

Presentation of Komercijalna Banka AD Skopje as at December 31, 2020



komercijalna banka ad skopje



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Skopje, April 2021



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Komercijalna Banka Overview



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Overview (I): A cornerstone of the Macedonian financial sector...

In 2020 Komercijalna Banka AD Skopje marked the 65th anniversary from its establishment and successful operations, a period in which it became recognizable and proud of its:

Leading Market Position

- Expected to keep market position as one of the leading banks in North Macedonia with assets (EUR 2,149.1 m)* and total deposits (EUR 1,892.8 m) and in terms of net loans to customers (EUR 825.9 m) as at December 31, 2020.

Customer Base

- Leading corporate customer base (33,216 customers**)
- Second largest retail customer base (989,422 customers)

Contribution as one of Macedonia's Most Prominent Financial Institutions

- Long-standing tradition
- Well-established customer relationships

Strong Brand Recognition

- Associated with quality, innovation and trustworthiness

Modern Corporate Governance Structure

- Privatisation completed with 98.77% private ownership (2.8% foreign, as at December 31. 2020) and about 1.23% held by the Public sector
- Significant free float with one single shareholder owning 12.85% (Adora Inzenering DOOEL export-import Skopje)
- Comprehensive corporate governance

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* The data in the presentation are according to NBRNM methodology

** Resident and non-resident corporate customers

Overview (II):...with a track record of significant achievements...

Well Invested Distribution channels

- Very well presented branch network covering all major cities and economically significant regions
- Rapidly developing multi channel distribution network comprising POS Terminals, ATM's, Info kiosks, E-Banking (both retail & corporate, as well as f/x and in denars), Telephone banking, m-banking, SMS banking

Fully Integrated IT platform

- Independent IT system with significant number of In House developed solutions
- Fully protected and readily upgradeable

Driver of Sector Innovation

- **First** : in issuing credit cards (1996), in operating ATMs and POS terminals (1996), brokerage house (1997), ownership of the second pillar pension funds management company (2005)
- Founded the investment fund management company KB Publikum Invest AD (2009) , currently with 4 fund under management
- Introduction of 3D secure technology for safe on-line purchasing with VISA and MasterCard cards (2016)
- KomPay m wallet – strategically innovative service of integration of smartphones and debit and credit cards, in cooperation with MasterCard (2018)

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Overview (III): ...the largest distribution network in the country...

62 branches including headquarters as at December, 2020:

- Coverage of all major cities and economically significant regions
- 51 city branches (33* in Skopje and 18 regional)
- 11 regional branches

Largest ATM network in the country:

- 169 active ATMs as at December 2020. (160 as at December 2019)
- Total number of sales points:
 - 4,558 as at December 2020

Up to date IT infrastructure

- Fully integrated
- Real time

*Three fully digitalized city-branches opened 24/7

Branch Network



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Overview (IV): ...and an enviable market position

Market share of Komercijalna Banka AD Skopje as at 31.12.2020 ¹⁾

1	Total assets	22.7%
2	Capital and reserves	17.6%
3	Total deposits from non-financial sector	26.7%
4	Total net-loans to non-financial sector	15.1%
5	Total number of cards issued	14.8%
6	Total number of POS and ATM acquiring cards	15.6%
7	Total value of realised domestic payment operations	25.4%
8	Total number of active accounts	21.1%
9	Total trading realized at the Macedonian Stock Exchange	29.1%
10	Total number of transactions realized at the Macedonian Stock Exchange	34.3%

¹⁾ source – NBRNM and MSE; exceptions are marked in the table.

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Overview (V): ...Banking awards

- In the past years the Bank has been awarded with numerous awards by The Banker, Finance Central Europe, Global Finance, the European Bank for Reconstruction and Development, Transparency International Macedonia and other international and local institutions relevant for the banking industry.
- The outstanding operations of the Bank in the respective areas were recognized by the banks that are important correspondent partners of Komercijalna Banka, such as Citibank, Deutsche Bank, KBC, Commerzbank etc.
- Awards from the Macedonian Stock Exchange have been granted for most transparent listed company and for significant achievements in regards to the participation in total turnover and realized transactions at the MSE.
- Amid the crisis with Covid-19 the Bank has been recognized as institution with good organization and leadership with “Distinguished Crisis Leadership in 2020 “ awarded by Global Finance.



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The Republic of North Macedonia



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The Republic of North Macedonia - Macroeconomic Environment:

<u>Key economic indicators⁽¹⁾</u>	2016	2017	2018	2019	2020
Industrial production volume index	3.4%	0.2%	5.4%	3.7%	-9.5%
External Trade of RNM (%)	6.7%	14.8%	19.1%	4.0%	-7.7%
Real GDP growth (%)	2.8	1.1	2.9	3.2	-4.5
Central Government Budget surplus/deficit (% of GDP)	-2.6	-2.7	-1.8	-2.1	-8.1
Inflation (CPI%) av.	-0.2	1.4	1.5	0.8	1.2
Current Account Bal. (EUR'm)	-275.5	-105.2	-7.1	-372.3	-373.0
Gross External Debt (EUR'm)	7,217	7,373	7,844	8,154	8,630.3
FX Reserves (EUR'm)	2,613.4	2,336	2,867.1	3,262.6	3,359.9
Foreign direct invest. (EUR'm)	316.9	180.0	603.7	363.3	205.7
Unemployment Rate (%)	23.7	22.4	20.7	17.3	16.4
MKD/EUR year end.	61.6	61.57	61.51	61.51	61.67

In **November 2020**, The Fitch agency has confirmed the credit rating of North Macedonia BB +, with negative outlook as a result of the global pandemic. The report confirms the stability of the banking system, high liquidity and readiness to absorb the negative effects of the corona crisis.

In **September 2020** the Credit Rating agency "Standard & Poor's" has confirmed the credit rating of North Macedonia "BB- stable", emphasizing the potential for longer-term growth and stabilization of the level of debt at moderate levels, as well as the stability of the banking system despite the corona crisis.

(1) Source: Ministry of Finance, State Statistical office, NBRNM

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The Macedonian Banking Sector



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Macedonian Banking Sector (I): Structure and characteristics as at 31.12.2020

Structure

- 14 active banks** (5 large*, 6 medium and 3 small)
- 2 saving houses

Characteristics

- High concentration with the large banks

* As at 31.12.2020, the group of large banks is consisted of the following banks: Komercijalna Banka AD Skopje, Stopanska Banka AD Skopje, NLB Banka AD Skopje, Ohridska Banka AD Skopje and Halk Bank AD Skopje.

** The division of banks into separate groups according to the NBRNM methodology is performed once a year according to the balance as at 31.12. and is valid throughout the year. On August 12, 2020 the National Bank has revoked the founding and operating license of Eurostandard Bank AD Skopje.

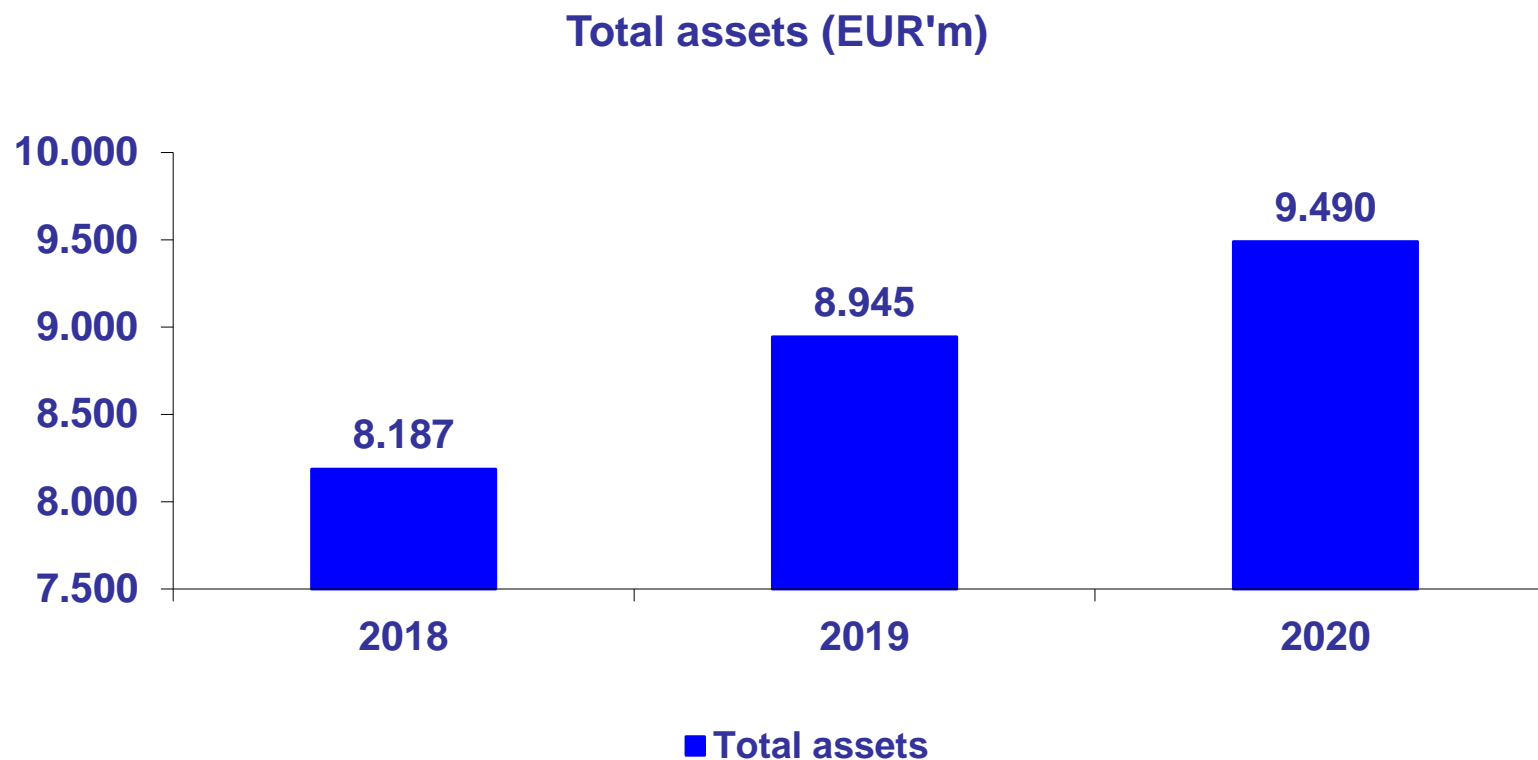
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Macedonian Banking Sector (II) ...assets...



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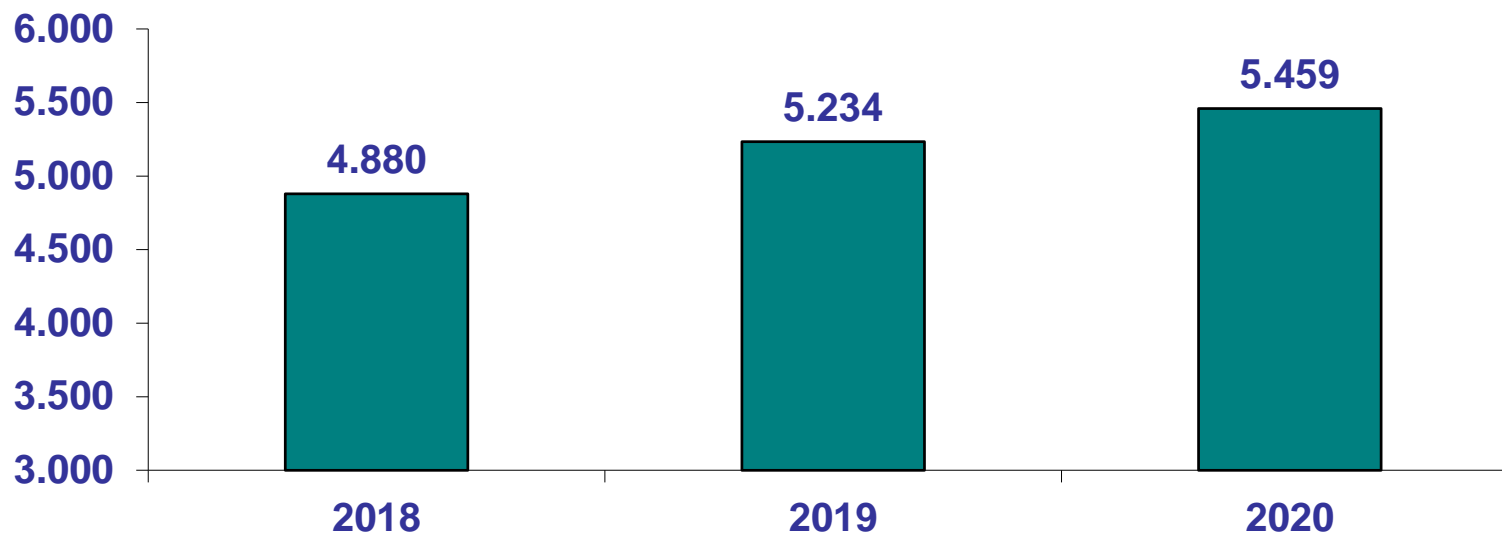


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Macedonian Banking Sector (III) ...and placements to non-financial entities...

Placements to non-financial entities (net) (EUR'm)



Placements to non-financial entities

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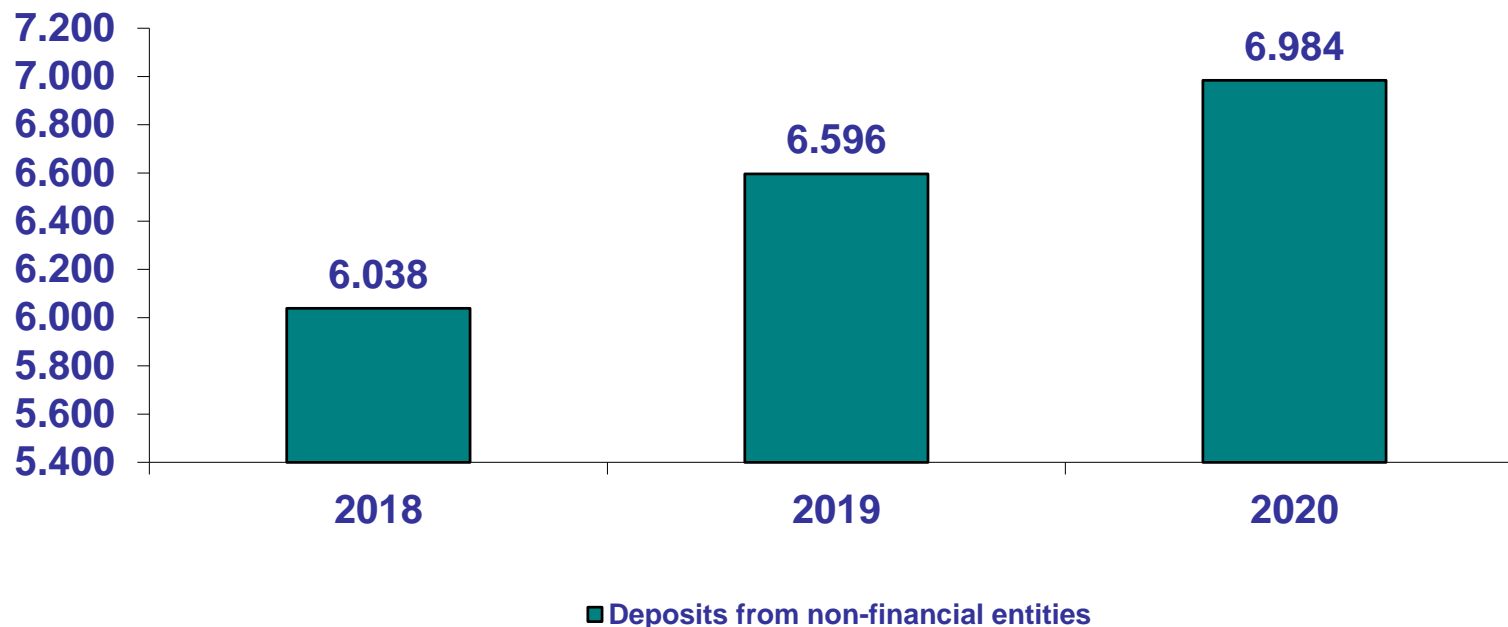
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Macedonian Banking Sector (IV) ...and deposits from non-financial entities...

Deposits from non-financial entities (EUR'm)



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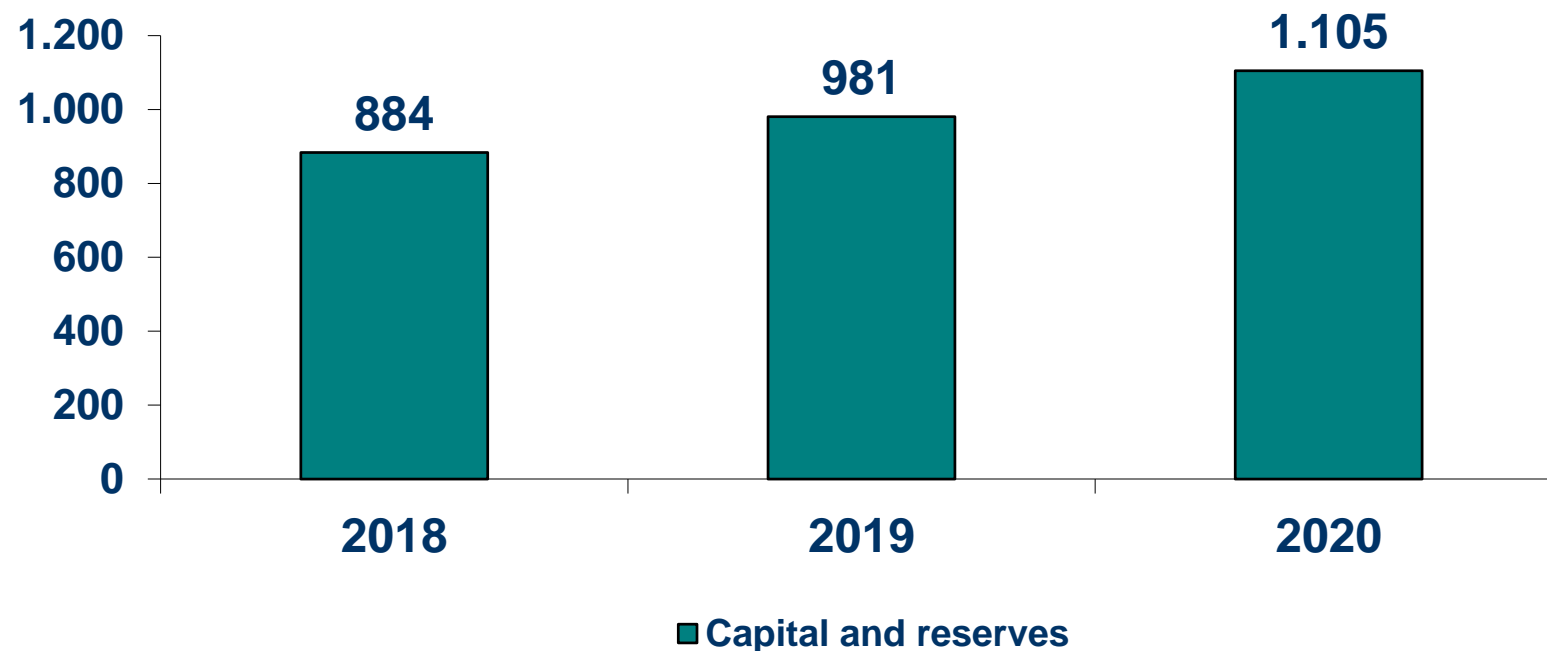
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Macedonian Banking Sector (V) ...and capital & reserves...

Capital & reserves (EUR'm)



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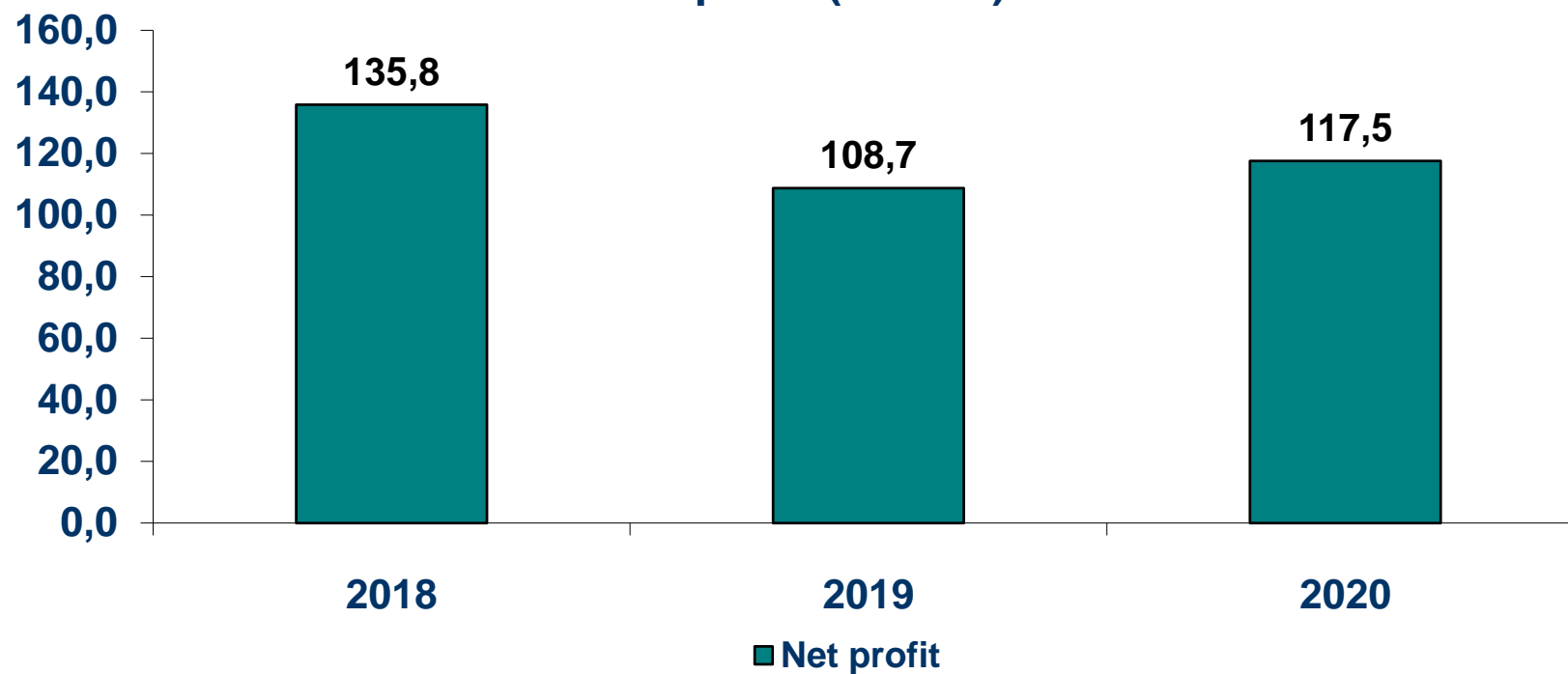
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Macedonian Banking Sector (VI) ...and financial results...

Net profit (EUR'm)



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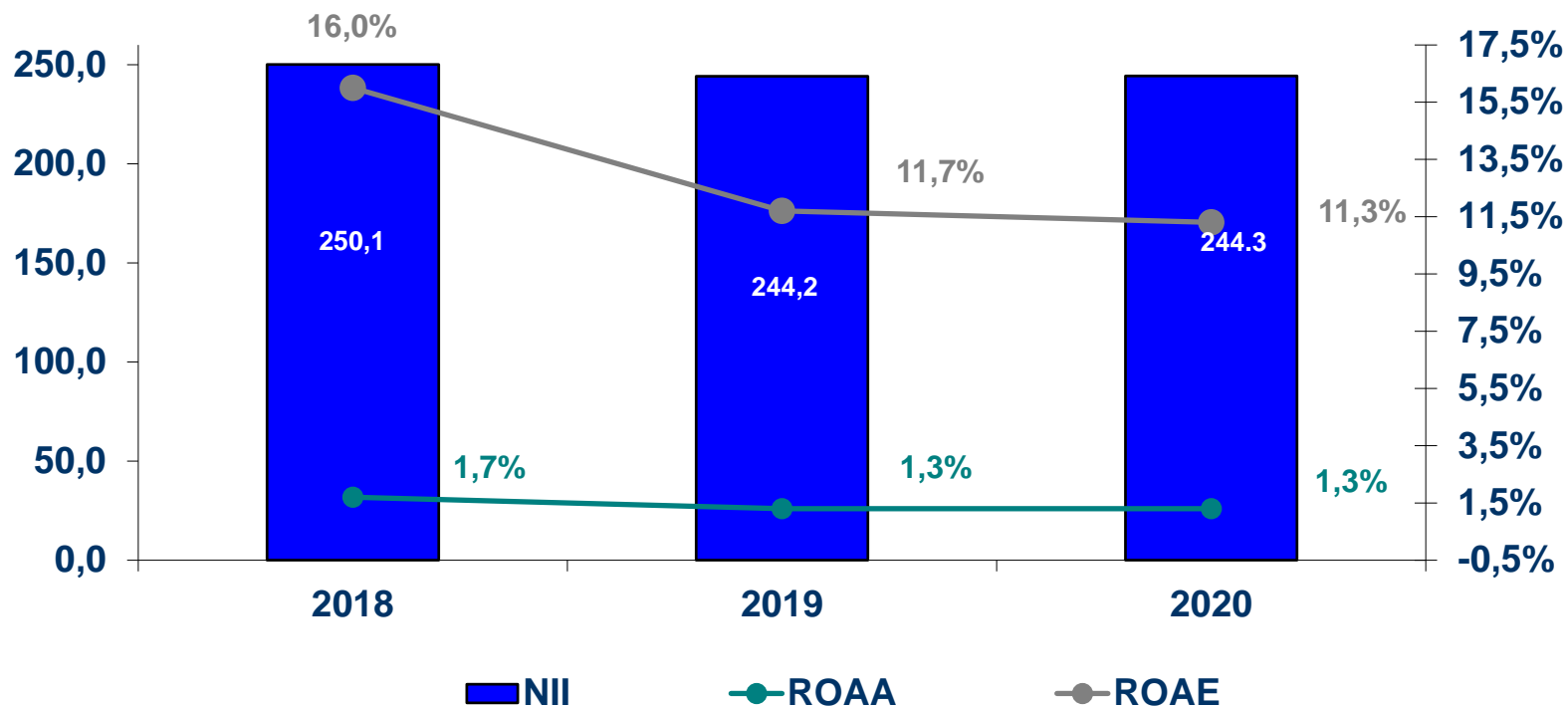
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Macedonian Banking Sector (VII) ...and profitability

Profitability indicators (EUR'm and %)



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Komercijalna Banka Financial Overview



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Financial Performance notes (I):

- In 2013 Komercijalna Banka AD Skopje acquired 200 ordinary shares issued by Investment fund Management Company KB Publikum Invest AD Skopje in total amount of EUR 200 thousand. The share of Komercijalna Banka AD Skopje increased from 50% to 64.29%. Thus, KB Publikum became subsidiary of the Bank.
- Pursuant to legislation, financial statements of subsidiary are incorporated in consolidated financial reports, starting from the date the control commences.*
 - as of 31.12.2020 the amount of total assets on consolidated basis is EUR 2,149.3 million,
 - the amount of total capital and reserves is EUR 226.9 million,
 - the amount of consolidated net profit is EUR 31.4 million,
 - Total assets of subsidiary as at 31.12.2020 represent less than 1% of the Bank's total assets.
- According to the Decision on consolidated supervision by the NBRNM (Official Gazette of the RNM No.17/2008) if the amount of total assets of subsidiary is less than 1% of the amount of total assets of the parent entity, then subsidiary will not be included into the consolidated financial reports for the purposes of consolidated supervision. Therefore, the capital adequacy is not calculated on consolidated basis.
- The data from the Income statement and Balance sheet in this presentation are on unconsolidated basis.

Presentation of Komercijalna Banka AD Skopje

* The Bank prepares semi-annual and annual consolidated financial reports in accordance with the requirements of NBRNM



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Financial Performance (II): Income statement in million EUR

	2018*	2019*	31.12.2020*	Index	Index
				2019/2018	2020/2019
Net interest income	40.2	39.1	39.2	97.3	100.3
Net fee & commission income	14.3	15.4	14.5	107.7	94.2
Other income	25.6	15.6	32.5	60.9	208.3
Total income	80.1	70.1	86.2	87.5	123.0
Operating expenses	-29.1	-29.1	-31.5	100.0	108.2
Impairment losses	-19.6	-9.7	-22.3	49.5	229.9
Operating profit	31.4	31.3	32.5	99.7	103.8
Share of profit/loss from associate	1.1	1.0	1.1	90.9	110.0
Profit before tax/loss	32.5	32.3	33.5	99.4	104.0
Taxation	-3.5	-2.9	-2.5	82.9	86.2
Profit after tax/loss	29.0	29.4	31.0	101.4	105.4

* Unconsolidated data, according to NBRNM methodology

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Financial Performance (III): Balance sheet in million EUR

	2018*	2019*	2020*	Index 19/18	Index 20/19
Assets					
Cash and cash equivalents	793.5	792.6	805.4	99.9	101.6
Customer loans	754.7	826.1	825.9	109.5	100.0
Bank placements and loans	40.9	76.3	16.6	186.6	21.8
Total loans and placements	1,589.1	1,695.0	1,647.9	106.7	97.2
Other assets	271.1	305.8	501.2	112.8	163.9
Total assets	1,860.2	2,000.8	2,149.1	107.6	107.4
Liabilities					
Total deposits	1,617.3	1,750.6	1,892.8	108.2	108.1
Borrowings & other liabilities	41.1	34.8	31.0	84.7	89.1
Total liabilities	1,658.4	1,785.4	1,923.8	107.7	107.8
Shareholders funds					
Share capital	37.1	37.1	36.9	100.0	99.5**
Share premium	12.5	12.5	12.5	100.0	100.0
Reserves	123.2	131.1	139.7	106.4	106.6
Retained earnings	29.0	34.7	36.2	119.7	104.3
Shareholders funds	201.8	215.4	225.3	106.7	104.6
Total liabilities and shareholders funds	1,860.2	2,000.8	2,149.1	107.6	107.4

*Unconsolidated data, according to NBRNM methodology

** As a result of changes in exchange rate

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Financial Performance (IV): Financial indicators

	2018	2019	31.12.2020
Earnings per share (EPS)	12.70	12.89	13.60
Book value (BV)	88.5	94.5	98.9
Market price per share (1)	82.1	108.1	118.3
Dividend yield	8.32%	8.27%	7.54%
Price/Earnings (P/E) (2)	6.46	8.39	8.70
Price/Book value (P/B) (2)	0.93	1.14	1.20
Price/Total assets (P/A) (2)	0.101	0.123	0.125
Market Cap. (in mil. EUR)	187.1	246.4	269.6

(1) Last traded price

(2) Calculation according to data in MKD

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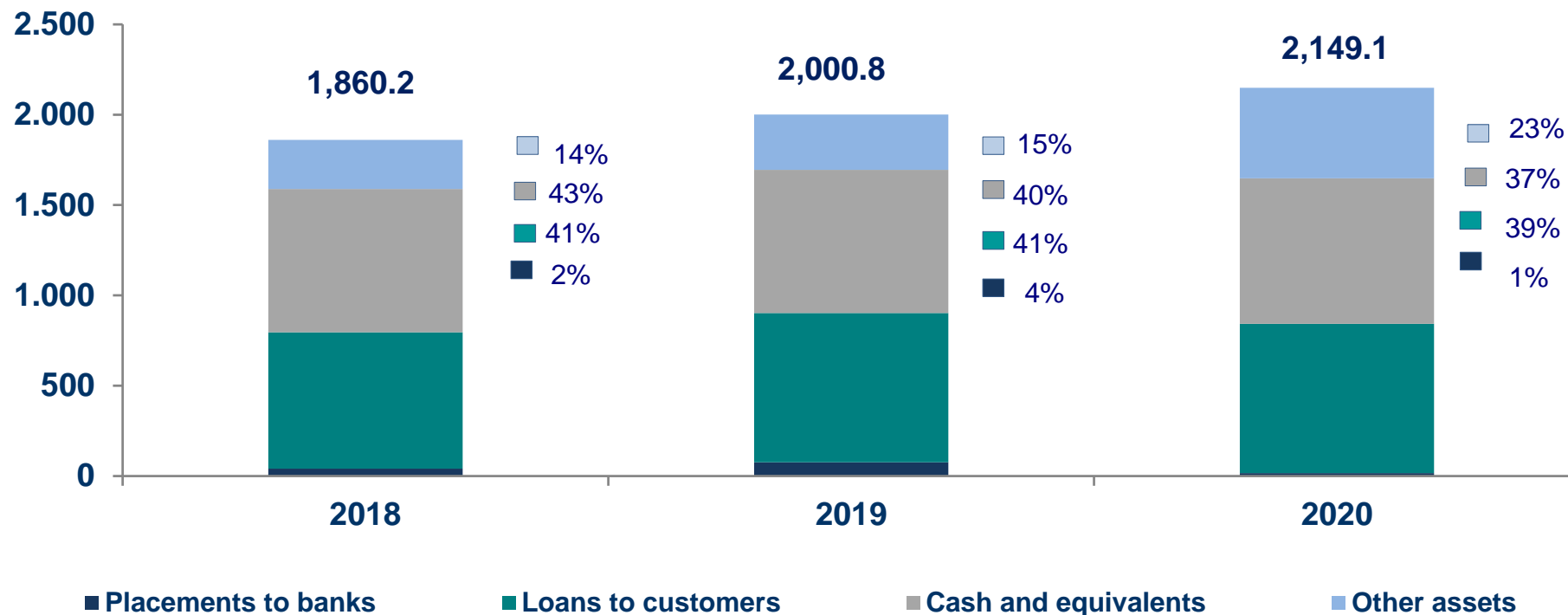


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Financial Performance (V): Total Assets

Total assets ⁽¹⁾ (in million EUR)



(1) Total balance sheet assets (based on net loans after provisions)

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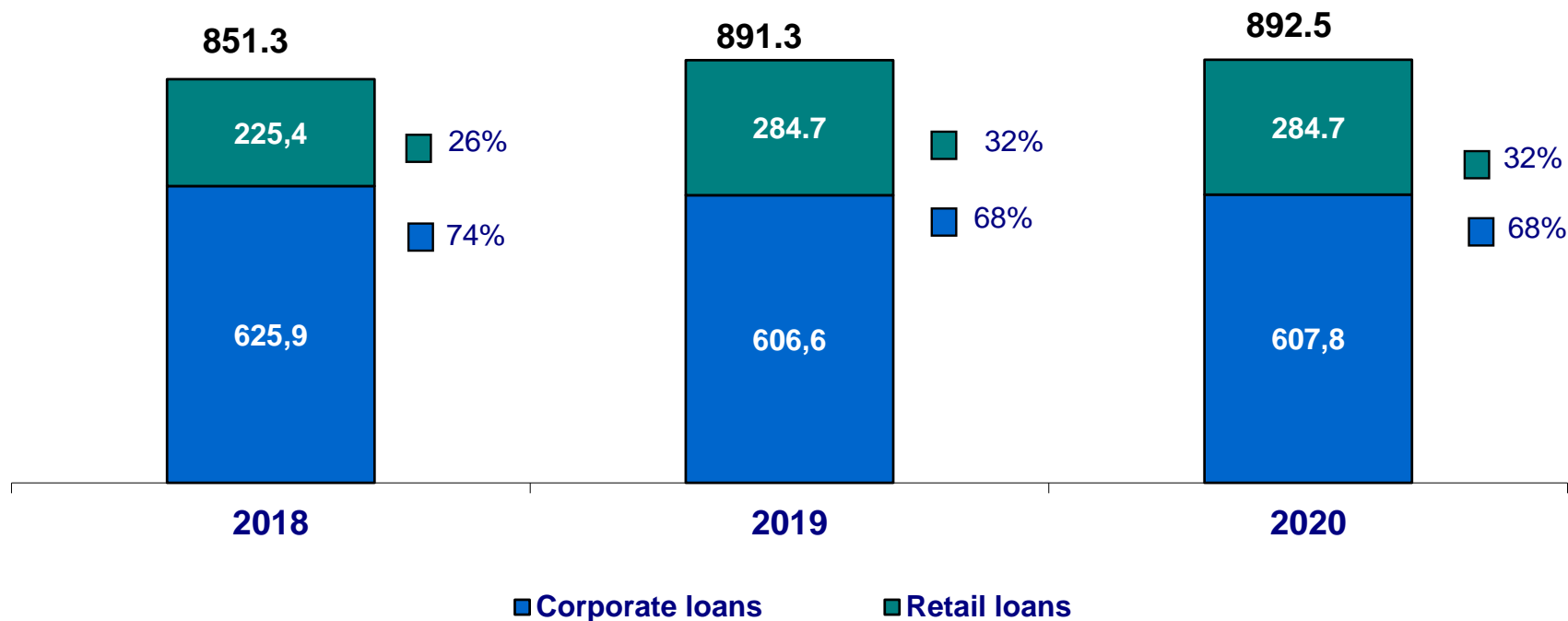


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Financial Performance (VI): Gross Loans to Customers

Gross loans to customers - Corporate vs Retail (EUR'm)



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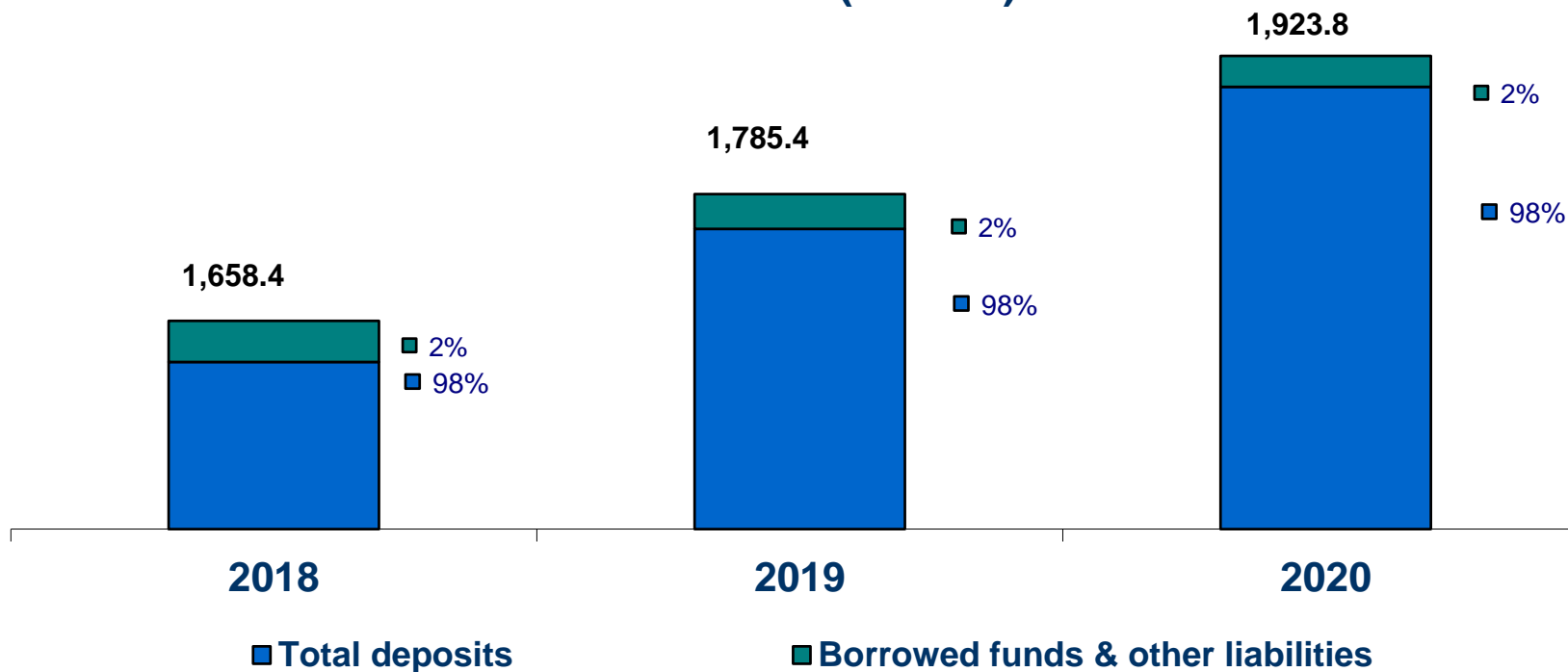
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Financial Performance (VII): Liabilities

Total Liabilities (EUR'm)



(1) Total deposits include deposits from banks which represent 0.2% within total liabilities in December 2020

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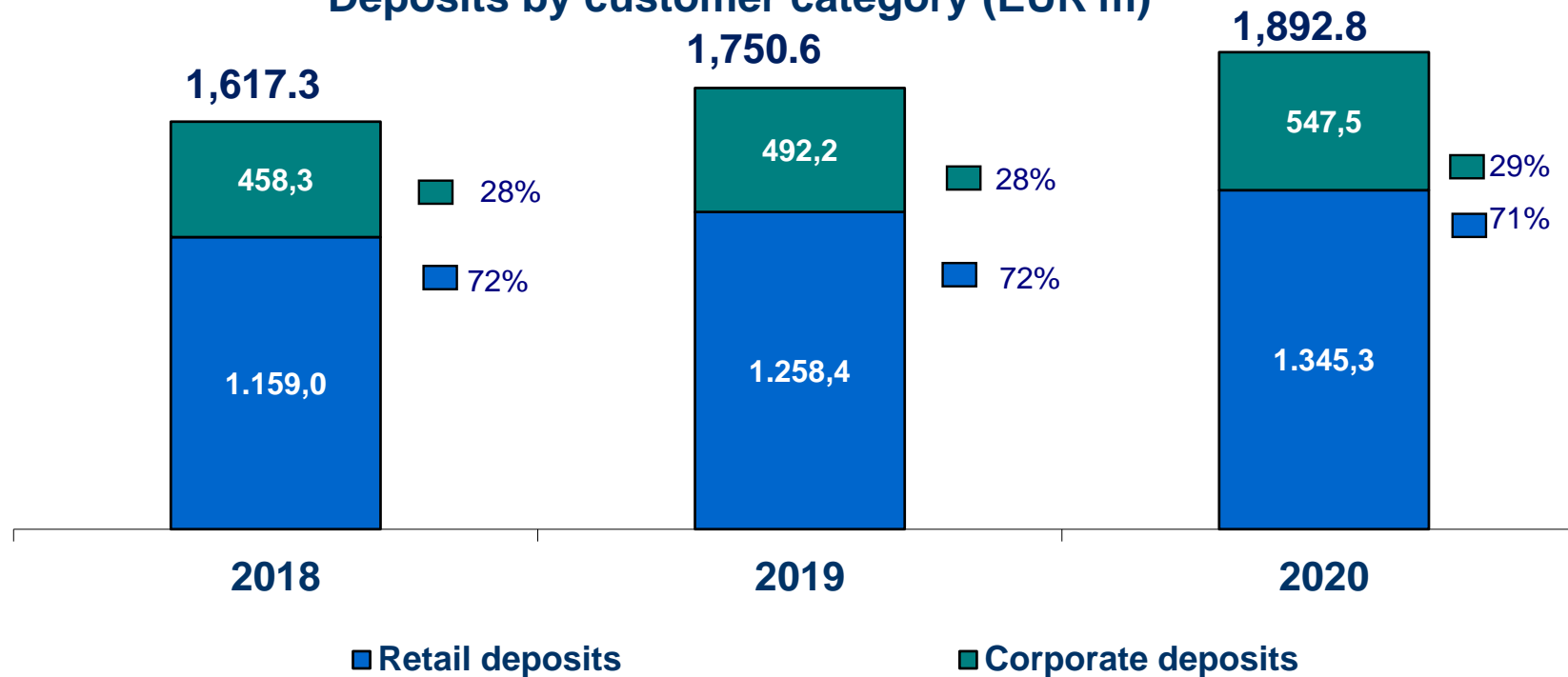
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Financial Performance (VIII): Total Deposits – Customer Breakdown

Deposits by customer category (EUR'm)



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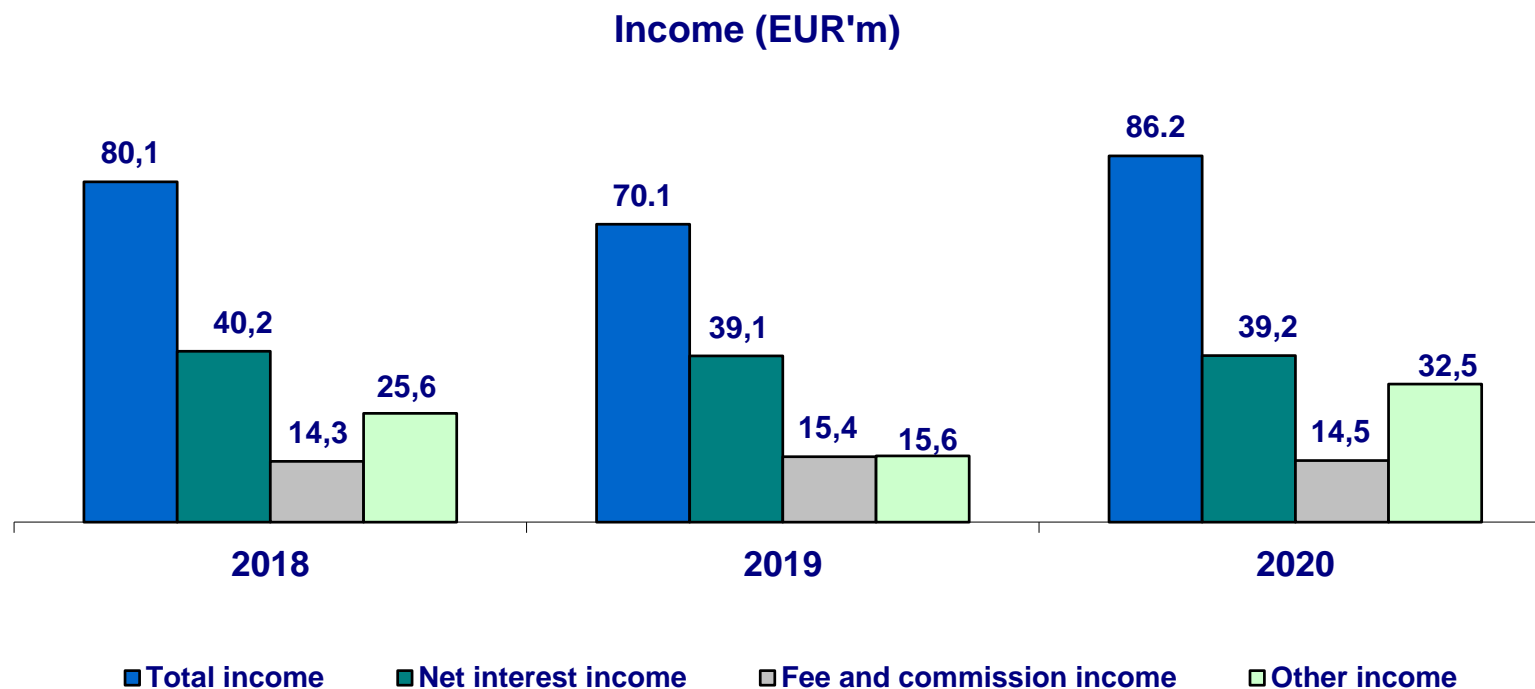
(1) Corporate deposits include deposits from banks which represent 0.2% within total deposits in December 2020



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Financial Performance (IX): Income Breakdown



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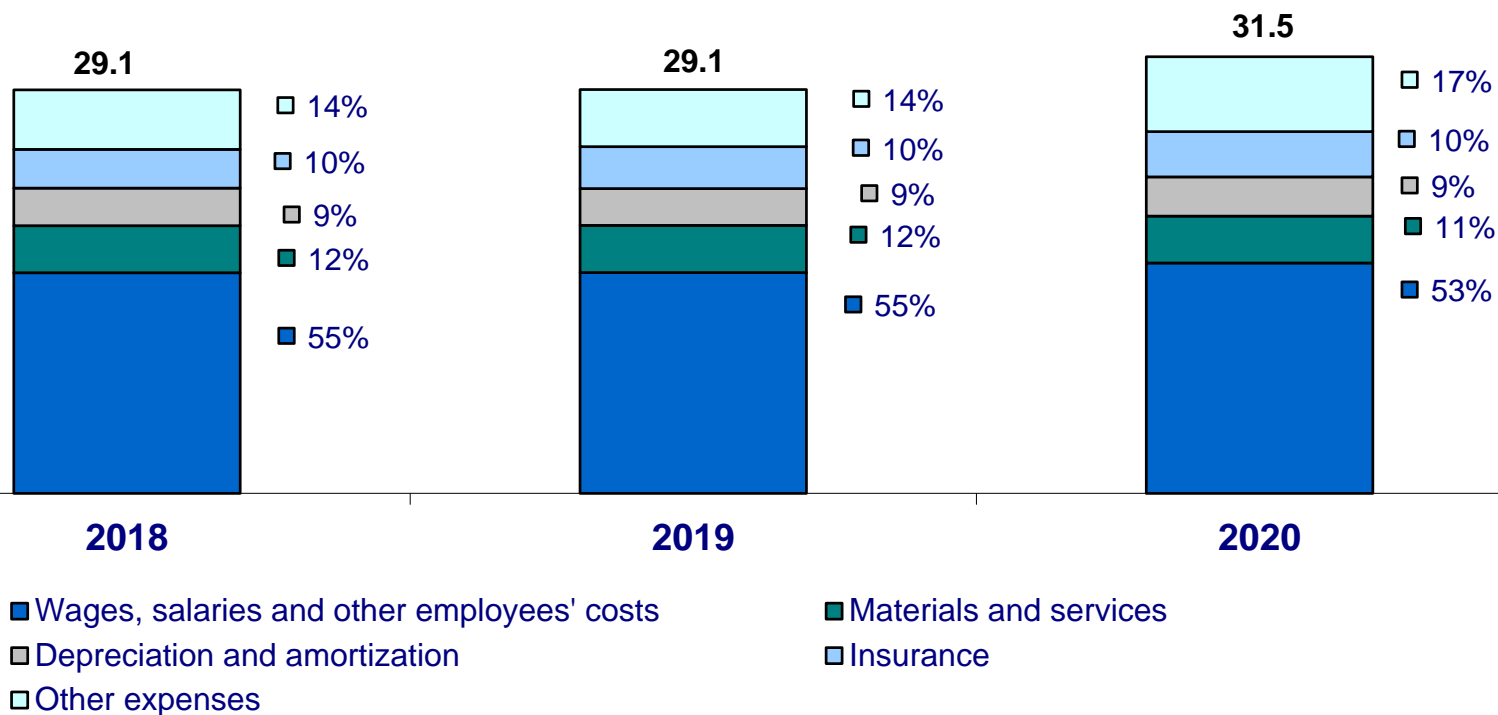
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Financial Performance (X): Expenses Breakdown

Operating expenses (EUR'm)



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Thank you!



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