



KOMERCIALNA BANKA A.D.

www.kb.com.mk

Sector:
Banking

Ticker:
KMB

PRICE (13.04.2007)	EUR 101.73
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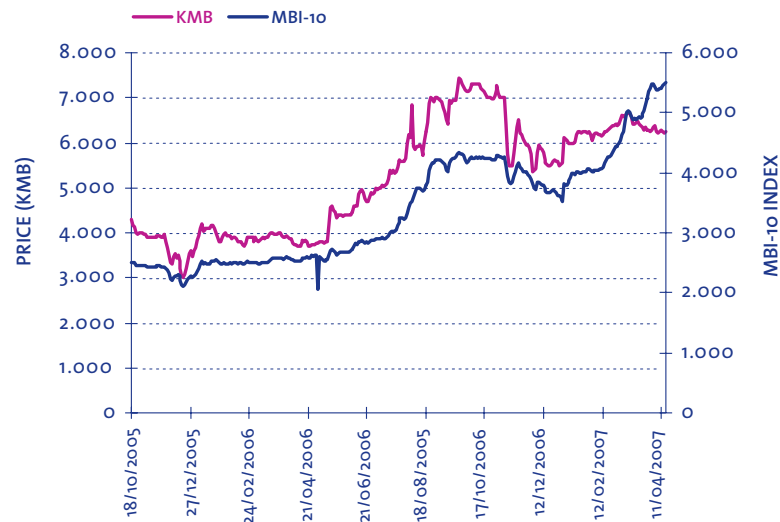
KBM	
NO OF SHARES	1,985,599
MIN (52 WEEK)	EUR 46.59
MAX (52 WEEK)	EUR 116.07
MARKET CAP.	EUR 222.96 MN

BV (31.12.2006)	EUR 36.02
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RATIOS*	
P/E	16.85
P/B	2.82
EV/EBITDA	57.06
EPS	EUR 6.10

* values based on 2006 results and current prices

The year 2005 was quite significant for Komercijalna banka given that this the largest Macedonian financial entity has been celebrating its 50 year anniversary of the existence under the recognition for being one of the leading banks in the Republic of Macedonia with a success and consistency in observing the basic banking principles: safety, liquidity and profitability. This confirmation has come from 2 different eminent factors - the winner of the prestigious reward "Bank of the Year 2005", awarded by the banking magazine "The Banker", as well as the winner of the reward for the best bank in Macedonia for 2005, and 2006 awarded by the New York magazine Global Finance.



COMPANY PROFILE:

Komercijalna Banka was established in 1955 as Komunalna Banka of the city of Skopje and was specialized for approving housing loans and financing construction operations. Since 1955 it has gone through several transformations as the banking system of the region changed. On January 1st 1990, the Bank became independent through its transformation into a joint stock company under the name Komercijalna Banka A.D. Skopje. Since then the Bank has rapidly been making its progress with a purpose to meet the growing needs of its clients.

Today, Komercijalna Banka A.D. Skopje is by far the leading bank in the Republic of Macedonia, four times awarded by the international banking magazine "The Banker" - "Bank of the Year 2001", "Bank of the Year 2002", "Bank of the Year 2004" and "Bank of the Year 2005" and also twice awarded as the best bank in Macedonia for 2005 and 2006 by the New York magazine "Global Finance".

The Bank has a wide network of city-branches and branches, which are continuously extending in the territory of the whole country. Its business network is comprised of over 1,200 employees in 7 branches (Ohrid, Prilep, Veles, Kocani, Kumanovo, Strumica, Shtip) and 41 city-branches, out of which 29 are located on the territory of the city of Skopje. Established corresponding relations with over 600 banks in 23 countries and current account relations with 55 banks enable the Bank to provide fast and efficient international services for its clients.



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BRANCHES IN MACEDONIA	
BRANCHES	
VELES	PRILEP
KOCANI	STRUMICA
KUMANOVO	STIP
OHRID	CITY BRANCH I GOSTIVAR
CITY BRANCHES	
BITOLA	RESEN
BOGDANCI	STRUGA
VINICA	TETOVO
GEVGELIJA	DELCEVO
KAVADARCI	
KICEVO	
MAK. BROD	

BRANCHES IN SKOPJE	
Avtokomanda	JAT
Avtorska agencija	Jane Sandanski
Ador Makedonija	Karpos II
Bunjakovec	Karpos III
Butel	Kapistec
Vlae	Lisice
Vodnjanska	Madzari
Gradski zid	MRTV
GTC Ekspozitura I	Partizanska
Dracevo	Skopjanka
GJorce Petrov	Sudska Palata
Oktomvri	Topansko pole
Ekonomski fakultet	Cvetan Dimov
Macedonian Chamber of Commerce	Centro
Suto Orizari	

When considering the corporate image of the bank, Komercijalna banka has proven to be a quite aggressive company regarding its promotion activities and marketing strategies. The bank is one of the major sponsors of the most prestigious Macedonian cultural events such as the “May opera nights” and the “Little Bitola Monmartr”, yet Komercijalna banka is a large spender in the classical advertising instruments (paper, TV, indoor, outdoor).



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Komercijalna banka is a universal bank licensed for performing all types of banking operations, combining the functions of commercial banking, savings deposits and investments, as well as domestic and international payment operations:

- *Acceptance of all kinds of deposits from legal entities and entities in person,*
- *Approving and receiving credits within the country,*
- *Foreign exchange operations,*
- *Credit cards,*
- *Financial leasing,*
- *Transfer of funds within the country, according to the law,*
- *Transfer of funds out of the country, according to the law,*
- *Economic and financial leasing,*
- *Economic and financial consulting,*
- *Assistance in collecting the invoices, book keeping services,*
- *Other financial services (Depot, Vault renting),*
- *Buying and selling short term securities for the own and the account of the clients,*
- *Guarantees issued in Denars and other form of guarantees,*
- *Buying, selling and collecting the receivables.*

PERFORMANCE:

In 2006, Komercijalna Banka AD Skopje has carried out its best fiscal year since its existence.

The realized gross profit in 2006 noted an increase of 84%, when compared to the previous year. The increase was mainly a result of diminished values in the impairment losses for nearly half of 2005 position, hence making the operational costs more favourable for the net income.

In 2006, the entire income of the bank reports a 7% rising change while the gross net margin of the bank was improved by 4% over the last year. The structure of the interest income was comprised of 29.79% of the entire income (41.55% of the interest income) coming from interest under loans and other placements with enterprises, 20.49% of the entire income (28.57% of the interest income) coming from interest under lending to banks and financial institutions, 10.26% of the entire income (14.3% of the interest income) coming from interest under loans approved to citizens.

The income under collected interest rates previously written-off in 2006 stabilized after the huge jump in 2005.

The net income under fees and commissions maintained its rising trend in 2006 as well and noted an increase of 22%. In the structure of the total income, we have to mention the operating income as well with 11% participation in the entire income base.

The structure of the total expenses is mainly comprised of 51.8% FX losses, 33.3% other operating expenses and 14.9% interest expenses.



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91.2% of the total equity capital of the Bank is dominantly the private capital. Yet after the decision of the Government in mid-May to leave the financial sector entirely, the bank was from that moment on 100% owned by the private ownership. When considering a more precise structure of the capital, 74.8% of the equity capital is owned by 526 legal entities, and 25.2% is owned by 3,830 individuals. The largest shareholders holding over 2% of the equity capital of the Bank are eleven companies, which altogether participate with around 36% in the equity capital. The Bank's shares are listed on the official market of the Macedonian Stock Exchange as the most liquid shares and they are included in the calculation of the Macedonian Stock Exchange Index.

The management of the company has collected over 52% of the shareholders into a group prepared to sell their stake in the bank to a strategic partner. The deadline for this Resolution was 1st March 2007 yet no particular negotiations are still initiated. For now, the management states that no rush decisions will be made, yet all offers will be carefully considered.

SHAREHOLDERS:

In March 2007, the largest shareholders owned 40.04% stake of the company:

SHAREHOLDERS	NO OF SHARES	% STAKE	CUMULATIVE % STAKE
EBRD	119,540	6.02	6.02
KD BDP	98,723	4.97	10.99
Zveza Bank RZZOJ Avstrija	97,659	4.92	15.91
Fershped AD Skopje	81,730	4.12	20.03
MB Satler drustvo za investiranje	75,528	3.80	23.83
PRVA POKOJNINSKA DRUZBA	72,685	3.66	27.49
Promedika	65,100	3.28	30.77
Perspektiva	50,050	2.52	33.29
Fabrika za kvasac i alkohol a.d. Bitola	46,790	2.36	35.65
Dr Panovski dooel Skopje	46,471	2.34	37.99
Tutunski kombinat Skopje	40,815	2.06	40.04

BALANCE
SHEET

in ooo EUR	2006	2005	06/05
Property / Plant / Equipment	24,307	23,917	1.63%
Property given to lease	962	903	6.50%
Goodwill	505	722	-30.12%
Credits given to clients	283,933	211,097	34.50%
Other fixed assets	5,730	6,363	-9.94%
TOTAL FIXED ASSETS	315,437	243,002	29.81%
Financial instruments available for sale	1,357	118	0.00%
Positions and avances in commercial banks	282,628	260,660	8.43%
Other Current Assets	18,741	24,668	-24.03%
TOTAL CURRENT ASSETS	302,725	285,446	6.05%
TOTAL CASH	95,764	74,703	28.19%
TOTAL ASSETS	713,926	603,152	18.37%
Owner Equity or Capital	31,396	32,791	-4.26%
Reserves	27,943	26,341	6.08%
Retained Earnings	12,201	6,836	78.47%
TOTAL EQUITY	71,539	65,968	8.45%
Long-term Bank Loans	598,028	499,056	19.83%

TOTAL LONG TERM DEBT	598,028	499,056	19.83%
Deposits of commercial banks and financial institutions	10,490	8,486	23.62%
Obligations from credits	23,243	22,490	3.35%
Obligations from interest	0	0	0.00%
Special reserves for off-statement positions	3,345	3,375	-0.88%
Other Short-term liabilities	7,280	3,776	92.78%
TOTAL SHORT TERM DEBT	44,359	38,128	16.34%
TOTAL DEBT AND EQUITY	713,926	603,152	18.37%



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INCOME STATEMENT:

in 000 EUR	2006	2005	06/05
Income from interest and commission	49,457	46,016	7%
Expenses from interest and commission	12,744	10,568	21%
GROSS RESULT	36,713	35,448	4%
Other Operating Income	6,309	3,322	90%
Other Operating Expenses	29,854	31,539	-5%
GROSS OPERATING RESULT	13,168	7,231	82%
Interest Received	0	0	
Interest Expenses	0	0	
NET OPERATING RESULTS	13,168	7,231	82%

Non-Operating Income	0	0	
Non-Operating Expenses	0	0	
NET RESULTS BEFORE TAXES	13,168	7,231	82%
Taxes	1,327	801	66%
NET RESULTS AFTER TAXES	11,841	6,430	84%



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