



Comment on the unconsolidated unaudited Income Statement of Komercijalna Banka AD Skopje as of 01.01 - 30.06.2015 година

1. Income Statement

In the period 01.01-30.06.2015, Komercijalna Banka AD Skopje realized **negative financial result** in the amount of MKD 181.4 million compared to the realized **negative financial result** of MKD 139.6 million for the same period previous year. Compared to the previous quarter, the negative financial result has decreased.

The realized profit before provisioning, being an indicator for the operational ability of the Bank to cover its operating expenses is for 29.5% higher relative to the previous year, mostly due to the increase of the net interest income, increase of the other income (mainly income under capital gain from sale of assets and income from fx operations) and in smaller part due to the increased net income under fees and commissions, with simultaneous decrease of the operative expenses.

In the period reported, the provisioning on corporate loans has dominant impact on the negative financial result, where the largest part refers to a single client and the impairment loss for the property foreclosed after 01.01.2010, which pursuant to the regulations is recorded on 01.01.2015.

Total income from operation is in the amount of MKD 2,130 million and notes an increase of 13% versus the net income in the same period last year.

The realized net interest income is the basic item in the formation of the total income and as at 30.06.2015 it noted increase of 13%, compared to the same period in 2014. The Plan for the analyzed period is realized by 101.8%.

The net income from fees and commissions as at 30.06.2015 amounted in MKD 443.7 million and compared to the realization in the previous year showed an increase of 1.9%. The Plan is realized by 96.7%.

As at 30.06.2015, the **net FX gains** are in the amount of MKD 50.2 million and compared to the same period last year, note a decrease of 14.5%. The Plan is realized by 86.5%.

Other operating income of the Bank as at 30.06.2015 amounted in MKD 120.8 million and compared to the same period last year noted an increase for 54.6% due to the realized capital gains from the sale of foreclosed property. The Plan is realized by 103.2%.

Operating expenses for the period 01.01-30.06.2015 are in the amount of MKD 872.9 million and compared to the same period last year show a decrease of 4.5%, mainly as a result of decreased amortization, material expenses and deposit insurance premium. The Plan is realized by 94.3%.

Impairment loss on non-financial assets on net basis as at June 2015 reached the amount of MKD 349 million and noted an increase of 32.2% versus the same period in the previous year. The largest part of the registered impairment loss (MKD 336.7 million) refers to the property foreclosed after 01.01.2010.

The provisioning on financial assets on net basis as at 30.06.2015 reached the amount of MKD -1,089.6 million and compared to the same period last year noted increase of 28.7%.



2. Expectations for the forthcoming period

Analyzed from the macroeconomic aspect, it is expected for 2015 to be similar with the previous year, with continuation of the solid economic growth and retention of the business environment.

The Bank will undertake all necessary measures and activities in order to realize its goals and objectives in accordance with the Program of Business Policy Measures and Activities for 2015. First of all, the Bank will be focused on improving the quality of the loan portfolio. The growth of the loan portfolio is expected to be on the level of GDP growth, where significant changes in total assets and Bank's resources structure are not planned. Also, no significant changes are planned in the resources structure, so, the non-financial sector deposits will continue to retain their dominant share in the total resources of Komercijalna Banka.

During 2015, additional activities for extra provisioning for the credit exposures to clients are expected to be implemented, referring to clients which in the past couple of years noted negative trend in their financial state and irregularity in the repayment of their liabilities, further impairment of foreclosed assets in accordance with the regulation of NBRM and total compliance with the regulatory limits.

3. Information on changes in the accounting policies and evaluation methods

There were no changes in the accounting policies and evaluation methods in the first half of 2015.

4. Dividends paid

Pursuant to the Decision on appropriation and allocation of unallocated profit gained up to 31.12.2014, made at the General Meeting of Shareholders Assembly of Komercijalna Banka AD Skopje held on 25.03.2015, the whole unallocated profit was allocated into reserves of the Bank and no dividend was distributed to the shareholders.

5. Investments in or sale of material assets (real estate, plants and equipment) or significant write-off (exceeding 30% of the assets value, compared to the last audited financial statements)

The real estate and equipment in the first half of 2015 noted decrease of 2.4% relative to December 2014, mainly due to calculated amortization.

6. Changes in the credit indebtedness (decrease or increase exceeding 30%)

In the first half of 2015, liabilities under loans showed decrease of 14.2% in regards to 2014, mainly due to higher amount of regular repayment of loan installments compared to the amount of new withdrawals under loans agreements.