



Comment on the unconsolidated unaudited Income Statement and Balance Sheet of Komercijalna Banka AD Skopje as of 01.01 - 31.03.2016

1. Income Statement

In the period 01.01-31.03.2016, Komercijalna Banka AD Skopje realized **positive financial result** from its operations in the amount of MKD 170.1 million compared to the realized **negative financial result** of MKD 526.8 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 3.6% higher relative to the previous year, mainly due to the increase of the net interest income and net trading income.

The significant decrease of the provisioning of the corporate loans has a positive impact on the financial result in the reporting period, as well as the impairment loss for the property foreclosed after 01.01.2010, which pursuant to the regulations is recorded on 01.01.2016.

The realized total income is in the amount of MKD 1,085.5 million and notes an increase of 2.6% 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 31.03.2016 it noted increase of 8.5%, compared to the same period last year. The Plan for the analyzed period is realized by 99.9%.

The **net income from fees and commissions** as at 31.03.2016 amounted in MKD 210.7 million and compared to the realization in the previous year showed a decrease of 4.2%. The Plan is realized by 93.2%.

As at 31.03.2016, the **net FX gains** are in the amount of MKD 26.6 *million* and compared to the same period last year, note a decrease of 0.1%. The Plan is realized by 97.6%.

The **other operating income of the Bank** as at 31.03.2016 amounted in MKD 61.5 *million* and compared to the same period last year noted a decrease for 29.3%. The Plan is realized by 66.4%.

Operating expenses for the period 01.01-31.03.2016 are in the amount of MKD 421.1 million and compared to the same period last year are increased for 1.1%. The Plan is realized by 92.2%.

Impairment loss on non-financial assets on net basis as at March 2016 reached the amount of MKD 100 million and refers to the second installment of the calculated impairment for property foreclosed after 01.01.2010.

The **provisioning on financial assets on net basis** as at 31.03.2016 reached the amount of MKD 394.4 million and compared to the same period last year noted a decrease of 52.5%



2. Balance Sheet

The **total assets** of the Bank as at 31.03.2016 reached the amount of MKD 97,760.3 million, and compared to December 2015, they have increased for 0.6%. The growth in the total assets is mainly due to the increase of the money in cash and cash equivalents and the securities held for trading. The plan is realized by 99.7%.

The **cash and cash equivalents** noted a growth of 9.8% and realization of the Plan by 109%.

The **securities held for trading** note an increase of 6.8% relative to December 2015. The Plan is realized by 106.5%.

The remaining categories on the assets side of the Bank have noted a decrease. Thus: the **loans to other customers** for 7.6% and realization of the Plan of 89.1%, while the **loans to customers** have been decreased for 2.1% and their realization of the Plan is 97.4%.

The decrease of the **foreclosures** for 8.2% relative to December 2015 is a result of the recorded impairment of the foreclosed property in accordance with the regulation.

The decrease of the **real estate property and equipment** is a result of the calculated amortization. The Plan is realized with 98.6%.

The growth of total assets in 2016 is supported by proper increase of the clients' deposits and the increase of the Bank's share capital and reserves.

Deposits from customers reached the amount of MKD 84,527.1 million, which represents an increase of 0.9%, despite the decreased interest rates. The plan is realized by 99.7%.

As at 31.03.2016, the **Bank's reserves** noted an increase of 3.7%, as a result of the distribution of part of the gain for 215 into reserves, with which the Bank will continue with increasing the amount of capital and strengthening its capital position. The plan is realized by 96.9%.

3. Expectations for the forthcoming period

Despite the high uncertainty, it is expected that the macroeconomic aspect in the Republic of Macedonia to remain stable and directed towards faster economic growth and increase of its sustainability.

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 2016 and mainly will be focused on improving the quality of the loan portfolio. The growth of the loan portfolio of the Bank is expected to be moderate in the area of lending activities towards non-financial legal entities, as well as in the retail segment in accordance with the newly adopted regulation by NBRM, thus no significant structural changes on the asset side are not planned. The same refers on the liability side, thus the non-financial sector deposits will continue to retain their dominant share in the total resources of Komercijalna Banka.

During 2016, 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.



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

There were no changes in the accounting policies and evaluation methods in the first quarter of 2016.

5. Dividends paid

Pursuant to the Decision on appropriation and allocation of unallocated profit gained up to 31.12.2015, made at the General Meeting of Shareholders Assembly of Komerčijalna Banka AD Skopje held on 23.03.2016, the unallocated profit in the amount of MKD 525,107,812 is distributed on the following manner:

- Dividend for ordinary shares MKD 284,883,375,
- Allocated into reserves MKD 240,224,437

Pursuant to the Decision on determining the dividend amount and dates of dividend pay-out for 2015, made at the General Meeting of Shareholders Assembly of Komerčijalna Banka AD Skopje held on 23.03.2016, dividend amounts MKD 125.00 per share i.e. 12.5% on its nominal value of MKD 1.000,00. The last day of trading with dividend right for the year 2015 according to Decision was 04.04.2016 and dividend for the year 2015 was pay-out on 19.04.2016. The shareholders received all information regarding the dividend pay-out and about determent dates through the daily newspapers, MSE and Bank's web sites.

6. 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 quarter of 2016 noted decrease of 0.9% relative to December 2015, mainly due to calculated amortization.

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

In the first quarter of 2016, liabilities under loans noted decrease of 23.2% in regards to 2015 mainly due to higher amount of regular repayment of loan installments compared to the amount of withdrawals under loans agreements.

Skopje, 27.04.2016