



## Comment on the unconsolidated unaudited Income Statement of Komercijalna Banka AD Skopje as of 01.01 - 30.09.2015 година

### 1. Income Statement

In the period 01.01-30.09.2015, Komercijalna Banka AD Skopje realized **positive financial result** in the amount of MKD 316.7 million compared to the realized **negative financial result** of MKD 183.7 million for the same period previous year.

The realized profit before provisioning, being an indicator for the operational ability of the Bank to cover its operating expenses is for 29% higher relative to the previous year, mostly due to the increase of the net interest income and increase of the other income category (mainly income under capital gain from sale of assets and income from fx operations), by simultaneously decreasing of the operative expenses (mainly material expenses and deposit insurance premiums).

**Total income** from operation is in the amount of MKD 3,239.6 million and notes an increase of 12.7% 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 30.09.2015 it noted increase of 12.9%, compared to the same period in 2014. The Plan for the analyzed period is realized by 103.9%.

**The net income from fees and commissions** as at 30.09.2015 amounted in MKD 654.6 million and compared to the realization in the previous year showed a decrease of 1.4%. The Plan is realized by 95.1%.

As at 30.09.2015, the **net FX gains** are in the amount of MKD 77.1 *million* and compared to the same period last year, note a decrease of 9.8%. The Plan is realized by 88.6%.

**Other operating income of the Bank** as at 30.09.2015 amounted in MKD 194.3 *million* and compared to the same period last year noted an increase for 80.3%. Within this category, in the analyzed period net income from securities operations have been realized, compared to the last year when this effect was negative, the capital gains from the sale of foreclosed property has been also increased, as well as the significant increased income from fx operations (arbitrages). The Plan is realized by 93.9%.

**Operating expenses** for the period 01.01-30.09.2015 are in the amount of MKD 1,271.5 million and compared to the same period last year show a decrease of 5.8%, mainly as a result of decreased amortization, material expenses and deposit insurance premium. The Plan is realized by 92.1%.

**Impairment loss on non-financial assets on net basis** as at September 2015 reached the amount of MKD 367.2 million and noted an increase of 28.6% 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, while the remaining part represents recorded impairment loss of foreclosures taken over until 01.01.2010 and impairment loss in the bases of reassessments.

**The provisioning on financial assets on net basis** as at 30.09.2015 reached the amount of MKD -1,284.1 million and compared to the same period last year noted a decrease of 9.8%.



## **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 past three quarters 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 past three quarters of 2015 noted a decrease of 3.2% relative to December 2014, mainly due to calculated amortization.

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

In the past three quarters of 2015, liabilities under loans showed decrease of 20.7% 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.