

**PROSPECTUS
ON ISSUANCE AND TRADING**



**Republic of Macedonia
Ministry of Finance**

**EIGHTH ISSUE OF
DENATIONALISATION BONDS
EUR 23,000,000.00**

Total amount of the eighth issue of denationalisation bonds is EUR 23,000,000.00. Eighth issue of the Denationalisation Bonds covers all effective decisions on denationalisation by 31 December 2008, according to which bonds are given as form of compensation.

Denationalisation bonds are registered securities, denominated in euros and unrestrictedly negotiable.

Denationalisation bonds are issued on **06 April 2009** and shall bear ISIN designation **MKMINF200D84**.

Skopje, April 2009

1. ISSUER:

Republic of Macedonia, Ministry of Finance, Dame Gruev 14 Street, Skopje

2. TYPE OF SECURITY

2.1. Denationalisation bond - eighth issue

2.2. Denationalisation bond - eighth issue was issued as dematerialised security.

3. BASIS FOR ISSUANCE

Law on Issuance of Denationalisation Bonds in the Republic of Macedonia (Official Gazette of the Republic of Macedonia, nos. 37/02 and 89/2008) and the Decision for Eighth Issue of Denationalisation Bonds (Official Gazette of the Republic of Macedonia, no. 42 as of 26 March 2009).

Pursuant to the *Law on Issuance of Denationalisation Bonds of the Republic of Macedonia*, the Republic of Macedonia, starting 2002, in the next eight years will carry out one issue of denationalisation bonds annually, and the Government of the Republic of Macedonia, with a decision, shall determine, once a year, the amount of the denationalisation bonds to be issued.

Pursuant to the *Decision for Eighth Issue of Denationalisation Bonds* adopted by the Government of the Republic of Macedonia on 17 March 2009, denationalisation bonds shall be issued in the amount of EUR 23.000.000,00. Eighth issue of the Denationalisation Bonds shall cover all effective decisions on denationalisation by 31 December 2008, according to which bonds are given as form of compensation.

4. TOTAL NOMINAL VALUE OF THE ISSUE

EUR 23.000.000,00 - eighth issue

5. FACE VALUE

5.1. Face value of denationalisation bond shall be the amount the claimant on the basis of denationalisation receives as indemnification.

5.2. Denationalisation bonds shall be registered securities, denominated in euros and unrestrictedly negotiable.

5.3. Face value of a denationalisation bond shall be EUR 1.

6. RIGHTS ARISING FROM THE BONDS

6.1. Interest rate of 2% annually shall be calculated on the bonds.

6.2. Face value and the interest shall be repaid in a period of 10 years.

6.3. Interest and face value of denationalisation bonds shall fall due on 1 June each year, while the payment shall start from 1 June 2010.

6.4. Calculation of interest on bonds shall start on the day of registration in the Central Securities Depository, i.e. as of 06 April 2009.

7. PAYMENT OF LIABILITIES

Funds for payment of liabilities at face value and interest on denationalisation bonds shall be provided from the Budget of the Republic of Macedonia.

8. TAXATION

Revenues on the basis of denationalisation bonds shall not be taxed.

9. EARLY BUYBACK

9.1. Republic of Macedonia may, at any time, make buyback of denationalisation bonds prior to their maturity period, according to the terms and conditions, the manner and the procedure determined by the Government of the Republic of Macedonia

9.2. Republic of Macedonia shall not put bought back denationalisation bonds referred to in paragraph 1 of this Article up for sale.

10. REGISTRATION

10.1. Bonds shall be registered and kept in the Central Securities Depository under the ISIN designation **MKMINF200D84**.

10.2. Central Securities Depository shall send the bond holders, at their home address, a notification on the amount of the euro denominated bonds.

11. TRADING ON THE SECONDARY MARKET

11.1. Following the adoption of the request for listing on the official market, bonds shall be traded on the secondary market of the Macedonian Stock Exchange AD Skopje.

11.2. Domestic and foreign physical persons and legal entities may trade with the bonds.

11.3. Trading with bonds, listed on the Macedonian Stock Exchange AD Skopje, shall be carried out on the basis of the market price. Payment upon executed purchase of bonds on the secondary market shall be carried out at the price at which they have been traded on the Stock Exchange, including the accrued interest for the period from the last interest payment up to the transaction day.

12. BEGINNING OF TRADING WITH BONDS

Trading with denationalisation bonds on the Macedonian Stock Exchange AD shall begin on the day of listing on the official market of the Macedonian Stock Exchange AD.

13. PLACE AND DATE OF ISSUANCE

Denationalisation bonds shall be issued in Skopje on 06 April 2009.

14. SETTLEMENT OF TRANSACTIONS WITH BONDS

Settlement of transactions with the bonds shall be carried out pursuant to the Securities Law.

15. INTEREST CALCULATION AND PAYMENT

15.1. Interest Calculation

-Interest rate shall be 2% annually.

-Interest on bonds shall be calculated on the residual of the available principal to be paid.

-Interest calculation shall be carried out by applying simple interest rate.

15.2. Interest Payment

- Date of payment of interest:

1 June 2010

1 June 2011

1 June 2012

1 June 2013

1 June 2014

1 June 2015

1 June 2016

1 June 2017

1 June 2018

1 June 2019

-Interest shall be paid in Denar equivalent according to the middle exchange rate of the EUR on the NBRM exchange rate list, valid on the day of the payment of the bonds.

-Should the day on which interest falls due be a non-business day, the payment shall be made the next business day.

16. PAYMENT OF FACE VALUE

-Payment of the face value shall be made in 10 equal installments, to be paid as follows:

Date on which installment due:

1 June 2010

1 June 2011

1 June 2012

1 June 2013

1 June 2014

1 June 2015

1 June 2016

1 June 2017

1 June 2018

1 June 2019

-Principal on bonds shall be paid in Denar equivalent according to the middle exchange rate of the EUR on the NBRM exchange rate list, valid on the day of the payment of the bonds.

-Should the day on which principal falls due be a non-business day, the payment shall be made the next business day.

17. PURPOSES FOR USING THE BONDS

Bonds can be used for the following:

- shares and stocks of enterprises owned by the Privatisation Agency of the Republic of Macedonia, which, after its termination, were transferred into the competence of other government institutions;

- shares and stocks of enterprises reserved for former owners pursuant to the Law on Transformation of Socially-Owned Enterprises;

- payments of claims transferred under the Law on Asset Management Agency of the Republic of Macedonia (functions of the Asset Management Agency were transferred to the Ministry of Finance)

- purchase of state-owned property offered to sale, the buyout of which envisages the possibility to pay with bonds;

- purchase of shares and stocks of state-owned capital in the process of its privatisation;

- payment of fee for state-owned property under concession;

- purchase or payment for state-owned property under lease;

- payment of liabilities arising from the Law on Denationalisation; and

- other ownership equivalent determined by law.

18. EXPIRY OF CLAIMS

Claims on the basis of bonds shall not expire.

19. DISSEMINATION OF THE PROSPECTUS

19.1. Prospectus shall be available to all brokerage companies, members of the Macedonian Stock Exchange AD Skopje.

19.2. After its approval, excerpt of the Prospectus shall be published at least in one of the daily newspapers in the Republic of Macedonia and on the web site of the Ministry of Finance – ***www.finance.gov.mk***.

**MINISTER,
Trajko Slaveski PhD**

PROSPECTUS
ON ISSUANCE AND TRADING



Republic of Macedonia - Ministry of Finance

BONDS FOR REHABILITATION OF STOPANSKA BANKA AD - SKOPJE

Denar

1,302,586,675.00

Total amount at which Stopanska Banka rehabilitation bonds are registered amounted to Denar **1,302,586,675.00** as of 30th April 2006 inclusive. Republic of Macedonia issued Stopanska Banka rehabilitation bonds on 16th March 1995 pursuant to the Law on Rehabilitation and Reconstruction of Part of Banks in the Republic of Macedonia („Official Gazette of the Republic of Macedonia“, no. 14/95).

Stopanska Banka rehabilitation bonds are registered in the Central Securities Depository for the purpose of their dematerialization.

Stopanska Banka rehabilitation bonds are issued in Denars and are unrestrictedly negotiable. Stopanska Banka rehabilitation bonds are registered in the Central Securities Depository on **1st June 2006** and bear ISIN designation MKMINF200S20.

Skopje, June 2006

1.ISSUER

Republic of Macedonia, Ministry of Finance, Dame Gruev 14 Skopje

2.TYPE OF SECURITY

2.1 Stopanska Banka rehabilitation bonds shall be in the total amount of Denar 1,302,586,675.00.

2.2 Stopanska Banka rehabilitation bonds shall be kept as an electronic entry in the Central Securities Depository.

3.BASIS FOR ISSUANCE

Law on Rehabilitation and Reconstruction of Part of Banks in the Republic of Macedonia („Official Gazette of the Republic of Macedonia“, no. 14/95), stipulating that principal repayment shall be carried out in a period of 15 years, in equal installments, on the basis of coupons of the bonds, falling due to be paid each year starting 1st April 1996. Interest on the bonds was calculated and paid monthly on the basis of coupons, by the 5th in the month at the latest, starting in 1995. Pursuant to Article 29 of the Law on Rehabilitation and Reconstruction of Part of Banks in the Republic of Macedonia, the contents, forms, wording, right to transfer, court protection in collection of the principal and interest and the possibility for exchange with other securities shall be prescribed and determined by the Bank Rehabilitation Agency (Ministry of Finance is the legal successor of the Agency). Having in mind the above-mentioned, Ministry of Finance, pursuant to the Securities Law, dematerialized Stopanska Banka rehabilitation bonds.

4.TYPE, OWNERSHIP AND CHARACTERISTICS OF BONDS FOR REHABILITATION OF STOPANSKA BANKA AD - SKOPJE

Stopanska Banka rehabilitation bonds are issued for the purpose of rehabilitation of part of the banks, determining and eliminating the non-performing denar loans from the bank, dividing and privatizing the bank, canceling the share capital of the debtors the liabilities of which are subject to this Law. Stopanska Banka rehabilitation bonds shall be dematerialized, starting on **1st June 2006**, and they shall be recorded in the Central Securities Depository. The following appear as owners of the dematerialized bonds at the moment: National Bank of the Republic of Macedonia, Stopanska Banka AD – Bitola, Tetovska Banka AD – Tetovo, Komercijalno Investiciona Banka AD – Kumanovo, Ohridska Banka AD – Ohrid and Komercijalna Banka AD Skopje – Prilep branch office.

5. NOMINAL VALUE AND NEGOTIABILITY

Remaining amount of the nominal value of Stopanska Banka rehabilitation bonds, to be paid by 2010 inclusive, shall be in the amount of Denar 1,302,586,675.00. The bonds shall be unrestrictedly negotiable. Nominal value of a single bond shall be Denar 1, and the total of 1,039,318,481.00 bonds are issued.

6. RIGHTS ARISING FROM BONDS - CALCULATION AND PAYMENT OF PRINCIPAL, INTEREST AND NOMINAL VALUE

6.1. Calculation and payment of principal shall be carried out in four equal annual installments on 1st April (if 1st April is a non-business day, the payment shall be executed on the next business day), starting in 2010, applying the following formula:

$$G = S/t$$

G = calculated principal

S = debt stock

t = number of years to maturity

6.2. Interest shall be paid on the nominal amount of Stopanska Banka rehabilitation bonds each 1st in the current month for the previous one.

6.3 Interest on the bonds shall be calculated in the amount of the discount rate of the National Bank of the Republic of Macedonia on the day of its calculation, and it shall be calculated on the last business day prior to the day of payment, applying the following formula:

$$I = (S * P * T) / (100 * T1)$$

I = calculated interest

S = debt stock

P = annual discount interest rate

T = number of days to final payment

T1 = number of days in the year

7. PAYMENT OF LIABILITIES

Funds for payment of liabilities at nominal value pertaining to principal and interest of Stopanska Banka rehabilitation bonds shall be provided from funds from the Budget of the Republic of Macedonia.

8. REGISTRATION

Stopanska Banka rehabilitation bonds shall be registered and kept in the Central Securities Depository, bearing ISIN designation MKMINF200S20.

9. TRADING ON THE SECONDARY MARKET

Macedonian Stock Exchange AD - Skopje

9.1. Following the adoption of the request for listing on the official market, Stopanska Banka rehabilitation bonds shall be traded on the secondary market of the Macedonian Stock Exchange AD Skopje.

9.2. Domestic and foreign individuals and legal entities may trade with Stopanska Banka rehabilitation bonds.

9.3. Trading with Stopanska Banka rehabilitation bonds, listed on the Macedonian Stock Exchange AD Skopje, shall be carried out on the basis of the market price. Payment upon executed purchase of Stopanska Banka rehabilitation bonds on the secondary market shall be carried out at the price at which they have been traded on the Stock Exchange, including the accrued interest for the period from the last interest payment up to the day of trading.

Over-the-Counter market

9.4. Starting 1st July 2006, pursuant to the Rulebook on the Manner and the Procedure for Trading and Settling Transactions in Securities on Over-the-Counter Market, Stopanska Banka rehabilitation bonds can be also traded on over-the-counter market.

10. PLACE AND DATE OF REGISTRATION

Stopanska Banka rehabilitation bonds shall be registered in the Central Securities Depository on **1st June 2006** and shall bear ISIN designation MKMINF200S20.

11. SETTLEMENT OF TRANSACTIONS WITH BONDS

Settlement of transactions with the Stopanska Banka rehabilitation bonds shall be carried out pursuant to the Securities Law.

12. EXPIRY OF CLAIMS

Claims on the basis of Stopanska Banka rehabilitation bonds shall expire within one year from the day their collection falls due.

13. DISSEMINATION OF THE PROSPECTUS

13.1. The Prospectus shall be available to all brokerage companies, members of the Macedonian Stock Exchange AD Skopje.

13.2. After its approval, the Prospectus shall be also published on the web site of the Ministry of Finance – www.finance.gov.mk.