



Komercijalna
banka

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KOMERCIJALNA BANKA AD SKOPJE

PRESENTATION AS AT 30.06.2023

Skopje, July 2023

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Komercijalna Banka Overview

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

Leading market position

- Expected to keep its market position as one of the leading banks in North Macedonia in terms of assets (EUR 2,529.5 m)*, total deposits (EUR 2,232.4 m), and in terms of net loans to customers (EUR 1,003.2 m) as at June 30 2023.

Customer base

- Leading corporate customer base (27,703 customers**)
- Second largest retail customer base (1,004,331 customers***)

Contribution as one of North 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

- Privatization completed with 98.77% private ownership (2.3% foreign, as at June 30, 2023) and about 1.23% held by the Public sector
- Significant free float with one single shareholder owning 14.99% (Adora Inzenering DOOEL export-import Skopje)
- Comprehensive corporate governance

* The data in the presentation is according to NBRNM methodology

** Resident and non-resident corporate customers

*** Including humanitarian accounts

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

Keenly developed distribution channels

- Excellent branch network coverage in all major cities and economically significant regions
- Rapidly developing multi channel distribution network comprising of POS Terminals, ATM's, Digital kiosks for cashless payments, E-Banking (both retail & corporate, as well as in f/x and in Denars), Telephone banking, mBanka and mBankaKo mobile applications (for individuals and legal entities), SMS banking
- 24/7 digital zones

Fully integrated IT platform

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

Driver of sector innovation

- **First Bank in the country to:** issue a credit card (1996), operate ATMs and POS terminals (1996), establish a stock brokerage company (1997)
- Founder of one of the three current second pillar pension funds management companies (2005)
- Founded the investment fund management company KB Publikum Invest AD (2009), currently with 6 funds under management
- Introduction of 3D secure technology for safe on-line purchasing with VISA and MasterCard cards (2016)
- KomPay m-wallet – strategically innovative service for integration of smartphones with debit and credit cards, in cooperation with MasterCard (2018)
- Opened its first fully digitalized city branch in Skopje offering several types of digital transactions to customers 24/7 (2020)
- Introduced One ID - electronic identification as a new and modern service that brings the advantages of fully digital banking (2022)

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

- **60 branches including headquarters as at June 2023**

- Coverage of all major cities and economically significant regions
- 49 city branches (31* in Skopje and 18** regional)
- 11 regional branches

- **Largest ATM network in the country**

- 174 active ATMs as at June 2023 (174 as at December 2022)
- Total number of sales points: 5,542 as at June 2023

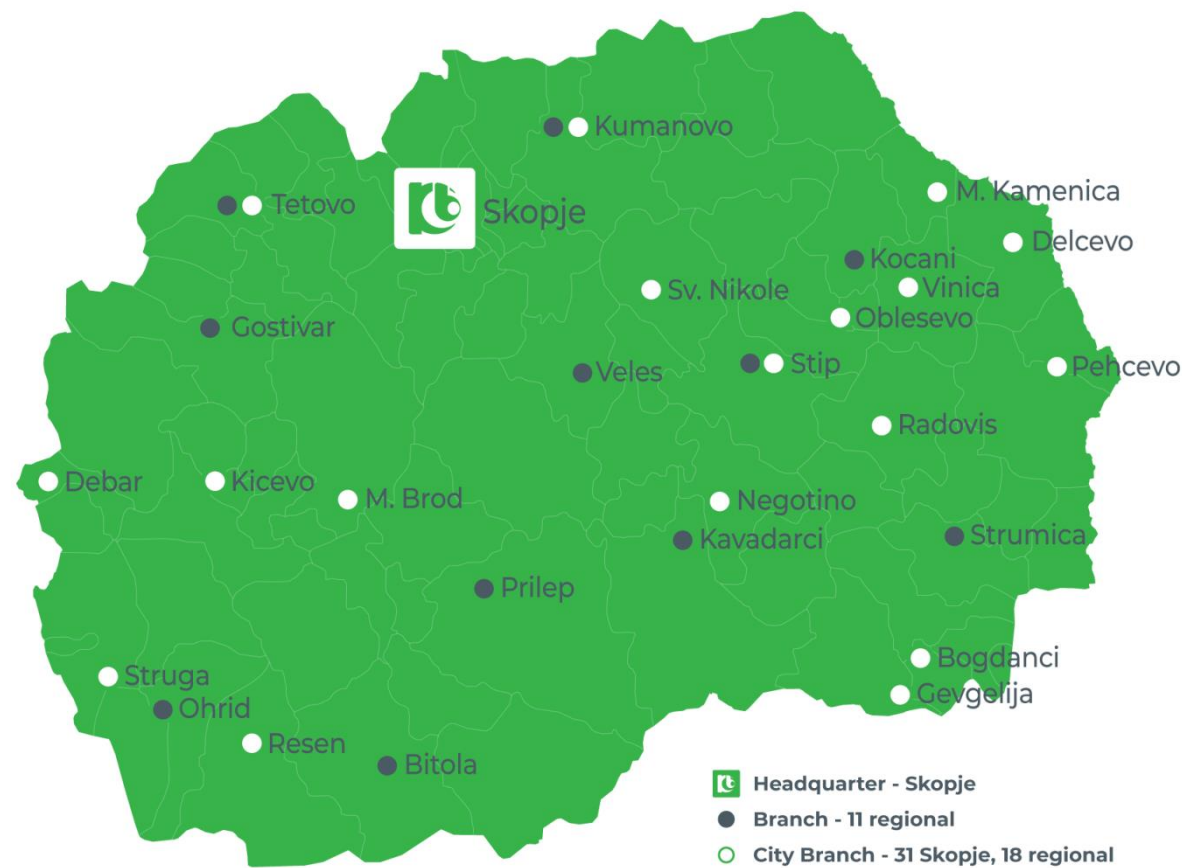
- **Up to date IT infrastructure**

- Fully integrated
- Real time

* One fully digitalized city-branch opened 24/7 and five big city-branches with 24/7 digital zones

** One regional branch and three regional city branches with 24/7 digital zones

Branch Network



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

Market share of Komercijalna Banka AD Skopje as at 31.03.2023

1	Total assets	22.6%
2	Capital and reserves	16.4%
3	Total deposits from non-financial sector	27.1%
4	Total net-loans to non-financial sector	15.0%
5	Total number of cards issued	12.9%
6	Total number of POS and ATM acquiring cards	21.6%
7	Total value of realised domestic payment operations	29.4%
8	Total number of active accounts	21.5%
9	Total trading realized at the Macedonian Stock Exchange ²⁾	15.7%
10	Total number of transactions realized at the Macedonian Stock Exchange ²⁾	21.0%

1) Source – NBRNM and MSE

2) As at 30.06.2023

Overview (V): ...Banking awards

- In the past years the Bank has been awarded with numerous awards by The Banker, Finance Central Europe, Global Finance, Euromoney Magazine, the European Bank for Reconstruction and Development, Transparency International Macedonia and other international and local institutions relevant to the banking industry. We are proud of the latest awards: Bank of the year 2021 by The Banker Magazine and Bank of the year 2022 and 2023 by Global Finance Magazine.
- 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
- Plaque from the Central Securities Depository for fruitful cooperation with the Bank
- Amid the Covid-19 crisis the Bank has been recognized as an institution with good organization and leadership with "Distinguished Crisis Leadership in 2020" awarded by Global Finance
- International award „Quality choice 2022" from the European society for Quality Research (ESQR) based in Switzerland for the quality in the offer of Komercijalna Banka;
- The website of Komercijalna Banka has been selected as the "Site of the year 2021 in the Republic of North Macedonia"
- Komercijalna Banka has been selected as the "Bank of the year in 2021" by the readers of the economic portal Bankarstvo.mk
- Award from VISA for the highest growth in card acceptance in 2021 and 2022
- The best ranked Macedonian bank on the rank-list SEE TOP 100 largest banks in Southeast Europe, posted by the SeeNews.com portal.
- Best Buy Award by the Swiss organization ICERTIAS for the best service for the best price
- The international magazine Global Finance awarded Komercijalna Banka the prestigious award "Top Innovator in User Experience 2023 for services provided via OneID" for implementing the OneID digital identification service for its clients



The Republic of North Macedonia

The Republic of North Macedonia – Macroeconomic Environment:

<u>Key economic indicators</u> ¹⁾	2019	2020	2021	2022	Q1 2023
Industrial production volume index	3.7%	-9.5%	1.4%	-0.3%	0.1%
External Trade of RNM	4.2%	-7.8%	27.6%	9.7%	-2.2%
Real GDP growth	3.9%	-4.7%	3.9%	2.1%	2.1%
Central Government Budget surplus/deficit (% of GDP)	-2.1%	-8.1%	-5.4%	-4.5%	-0.4%
Inflation (CPI)	0.8%	1.2%	3.2%	14.2%	16.1%
Current Account Bal. (EUR'm)	-334.7	-318.0	-366.4	-772.4	122.5
Gross External Debt (EUR'm)	8,154.4	8,536.1	9,576.6	10,855.8	11,079.8
FX Reserves (EUR'm)	3,262.6	3,359.9	3,643.3	3,862.9	4,159.2
Foreign direct invest. (EUR'm)	363.3	154.7	387.5	670.2	113.7
Unemployment Rate	17.3%	16.4%	15.7%	14.4%	13.3%
MKD/EUR average	61.51	61.67	61.63	61.62	61.67

- **The Fitch Credit Rating Agency** in April 2023 **upgraded** the outlook from negative to stable, while the credit rating remained at BB+ due to the increased foreign exchange reserves, the stable banking sector and the reduced inflation, which trend is expected to continue until the end of the year.
- **The Standard & Poor's Credit rating agency** during January 2023 reaffirmed the credit rating of the Republic of North Macedonia as **"BB- with a stable outlook"** due to the country's proactive policymaking in relation to the conflict in the Ukraine, as well as its prudent government debt management.

1) Source: Ministry of Finance, State Statistical Office, NBRNM

The Macedonian Banking Sector

Macedonian Banking Sector (I): structure and characteristics as at 31.03.2023

Structure

- 13 active banks* (5 large**, 3 medium and 5 small)
- 2 savings houses

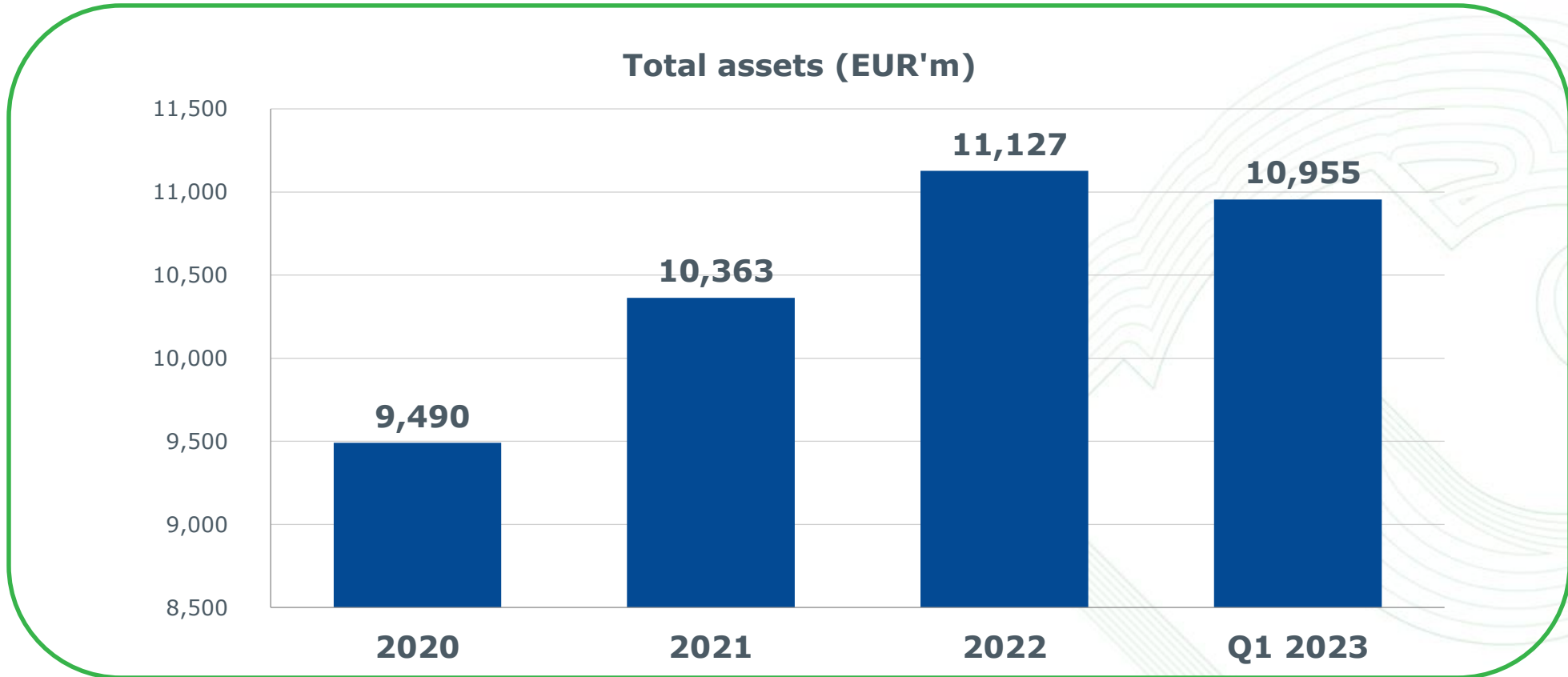
Characteristics

- High concentration within the group of large banks

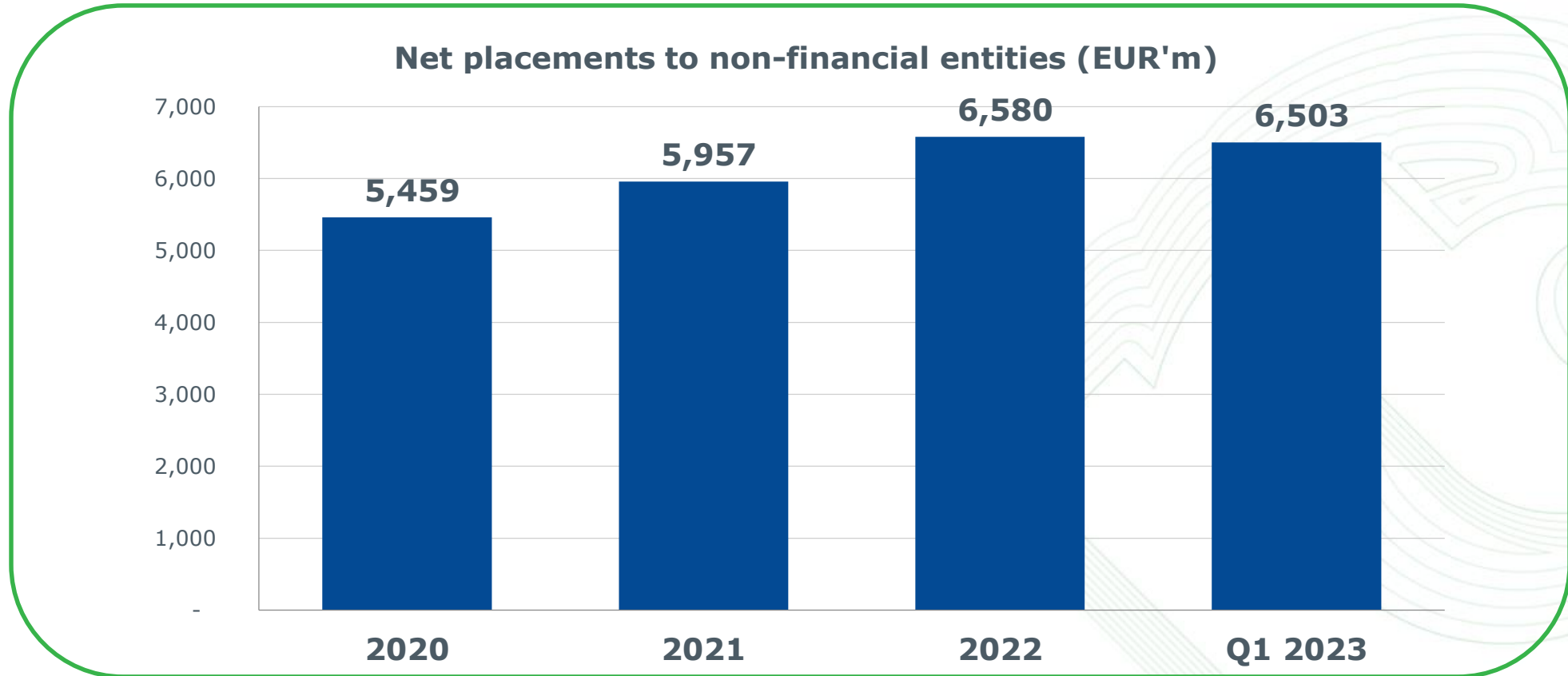
* The division of banks into separate groups according to the NBRNM methodology is performed once a year according to the balance as at 31.12. and is valid throughout the year.

** As at 31.03.2023, the group of large banks is comprised of the following banks: Komercijalna Banka AD Skopje, Stopanska Banka AD Skopje, NLB Banka AD Skopje, Sparkasse Banka AD Skopje and Halk Bank AD Skopje. In 2021 Ohridska Banka AD Skopje merged with Sparkasse Banka AD Skopje.

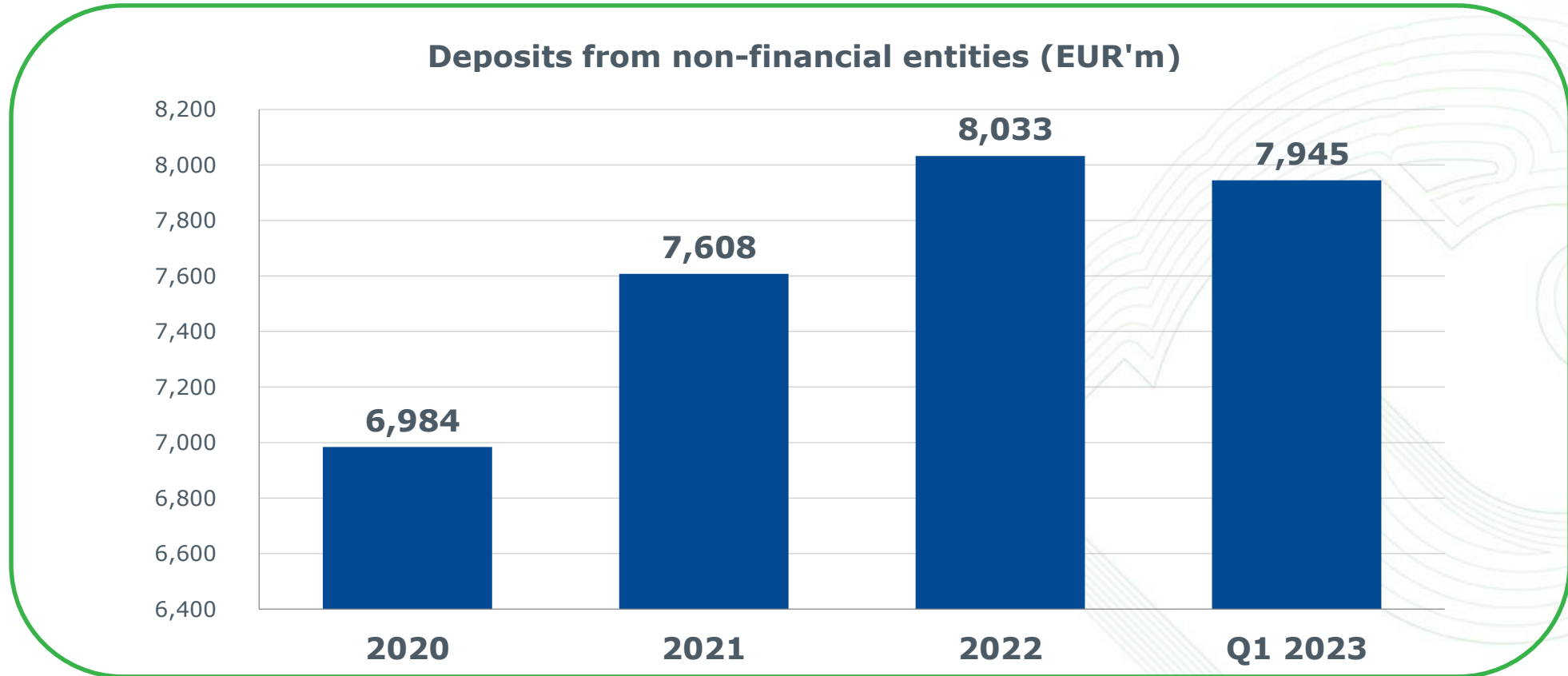
Macedonian Banking Sector (II): Total assets...



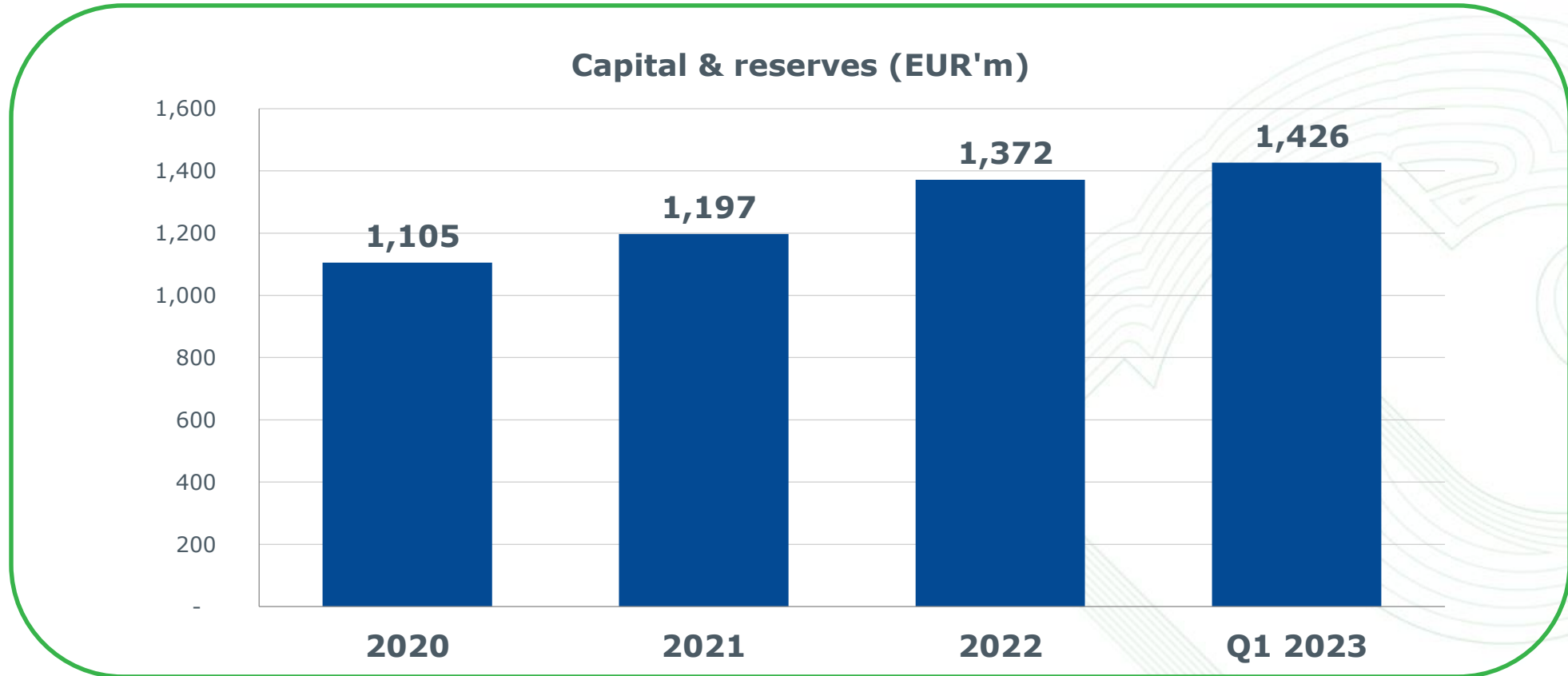
Macedonian Banking Sector (III): ...and placements to non-financial entities...



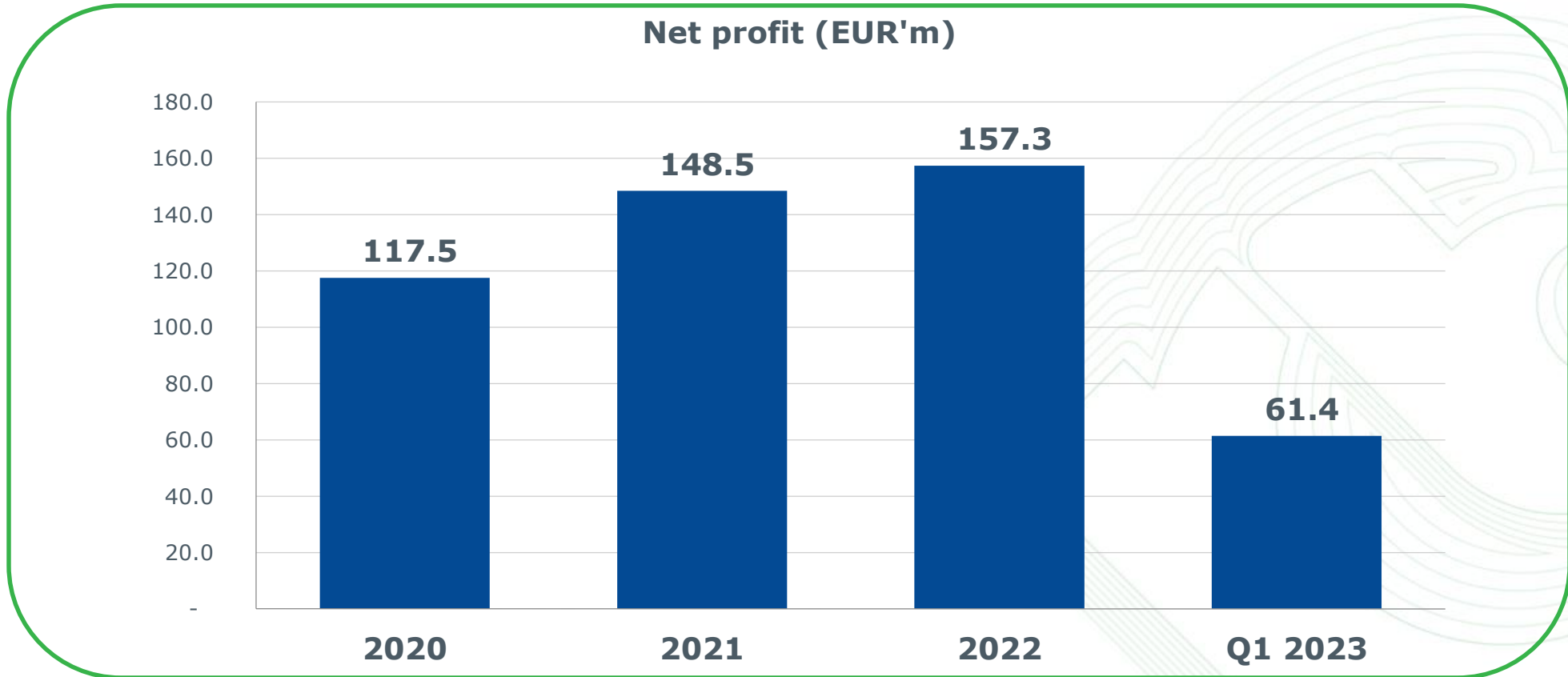
Macedonian Banking Sector (IV): ...and deposits from non-financial entities...



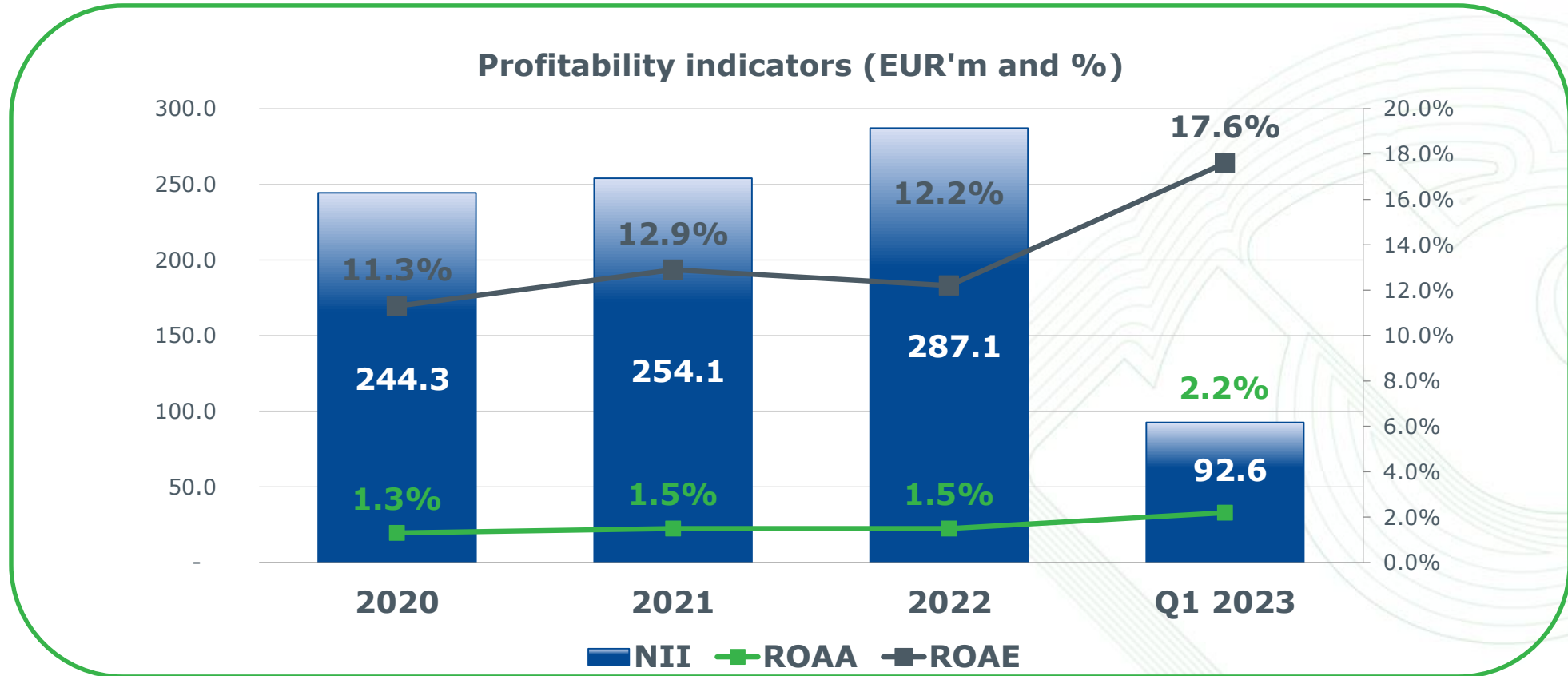
Macedonian Banking Sector (V): ...and capital and reserves...



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



Macedonian Banking Sector (VII): ...and profitability



Komercijalna Banka Financial Overview

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 the total amount of EUR 200 thousand. The share of Komercijalna Banka AD Skopje increased from 50% to 64.29%. Thus, KB Publikum became a subsidiary of the Bank.
- Pursuant to legislation, financial statements of the subsidiary are incorporated within the consolidated financial reports, starting from the date the control commences.*
 - as at 30.06.2023 the amount of total assets on a consolidated basis is EUR 2,530.7 million,
 - the amount of total capital and reserves is EUR 268.4 million,
 - the amount of consolidated net profit is EUR 32.5 million,
 - Total assets of the subsidiary as at 30.06.2023 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 the subsidiary is less than 1% of the amount of total assets of the parent entity, the subsidiary will not be included into the consolidated financial reports for the purposes of the consolidated supervision. Therefore, the capital adequacy is not calculated on a consolidated basis.
- The data from the Income statement and Balance sheet in this presentation are on an unconsolidated basis.

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

Financial Performance (II): Income statement in million EUR

	2020*	2021*	2022*	Q2 2023*	Index 2021/2020	Index 2022/2021
Net interest income	39.2	39.8	50.3	39.2	101.5	126.4
Net fee & commission income	14.5	16.1	17.4	8.7	111.0	108.1
Other income	32.5	31.5	20.8	5.6	96.9	66.0
Total income	86.2	87.4	88.5	53.5	101.4	101.3
Operating expenses	-31.5	-32.9	-35.8	-16.7	104.4	108.8
Impairment losses	-22.3	-15.2	-16.3	-4.3	68.2	107.2
Operating profit	32.4	39.3	36.4	32.5	121.3	92.6
Share of profit/loss from associate	1.1	1.3	1.2	0.0	118.2	92.3
Profit before tax/loss	33.5	40.6	37.6	32.5	121.2	92.6
Taxation	-2.5	-3.2	-2.6	0.0	128.0	81.3
Profit after tax/loss	31.0	37.4	35.0	32.5	120.6	93.6

* Unconsolidated data, according to NBRNM methodology

Financial Performance (III): Balance sheet in million EUR

	2020	2021	2022	Q2 2023	Index 2021/2020	Index 2022/2021	Index Q2 2023/2022
Assets							
Cash and cash equivalents	805.4	938.8	934.2	879.5	116.6	99.5	94.1
Customer loans	825.9	868.7	973.4	1,003.2	105.2	112.1	103.1
Investments in securities	406.7	450.6	440.2	521.1	110.8	97.7	118.4
Bank placements and loans	16.6	50.3	9.5	29.5	303.0	18.9	310.5
Total loans and placements	2,054.6	2,308.4	2,357.3	2,433.3	112.4	102.1	103.2
Other assets	94.5	101.8	97.8	96.2	107.7	96.1	98.4
Total assets	2,149.1	2,410.2	2,455.1	2,529.5	112.1	101.9	103.0
Liabilities							
Total deposits	1,892.8	2,126.9	2,171.1	2,232.4	112.4	102.1	102.8
Borrowings & other liabilities	31.0	42.6	31.1	30.5	137.4	73.0	98.1
Total liabilities	1,923.8	2,169.5	2,202.2	2,262.9	112.8	101.5	102.8
Shareholders funds							
Share capital	36.9	36.9	37.1**	37.0**	100.0	100.5	99.7
Share premium	12.5	12.5	12.5	12.5	100.0	100.0	100.0
Reserves	139.7	149.8	160.7	174.4	107.2	107.3	108.5
Retained earnings	36.2	41.5	42.6	42.7	114.6	102.7	100.2
Shareholders funds	225.3	240.7	252.9	266.6	106.8	105.1	105.4
Total liabilities and shareholders funds	2,149.1	2,410.2	2,455.1	2,529.5	112.1	101.9	103.0

* Unconsolidated data, according to NBRNM methodology

** As a result of changes in the exchange rate

Financial Performance (IV): Financial Indicators

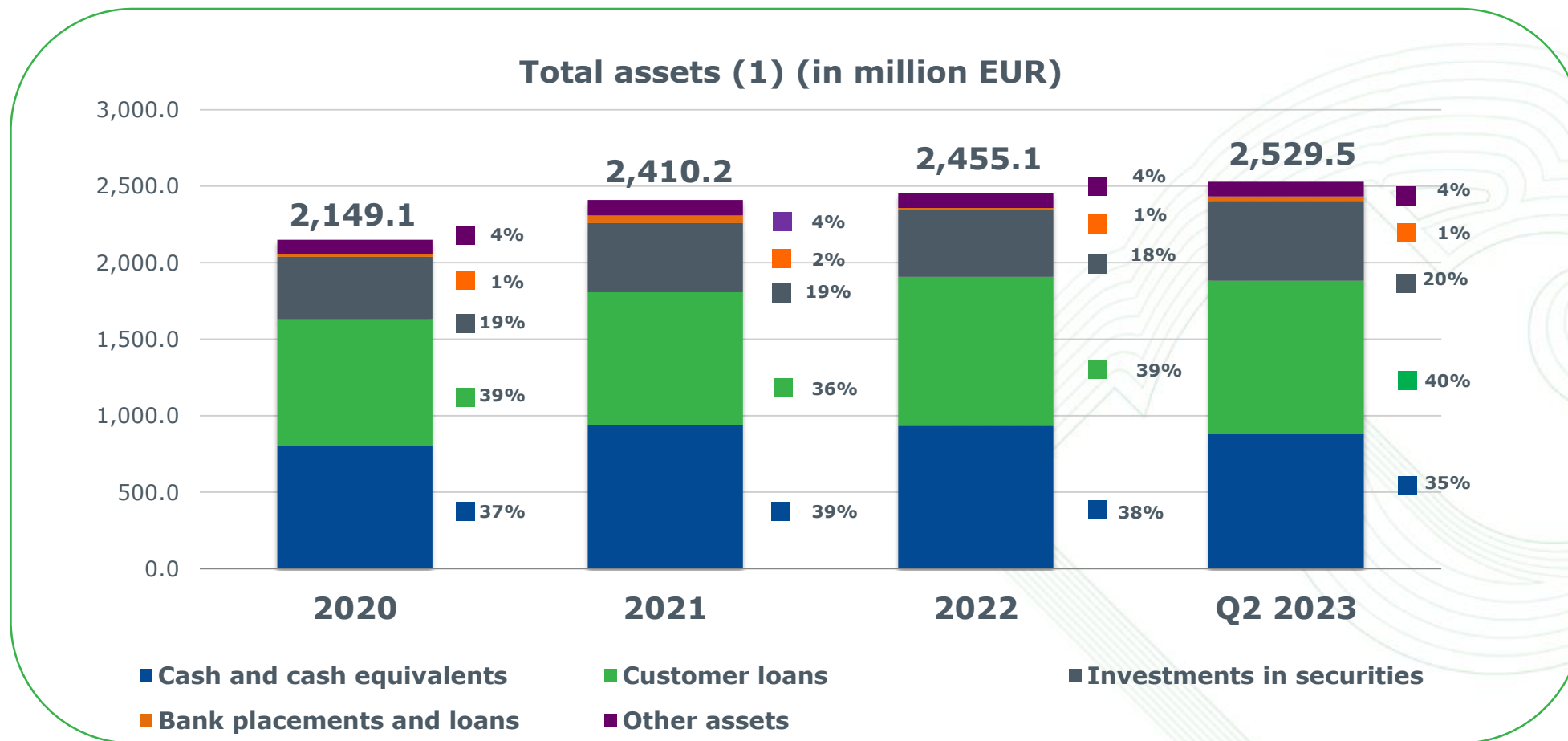
Financial indicators	2020	2021	2022	Q2 2023
Earnings per share (EPS)*	13.60	16.41	15.34	21.54
Book value (BV)*	98.9	105.6	111.0	117.0
Market price per share* ⁽¹⁾	118.31	188.23	190.26	189.84
Dividend Yield	7.54%	5.34%	4.27%	4.27%
Price/Earnings P/E ⁽²⁾	8.70	11.47	12.41	8.81
Price/Book Value P/B ⁽²⁾	1.20	1.78	1.71	1.62
Price/Total Assets P/A ⁽²⁾	0.125	0.178	0.177	0.171
Market capitalization (in mill. EUR)	269.6	429.0	433.6	432.6

* In EUR

(1) Last traded price

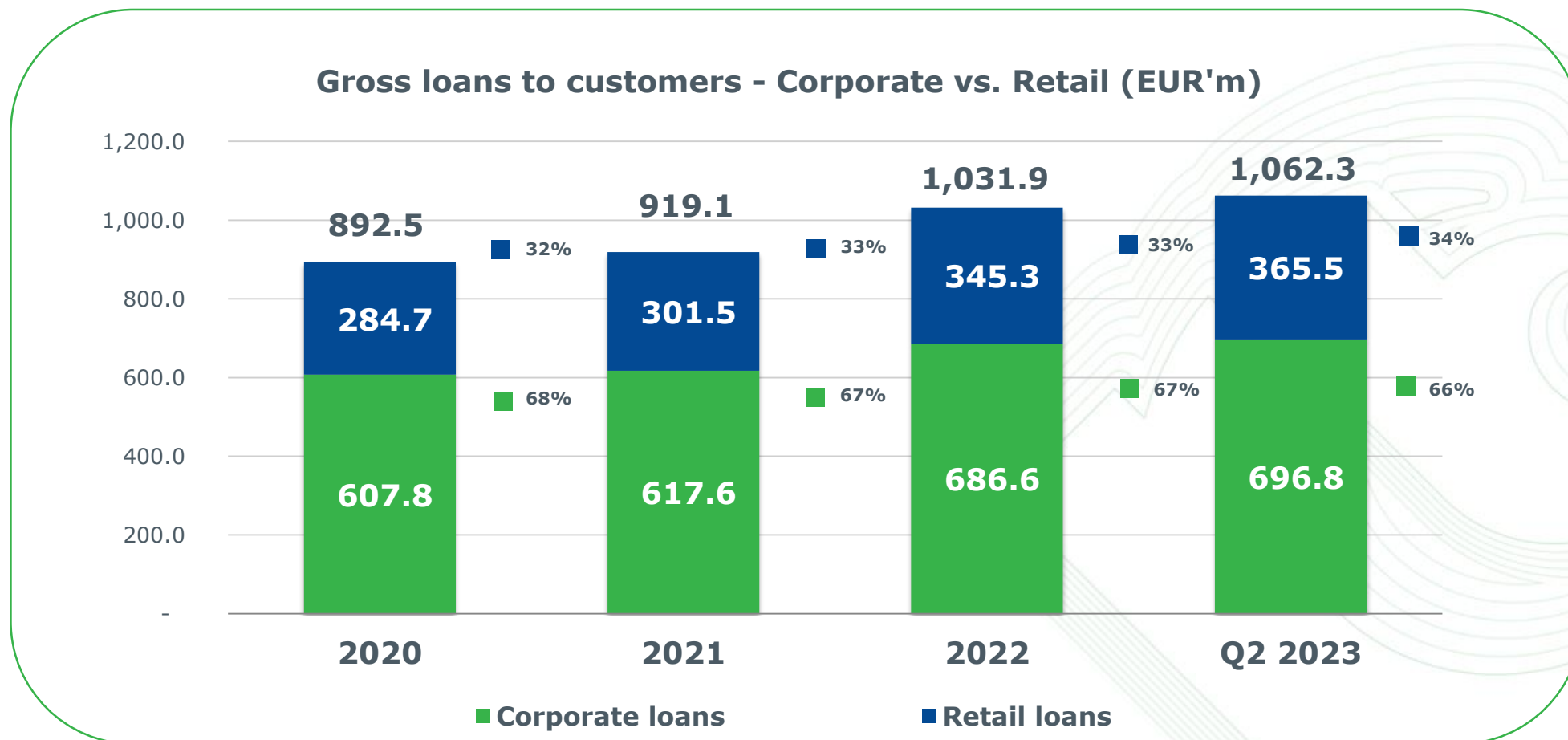
(2) Calculation according to data in MKD

Financial Performance (V): Total assets

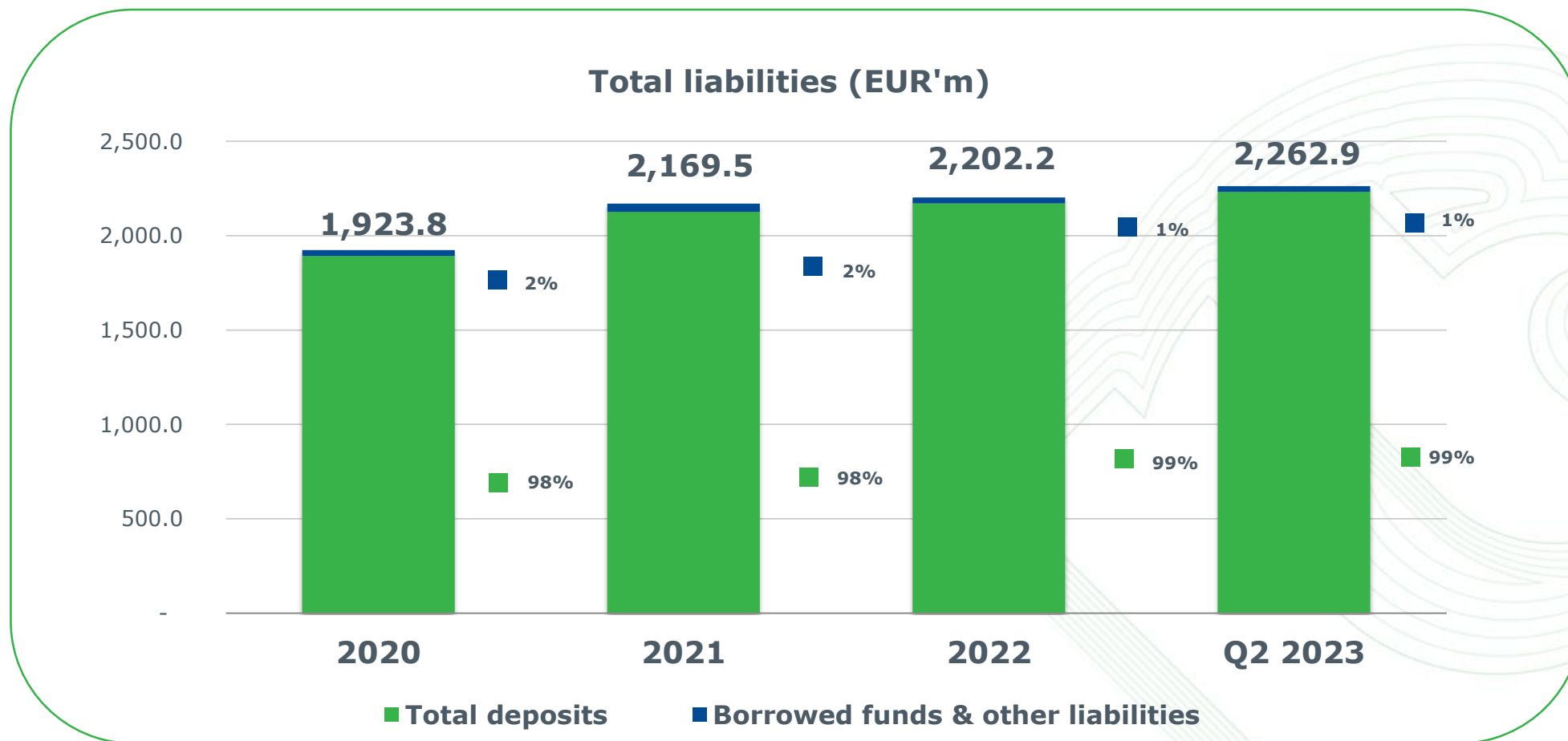


(1) Total balance sheet assets (based on net loans after provisions)

Financial Performance (VI): Gross loans to customers

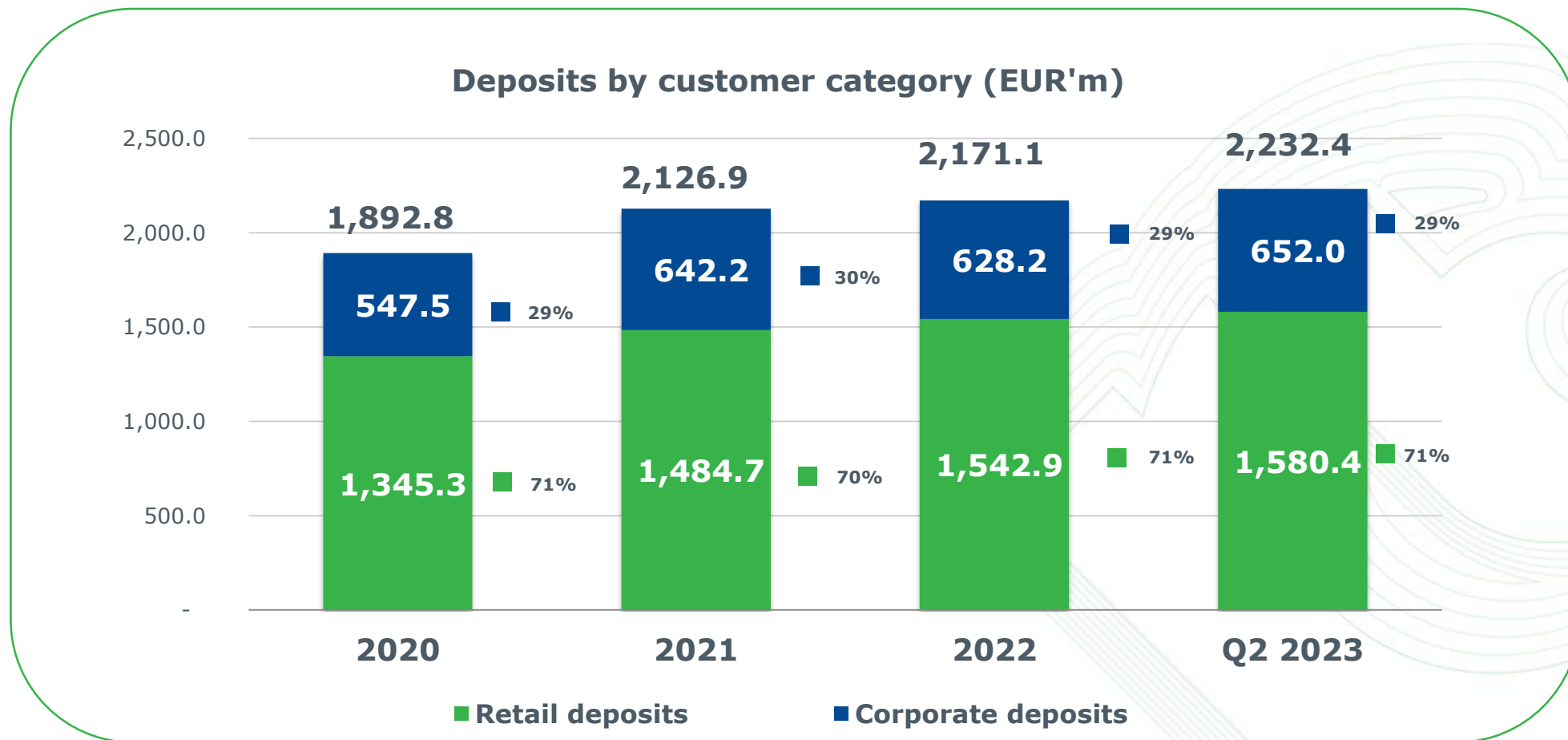


Financial Performance (VII): Liabilities



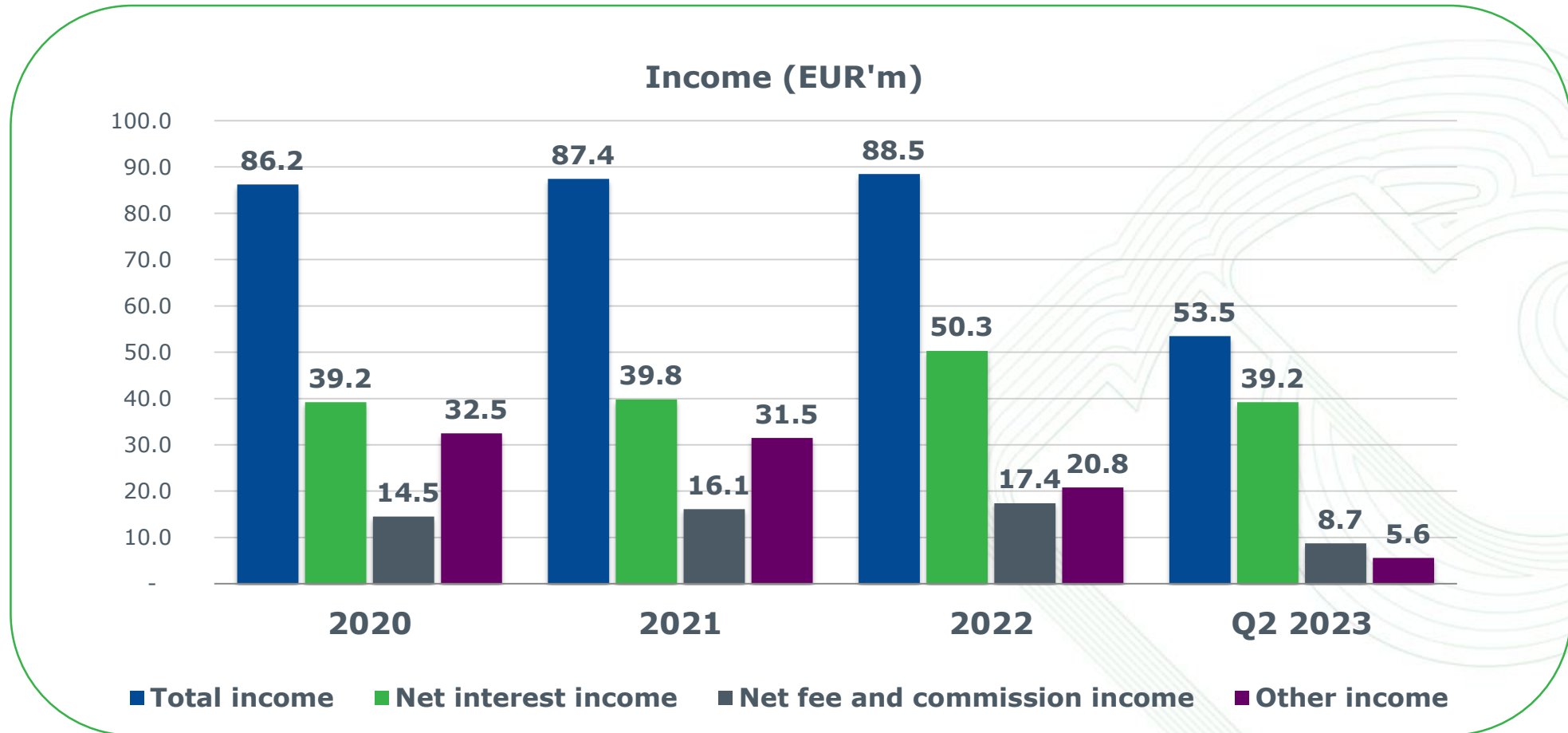
(1) Total deposits include deposits from banks which represent 0.3 % within total liabilities as at June 2023

Financial Performance (VIII): Total deposits – customer breakdown

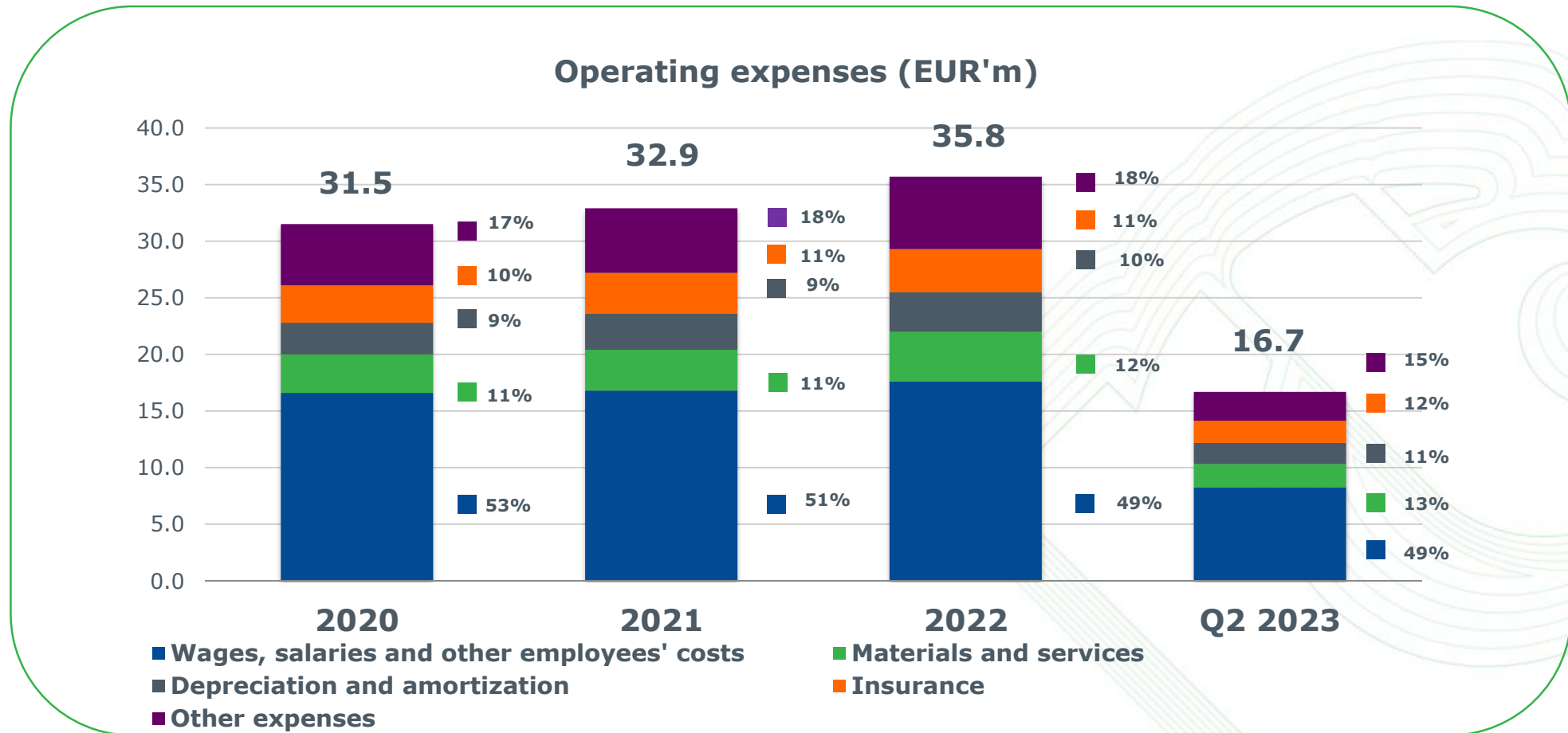


(1) Corporate deposits include deposits from banks which represent 0.3% within total deposits as at June 2023

Financial Performance (IX): Income breakdown



Financial Performance (X): Expenses breakdown



THANK YOU!



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Skopje, July 2023