

**Note to the un-audited un-consolidated Income Statement of Komercijalna
Banka AD Skopje
for the period 01.01- 30.09.2014**

In the period 01.01-30.09.2014, the Bank realized **negative financial results** from its operation in the amount of MKD 183.7 million, versus the negative financial results realized within the same period last year in the amount of MKD 293.0 million. The profit realized prior to provisioning, being the indicator of the Bank's operative capability to cover the operative expenses, is for 8.7% lower in regards to the previous year, which is due to the realized net unrealized loss from securities valuation, lower amount of net income from fees and commissions and decrease of other income. It is significant that the profit realized before provisioning is sufficient to cover the net-provisioning of financial assets. Thus, the negative financial result is under dominant negative influence of the impairment loss for the assets foreclosed after 01.01.2010, which, according to the law regulations, is recorded on 01.01.2014.

The **net interest income** is the basic component in the creation of the total income from operation, and as at 30.09.2014 it shows a decrease of 5.5%, compared to the same period last year. At the same time, interest income is decreased for 8.6%, while interest expenses are decreased for 15.4%.

The **net income from fees and commissions** realized as at 30.09.2014 reached the amount of MKD 664 million, and, compared to the same period last year, is on the same level.

As at 30.09.2014, **net FX gains** amount in MKD 85.4 million and compared to their statement in the previous year they show more than double increase.

Other income from operation of the Bank, as at 30.09.2013, reached the amount of MKD 107.7 million, which, compared to the same period last year, is a decrease of 43.4%. The total *other income* realized have negative trend, mainly as a result of less income realized from the FX operation.

In the period 01.01.-30.09.2014, the **total expenses for employees and amortization** amount in MKD 782.0 million and compared to the same period last year they show an increase for 1.8% as a result of increased amortization expenses upon putting into use of the new business premises of the Bank.

Other expenses are decreased for 10.2%.

Impairment loss on non-financial assets on net basis reached the amount of MKD 285.6 million, which compared to the same period last year means double increase. Most of the impairment loss recorded refers to the assets foreclosed after 01.01.2010, which, according to the NBRM's regulation, have to be recognized by the Bank not latter than 01.01.2014. Part of it refers to the impairment loss for the property foreclosed prior to 01.01.2010 as per the Conclusion of the Risk Management Committee, while the rest is impairment loss under sale of foreclosed property and under reappraisals.

The **impairment of financial assets on net basis** on 30.09.2014 reached the amount of MKD 1,423.5 million and compared to the same period last year it shows a decrease by 22.6%.