REPORT
on the compliance of the operation of Komercijalna Banka AD Skopje with the Code of Corporate Governance of the shareholders companies listed at the Macedonian Stock Exchange

As member of the Macedonian Stock Exchange, Komercijalna Banka AD Skopje had complied its operation with the Code of Corporate Governance of the shareholders companies listed at the Macedonian Stock Exchange and in the course of 2011, continued to adhere to the prescribed principles thereby.

- The information on the rights arising from the types and classes of shares issued by the Bank and the amendments and supplements to the Statute of the Bank have been disclosed on the web site of the Bank and the web site of the Macedonian Stock Exchange;

- In the course of 2011, the Bank held the regular General Meeting of the Bank's Shareholders Assembly in March, adhering to the principle that family members of the persons authorized for representation and presentation of the Bank and neither their proxies nor a proxy to any member of the supervisory and managing bodies of the Bank may not be elected proxy to any shareholder;

- In 2011, the Bank did not conclude any shareholders agreements that limit the shareholders' rights arising from their shares of the Bank;

- When convening the Shareholders Assembly in January 2011 and the regular General Meeting of the Bank's Shareholders Assembly in March, the Bank completely adhered to the prescribed procedure for convening General Meeting of the Assembly, availability of the respective information, the procedure for registering the presence at the General Meeting, as well as the manner of chairing the General Meeting of the Assembly;

- In 2011, there were changes made in the ownership structure of the Bank's capital that refer to shareholders with qualified majority of over 5%. Thus, East Capital Explorer Investments AB acquired 10% participation in the capital of the Bank by purchasing the newly issued shares of the Bank by way of public offer. In 2011, no decisions were passed on any major changes in regards to the identity or the character of the Bank;

- As at 31.12.2011, the participation of the foreign capital in the Bank is 53,61% of the Bank's capital. East Capital Explorer Investments AB and EBRD are shareholders with qualified participation in the Bank. East Capital Explorer Investments AB together with its related parties holds 13,076% of the total number of shares and EBRD holds 5,25% of the total number of shares;

- With the Code of Ethics passed in 2008, the Bank established a set of professional standards and corporate values that are applied equally for the members of the Supervisory Board, Board of Directors, other persons with special rights and responsibilities and other employees of the Bank, which particularly refer to: avoiding corruption and other illegal and unethical behavior and activities, avoiding conflicts of interests, transactions with parties related to the Bank and keeping bank secrets;

- In 2011, the Bank completely adhered to the principle of timely and accurate disclosure of all significant issues that refer to the Bank, its financial standing, operation, as well as price sensitive information at its web site and on the web site of the Macedonian Stock Exchange. With the Policy on disclosing data and reports, made by the Supervisory Board, the Bank has regulated the manner of disclosing the reports and data, the type of data disclosed, the form of disclosure, the frequency of disclosing and the controlling systems that shall be established in the process of data disclosure;

- In the course of 2011, the Supervisory Board of the Bank established efficient control system for the management of the Bank;

- In the course of the reported period, the Supervisory Board had 12 meetings, and the Report on the operation of the Supervisory Board contains detailed presentation of its activities;

- The Supervisory Board had completely applied the principle of transparency in the procedure for nomination and appointing members of the Board. The members Mr. Alexandru Tanase and Mr. Zvone Taljat are experts in the field of finances. The members Simon Naumoski and Aleko Aleksovski are independent members of the Supervisory Board;

- In the course of 2011, the principle according to which the President of the Supervisory Board takes care for the proper functioning of the Board was adhered to in full;

- The function of internal legal advisor of the Bank was carried out by the Legal Affairs, Problem Loans Workout and Managing Division, who is the Head of the Department for supporting the operation of the Bank's bodies;

- Pursuant to the Banking Law, the Audit Committee as Bank's body has the function of Audit Commission;

- In the course of 2011, the Bank performed in accordance with the Policy for awarding bonuses that also regulates the establishing of the Commission for awarding bonuses. This Commission, comprised of 3 members, took care for the implementation of the respective Policy;

- In 2011, the Supervisory Board of the Bank took care for the realization of the aims and objectives of the Bank, at the same time taking care for the interest of the concerned entities;

- The Bank completely adheres to the principle according to which the members of the Supervisory Board are responsible for the compliance with the laws and other regulations regarding the managing of the risks related to the operation of the Bank. The Bank has established efficient system for managing the internal risk and control;

- Pursuant to the Banking Law, the persons with special rights and responsibilities provide written statement semi-annually on the existence or non-existence of conflict of their personal interest with the Bank's interest. In case of such conflict of interest, the Supervisory Board and the Board of Directors are provided written statement evidencing the basis for such conflict. In 2011, the Bank did not conclude any significant and large contracts. The deals with the interested parties are approved in accordance with the Banking Law.

PRESIDENT OF THE
SUPERVISORY BOARD
Sava Dimitrova