

Comments to the Profit & Loss Account of Komercijalna Banka AD Skopje as at 30.06.2009

In the period 01.01-30.06.2009 Komercijalna Banka AD Skopje performed its activities in conditions characteristic for the general economic and financial crisis, as well as amendments to the regulations being introduced as from 01.01.2009 and having influence on the way of presentation of the financial result.

In such conditions of economy, the Bank realized **positive financial result** in the amount of 336.352 thousand denars, which is 31,9% of the positive financial result realized in the same period last year, when it was 1.054.001 thousand denars.

The realized **interest net income** shows an increase of 11% in terms of the same period last year, while the realized positive net effect from foreign exchange differences in the amount of 37.025 thousand denars is lower for 39,4% compared to the same period last year. This decrease is mostly due to the decrease of the trade on the FX market, as well as to the decreased difference between the selling and purchasing exchange rates, which is result to the crisis affecting the FX market.

Net income from fees and commissions in the period 01.01-30.06.2009 is 342.513 thousand denars and in terms of the same period last year they show decrease for 29,2%. The decrease of the income under bank services, which is most express with the non-financial companies (27,9%) and with the non-residents (38,6%), is due to applied lowered fees under services provided in accordance with the Bank's Terms and Conditions, as well as a result of the methodological changes in the recognition, where part of the fees are correction of the interest rate getting gradually amortized in the maturity period of the financial instrument.

The administrative and other operative expenses show increase in the part of expenses for employees which to some extent is a result of implementation of the concept of gross salary, however, it is also a result of the increased expenses for marketing campaign for introducing the VISA cards, increased expenses for insurance of deposits etc.

Provision for impairments in the total expenses of the Bank takes 17% and compared to the same period last year it shows multiple increase as a result of the impact of several factors, out of which:

- deterioration of the portfolio under influence of the economic crisis;
- significantly higher collection of claims realized by the Bank in the same period last year for which the Bank previously had allocated provisioning; and
- application of the new Decision on the credit risk management and the Methodology of NBRM.