resources paid on the basis of Article 13 of this Statute shall be collected by the Fund from the inflow of resources from the liquidation, i.e. bankruptcy estate of the member which has been subject to liquidation, i.e. bankruptcy procedure pursuant to law.

Article 18

The Fund shall prepare a Rulebook regulating the activities of the Deposit Insurance Fund in relation to the insurance of deposits of physical persons, as well as the usage of resources from the Fund in case of occurrence of risk event.

The Rulebook referred to in paragraph 1 of this Article shall be adopted by the Managing Board of the Fund.

V. RESOURCES OF THE FUND

Article 19

The resources of the Fund shall be composed of the founding capital, collection of premiums for insurance of deposits of physical persons, collection of entry premiums and revenues from investments.

The resources from the collected insurance premiums, entry premiums and the additional payments shall be inflow to the guarantee reserves of the Fund.

Article 20

Total resources of the Fund shall amount to at least 4% of the total deposits of physical persons in the banks and savings houses in the Republic of Macedonia.

The Fund is obliged to maintain the level of resources referred to in paragraph 1 of this Article.

Article 21

In case the Fund lacks resources for payment of the insured deposits of physical persons, the Fund shall provide additional resources via the following:

1) additional payments from the banks and the savings houses, but not more than the triple amount of the premiums, paid in the month prior to the month in which the Governor of the National Bank of the Republic of Macedonia passed the final decision pursuant to Article 16 paragraph 1 of this Statute;

2) borrowing in the country and abroad;

3) borrowing from the Budget of the Republic of Macedonia.

Additionally paid-in resources referred to in paragraph 1, item 1 of this Article shall be refunded to the banks and savings houses after collection of utilized resources for the benefit of the Fund from the liquidation estate, i.e. bankruptcy estate of the bank or the savings house where liquidation, i.e. bankruptcy procedure has been initiated, and in case they are insufficient to refund the full amount of the additionally paid-in resources, they shall be refunded to the banks and the savings houses proportionally to the additionally paid-in resources.

The banks and savings houses are obliged to pay the additional payments referred to in paragraph 1 item 1 of this Article to the account of the Fund within 8 days from the day the Fund submits the calculation to the banks and savings houses at the latest.

VI. INVESTMENTS OF THE FUND

Article 22

The Fund may invest its resources in:

1) Securities issued by the Republic of Macedonia and the National Bank of Republic of Macedonia with a due date up to six months from the moment the Fund has purchased them.

2) Debentures issued by foreign countries, central banks or public international financial institutions, rated in at least two internationally acknowledged agencies for credit risk assessment, with one of the two highest grades, up to the level of insured foreign currency deposits.

3) Futures, options and forward contracts with deposit institutions rated by at least two internationally acknowledged agencies for credit risk assessment with one of the two highest grades, up to 2% of the resources of the Fund.

The resources from the Fund can be used only for reimbursement of the insured deposits of physical persons and for coverage of operational costs of the Fund.

VII. PREMIUMS FOR DEPOSIT INSURANCE

Article 23

For insurance of the deposits of the physical persons, the Fund shall charge premium from the members of the Fund at a rate of up to 0.7% on annual level of the total deposits of the physical persons in each bank or savings house.

The manner and deadline of payment and the amount of the premium referred to in paragraph 1 of this Article shall be determined by the Managing Board of the Fund.

The Fund shall calculate and charge legal default interest in case of late payment of the premiums referred to in paragraph 1 of this Article.

The resources the banks and the savings houses paid in the Fund on the basis of premiums shall be irreversible.

The newly-established banks and savings houses are obliged to pay in entry premium in the amount of 1% of the founding capital when joining the Fund and the manner and deadline of payment of the entry premium shall be determined by the Managing Board of the Fund.

Article 24

Basis for calculating the amount of the insurance premium shall be the balance of the total deposits at the members in the previous months on the basis of monthly reports on the total deposits per banks and savings houses, submitted by the National Bank of the Republic of Macedonia to the Fund.

Article 25

The insurance premium shall be paid on monthly basis, i.e. 1/12 of the calculated amount of the premium by applying the basis referred to in Article 24 and the premium rate referred to in Article 23, paragraph 2.

Article 26

The Managing Board of the Fund can pass a decision for termination of the obligation of the banks and savings houses - Fund members for payment of premium in the Fund, in case when the Fund resources exceed the legal level of 4% of the total deposits of physical persons in a bank or a savings house.

Notwithstanding the decision referred to in paragraph 1 of this Article, banks and savings houses shall pay premium in the period when implementing measures for improving the situation of the bank, referred to in Article 85 paragraph 1 items: 5, 6, 7, 8, 9, 10, 15, 18 and 19 of the Banking Law, at a flat premium rate set by the Managing Board of the Fund.

Article 27

In case the bank or savings house fails to pay two monthly premiums, the Fund shall inform the National Bank of the Republic of Macedonia to the end of taking measures pursuant to law.

VIII. COLLECTION OF INFORMATION IN THE FUND AND THEIR USAGE

Article 28

With respect to all relevant information on the situation of the members of the Fund, the Fund shall use the following:

- monthly reports on the total deposits per banks and savings houses, containing data on the principal and interest on deposits, subject to insurance by the Fund, submitted by the National Bank of the Republic of Macedonia to the Fund; until 25th of the current month at the latest for the previous month;
- periodical financial statements regarding all relevant information on the status of the Fund members, submitted by the National Bank of the Republic of Macedonia to the Fund upon the request by the Fund;

- financial statement of the banks and savings houses, members in the Fund, in which measures have been undertaken for improving the situation of the bank referred to in Article 85 of the paragraph 1 items 5, 6, 7, 8, 9, 10, 15, 18 and 19 of the Banking Law, submitted by the National Bank of the Republic of Macedonia upon the request by the Fund within 10 days from the day the request submitted by the Fund has been received at the latest;

- report on the financial condition and the perspectives of the bank and the savings house, submitted by the conservator or the receiver appointed by the Governor of the National Bank of the Republic of Macedonia, i.e. by the Council of the National Bank, upon the request by the Fund within 10 days from the day the request submitted by the Fund has been received at the latest;

- report on the quarterly state of the total number of depositors with deposits in the amount of up to EUR 10,000; depositors with deposits in the amount ranging between EUR 10,000 and 20,000 and the ones with deposits in the amount exceeding EUR 20,000 until 15th of the month at the latest, for the previous quarter.

Article 29

The Managing Board may use received information from the Fund only to the end of performing its functions.

IX. MANNER OF MANAGEMENT AND BODIES OF THE FUND

Article 30

Bodies of the Fund shall be: the Managing Board and the Director.

IX a. Managing Board

Article 31

The Managing Board shall consist of five members appointed by the Government of Republic of Macedonia, three of which proposed by the Minister of Finance, one proposed by the Governor of the National Bank of Republic of Macedonia and one proposed by the Banking and Insurance Association, that should be an expert in the field of banking and finances and that must not be member of a management body or employed in a bank or savings house.

The members of the Managing Board shall be appointed for a four-year term of office.

The Managing Board shall choose the President from its members.

The Managing Board shall report to the Government of Republic of Macedonia for its operations.

Article 32

The members of the Managing Board can be dismissed prior to the expiry of their terms of office, if convicted for criminal act against property or for violation of the financial regulation, in the same manner and procedure as for their appointment.

Article 33

The Managing Board shall:

1. adopt the Statute of the Fund, as well as amendments and modifications to the Statute of the Fund;

2. adopt bylaws regulating the operations of the Fund;

3. review and adopt semiannual and annual statements on the operations of the Fund;

4. review and adopt the financial plan and annual account;

5. make decision on the usage and distribution of realized profits, i.e. on covering the losses;
6. make decision on the manner, the payment deadline and the amount of the premium;
7. make decision to terminate the obligation of the banks and the savings houses to pay premium to the Fund.
8. make decision on additional payments by the banks or savings houses;
9. make decision on borrowing by the Fund in the country and abroad;
10. make decision on borrowings by the Fund from the Budget of the Republic of Macedonia;
11. make decisions on purchasing securities of the Republic of Macedonia with maturity period of up to 6 months from the date of their acquiring by the Fund.
12. make decisions for purchasing debentures issued by foreign countries, central banks or public international financial institutions, rated by at least two internationally acknowledged agencies for credit risk assessment, with one of the two highest grades, up to the level of insured foreign currency denominated deposits;
13. make decisions for purchasing futures, options and forward contracts with deposit institutions rated by at least two internationally acknowledged agencies for credit risk assessment with one of the two highest grades, up to 2% of the resources of the Fund.
14. decide upon requests for accession of new members, insurees in the Fund;
15. make decision on termination of the membership of a bank or savings house, when meeting the requirements stipulated by this Statute;
16. make decision for payment of insured deposits of physical persons after the final decision by the Governor of the National Bank of the Republic of Macedonia for revoking the license for establishment and operations of bank or savings house;
17. appoint an authorized auditor;
18. adopt the Rulebook regulating the activities of the Deposit Insurance Fund regarding the insurance of deposits of physical persons, as well as the usage of resources from the Fund in case of occurrence of risk event.
19. make decision for procurement of fixed assets;
20. until the Commission for Residential and Migration Affairs of the Government of the Republic of Macedonia passes a decision, the Managing Board can pass a decision to cover the expenses for accommodation of the Director of the Fund, and other function-related expenses, should the Director's place of residence be out of the place in which the Fund has its head office.
21. establish working bodies and committees for performing tasks and define their competency;
22. review minutes and reports for performed controls and audits by competent authority and by authorized auditing companies;
23. enact internal organization and systematization act of the Fund;
24. make initiatives and suggestions for amendments and modifications to the regulations for the operations within the scope of the Fund;
25. propose measures and activities for improving the general conditions for development of the savings;
26. give consent to the draft text of the Announcement on the deposits insured in the Fund and on the amount of the indemnification by the Fund; and
27. perform other operations set forth in the Statute of the Fund and in other general acts of the Fund.

Article 34

Managing Board shall decide with majority vote of the total number of members in the Managing Board.

The President shall convene and preside the sessions of the Managing Board, and in cases when he/she is absent, a person authorized by him/her.

The Managing Board of the Fund shall convene sessions as needed.

The Managing Board shall be obligatorily convened upon request of majority of the members of the Managing Board or upon request of the Director of the Fund.

More detailed provisions regarding the convening of sessions, manner of operations and decision-making procedure etc. shall be regulated with the Rulebook on Operations of the Managing Board of the Fund.

IX b. Director of the Fund

Article 35

The Director of the Fund shall be appointed by the Government of the Republic of Macedonia for a four-year term of office.

Article 36

The Director of the Fund shall be accountable for the legality of the operations of the Fund.

In case when the Director is absent, the Fund shall be represented by a person from the employees in the Fund regarding certain issues authorized by the Director.

Article 37

Director of the Fund can be dismissed prior to the expiry of his/her term of office, as follows:

- upon his/her own request;
- in case he/she is convicted for a criminal act against property or for violation of the financial regulations, in the same manner and procedure as for his/her appointment.

Article 38

Director of the Fund shall be competent and authorized to:

1. manage the operations of the Fund;
2. represent and proxy the Fund;
3. execute decisions of the Managing Board of the Fund, i.e. be in charge of their execution;
4. start initiatives and give proposals for promotion of the operations of the Fund;
5. decide for purchasing securities with maturity period of up to 6 months issued by the National Bank of the Republic of Macedonia, on the basis of authorization from the Managing Board of the Fund;
6. he/she shall be responsible for maintaining the liquidity of the Fund;
7. be in charge of maintaining the security of the Fund;
8. propose internal organization and systematization act of the Fund;
9. appoint and dismiss employees of the Fund with special authorities and responsibilities, conclude and terminate working contracts with the employees;
10. give operational guidelines and appropriate authorizations to the employees of the Fund;
11. prepare and submit proposals and decisions to the Managing Board of the Fund for issues of its competence;

12. submit semiannual and annual reports on the operations of the Fund to the Managing Board of the Fund, and to prepare periodical reports upon request of the Managing Board;

13. be in charge of informing the public for the manner and type of insurance of the deposits;

14. make draft text of the Announcement on the deposits insured in the Fund and on the amount of the reimbursement by the Fund, that the banks and saving houses are obliged to post on easily noticeable place in their premises;

15. submit request to the National Bank of the Republic of Macedonia and to the conservator or the receiver for submission of reports pursuant to Article 28 of this Statute.

16. inform the Managing Board for meeting the requirements for termination of membership in the Fund;

17. decide on other issues under his/her competence according to law and this Statute.

Article 39

Director of the Fund, after expiration of the business year, shall submit draft annual account and annual report for the operations of the Fund to the Managing Board.

Director of the Fund shall compile separate report on the situation of the Fund or on some other separate aspect of his/her operations upon request by the Managing Board.

X. ALLOCATION OF PROFITS, RISK ASSUMPTION AND COVERAGE OF LOSSES

Article 40

The Fund shall determine the income pursuant to law.

The Fund shall cover its costs with the realized income, pursuant to law.

Article 41

The Fund shall report as profit the share of the income from the operations of the Fund on the Annual Account that will remain after covering all the costs.

Net profit realized in the operations of the Fund shall be distributed as follows:

- for covering the losses in the operations from the previous year; and
- for reserves of the Fund.

The Managing Board of the Fund shall adopt decision for allocation of net profits of the Fund, to be submitted to the Government of the Republic of Macedonia for confirmation.

XI. ORGANIZATION OF THE FUND

Article 42

The Fund shall be organized as one organizational form (unit) on the level of legal entity, without separate organizational parts.

Article 43

Employees in the Fund shall be employed in accordance to law, collective agreement and general act of the Fund.

Article 44

Internal organization and systematization of the operations and tasks of the Fund shall be organized in more detail with general act adopted by the Managing Board, upon proposal of the Director of the Fund.

XII. BUSINESS SECRET

Article 45

Managing Board, by means of Rulebook, shall determine the definition of business secret.

Article 46

Members of the Managing Board of the Fund and other persons who work for the Fund cannot disclose information that are bank secret or other secret prescribed by law.

Obligation for keeping business secret shall refer to all employees in the Fund and shall represent an obligation within 3 years after terminating the working relation.

Article 47

Reports referred to in Article 28 of this Statute, received by the Fund from the National Bank of the Republic of Macedonia, by the conservator or the receiver, and by the banks and savings houses, shall be considered business secret, except for the data received by the National Bank of the Republic of Macedonia on the total monthly status of deposits in all banks and savings houses, members of the Fund.

The disclosure of data referred to in paragraph 1 of this Article shall bear consequences pursuant to regulations.

XIII. TERMINATION OF MEMBERSHIP IN THE FUND

Article 48

The membership in the Fund shall terminate:

- upon request by the member, in case when it requested termination of the license for collecting deposits, after settling all liabilities for deposits of physical persons;
- when the bank or savings house failed to pay two monthly premiums;
- when the Governor of the National Bank of the Republic of Macedonia revokes the license for establishment and operations of the bank or savings house.

The Managing Board of the Fund may assess and decide about the termination of the membership of a bank or savings house also in the case when it failed to make the additional payment.

The Managing Board of the Fund shall decide about termination of the insurance of the bank or savings house in the Fund.

Article 49

The Fund shall inform the National Bank of the Republic of Macedonia and the Government of the Republic of Macedonia without any delay about termination of the membership in the Fund of a certain bank or savings house.

Article 50

After the bank or savings house terminated its membership in the Fund, under any of the grounds listed in Article 48 of this Statute, resources paid in the Fund up to the day of termination of the membership shall remain in the Fund.

Article 51

The Fund is obliged to announce the termination of the membership of a bank or savings house in the media and to oblige the member to withdraw the Announcements on the deposits insured in the Fund and on the amount of indemnification by the Fund.

XIV. GENERAL ACTS OF THE FUND

Article 52

General acts of the Fund shall be: Statute, rulebooks, rules of procedure and other general acts.

XV. FINAL PROVISIONS

Article 53

This Statute shall become effective on the day of its publication in the Official Gazette of the Republic of Macedonia, and it shall be published after the consent received from the Government of the Republic of Macedonia.

Skopje, October 2003

President of the Managing Board
Maja Parnargieva