



KOMERCIJALNA BANKA AD SKOPJE
Kej "Dimitar Vlahov" 4, 1000 Skopje

A N N O U N C E

INVITATION TO SUBSCRIBE AND PAY FOR THE FIFTH ISSUE` SHARES

1. The invitation to subscribe and pay for the fifth issue` shares of Komercijalna banka AD Skopje contain only basic information about the issuer and about the securities that are subject of the offer. All other relevant information that enables a purchaser of Securities an assessment as to the issuer's legal standing, financial standing, business prospects, risks of investment and rights attaching to the offered securities. The decision to invest in securities shall be founded on the full contents of the Prospectus that are available for free in locations at which the applicable securities may be subscribed for and on the web site of the Macedonian Stock Exchange.

2.1. Information about the issuer

- **the full name, title and seat of the issuer;**

Komercijalna banka AD Skopje, Kej "Dimitar Vlahov" 4, 1000 Skopje

- **date of registration in the Trade Companies Register and identification number of the company;**

The company is registered in the Trade Companies Register on 29.12.1989 with identification number 4065573.

- **the date of the company` establishment and the period for which the company is founded to operate, except in the cases when it is established to operate in indefinite period of time:**

- The Decision for issuing a license to establish Komercijalna banka AD Skopje no.221 from 27.12.1989 from the National bank of Jugoslavija.

- The Decision for changing the license for founding and operating of Komercijalna banka AD Skopje no. 02-14/627 from 23.12.2003.

- The Decision for readjustment in accordance with the Decision for issuing approvals and the Banking Law no. 2064 from 24.03.2008.

- **the legal form of the company;**

Joint stock company

– **Main activities of the issuer;**

The Bank is authorized to perform the following financial activities:

1. Accepting deposits and other repayable sources of funds;
2. Lending in the country, including factoring and financing commercial transactions;
3. Lending abroad, including factoring and financing commercial transactions;
4. Issuance and administration of means of payment (payment cards, checks, traveler's checks, bills of exchange);
5. Issuance of e-money, if regulated by special law;
6. Financial leasing;
7. Currency exchange operations;
8. Domestic and international payment operations, including purchase and sale of foreign currency;
9. Fast money transfer;
10. Issuance of payment guarantees, backing guarantees and other forms of collateral,
11. Lease of safe deposit boxes, depositories and depots;
12. Trade in instruments on the money market (bill of exchange, checks, deposit certificates);
13. Trade in foreign assets, including trade in precious metals;
14. Trade in securities;
15. Trade in financial derivatives;
16. Asset and securities portfolio management on order and for the account of clients;
17. Providing services of a custodian bank;
18. Purchasing and selling, underwriting and placement of securities issue;
19. Intermediation in sale of insurance policies;
20. Intermediation in concluding credit and loan agreements;
21. Processing and analyzing information on the legal entities' creditworthiness;
22. Economic and financial consulting; and
23. Other financial services specified by law.

– **the amount of the basic capital and the number, nature and class of the securities of which the basic capital is consisted with the state of the last balance sheet and the state after changes in basic capital which occurred after the preparation of the last balance sheet;**

Previous issues:

Ordinal number of issue	Types of shares	Date of issue	Approved shares	Subscribed and paid shares	Nominal value in MKD	Sale value in MKD
I	Ordinary	01.01.1990	150,000	137,715	5,000.00	5,000.00
I	Preferred	01.01.1990	100,000	100,000	1,000.00	1,000.00
II	Ordinary	01.10.1992	180,000	174,843	5,000.00	5,000.00
II	Preferred	01.10.1992	100,000	99,317	1,000.00	1,000.00
III	Ordinary	08.06.1999	16,977	16,977	5,000.00	5,167.50
IV	Ordinary	10.09.2001	31,922	31,922	5,000.00	5,302.00
IV	Preferred	10.09.2001	7,465	7,465	1,000.00	1,060.50

For the purpose of complying with the Companies Act, and in accordance with the Decision on amendment to the Statute of the Bank, passed at the General Meeting of shareholders held on 22.03.2005, Komercijalna Banka AD Skopje divided the shares in proportion 1:5, dividing each ordinary share of MKD 5.000,00 into 5 ordinary shares with nominal value of MKD 1.000,00 per share.

After the division, with the 4th issue, the Bank has 1.807.285 ordinary shares and 206.782 preferred shares issued.

Position of the capital of Komercijalna banka AD Skopje on 31.12.2007 and also on 30.06.2008.

The changes reflect only to the nature of the shares as a result of executed conversions of the preferred into the ordinary shares.

Position	issued ordinary shares	Nominal value (MKD)	issued preferred shares	Nominal value (MKD)	Total (MKD)
31.12.2007	1.992.590	1,000	21,477	1,000	2,014,067,000
30.06.2008	1.996.508	1,000	17,559	1,000	2,014,067,000

2.2. Reasons about the public offer and the allocation of the assets from the offer;

One of the Bank's main determinations is the increase of capital through maintaining dividend payout ratio of 40%. By running this policy, the Bank will provide that significant part of the profit to remain in the reserves and would influence on capital expansion. At the same time, the increased growth of the banking market in Republic of Macedonia as well as the bank's plans to follow this dynamics can't be supported only by the current model of capital expansion.

The new issue is not necessity that derives from not having enough fund sources for accomplishment of the bank's activities, nor a problem with bank's liquidity.

There are certain limiting factors which, if additional capitalization of the bank is not performed, will limit bank's further growth and development.

Most significant factor that is not just a regulatory question, but also a question for prudent risk management combined with dynamic growth of activities, is the capital that is necessity on certain risk level, represented through capital adequacy rate.

As at 31.12.2007 the bank's capital adequacy rate is 10.5% without a part of the profit for 2007 (including the profit the capital adequacy rate is 10.6% at 30.06.2008) and is in the legal framework of minimum of 8%, but below of 12% which is suggested rate by the NBRM.

Regarding the level of capital adequacy, there are two significant moments that should be emphasized:

- according to the Law of banks, legal assigned capital adequacy rate is minimum 8% If it's needed for the reason of the nature, kind and amount of activities that Bank is realizing and the risk that is result of that activities, the Governor may prescribe higher capital adequacy rate.
- during the regular on-the-field control made by the Supervision department of NBRM at the end of 2007, the management of the Bank was given a recommendation to increase the capital.

In the management plans for the further growth of the Bank, as in the proposal plan for 2008, calculations include:

- increasing of loans between 25-30%;
- increasing of off-balance items up to 30%;
- further redirecting of low interest assets in the high interest assets;
- investing in other finance legal entities (voluntary pension fund, managed Investment companies and similar);
- increasing of certain non interest investments that have significant meaning of contemporary working (software licenses, computer and other equipment, and etc.);
- developing of e-banking and card working;
- keeping the aggregate open FX effect position that generates net positive effect gains.

Every prolongation of the moment of the new issuance might slow down the growths dynamic of the Bank, and it might endanger its market participation.

For that reasons, in the previous mentioned growth rates that affect on accomplishment of supervisory standards, it's evaluated that optimal level of new emission is 3.068 million denars.

This would lead to improvement in fulfilment of supervisory standards, a growth in the following few years, increasing of the book price per share, and further increasing of the profit, although in the first year a little decreasing of quantitative indicators ROE and ROA is possible.

This amount will contribute to increasing of the Banks' Own Funds, as an accounting category that is included in calculation of compliance with Supervisory standards, and would lead to increase of:

- Capital adequacy rate about 15% (projection at 31.12.2008), that enables continuity in increase of the Banks' activity in 2009 and 2010, with similar conditions and regulation;
- Increasing of individual credit exposure (max. 25%) as support of individual creditworthy debtors and their related parties, so the credit exposure of 1.028 million denars would be increased to 1.954 mil. denars;
- Aggregate open FX exposure will be increasing for about 1.200 million denars that represents adequate part of new issuance;

- The big credit exposure, as a total amount of all big credit exposures that is by law limited on eightfold amount of own funds.

Regarding to the balance positions realization of the plan for 2008 will be obtained through:

- realization of gross profit in amount of 1.370 million denars, that presents an increase of 28%;
- increasing of net interest income for 17%,
- Increasing of book value per share for about 32% to 35%.

2.3. Basic data for the offer of securities;

– The number and the date of the act for issuing of the securities;

The Decision on increase of the initial capital of Komercijalna Banka AD Skopje with 5th shares issue No. 02-1610-12888 from 25.03.2008, the Decision on determination of the number of shares and the price of shares of the 5th shares issue, issued by Komercijalna banka AD Skopje No. 02-1610-26793 from 26.06.2008 and the Decision amending the decision on increase of the initial capital of Komercijalna Banka AD Skopje with 5th shares issue No. 02-1610-37209 from 24.09.2008.

– Data for the agreements and the approvals why the securities will be issued ;

With the Announcement No. 10-200-16329 from 23.04.2008 the NBRM is notified about the adopted Decision on increase of the initial capital of Komercijalna Banka AD Skopje with 5th shares issue, in compliance with the article 61 from the Banking Law, the part for agreements and reports.

In case of successful closing of the public offer i.e. after subscription of the shares in the Central Securities Depository AD Skopje, the Bank will make amendments of the Statute of the Bank, and will apply for consent from NBRM, in compliance with the article 57 from the Banking Law.

– The number of securities that are issuing and the nominal value of the securities (individual and total nominal value of the issue);

With the 5th issuance of shares , 471.000 shares with nominal value of 1.000,00 denars per share will be issued i.e. the total nominal value is 471.000.000,00 denars.

– The price of the offered securities;

The price of the offered shares is 6.515,00 MKD per share.

– The total value of the offer;

The total value of the offered shares is 3.068.565.000,00 MKD.

– The period in which the offer will be opened: the starting date for the subscription term (day, month, year) ; the day for closing the

subscription term (day, month, year) ; the starting day for the term of payment (day, month, year) ; the day for closing the term of payment (day, month, year) ;

According to the Law on Securities, the subscription and the payment of the shares from the public offer will start in the period of 30 days from the day of receiving the Permission for issuing shares from the Security Exchange Commission.

The offer for subscription of shares will be opened in 14 calendar days after the public announcement for subscription and payment of shares i.e. on 18.10.2008.

The starting date for subscription and payment of the shares is 14 calendar days after the public announcement for subscription and payment of shares i.e. on 03.11.2008.

The closing date for subscription and payment of the shares is 12 months after the public announcement for subscription and payment of shares i.e. on 18.10.2009.

– Description of the procedure for subscription and payment of the securities

The subscription of the shares which are subject of the public offer, will be done according to the time principle described with the Rules on conduct in applying the Decision for increasing of the initial capital of Komercijalna Banka AD Skopje with the 5th issue of shares, made by the Supervisory Board of the Bank under number 02-1610-37209/1 from 24.09.2008 which are consistent part of the Prospectus.

Subscription of the shares will be conducted in Komercijalna Banka AD Skopje, Kej Dimitar Vlahov, 4, 1000 Skopje, office number 217, second floor, the old part of the bank.

The person who subscribes shares, or its authorized person, must fill and sign written statement (subscription note).

The payment of the shares will be in Macedonian denars on special account in Komercijalna banka AD Skopje 300-000000000-133, with number of loading 25499203. The payment must be made at once.

If, before the deadline, 100% of the offered shares of the 5th issue are subscribed and paid, The Bank will cease the procedure, and inform the Security Exchange Commission and the public with the announcement for the successfully realized issue.

– The procedure of distribution of the shares, if more shares than offered are registered and paid.

The distribution of the shares to the subscribers will be realized in chronological order, according to the date, hour and minute of the payments, according to the Rules on conduct in applying the Decision on increase of the initial capital of Komercijalna Banka AD Skopje with the 5th issue of shares, made by the Supervisory Board of the Bank under number 02-1610-37209/1 from 24.09.2008.

In order to ensure equal treatment and opportunity to all interested parties to subscribe shares in the public offer, If two or more buyers of shares make payments in **the first 7 days** from the beginning of the procedure for subscription and payment, and their payments exceed the total amount of the offered shares for sale, the distribution of the shares between these buyers will be done according to the individual percentage participation of each of the payers, in the total payments in this time period.

After the end of the time period of 7 days from the beginning of the procedure for subscription and payment, if according to the time of payment, one part of the payment, according to the use of the abovementioned provision, exceed the total amount of shares which are subject of selling, only a part of the subscribed shares up to the amount reaching the total amount of shares, which are subject of the selling, will be distributed to the subscriber.

To every subscriber according to the percentage participation in the total payments, who qualify's for non-integer number of shares, the rule for rounding defined in the Rules on conduct in applying the Decision on increase of the initial capital of Komercijalna Banka AD Skopje with the 5th issue of shares, made by the Supervisory Board of the Bank under number 02-1610-37209/1 from 24.09.2008, will be used.

- **If in the Act for issuing securities is predicted to sell the securities in lots, put the information about the smallest and/or biggest amount which can be subscribed and paid;**

In the Act, its not predicted to sell the shares in lots.

- **The way of payment for the securities;**

The payment of the shares will be in Macedonian denars on special account in Komercijalna banka AD Skopje 300-000000000-133, with number of loading 25499203. The payment must be made at once.

- **Information about the number of the special account of the bank, for saving the total payments of the purchasers, till the end of the public offer;**

The account` number of Komercijalna banka AD Skopje is 300-000000000-133, with number of loading 25499203.

During the subscription, all the payments from the buyers for the offered shares will be kept on the special account in the bank, which can not be used from the issuer till the public offer is not successfully realized.

The funds that an investor is paying during the subscription of the shares, can not be a part of the bankruptcy estate, in case of bankruptcy of the issuer before the successful realization of the offer.

- **The place where will be the subscription and selling of the securities (name, address and telephone number of the issuer or the authorized party who has official agreement for subscription and selling of securities) and the time for the persons who has interest in subscription and purchasing of securities;**

The selling of the ordinary shares will be in Komercijalna Banka AD Skopje, Kej Dimitar Vlahov, 4, 1000 Skopje, office number 217, second floor, the old

part of the bank, phone number is: +389 2 3 107 291 , every working day from 9 a.m. till 4 p.m.

2.4. Information that the Prospectus is available for the public, and the place where the potential investors could get it.

The Prospectus is available document for the public. For the needs of the potential investors , the Prospectus is available on the website of Komercijalna Banka AD Skopje , and also in Komercijalna Banka AD Skopje, Kej Dimitar Vlahov, 4, 1000 Skopje, office number 217, second floor , the old part of the bank, phone number is: +389 2 3 107 291.