



**KOMERCIJALNA BANKA AD BEOGRAD**

**CONCISE PROSPECTUS ON XX ISSUE OF ORDINARY SHARES**

Belgrade, October 24, 2007

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## CONCISE PROSPECTUS

The Securities Commission shall not be held liable neither with respect to the authenticity and integrity of the information stated in the Prospectus on the Issue of Securities, nor the ability of the securities Issuer to fulfil its liabilities arising from the issuing securities.

The Concise Prospectus on the Issue of Shares is the extract from the Prospectus that contains relevant information that enable the investors more objective assessment of the financial and legal position of the securities issuer and the estimation of the rights and liabilities arising from the respective securities.

No information that may influence crating of the wrong picture among the investors with respect to the issuer of securities, securities intended to be issued and securities already issued, is not stated in this Concise Prospectus.

### 1. SHARES ISSUER

1.1. Name, Head Office, Registry and Tax Identification No.;	KOMERCIJALNA BANKA AD BEOGRAD, Svetog Save 14, 11000 Beograd, RN-07737068, TIN - SR 100001931								
1.2. Basic activity;	065121-banking organization								
1.3. Amount of the Tier One capital relative to the last financial report	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"><b>Share and other capital</b></td> <td style="text-align: right;"><b>12.662.890 (000 din.)</b></td> </tr> <tr> <td><b>Provisions</b></td> <td style="text-align: right;"><b>1.962.557</b></td> </tr> <tr> <td><b>Retained earnings</b></td> <td style="text-align: right;"><b><u>1.369.106</u></b></td> </tr> <tr> <td><b>TOTAL CAPITAL</b></td> <td style="text-align: right;"><b>15.994.553</b></td> </tr> </table>	<b>Share and other capital</b>	<b>12.662.890 (000 din.)</b>	<b>Provisions</b>	<b>1.962.557</b>	<b>Retained earnings</b>	<b><u>1.369.106</u></b>	<b>TOTAL CAPITAL</b>	<b>15.994.553</b>
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<b>Retained earnings</b>	<b><u>1.369.106</u></b>								
<b>TOTAL CAPITAL</b>	<b>15.994.553</b>								

### 2. ISSUING SHARES

2.1. Type, class, issue denotation, CFI code and ISIN security number;

Share Type	<b>Ordinary (regular) shares</b>
Class	<b>All shares are of the same class</b>
Issue denomination	<b>XX Issue</b>
CFI code	<b>ESVUFR</b>
ISIN	<b>RSKOBBE33594</b>

### 3. SCOPE OF SHARES ISSUE

3.1. State total nominal value of all securities intended for the Issue in dinars;

**Total nominal value of all shares of XX issue amounts to 720.000.000,00 dinars**

### 4. NUMBER OF SHARES AND THEIR NOMINAL VALUE

4.1. Total number of securities intended for issue;	<b>72.000</b>
4.2. Nominal value of one security	<b>10.000.</b>

### 5. SHARES SALE PRICE

5.1. State the price of the offered **To the Bank's shareholders with the right of first refusal, the shares of XX issue shall be sold per price of**

securities ;	<b>112.000,00 dinars. To the Bank's shareholders who already exercised the right of first refusal and to all other interested persons, the shares shall be sold at the issue price of 124.000,00 dinars. The shares are to be paid in dinars.</b>
5.2. Manner of payment for securities	<b>XX Issue shares shall be paid in dinars to the payment account opened with Čačanska Banka ad Cačak</b>

<b>6. RIGHTS AND LIABILITIES ARISING FROM SHARES</b>	
6.1. State all the rights and liabilities arising from shares	<p><b>The rights of purchasers of the XX issue shares are defined in the Article 12 of the Decision on XX issue of ordinary shares of Komercijalna Banka ad Beograd to the effect of capital increase, and include the following:</b></p> <ol style="list-style-type: none"> <li><b>1. Right of inspection of legal enactments and other documents and information of the Company;</b></li> <li><b>2. Right of participation in the work of the Bank's General Meeting of Shareholders in compliance with the terms and conditions anticipated in the Bank's Statute;</b></li> <li><b>3. Voting right at the Bank's General Meeting of Shareholders wherefore one share always gives the right to one vote, in the manner and under terms anticipated in the Statute;</b></li> <li><b>4. Right to disbursement of dividends, after disbursement of dividends to all issued preference shares in full amount;</b></li> <li><b>5. Right to participate in distribution of the liquidation surplus upon Bank's liquidation, and after the execution of payment to creditors and preference shares shareholders;</b></li> <li><b>6. Right of first refusal with respect to the new issues and convertible bonds ;</b></li> <li><b>7. Right to dispose with shares in accordance with the Law;</b></li> <li><b>8. Other rights in accordance with the Law and the Decision on the Issue of Shares.</b></li> </ol> <p><b>The following shareholders' commitments are determined by the Agreement on Association of Komercijalna Banka a.d. Beograd:</b></p> <ol style="list-style-type: none"> <li><b>1. to abide by the terms of this Agreement, the Statute and other Bank's enactments,</b></li> <li><b>2. to timely inform the Bank on every originated statutory amendment,</b></li> <li><b>3. to fulfil other commitments to the Bank determined by the law and other regulations, this Agreement, the Statute and general enactments of the Banks.</b></li> </ol>
6.2. Right of first refusal	<b>Actual shareholders have the right of first refusal with respect to the XX issue of shares, proportionally with the nominal value of shares owned on October 3, 2007</b>
6.2.1. Persons who have the right of first refusal with respect to shares and the basis of origination of that right (ordinary shares, warrant issue and preference convertible shares)	<b>Actual shareholders (ordinary shares owners) have the right of first refusal with respect to the XX issue of shares proportionally with the nominal value of shares owned on October 3, 2007</b>

owners)	
6.2.2. Total number of securities which represent the basis for shareholders' realization of the right of first refusal	<b>Total number of shares with respect to which the shareholders realize the right of first refusal is 848.312 ordinary (regular) shares.</b>
6.2.3. Number of shares of the new issue upon which the shareholders realize the right of first refusal	<b>Total number of XX issue of shares upon which the shareholders realize the right of first refusal is 72.000 shares</b>
6.3. Tax liabilities of shareholders	<b>Property tax, and in case of shares sale at the stock market, the tax on absolute rights transfer and capital gains tax as well.</b>
6.3.1. Property, turnover, income tax, tax exemption, tax incentives	<p><b>Tax treatment of securities has been regulated by :</b></p> <p><b>Law on Tax from Income and Property („Official Gazette of RS“ No. 26/01, 80/02, 135/04)</b></p> <p><b>Law on Taxes and Contributions on Wages and Salaries ((„Official Gazette of RS“ No. 24/01, 80/02, 135/04)</b></p> <p><b>Enterprise Profit Tax Law („Official Gazette of RS“ No. 25/01, 80/02, 43/03, 84/04)</b></p> <p><b>Tax on Absolute Rights Transfer-after the sale of shares. Taxable person under the Tax on Absolute Rights Transfer is the shares vendor. Prescribed tax rate is 0,3%. Tax on absolute rights transfer shall not be paid (Article 31 of the Law):</b></p> <ul style="list-style-type: none"> <li>- in case of investment of absolute rights in the limited liability company's equity</li> <li>- in case of shares sold due to the settlement of liabilities on the basis of public revenues.</li> </ul> <p><b>Tax on Heritage and Donation. Article 14 prescribes the liability of payment of tax on heritage and donation, relative to the inherited i.e. donated securities. Tax rates are progressive and depend on the level of tax base. Tax on heritage and donation shall not be paid (Article 21 of the Law):</b></p> <ul style="list-style-type: none"> <li>-in case of the first inheritor by rank, spouse and parent of the person who leaves the inheritance, i.e. the donation recipient of the first inheritory rank and the spouse of the donation donator.</li> </ul> <p><b>Capital Gains Tax. Taxable person liable with respect to capital gains is the natural person who realizes such gains. The tax rate applied to capital gains is 20%. Likewise, Article 61 of Law prescribes that the dividend shall be the subject of taxation, as well as the capital gains. Taxable person who acquired the securities before January 1994 is exempted from payment of capital gains tax. The tax base represents the difference between the buying and the selling value of securities complied with the legal regulations.</b></p>
6.4. Manner of settlement of the potential disputes between the issuers and owners of securities and the name of the court competent to settle the disputes	<b>Commercial Court in Belgrade</b>

## 7. TIME, PLACE AND PERIOD FOR SUBSCRIPTION OF SHARES

7.1. State business name, address, working hours of BDC/bank and time-period during which the shares can be subscribed (state separately time period for subscription of shares acquired on the basis of the right of first refusal)

**Subscription of shares shall be conducted in KOMERCIJALNA BANKA AD BEOGRAD on each working day from 9.00 h till 15.00 h and on Saturdays from 9.00 till 12.00 h (in Kikinda sub-branch the subscription shall be conducted from Monday till Friday, 09.00 till 15.00) and in the following organisational parts:**

Ser.No.	Branch Name	Name of the Organisational Part	Address
1.	Beograd	Beograd-BG sub-branch	Svetog Save 14, Beograd
		Beograd-DE sub-branch	Kralja Petra 19-21, Beograd
		Beograd-61 sub-branch	Svetogorska 42-44, Beograd
		Novi Beograd-23 sub-branch	YBC, Lenjinov bul. 10, Beograd
		Beograd-28 sub-branch	Nikole Pašića Square Beograd
		Zemun-N2 sub-branch	Rajačićeva 2, Zemun
2.	Zaječar	Zaječar-56 sub-branch	Nikole Pašića 25, Zaječar
		Negotin-91 sub-branch	Đorđa Stanojevića Square 11, Negotin
		Knjaževac-N5 sub-branch	B. Radičevića 2, Knjaževac
		Bor-72 sub-branch	Zeleni Bulevar 4, Bor
3.	Sombor	Sombor-D2 sub-branch	Staparski put 14, Sombor
4.	Subotica	Subotica III-N9 sub-branch	Korzo 10, Subotica
		Kanjiža-D7 sub-branch	Glavna ulica 16, Kanjiža
		Senta-T6 sub-branch	Glavni trg 8, Senta
		Bačka Topola-T5 sub-branch	M. Tita 57, Bačka Topola
5.	Smederevo	Smederevo 1-92 sub-branch	Karađorđeva 30, Smederevo
6.	Jagodina	Jagodina II-T1 sub-branch	Knjeginje Milice 24, Jagodina
7.	Kraljevo	Kraljevo II-79 sub-branch	Trg Srpskih Ratnika bb, Kraljevo
8.	Loznica	Loznica II-P9 sub-branch	Gimnazijska 1, Loznica
9.	Vršac	Vršac-68 sub-branch	Trg Save Kovačevića 2, Vršac
10.	Užice	Užice III-FM sub-branch	Petra Čelovića 4, Užice
11.	Novi Pazar	Novi Pazar II-E4	Njegoševa 1, Novi

		sub-branch	Pazar
12.	Kikinda	Kikinda II-98 sub-branch	G. Drapšina 30, Kikinda
13.	Niš	Niš V-GH sub-branch	Episkopska 32, Niš
		Leskovac II-C7 sub-branch	Bul. Oslobođenja 92, Leskovac
14.	Novi Sad	Novi Sad III-FC sub-branch	Bul. Mihajla Pupina 6, Novi Sad
		Vrbas II-H6 sub-branch	M. Tita 49, Vrbas
		Bačka Palanka-51 sub-branch	Trg Bratstva i jedinstva 30-32, B. Palanka
15.	Čačak	Čačak III-FK sub-branch	Župana Stracimira 23, Čačak
16.	Šabac	Šabac-73 sub-branch	Gospodar Jevremova 2, Šabac
17.	Kragujevac	Kragujevac II-53 sub-branch	Kralja Petra 25, Kragujevac
		Arandelovac-D5 sub-branch	Kneza Miloša 212, Arandelovac
18.	Zrenjanin	Zrenjanin II-G2 sub-branch	Trg Slobode 5, Zrenjanin
19.	Požarevac	Požarevac III-DD sub-branch	Moše Pijade 8, Požarevac
20.	Sremska Mitrovica	S. Mitrovica-48 sub-branch	Kralja Petra 5-7, S. Mitrovica
		Ruma-08 sub-branch	Poslovni centar bb, Ruma
		Šid-EA sub-branch	Karađorđeva 7, Šid
21.	Vranje	Vranje II-58 sub-branch	Stefana Prvovenčanog 58, Vranje
22.	Valjevo	Valjevo-C2 sub-branch	Gradski trg bb, Valjevo
23.	Proboj	Priboj-R7 sub-branch	Meše Selimovića 1, Priboj
24.	Kruševac	Kruševac-A0 sub-branch	Trg fontana 1, Kruševac

**Complete time period for subscription of shares of the XX issue shall last 90 days from the day designated in the public invitation as the initial date for subscription and payment of shares. With respect to the shareholders having the right of first refusal, the subscription time period shall be 70 days from the date designated in the public offer. With respect to the shareholders who have already exercised their right of first refusal, as well as with respect to all other interested persons, the time period shall last from the 71st till the 90th day from the date designated in the public offer as the subscription initiation date.**

The shareholders having the right of pre-emption can use that right proportionately to their share in the effective capital of the Issuer.

## 8. PLACE, TERMS AND CONDITIONS OF PAYMENT OF SHARES

8.1. State business name, head office, address, time period for payment of shares and working hours of the payments receiving bank;

**Čačanska Banka ad, Pivarska broj 1, Čačak.**

**Complete time period for payment of shares of the XX issue shall last 90 days from the day designated in the public invitation as the initial date for subscription and payment of shares. With respect to the shareholders having the right of pre-emption the time period shall be 70 days from the date designated in the public offer. With respect to the shareholders who have already used their right to pre-emption, as well as with respect to all other interested persons, the time period shall last from the 71st till the 90th day from the date designated in the public offer.**

**Payments shall be received on each working day during the Bank's working hours from 8.00 h till 16.00 h.**

**Paying offices of Čačanska Banka ad Čačak**

<b>Čačak</b>	<b>Čačak Head Office</b>	<b>Pivarska 1</b>
<b>Arandelovac</b>	<b>Arandelovac Branch</b>	<b>Jadranska bb</b>
<b>Beograd</b>	<b>Beograd Regional Branch</b>	<b>Bul. Arsenija Čarnojevića 52a</b>
<b>Beograd</b>	<b>Beograd Branch</b>	<b>Cara Dušana 78-80</b>
<b>Gornji Milanovac</b>	<b>G. Milanovac Branch</b>	<b>Kneza Aleksandra 2</b>
<b>Jagodina</b>	<b>Jagodina Branch</b>	<b>Nikčevićeva 24</b>
<b>Kragujevac</b>	<b>Kragujevac Branch</b>	<b>Kneza Miloša 3</b>
<b>Kraljevo</b>	<b>Kraljevo Branch</b>	<b>Trg Jovana Sarića 8</b>
<b>Užice</b>	<b>Užice Branch</b>	<b>Nikole Pašića 48</b>
<b>Kruševac</b>	<b>Kruševac Branch</b>	<b>Trg Kosturnice bb</b>
<b>Šabac</b>	<b>Šabac Branch</b>	<b>Karađorđeva 77</b>
<b>Valjevo</b>	<b>Valjevo Branch</b>	<b>Kneza Miloša 59a</b>
<b>Paraćin</b>	<b>Paraćin sub-branch</b>	<b>Vojvode Mišića 13</b>
<b>Guča</b>	<b>Guča sub-branch</b>	<b>Republike 65</b>
<b>Požega</b>	<b>Požega sub-branch</b>	<b>Kralja Petra 31</b>
<b>Čačak</b>	<b>Sub-branch 1</b>	<b>Skadarska 19</b>
<b>Čačak</b>	<b>Sub-branch 2</b>	<b>Pivarska 1</b>
<b>Čačak</b>	<b>Sub-branch 3</b>	<b>Nemanjina 32</b>
<b>Čačak</b>	<b>Sub-branch 4</b>	<b>Mrčajevci</b>

**Payment account for purchase of shares of the XX issue is opened with Čačanska Banka ad Čačak**

**908-15501-35 registration number**

**4030 0000/4 - MB/Single Registry Identification No. of the PAYER**

8.2. State the manner of distribution of a number of subscribed and paid securities to the persons executing subscription and payment of securities;	<b>Distribution of a number of subscribed and paid shares, in relation to the offered number of shares and the manner of exercising the right of pre-emption with respect to the persons who execute subscription and payment of shares shall be preformed by proportionate reduction of the number of shares subscribed and paid.</b>
8.3. Consequences of non-payment or exceeding of the time period anticipated for payment execution;	<b>A person who does not execute payment for subscribed shares, or executes payment of subscribed shares after the expiry of the time period anticipated for payment of shares of the XX issue shall not obtain the status of the Bank's shareholder.</b>
8.4. Number of securities that must be subscribed and paid in order for sale to be considered successful (success threshold)	<b>43.200 (60% of shares offered)</b>
8.5. Manner and time period for the reimbursement in case the sale is not successful, with the interest rate calculated on the basis of paid funds and the interest calculation method	<b>If the share issue is not successful, the Bank shall be liable to reimburse paid funds with the prescribed interest to the subscribers within seven days from the date of expiry of the time period anticipated for subscription and payment.</b>
8.6. Name and head office of the entity keeping the registry and conducting clearing and balancing of the liabilities arising from the securities intended for issue (Central Registry)	<b>Central Securities, Depository and Clearing House, Trg Nikole Pašića 5, Beograd</b>

## 9. SECURITIES MARKET

9.1. Name and head office of the organized market, date of introduction of the same type of shares to the organised market, scope of transactions with that type of securities performed at the organised market within the last six months with statement regarding the highest and lowest realized price

**Over-the-counter market of BELGRADE STOCK MARKET AD Beograd, Omladinskih brigada St. No. 1, shares in trade since August 17, 2006**

**From April 20, 2007 till October 20, 2007, 16.228 regular shares traded (2.035.381.089 din.)**

**Respective to regular shares the lowest price within the last six months 114.000, and the highest 150.000 (from 20/04 till 20/10/2007) (information taken from the official Internet web-site of Belgrade Stock Market)**

## 10. SHORT OVERVIEW OF BASIC INFORMATION ON THE SHARES ISSUER

10.1. Date of the adoption of the Decision which represents the base for securities Issue and the name of the competent body of the Issuer that made the respective Decision

**Issue of shares is conducted on the basis of the Decision on XX Issue of Ordinary Shares of Komercijalna Banka ad Beograd by public offer to the effect of capital increase. The Decision**

	<b>(No. 17220/2) was made at the Bank's General Meeting of Shareholders held on October 19, 2007.</b>
10.2. Purpose of funds to be collected by the Issue of securities; state the purpose of funds (for performance of the activities from the Issuer's purview or purchase of asset which is not intended for performance of the issuer's regular activity, for example securities of other issuers)	<b>Purpose of funds to be collected by the Issue of shares is to conduct activities from the Bank's purview: long-term and short-term corporate and retail financing and realization of the Bank's development plans.</b>
10.3. State basic information on business activity and development plan of the Issuer	<p><b>Summary of the results achieved in 2006</b></p> <p><b>Komercijalna Banka ad Beograd realized the scope of business activity of almost 2 billion EUR, with the increase of 43% in comparison to the previous year; the Bank's capital realized 78% growth and exceeded 200 million EUR with reserves; according to that indicator, we are the second largest bank on domestic market; deposits reached almost a billion EUR, and realized operating profit is almost 11 million EUR, 68% more than in comparison to previous year. Qualitative indicators also show significant improvement: return on equity (ROE) from 7,62% to 9,71%, return on assets (ROA) from 0,69% to 0,84%, capital adequacy from 15,37 to 17,28, income and expense ratio etc.</b></p> <p><b>The Bank shall, in the forthcoming period, give priority to the strengthening of the capital base, complete implementation of the new organisational structure, improvement of asset management quality, implementation of the new IT infrastructure, introduction of the new banking operations, development of investment banking with establishment of the investment fund.</b></p>

<b>11. BROKER-DEALER COMPANY AND/OR AUTHORISED BANK WHICH PARTICIPATES IN THE ORGANISATION OF THE PUBLIC OFFER</b>	
11.1. Business name and head office of the Agent, i.e. sponsor of the Issue that participates in organisation of the securities Issue;	<b>Komercijalna Banka ad Beograd independently organizes the public offer of the XX Issue of shares</b>
11.2. Business name and head office of the principal organizer of the Issue, if several entities participate in the respective organisation;	-
11.3. State the type of the Agreement on Organisation of the Issue and the kind of the commitment of the agent, i.e. sponsor of the Issue;	-
11.4. State the amount of the commission which the agent, i.e. sponsor of the Issue, charges to the Issuer on the account of the services rendered with respect to the	-

Issue organisation, i.e. state the amount of difference in price per which the sponsor of Issue shall be in title to purchase and sell the securities in the course of the issue proceeding;	
11.5. State whether the agent's i.e. Issue sponsor's commitments relate to the Issue intended securities in total or partially.	-

<b>12. RESPONSABLE PERSONS</b>
<b>12.1 First and last name of the person responsible for the content of the Concise Prospectus</b>
<b>Dr Predrag Mihajlović      Ivica Smolić</b> <b>Deputy President of the EB    President of the EB</b>

<b>DATE: 24/10/ 2007</b>
<b>Securities and Financial Markets Division</b> <b>Division Director    Executive Director</b> <b>Vladimir Garić      Lidija Sklopić</b>
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<b>KOMERCIJALNA BANKA AD BEOGRAD</b> <b>Dr Predrag Mihajlović      Ivica Smolić</b> <b>Deputy President of the Executive Board    President of the Executive Board</b>
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<b>6.DECISIONS OF THE COMMISSION</b>
<b>6.1. Number and date of the Commission Decision on the Approval of the Prospectus on Shares Issue.</b>
<b>Decision on the Approval of the Prospectus on Securities Issue No. 4/0-03-7491/7-07 from 16/11/2007</b>

