

Sparkasse Bank AD Skopje

**Consolidated Financial Statements and Independent Auditors' Report
Year Ended December 31, 2023**

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Independent Auditor's Report

Unofficial translation from the original Macedonian Independent Auditors' report to the Shareholders of Sparkasse Bank AD Skopje

Report on consolidated financial statements

We have audited the accompanying consolidated financial statements of Sparkasse Bank AD Skopje and its subsidiary ("the Group") which comprise the Balance sheet as at 31 December 2023, and the Consolidated Income statement, the Consolidated Statement of Comprehensive income, the Consolidated Statement of changes in equity and reserves and the Consolidated Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 3 to 127.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the regulation of the National Bank of the Republic of North Macedonia, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards accepted in the Republic of North Macedonia¹. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material aspects, the financial position of Sparkasse Bank AD Skopje and its subsidiary as at 31 December 2023 and its financial performance and its cash flows for the year then ended, in accordance with the regulation of the National Bank of the Republic of North Macedonia.

Other Matter

The consolidated financial statements of Sparkasse Bank AD Skopje and its subsidiary for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 20 April 2023.

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¹ International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia, no.79 from 2010.

Report on other legal and regulatory matters

The Group's Management is responsible for the preparation of the Consolidated Annual Report for the Group's operations for 2023 in accordance with Article 384 of the Law on Trade Companies. Our responsibility is to express an opinion whether the Consolidated Annual Report for the Group's operations is consistent with the historical financial information disclosed in the consolidated annual accounts and the audited consolidated financial statements of the Group as at and for the year ended 31 December 2023, in accordance with auditing standards accepted in the Republic of North Macedonia², and the requirements of Article 34, paragraph 1, point (d) of the Law on Audit.

In our opinion, the historical financial information disclosed in the Consolidated Annual report for the Group's operations as at and for the year ended 31 December 2023 are consistent, in all material respects, with the historical financial information disclosed in the consolidated annual accounts and the audited consolidated financial statements as at and for the year ended 31 December 2023.

Marjan Andonov
Director
Grant Thornton DOO, Skopje



Skopje, 25 April 2024

Biljana Mitrevska
Certified Auditor

² International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia, no.79 from 2010.

Consolidated Income Statement
For the period from January 1, 2023 to December 31, 2023

	Note	In thousands in denars	
		Current year 2023	Previous year 2022
Interest income		3.497.651	2.468.019
Interest expense		(918.380)	(488.812)
Net interest income/(expenses)	6	2.579.271	1.979.207
Fee and commission income		1.208.610	1.072.954
Fee and commission expense		(517.493)	(429.883)
Net fee and commission income/(expenses)	7	691.117	643.071
Trading income, net	8	-	-
Net income from other financial instruments carried at fair value	9	-	-
Foreign exchange gains/(losses), net	10	346.774	364.616
Other operating income	11	74.636	86.644
Share of profit of associates	24	53.884	49.708
Impairment losses of financial assets and special reserve for off-balance exposure, net	12	(335.122)	(458.458)
Impairment losses of non-financial assets, net	13	(20.522)	(19.036)
Personnel expenses	14	(782.221)	(700.930)
Depreciation and amortization	15	(181.128)	(153.206)
Other operating expenses	16	(764.679)	(613.427)
Share of loss of associates	24	-	-
Profit before tax		1.662.010	1.178.189
Income tax expense	17	(147.185)	(95.390)
Profit for the year		1.514.825	1.082.799
Profit/(Loss) on financial assets and liabilities held for sale		-	-
Profit/(loss) for the year		1.514.825	1.082.799
Profit/(loss) attributable to:			
Owners of the group		-	-
Non-controlling interest		-	-
Earnings per share	41		
Basic (in Denars)		723	596
Diluted (in Denars)		723	596

The accompanying notes are integral part of these consolidated financial statements

The consolidated financial statements are approved by the Supervisory Board on April 22, 2024.

Signed on behalf of Sparkasse Bank AD Skopje:

Sanel Kusturica

President of the
Management Board



Nina Nedanoska

Deputy President of
the Management
Board

Zlatica Civkaroski

Member of the
Management Board

**Aleksandar
Djordjevic**

Member of the
Management Board

**Milka Rataikoska
Joleska**

Head of Finance
Directorate/Certified
Accountant – license
number 0109038

Consolidated Statement of Comprehensive Income
For the period from January 1, 2023 to December 31, 2023

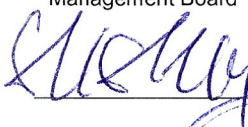
Note	In thousands in denars	
	Current year 2023	Previous year 2022
	1.514.825	1.082.799
Profit/(loss) for the year		
Other gains/(losses) for the period, not recognized in the Consolidated Income statement (before tax)		
Revaluation reserve of assets available for sale	-	-
- unrealized net- changes in fair value of assets available for sale	-	-
- realized net gains/(losses) from equity instruments available for sale, reclassified in Other reserves	-	-
Change in credit risk of the group, for financial liabilities at fair value	-	-
Income tax for other gains/(losses) not recognized in Consolidated the Income statement	-	-
Total other gains/(losses) for the period, not recognized in the Consolidated Income statement		
	-	-
Other gains/(losses) in the period that are or can be reclassified in the Consolidated Income statement (before tax)		
Revaluation reserve for debt instruments available for sale	-	-
- unrealized net-changes in fair value of debt instruments available for sale	170.623	(538.793)
- realized net-changes in fair value of debt instruments available for sale, reclassified in the Consolidated Income Statement	-	-
- additional impairment of debt instruments available for sale	-	7.710
- release of impairment of debt instruments available for sale	(4.825)	-
Revaluation reserve of foreclosed assets	-	(4.531)
- revaluation reserve at the date of foreclosure	-	-
- decrease of revaluation reserve, reclassified in the Consolidated Income Statement	-	-
Reserve for instruments for hedging cash flow risk	-	-
- unrealized net changes in fair value of instruments for hedging cash flow risk	-	-
- realized net gains/(losses) from instruments for hedging cash flow risk, reclassified in the Consolidated Income statement	-	-
Reserve for instruments for hedging net-investment in international operations risk	-	-
Foreign exchange reserve of investment in operations abroad	-	-
Share in other gains/(losses) of associates not recognized in the income statement	-	-
Other gains/(losses) not recognized in the Consolidated Income statement	(16.575)	53.549
Income tax on other gains/(losses) that are or can be reclassified in the Consolidated Income statement	-	-
Total other gains/(losses) in the period that are or can be reclassified in the Consolidated income statement	149.223	(482.065)
Total other gains/(losses) in the period	149.223	(482.065)
Total comprehensive income for the year	1.664.048	600.734
Total comprehensive income for the year, attributable to:		
owners of the group	-	-
non-controlling interest	-	-

The accompanying notes are integral part of these consolidated financial statements

Signed on behalf of Sparkasse Bank AD Skopje:

Sanel Kusturica

President of the
Management Board



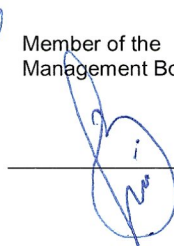

Nina Nedanoska

Deputy President of
the Management
Board



Zlatica Civkaroski

Member of the
Management Board



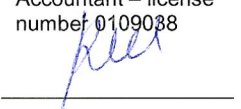
**Aleksandar
Djordjevic**

Member of the
Management Board



**Milka Rataikoska
Joleska**

Head of Finance
Directorate/Certified
Accountant – license
number 0109038



Consolidated Balance Sheet
For the period from January 1, 2023 to December 31, 2023

	Note	In thousands in denars	
		Current year 2023	Previous year 2022
ASSETS			
Cash and cash equivalents	18	20.014.631	16.637.328
Held-for-trading assets	19	-	-
Financial assets at fair value through profit or loss upon initial recognition	20	-	-
Derivative assets held for risk management	21	-	-
Loans and advances to banks	22.1	1.902	46.319
Loans and advances to other customers	22.2	63.829.487	56.994.194
Investments in securities	23	8.152.731	7.451.759
Investments in associates	24	244.238	190.367
Income tax receivable (current)	30.1	-	-
Other receivables	25	738.025	572.475
Assets pledged as collateral	26	-	-
Foreclosed assets	27	75.735	94.267
Intangible assets	28	345.261	316.403
Property and equipment	29	924.984	920.076
Deferred tax assets	30.2	16.264	32.839
Non-current assets held-for-sale and disposal group	31	-	-
Total assets		94.343.258	83.256.027
LIABILITIES			
Trading liabilities	32	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	33	-	-
Derivative liabilities held for risk management	21	-	-
Due to banks	34.1	7.185.762	4.335.374
Due to other customers	34.2	61.038.120	55.064.068
Debt instruments issued	35	-	-
Borrowings	36	10.094.241	9.724.133
Subordinated debt	37	2.430.573	2.421.763
Special reserve and provisions	38	399.755	390.728
Income tax payable (current)	30.1	59.637	48.461
Deferred tax liabilities	30.2	-	-
Other liabilities	39	664.913	466.439
Liabilities related to disposal group	31	-	-
Total liabilities		81.873.001	72.450.966
EQUITY AND RESERVES			
Subscribed capital	40	5.594.758	5.594.758
Share premium		666.348	666.348
Treasury shares		-	-
Other equity instruments		-	-
Revaluation reserves		(146.446)	(295.669)
Other reserves		502.197	450.544
Retained earnings /(Accumulated loss)		5.853.400	4.389.080
Total equity attributable to the shareholders		12.470.257	10.805.061
Non-controlling interest			
Total equity		12.470.257	10.805.061
Total liabilities, equity and reserves		94.343.258	83.256.027
Contingent liabilities	42	33.831.457	29.355.344
Contingent assets	42	-	-

The accompanying notes are integral part of these consolidated financial statements

Signed on behalf of Sparkasse Bank AD Skopje:

Sanel Kusturica

President of the
Management Board

Nina Nedanoska

Deputy President of
the Management
Board

Zlatica Civkaroski

Member of the
Management Board

**Aleksandar
Djordjevic**

Member of the
Management Board

**Milka Rataikoska
Joleska**

Head of Finance
Directorate/Certified
Accountant – license
number 0109038



**Consolidated Statement of Changes in Equity and Reserves
For the period from January 1, 2023 to December 31, 2023**

	Equity				Revalued reserves					Other reserves			Retained earnings		Total equity and reserves attributable to the shareholders of the group	Non-controlling interest*	Total equity and reserves	
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revalued reserves for assets available for sale	Revalued reserves for foreclosed assets	Reserves for risk mitigation	Foreign exchange reserves on investments in foreign operations	Other revalued reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders	Limited for distribution to shareholders				(Accumulated loss)
As of January 1, 2022 (previous year)	4.478.773	558.522	(4.240)	-	78.955	107.441	-	-	-	418.521	4.240	661.881	2.665.051	-	8.969.144	-	8.969.144	
As of January 1, 2022 (previous year)	4.478.773	558.522	(4.240)	-	78.955	107.441	-	-	-	418.521	4.240	661.881	2.665.051	-	8.969.144	-	8.969.144	
Adjustments to the opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
As of January 1, 2022 (previous year), adjusted	4.478.773	558.522	(4.240)	-	78.955	107.441	-	-	-	418.521	4.240	661.881	2.665.051	-	8.969.144	-	8.969.144	
Comprehensive income/(loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other gains/(losses) not recognized in the Consolidated Income Statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in fair value of financial assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- debt instruments	-	-	-	-	(538.793)	-	-	-	-	-	-	-	-	-	(538.793)	-	(538.793)	
- unrealized changes in fair value, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- realized changes in fair value, net, transferred to Income Statement	-	-	-	-	7.710	-	-	-	-	-	-	-	-	-	7.710	-	7.710	
- additional impairment of debt instruments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- release of impairment of debt instruments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- unrealized changes in fair value, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- realized changes in fair value, net, transferred to Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in fair value of instruments for hedging cash flow risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in fair value of instruments for hedging net-investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign exchange gains/(losses) of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred tax assets/(liabilities) recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in credit risk of the group for financial liabilities at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other gains/(losses) not recognized in the Consolidated Income Statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revaluation reserve for funds taken for uncollected receivables	-	-	-	-	-	(4.531)	-	-	-	-	-	-	-	-	(4.531)	-	(4.531)	
Revaluation reserve for deferred tax liabilities	-	-	-	-	53.549	-	-	-	-	-	-	-	-	-	53.549	-	53.549	
Derecognition of equity securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total unrealized gains/(losses) recognized directly in equity and reserves	-	-	-	-	(477.534)	(4.531)	-	-	-	-	-	-	-	-	(482.065)	-	(482.065)	
Total comprehensive income/(loss) for the year	-	-	-	-	(477.534)	(4.531)	-	-	-	-	-	-	-	-	600.734	-	600.734	

In thousands denars

As of January 1, 2022 (previous year)

Adjustments to the opening balance

As of January 1, 2022 (previous year), adjusted

Comprehensive income/(loss) for the year

Profit/(loss) for the year

Other gains/(losses) not recognized in the Consolidated Income Statement

Changes in fair value of financial assets available for sale

- debt instruments

- unrealized changes in fair value, net

- realized changes in fair value, net, transferred to Income Statement

- additional impairment of debt instruments available for sale

- release of impairment of debt instruments available for sale

equity instruments

- unrealized changes in fair value, net

- realized changes in fair value, net, transferred to Other reserves

Changes in fair value of instruments for hedging cash flow risk

Changes in fair value of instruments for hedging net-investments in foreign operations

Foreign exchange gains/(losses) of foreign operations

Deferred tax assets/(liabilities) recognized in equity

Changes in credit risk of the group for financial liabilities at fair value

Other gains/(losses) not recognized in the Consolidated Income Statement

Revaluation reserve for funds taken for uncollected receivables

Revaluation reserve for deferred tax liabilities

Derecognition of equity securities

Total unrealized gains/(losses) recognized directly in equity and reserves

Total comprehensive income/(loss) for the year

The accompanying notes are integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity and Reserves (continued)
For the period from January 1, 2023 to December 31, 2023

	Equity			Revalued reserves						Other reserves		Retained earnings		Total equity and reserves attributable to the shareholders of the group	Non-controlling interest*	Total equity and reserves		
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revalued reserves for assets available for sale	Revalued reserves for foreclosed assets	Reserves for risk mitigation	Foreign exchange reserves on investments in foreign operations	Other revalued reserves	Statutory reserves	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders				Limited for distribution to shareholders	(Accumulated loss)
<i>In thousands denars</i>																		
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	1,514.825	-	1,514.825	-	1,514.825
- Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other gains/(losses) not recognized in the Consolidated income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Changes in fair value of financial assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- unrealized changes in fair value, net	-	-	-	-	170.623	-	-	-	-	-	-	-	-	-	-	170.623	-	170.623
- realized changes in fair value, net, transferred to Income Statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- additional impairment of debt instruments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- release of impairment of debt instruments available for sale	-	-	-	-	(4.825)	-	-	-	-	-	-	-	-	-	-	(4.825)	-	(4.825)
- equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- unrealized changes in fair value, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- realized changes in fair value, net, transferred to Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Changes in fair value of instruments for hedging cash flow risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Changes in fair value of instruments for hedging net-investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Foreign exchange gains/(losses) of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Deferred tax assets/(liabilities) recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Changes in credit risk of the group for financial liabilities at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other gains/(losses) not recognized in the Consolidated income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Revaluation reserve for funds taken for uncollected receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Revaluation reserve for deferred tax liabilities	-	-	-	-	(16.575)	-	-	-	-	-	-	-	-	-	-	(16.575)	-	(16.575)
- Derecognition of equity securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total unrealized gains/(losses) recognized directly in equity and reserves	-	-	-	-	149.223	-	-	-	-	-	-	-	-	-	-	149.223	-	149.223
Total comprehensive income/(loss) for the year	-	-	-	-	149.223	-	-	-	-	-	-	-	-	1,514.825	-	1,664.048	-	1,664.048

The accompanying notes are integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity and Reserves (continued)
For the period from January 1, 2023 to December 31, 2023

	Equity				Revalued reserves				Other reserves				Retained earnings		Total equity and reserves			
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revalued reserves for assets available for sale	Revalued reserves for foreclosed assets	Reserves for risk mitigation	Foreign exchange reserves on investments in foreign operations	Other revalued reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders	Limited for distribution to shareholders		(Accumulated loss)	Total equity and reserves attributable to the shareholders of the group	Non-controlling interests
Transactions with the shareholders, recognized directly in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share issued in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Allocation of statutory reserve	-	-	-	-	-	-	-	-	-	51.653	-	-	(51.653)	-	-	-	-	
Allocation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	(581.406)	581.406	-	-	-	
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other changes in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Allocation for investment investments	-	-	-	-	-	-	-	-	-	-	-	-	(449.740)	450.888	-	1.148	-	
Transactions with shareholders, recognized directly in equity and reserves	-	-	-	-	-	-	-	-	-	51.653	-	-	(1.082.799)	1.032.294	-	1.148	-	
AS of December 31, 2023 (current year)	5.594.758	666.348	-	-	(249.356)	102.910	-	-	-	502.197	-	-	-	5.853.400	-	12.470.257	-	

The accompanying notes are integral part of these consolidated financial statements

Signed on behalf of Sparkasse Bank AD Skopje:

Sanel Kusturica

President of the Management Board



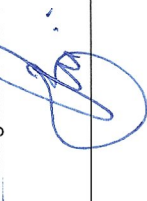
Nina Nedanoska

Deputy President of the Management Board



Zlatica Civkaroski

Member of the Management Board



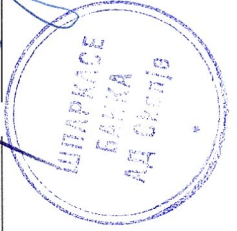
Aleksandar Djordjevic

Member of the Management Board



Milka Rataikoska Joleska

Head of Finance Directorate/Certified Accountant – license number 0109038

Consolidated Statement of Cash Flows
For the period from January 1, 2023 to December 31, 2023

	Note	<i>In thousands denars</i>	
		Current year 2023	Previous year 2022
Cash flow from operating activities			
Profit before taxation		1.662.010	1.178.189
Adjustment for:		-	-
Non-controlling interest, included in consolidated Income statement		-	-
Depreciation of:		-	-
Intangible assets	15	93.361	74.320
Property and equipment	15	87.767	78.886
Capital gain from:			
Sale of intangible assets		(7.426)	-
Sale of property and equipment		(1.239)	(98)
Sale of foreclosed assets		-	(8.202)
Capital loss from:			
Sale of intangible assets		-	-
Sale of property and equipment		-	-
Sale of foreclosed assets		-	144
Interest income	6	(3.497.651)	(2.468.019)
Interest expense	6	918.380	488.812
Net trading income		-	-
Impairment losses of financial assets and special reserve for off-balance exposure, net		-	-
Additional impairment losses	12	3.638.030	1.936.986
Release of impairment losses	12	(3.302.908)	(1.478.528)
Impairment losses of non-financial assets, net		-	-
Additional impairment losses	13	20.522	19.036
Release of impairment losses		-	-
Provisions:			
Additional provisions	38	576.328	406.448
Release of provisions	38	(566.718)	(395.191)
Dividend income	11	(4.705)	(3.915)
Share of profit/(loss) of associates		52.511	49.708
Other adjustments		(2.705)	2.175
Interest received		3.462.483	2.476.698
Interest paid		(807.992)	(466.969)
Profit from operations before changes in operating assets:		2.320.048	1.890.480
<i>(Increase)/decrease of operating assets:</i>			
Trading assets		-	-
Derivative assets held for risk management		-	-
Loans and advances to banks		43.469	(19.341)
Loans and advances to other customers		(6.870.387)	(5.707.861)
Assets pledged as collateral		-	-
Foreclosed assets		(18.533)	(36.763)
Obligatory deposit in foreign currency		(1.219.329)	(1.332.877)
Obligatory deposit held with NBRM according to special regulations		-	-
Other receivables		(165.550)	(131.060)
Deferred tax assets		-	-
Non-current assets held-for-sale and disposal group		-	-
<i>Increase/(decrease) in operating liabilities:</i>			
Trading liabilities		-	-
Derivative liabilities held for risk management		-	-
Due to banks		2.844.034	1.375.237
Due to other customers		5.548.833	5.080.282
Other liabilities		168.748	(89.237)
Liabilities directly related to group of assets for disposal		-	-
Net cash flow from operating activities before taxation		2.651.333	1.028.860
(Paid)/received income tax		(158.361)	74.825
Net cash flow from operating activities		2.492.972	1.103.685

The accompanying notes are integral part of these consolidated financial statement

Consolidated Statement of Cash Flows (continued)
For the period from January 1, 2023 to December 31, 2023

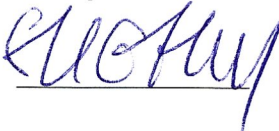
Note	In thousands denars	
	Current year 2023	Previous year 2022
Cash flow from investing activities		
(Investments in securities)	(2.294.253)	(2.094.068)
Inflows from sale of investment in securities	1.624.830	1.584.979
(Outflows from investment in subsidiaries and associates)	-	-
Inflows from disposal of investment in subsidiaries and associates	-	-
(Purchase of intangible assets)	28 (122.219)	(115.217)
Inflows from sale of intangible assets	-	-
(Purchase of property and equipment)	29 (93.684)	(98.262)
Inflows from sale of property and equipment	8.435	308
(Outflows from non-current assets held-for-sale)	-	-
Inflows from non-current assets held-for-sale	-	-
(Other outflows from investing activity)	-	-
Other inflows from investing activity	4.705	3.915
Net cash flow from investing activities	(872.186)	(718.345)
Cash flow from financing activities		
(Repayment of debt securities issued)	-	-
Issued debt securities	-	-
(Repayment of borrowings)	(1.833.808)	(2.235.498)
Increase of borrowings	2.162.783	3.418.862
(Repayment of issued subordinated debts)	-	(3.852)
Issued subordinated debts	70	-
Inflows from issued shares/equity instruments during the period	-	1.115.985
(Purchase of treasury shares)	-	-
Disposal of treasury shares	-	-
(Dividends paid)	-	-
(Other financing outflows)	-	-
Other financing inflows from financing	-	-
Net cash flow from financing activities	329.045	2.295.497
Effect from allowance for impairment of cash and cash equivalents	(403)	2.299
Effect from foreign exchange differences of cash and cash equivalents	-	-
Net increase of cash and cash equivalents	1.949.428	2.683.136
Cash and cash equivalents as of 1 January	12.239.721	9.556.585
Cash and cash equivalents as of December 31	14.189.149	12.239.721

The accompanying notes are integral part of these consolidated financial statements.

Signed on behalf of Sparkasse Bank AD Skopje:

Sanel Kusturica

President of the
Management Board




Nina Nedanoska

Deputy President of
the Management
Board



Zlatica Civkaroski

Member of the
Management Board



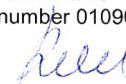
**Aleksandar
Djordjevic**

Member of the
Management Board



**Milka Rataikoska
Joleska**

Head of Finance
Directorate/Certified
Accountant – license
number 0109038



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION

a) General Information

Sparkasse Bank AD Skopje (hereinafter referred to as "the group") is a shareholding company established in the Republic of North Macedonia. The company is headquartered at st.Vasil Iljovski 14, Skopje, Republic of North Macedonia.

The group is licensed by the National Bank of the Republic of North Macedonia for performing the following activities:

- Collecting deposits and other recurrent sources of funds;
- Lend in the country, including factoring and financing commercial transactions,
- Lend abroad, including factoring and financing commercial transactions;
- Issuance and administration of payment instruments (payment cards, cheques, traveler's cheques, bills of exchange);
- Financial leasing;
- Foreign exchange operations;
- Domestic and international payment operations, including purchase/sale of foreign currency funds;
- Issuing payment guarantees, backing guarantees and other forms of security;
- Providing services of renting safe deposit boxes, depositories and depot;
- Trade in instruments at the money market;
- Foreign exchange operations (including commodities trading);
- Trading with securities;
- Trading with financial derivatives;
- Safeguarding of securities for clients;
- Giving advices to legal entities in relation to the structure of capital, business strategy or other related issues, or providing services related to merging or acquisition of legal entities;
- Sale of insurance policies;
- Intermediating in concluding agreements for loans and borrowings;
- Data collection and analysis of companies' credit rating;
- Economic and financial consulting;
- Intermediating in selling insurance policies;
- Purchasing and selling, guaranteeing or placement of securities issuance;
- Rendering services of custody bank to investments and pension funds;
- Marketing and sale of capital-funded pension insurance.

The group operates in the Republic of North Macedonia with a network of 36 branches. (2022:35 branches).

The group is a member of Steiermärkische SPARKASSE headquartered in Graz, Austria, owing 96,55% (2022: 96,55%) of the group's capital. Indirect and ultimate owner of the group is ERSTE Bank, Republic of Austria.

As of December 31, 2023, the group owns 49% of the voting shares of SPARKASSE LEASING DOO Skopje, as well as 100% of the shares of the company for construction, trade and services S-AMC 1 DOOEL Skopje, which until June 3, 2016 was previously owned by SPARKASSE LEASING DOO Skopje.

S-AMC 1 DOOEL Skopje is a company which operates with buying and selling of own real estate. It was initially founded on December 16, 2014 by SPARKASSE LEASING DOO Skopje with a special purpose of completion and sale of residential buildings, set as collateral by the legal entity to which the group had dysfunctional claim.

On November 4, 2019, the Sparkasse Group (Steiermärkische Bank and Sparkasen AG) officially became the new owner of Ohridska Banka, buying 91.57 per cent of the shares for EUR 48 millions. Thus, Steiermärkische Sparkasse (majority shareholder of the group) became the fourth largest banking group in North Macedonia.

The Merger agreement with Ohridska Banka AD - Skopje ("Merged Bank") was signed on January 15, 2021, and on July 16, 2021 with the registration of the status change - merger and finalized process of merging of Merged Bank to the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

a) General Information (continued)

The shares of the group are listed on the official market on the Macedonian Stock Exchange and are traded in the sub-segment of joint stock companies with special reporting obligations, the ID quotation code is the following:

<u>Symbol</u>	<u>ISIN code</u>
INB (common shares)	MKINBA101012

The audited financial statements were approved by the Supervisory Board of the group on April 22, 2024.

b) Basis of Preparation of the Consolidated Financial Statements

Standards and Interpretations effective in the current period for Consolidated Financial Statements

The group's Consolidated financial statements (unconsolidated) were prepared in accordance with the Company Law (Official Gazette of the Republic of Macedonia No, 28/04, 84/05, 71/06, 25/07, 87/08, 42/10, 48/10, 24/11, 166/12, 70/13, 119/13, 120/13, 187/13, 38/2014, 41/2014, 138/14, 88/15, 192/15, 6/16, 30/16, 61/16, 64/18, 120/18 and 290/20 and Official Gazette of the Republic of North Macedonia No 215/2021 и 99/22), Banking Law (Official Gazette of the Republic of Macedonia No 67/07, 90/09, 67/10, 26/13, 15/15, 153/15, 190/16 and 7/19 and Official Gazette of the Republic of North Macedonia No. 101/19, 122/21), the by laws issued by the National Bank of the Republic of North Macedonia (hereinafter referred to as "the NBRNM"), and in accordance with the Decision on the Methodology for Recording and Valuation of Accounting Items and Preparation of Financial Statements (hereinafter referred to as "Methodology") (Official Gazette of the Republic of North Macedonia No 83/17) and the Decision on the Types and Contents of Banks' Financial Statements, and the notes to those statements (Official Gazette of the Republic of North Macedonia No 83/17 and 149/18) as prescribed by the NBRNM, applicable since January 1, 2018.

The criteria for classification of active balance sheet and off-balance sheet items according to the degree of risk are defined in the Decision on the methodology for credit risk management ("Official Gazette of the Republic of Macedonia" No. 149/18 and Official Gazette of the Republic of North Macedonia No 76/20, 116/20 и 83/22), which is applicable from July 1, 2019.

Application of the principle of continuity in the preparation of financial statements

The financial statements are prepared on the basis of the principle of continuity. In its assessment, the group's management takes into account the group's financial position, current intentions, profitability of the business as well as the availability of financial resources.

Standards that have been published, but are not yet in force

As of the date when these single financial statements were approved for issue by the group's Supervisory Board, there are no standards published by the NBRNM that are not yet applicable.

Presentation of the Consolidated financial statements

The Consolidated financial statements of the group are presented in accordance with the form prescribed in the Decision on the Types and Contents of the Financial Statements of the groups ("Official Gazette of the Republic of North Macedonia" No.83/17 and 149/18).

The group's management estimates the impact of the changes in IAS, new IFRS, and their interpretations on the financial statements in a way as it's incorporated in the Methodology, as well as the requirements for the form and contents of certain balance sheet schemes under the Decision and the valuation of assets, liabilities, revenues and expenses under the Methodology requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

b) Basis of Preparation of the Consolidated Financial Statements

Presentation of the Consolidated financial statements (continued)

These financial statements have been prepared in accordance with the historical cost principle, except for the valuation of investment in financial assets available for sale which have been stated at fair value, based on the assumption of the principle of continuity.

The presentation of the Consolidated financial statements in accordance with the Decision on the Types and Contents of Banks' Financial Statements, and the notes to those statements, prescribed by NBRNM, requires the use of best estimates and reasonable assumptions by the group's management, that affects the presented values of assets and liabilities, as well as revenues and expenses within the reporting period. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for estimation of the carrying amounts of assets and liabilities for which no other data is available. Actual results in subsequent period may differ from these estimates. The presented Consolidated financial statements are expressed in thousands of Denars (MKD thousand). The Denar represents the functional and reporting currency of the group for the purpose of reporting to NBRNM.

The group has also prepared consolidated financial statements for the group and its subsidiary ("Group"). In consolidated financial statements, the subsidiary is fully consolidated. Consolidated financial statements are available on the group's website.

Use of estimates and assumption

The preparation of the Consolidated financial statements pursuant to the Decision on the Methodology for Recording and Valuation of accounting Items and for Preparation of the Financial Statements and the Decision on the Types and Contents of Banks' Financial Statements, prescribed by NBRNM, requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, contingent assets and contingent liabilities on the date of the financial statements and income and expenses during the reporting period. These estimates and assumption are based on the management's best knowledge of the current events and actions, and previous experience as well.

Impairment losses on loans and advances

The group is considering a portfolio of loans and demands to assess the impairment on a monthly basis. In determining whether an impairment should be expressed in the single Income Statement, The group is considering whether there is noticeable data suggesting that there is a measurable reduction in the estimated future cash flow from a loan portfolio before the reduction can be identified by an individual loan in that portfolio. This evidence may include notable data indicating that there is an unfavourable change in the payment of the group's recipients, or in state or local economic conditions relating to non-compliance with the group's asset obligations.

Management uses estimates based on experience of historically recorded asset losses at credit risk and objective evidence of impairment similar to those in the portfolio when the future cash flow is projected. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed on a continuous basis to reduce any differences between loss estimates and actual loss occurred.

During 2022 as a result of the current geopolitical crisis, the group implemented new Stage Overlay criteria for industries that, according to the Group Analyses, can potentially be affected by this crisis, namely Cycle consumer products, Energy, Metals and Chemicals. The same criteria continued to apply during 2023.

In this regard, two measures have been applied in the group's portfolio to identify increased credit risk and transfer credit rankings to stage 2 portfolio:

- Implementation of Stage Overlay measure as a result of the Energy Crisis (applied to the portfolio as of 30.09.2022). The measure covers the credit rankings of legal entities in industrial activities Energy, Metals and Chemicals.

- Implementation of Stage Overlay measure as a result of economic uncertainty in the future and a potential recession from the Ukrainian crisis (applied to the portfolio of 30.06.2022) The measure covers

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

b) Basis of Preparation of the Consolidated Financial Statements (continued)

Use of estimates and assumption (continued)

the credit rankings of legal entities in industrial activity Cyclical consumer products and their calculated probabilities of non-collection for the first year is higher than 250 basis points.

The group used FLI (forward looking information) to measure Expected credit losses. The most important assumptions in the FLI (forward looking information) concept and which correlate with the level of Expected credit losses and their assigned average values are as follows for December 31, 2023.

Macro Variable	Scenario	Assigned weight	2024	2025	2026
GDP growth	Downside	49%	0,07	0,17	0,07
	Baseline	50%	3,10	3,20	3,10
	Upside	1%	5,46	5,56	5,46
Inflation rate	Downside	49%	9,00	9,80	9,40
	Baseline	50%	3,90	3,60	3,60
	Upside	1%	2,37	2,07	2,07
Unemployment rate	Downside	49%	16,70	16,22	15,86
	Baseline	50%	13,90	13,50	13,20
	Upside	1%	12,82	12,42	12,12

To include different macro scenarios, the group uses three different scenarios (Negative, Basic, Positive).

The basic scenarios are taken from IMF forecast data. The negative scenario is expertly stressed according to the expected stressed economic movements of macro variables. Expected credit losses from the application of forward looking information are MKD 8.995 thousand.

Off-Balance Sheet Records

In the normal course of business, the group enters into credit commitments recorded on off-balance sheet accounts, which primarily include financial guarantees and letters of credit. These financial liabilities are recorded in the Consolidated Balance Sheet when they can be recovered. Provision for impairment of off-balance contingent liabilities is presented within the "Impairment of Financial Assets" section within this Note and is presented as a liability in the Consolidated Balance Sheet.

Changing the ponder from negative to basic scenario will lead to a decrease in the reservation of damage losses.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to settle a liability under market conditions. Detailed information on the fair value of the financial instruments is given in Note 5.

The estimates and assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if it affects only that period, or in the period of estimation and future periods if the revised estimation affects both current and future periods.

Information regarding the significant areas of estimation uncertainty and critical judgments in applying the accounting policies with the most significant impact on the amounts disclosed in the financial statements are presented in Note 1 d) to the financial statements.

The group's financial statements are prepared in accordance with the accounting policies disclosed in Note 1 c) to the Consolidated financial statements.

The accounting policies presented below have been applied consistently to all periods presented in these Consolidated financial statements, unless otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

b) Basis of Preparation of the Consolidated Financial Statements (continued)

Foreign Currency Transactions

Transactions denominated in foreign currencies have been translated into Denars at exchange rates set by NBRNM at the dates of the transactions.

Assets and liabilities denominated in foreign currencies are denominated in Denars using the official exchange rates ruling as of the date of compilation of the single Balance Sheet, while all positive and negative exchange rate differences arising from the conversion of foreign currency amounts are included in the single Income Statement in the period in which they are incurred. The average exchange rates that were applied to show the positions of the single Balance Sheet denominated in foreign currency are the following:

	<u>31.12.2023</u>	<u>31.12.2022</u>
1 EUR	61,4950 MKD	61,4932 MKD
1 USD	55,6516 MKD	57,6535 MKD
1 CHF	66,4093 MKD	62,4487 MKD

Offsetting

Financial assets and liabilities are offset, and net amount is presented in the Consolidated Balance Sheet statement when the group has a legal right to offset the recognized amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Comparative Figures

Where necessary, certain prior-year figures are reclassified to conform with changes to the current year's presentation for comparative purposes.

c) Summary of Significant Accounting Policies

Investment in Subsidiaries

Subsidiaries are legal entities in which the group, directly or indirectly has control, has the right of return of the investment and may use its controlling power to influence the amount of return on investment.

Investments in subsidiaries are recorded at their cost, less impairment.

Basics for consolidation

i) Business Combinations

Business combinations are recorded using the method of purchasing the date of acquisition, i.e. the date on which the control was acquired by the Group. The amount transferred when acquired is measured by objective value, as is the identified net assets acquired. The Goodwill resulting from this is tested annually for impairment. Transaction costs are recognised as expenditure immediately, unless they relate to the issuance of debt or ownership instruments.

The amount transferred in the acquisition does not include amounts relating to the settlement of some relationships that previously existed. Such amounts are generally recognised in the profit or loss statement.

Subsidiaries

An associate is an entity, in which the group participates in the financial and operating policy decisions of the investee but is not controlled by the group. Participation is a direct or indirect ownership of at least 20% of the total number of shares of other legal entities, unless significant influence is evidenced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

Investment in an associate in these Consolidated financial statements are initially recognized at cost less any impairment. The Investment in Associates is an equity investment in SPARKASE LISING DOO Skopje, with 49% of the voting shares and the right of profit distribution. The equity investment in the associated company was made in December 2016.

Uncontrolled participations

Non-controlling participations are measured according to their proportional participation in the net assets of the acquired entity. Changes in the Group's participation in subsidiaries that do not lead to a loss of control are recorded as equity transactions.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The group has control over the entity when it is exposed to, or is entitled to, variable returns from its involvement with the entity and has the ability to influence the amount of these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control begins until the time control ceases.

iii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, as well as the related non-controlling participation and other components of equity. Any gain or loss resulting from the cessation of control is recognized in profit or loss. Any participation retained in the former subsidiary is measured at fair value at the time control is lost.

iv) Investments recorded using the "equity method"

The Group's investments accounted for using the "equity method" include investments in associated companies.

Associated companies are those companies over which the Group has a significant participation, but does not have control or joint control over operational and financial policies. Investments in associated companies are measured according to the equity method. They are initially recognized at their purchased value, including transaction costs. Subsequently, the Group's participation in the profit or loss of the associated company is included in the financial statements, until the date on which the significant participation ceases. Distributions from associated companies reduce the accounting value of the investment.

v) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealized gains and losses arising from intra-Group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Interest Income and Expenses

Interest income and expenses are recognized in the Consolidated Income Statement for all interest-bearing financial instruments on an accrual basis, measured at amortized cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

c) Summary of Significant Accounting Policies (continued)

Interest Income and Expenses (continued)

If, during the lifetime of the financial instrument, any significant changes in the contractual cash flow (except impairment) occur, but not leading to de-recognition of the financial asset (example: prolongation of contractual period of payment, change in interest rate etc.), and for which the group has determined that the conditions for classification and measurement at amortized cost are still met, the group recalculates a new carrying amount of the changed asset, which is equal to the present value of future changes cash flows, discounted with the original effective interest rate.

The difference between the new and the old carrying amount is recognized as gain or loss in the Income statement in the position net interest income, as well as in the accumulated depreciation position within the balance sheet receivables.

Fee and Commission Income

Fee and commission income mainly consists of financial services provided by the group and includes issuing letters of guarantee, letters of credit, payment operations in the country or abroad and other services. Fee and commission income is recorded on an accrual basis when the service has been provided.

Dividend Income

Dividends are recognized in the Consolidated statement of profit or loss when Bank's right to receive payment is established and inflow of economic benefits is probable.

Net Trading Income

Net trading income includes all realized and unrealized fair value changes during the subsequent measurement, profit or loss on disposals, dividends, interest income and interest expenses relating to trading assets and trading liabilities as well as trading derivatives.

Net trading income is measured at fair value changes of trading assets and trading liabilities, which is a difference between their carrying amount and fair value as of the Consolidated balance sheet date.

Net Foreign Exchange Gains/Losses

Net foreign exchange gains/(losses) are realized or unrealized exchange differences arising from:

- offsetting foreign currency transactions, cash and non-cash items, throughout the entire financial year, and
- converting cash items denominated in foreign currency on the Consolidated balance sheet date.

Other Operating Income

Other operating income consists of:

- gains from sale of available-for-sale financial assets;
- income from dividends of available-for-sale financial assets;
- gains from sale of property and equipment and intangible assets, which is the difference between sale inflows and their carrying amount on the disposal date;
- gains from collection of previously written-off loans and receivables;
- operating lease income;
- income from previous years;
- net release of provisions by type (for pension and other employees' benefits, potential liabilities of court proceedings and other provisions), and
- other income.

Income is recognized and measured by the relevant standard referred to the asset based on which the income is realized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

c) Summary of Significant Accounting Policies (continued)

Impairment Losses / Impairment of Financial Assets

Impairment losses are measured as the difference between the financial asset carrying amount and its recoverable amount, which is a present value of estimated future cash flows, discounted using the financial asset's original effective interest rate:

- loans and advances to banks and other clients;
- held-to-maturity financial assets; and
- available-for-sale financial assets

Impairment losses are recognized when there is an evidence that the financial asset carrying amount is higher than its estimated recoverable amount. Impairment losses are recorded in the Consolidated statement of profit or loss as allowance for impairment (impairment losses) of financial assets, on a net basis.

In the case where the causes for the impairment loss cease to exist, it is necessary to annul previously recognized impairment loss through the Consolidated income statement item "Net impairment loss of financial assets". Subsequent release of allowance for impairment of financial asset is recognized only for financial asset recorded at depreciated cost and available-for-sale debt instruments.

Subsequent releases of the impairment loss are not recognized for financial assets measured at cost and available-for-sale equity instruments as well.

Impairment allowance (impairment loss) is measured and recognized as follows:

- on individual base, for financial assets that are individually significant items/exposures;
- on group base, for a group of similar financial assets for which individual impairment loss may not be determined or has not been determined.

Impairment Loss of Non-financial Assets

Impairment loss of non-financial assets is a difference between the carrying amount and recoverable amount of:

- property and equipment;
- intangible assets;
- foreclosed assets based on outstanding receivables;
- non-current assets held for sale and disposal group; and
- other assets.

The group assesses, on each Consolidated Balance Sheet date, whether objective evidence exists that the non-financial asset or a group of non-financial assets is impaired.

Impairment loss is recognized once there is evidence that the carrying amount is higher than the estimated recoverable amount of the non-financial asset and it is recognized in the Consolidated Income Statement as net impairment loss of the non-financial assets.

When the causes for impairment loss have ceased, previously recognized loss through the Consolidated Income Statement item net impairment loss of non-financial assets, should be annulated, but only up to the amount of the previously recognized impairment loss. Subsequent release of the impairment loss is not recognized in the case of foreclosed assets.

Expenses for Employees

Expenses for employees include:

- short-term benefits for the employees (salaries, compulsory allowances for social and health insurance, personal tax, short-term paid leaves, bonuses and etc.);
- long-term benefits for the employees (jubilee rewards, pension benefits and etc.); and
- defined contribution plan (payment of contributions in special fund).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

c) Summary of Significant Accounting Policies (continued)

Expenses for Employees (continued)

Short-term benefits are recognized at the period when they have been incurred and when obtaining the relevant service. Short-term benefits are measured at the undiscounted amount, which is expected to be paid off based on employment and is recognized in the Consolidated Income Statement as expenses. Long-term benefits are measured at the present value of the defined benefit liability on the Consolidated Balance Sheet date, reduced for the fair value of the planned assets on the Consolidated Balance Sheet date, which are to be paid directly. Each actuarial gain or loss is recognized in the Consolidated Income Statement in the period in which it was incurred.

Amortization of Intangible Assets

Amortization of intangible assets is distributed on systematic base in the time of the best respective life assessment. The group assesses whether the useful life of the intangible asset is finite or indefinite and, if finite, then the length of the application is its respective useful life.

The calculation of amortization begins when the asset is available for use and ceases when the assets is classified as held-for-sale or is derecognized. Amortization continues to be calculated for intangible assets placed out of use. The group will amortize all intangible assets individually, classifying the assets with equivalent useful life and amortization method in amortization groups.

Amortization rates are determined in a way that the value of tangible assets is allocated to costs in the estimated period of their usefulness.

Amortization is calculated by straight-line method, and the amortization expense for each period is recognized as cost in the Consolidated Income Statement item "Depreciation and amortization". The estimated useful life of intangible assets is as follows:

- Intangible assets (software and license): 4 years.

The amortization period (residual value and useful life of the asset) and the amortization method is revised at the end of each financial year and if a change is determined it should be recorded as a change of accounting assessment, prospectively in the current and future periods.

Depreciation of Tangible Assets

Depreciation of tangible assets is distributed on systematic base during the best estimate of their useful life. The group assesses whether the useful life of the tangible asset is definite or indefinite and if definite, the length of usage represents its useful life. The calculation of depreciation begins when the asset is available for use and ends when the asset has been classified as held for sale and is derecognized. Depreciation continues to be calculated for tangible assets placed out of use. The group will depreciate all tangible assets individually, classifying the assets with equivalent useful life and depreciation method in depreciation groups.

Land has indefinite useful life and is not depreciated, Works of art are not depreciated.

Depreciation rates are determined so that the value of tangible assets is allocated to costs in the estimated period of their usefulness.

Depreciation is calculated according to the straight-line method, and the depreciation expense for each period is recognized as cost in the Consolidated Income Statement item "Depreciation". Estimated useful life of tangible assets is as follows:

- Buildings: 20-40 years
- Transport vehicles: 4 years
- Furniture and other equipment: 4-10 years

The depreciation period (residual value and useful life of the asset) and the depreciation method is revised at the end of each financial year and if a change is determined it should be recorded as a change of accounting estimation, prospectively in the current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

c) Summary of Significant Accounting Policies (continued)

Other Operating Expenses

The group of other operating expenses includes: administrative expenses, loss from sales of financial assets available-for-sale, loss from disposal of property and equipment, loss from disposal of intangible assets, expenses for special reserve and provisions on net base and other expenses that may not be categorized in a specific item.

Other operating expenses are recognized based on the matching principle.

Other operating expenses are recognized and recorded based on the actually incurred expenses presented in credible accounting documents (invoices, agreements, calculations).

Financial Assets

In compliance with the new Methodology for recording and valuation of the accounting items and for preparation of the financial statements, the group classifies its financial instruments in the following categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The group classifies its investments at initial recognition, based on the group's business model for managing financial assets and the characteristics of the contractual cash flows of the assets.

Financial assets measured at amortized cost

In this category, the group classifies the financial assets which are held with intention to collect contractual cash flows and the criteria for only collection of principal and interest (SPPI) is met. The group's loan portfolio meets the criteria for measurement at amortized cost.

Loans and advances are initially measured at fair value, increased for any transactional cost directly connected to acquisition or issuance of the financial asset. Loans and advances are initially recognized at cost only when becoming contractual party of the financial instrument. After initial recognition, loans and advances are measured at amortized cost using the effective interest rate method. Any gain or loss occurred at subsequent measurement is recognized in profit or loss only when the asset is impaired or derecognized, as well as through the process of amortization.

This category also includes cash, trade receivables, lease receivables, fee and commission receivables and all other financial assets which are treated as credit risk exposure in accordance with the Decision for credit risk management and for which the SPPI criteria is not applicable. For these assets the SPPI criteria is not mandatory.

Financial assets measured at fair value through other comprehensive income

The group classifies in this category those financial assets which are held for collection and/or sale for liquidity management, maintaining certain interest yield, maturity matching of financial assets with maturity of financial liabilities (funding) etc. and which meet the SPPI criteria.

Acquisitions and sales of financial assets are recognized at the transaction date i.e. the date at which the group has the obligation to buy or sale the asset. Subsequently, after initial recognition financial assets available for sale are measured at fair value without reducing the transactional costs that may occur at sale or disposal. Gains or losses that occur from changes in fair value are recognized directly in equity, until the moment of de-recognition or in case of impairment, in which accumulated gains or losses previously recognized in equity, are now recognized as current gains or losses. However, the interest income calculated by using the effective interest rate method, positive or negative foreign exchange differences, as well as dividends are recognized in Income statement for the current period.

Financial assets measured at fair value through profit or loss

In order to classify its instruments in this category the group needs to manage these assets through active and frequent trading with purpose of gaining from change in fair value, realization of the fair value and having decision making process based on their fair value. The category includes: trading assets,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

c) Summary of Significant Accounting Policies (continued)

Financial Assets (continued)

derivatives held for risk hedging, financial assets at fair value through profit or loss designated upon initial recognition. The group does not hold such type of financial instruments.

Quantitative information on the classification of the group's financial instruments is given in Note 1.

The group assesses, on a continuous basis, the expected credit loss (ECL) for debt instruments and loans to customers, measured at AC and FVOCI, and for the exposures arising from loan commitments and financial guarantee contracts (off balance sheet exposures), as well as lease receivables, trade receivables and any other receivables subject to credit risk exposure as defined in the Decision for credit risk management.

The measurement of ECL reflects the following principles: measurement and recognition of expected credit loss for the lifetime of the financial asset and/or off-balance sheet credit exposure; should reflect expectations for credit quality, deterioration and improvement during the entire lifetime of the asset; should react to information on changes in credit quality of the financial asset and/or off-balance sheet credit exposure, in such manner that in case of information for expected significant deterioration of credit quality, it shall be shifted to riskier category.

Financial assets with low credit risk (Stage 1) are those which fulfill following criteria:

- have low risk of default
- the debtor is assessed on short-term as capable for settlement of its obligations
- bank's expectations on long-term are positive regarding the negative changes in economic and business conditions may, but insignificantly reduce the capability to fulfill his obligations.

Stage 2 is characterized by assets with significant deterioration of the credit quality after initial recognition, but still there is no objective evidence for default.

Stage 3 is intended for those financial assets to which one or more objective evidence for impairment exists. Objective evidence for impairment is:

- significant financial difficulties of debtor or issuer of the debt instrument
- Failure to fulfill the contract terms and conditions, such as: significant delay of payment or missing payment;
- Creditors have approved certain facilitating terms due to the worsen financial condition;
- Possibility of opening bankruptcy or other type of financial reorganization of the debtor;
- non-existence (lack) of active market for the financial asset due to financial difficulties of the issuer;
- buy or issuance of financial asset at significant discount due to occurred credit losses

Impairment of Financial Assets

The group assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant as well as individually or collectively for financial assets which are not individually significant.

If the group determines that no objective evidence exists for impairment of individually assessed financial asset, whether significant or not, it shall include that asset in the group of financial assets with similar credit risk characteristics and collectively assess the impairment.

Impairment loss of functional accounts receivable is the amount determined as a difference between the book value of the financial asset and the present value of the expected future cash flows.

The present value of functional accounts receivable is obtained by discounting expected future cash flows of those accounts receivable applying the initial effective interest rate determined based on the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

c) Summary of Significant Accounting Policies (continued)

Impairment of Financial Assets (continued)

The special reserve for functional off-balance sheet positions on individual base is equal to the present value of the expected future cash flows based on the group's payments of the potential obligations and collection from the client, discounted under current market price of the risk-free securities issued in same currency and maturity term as those of the expected payment or collection, or unless such price exists, current market price of risk-free securities is taken with closest maturity term to that of the expected payment.

If the loan or asset held to maturity has flexible interest rate, measurement rate of any impairment loss is effective interest rate determined under the contract, valid on the present value determination date of the expected cash flows.

The calculation of the present value of expected future cash flows of the financial asset secured by collateral is expressed by the cash flows that may arise from the realization of the collateral reduced for the costs of acquiring and selling the collateral, only if the conditions from the Credit Risk Management Decision that refer to the collateral are met.

For the purpose of group assessment of impairment loss, the financial assets are classified on the grounds of similar credit risk characteristics (i.e. based on the group's policy on financial assets classification, taking into consideration the type of asset, industrial and geographic locations, type of collateral, the status of overdue period and other relevant factors).

These characteristics are relevant for the assessment of the future cash flows for the given group, as they are indicators of debtors' ability to service their debt in accordance with the agreed terms and conditions.

Restructuring of Receivables

Restructuring of receivables means establishing credit exposure by the group to substitute one or more existing receivables or to modify the existing credit exposure, with changes in the contractual terms and conditions as a result of the client's deteriorated financial state, which, among others, includes:

- Extending the maturity period;
- Reducing the interest rate;
- Reducing the amount of receivable (principal and/or due interest and commission) through write-off;
- Capitalization of Interest;
- Consolidation of more than one receivable in one by changing the contract terms and conditions; or
- Other similar activities.

Interest capitalization is converting the interest receivable into a principal receivable.

When restructuring a receivable, the group is obliged to observe the credit exposure classification criteria occurred as a result of the restructuring.

The net effect of a restructuring receivable must not lead to increase of the group financial result, other than in cases of reducing the credit exposure as a result of collection. Within a six-month period after the restructuring, the group must not record income based on impairment release/special reserve, which is not a result of collection of the credit exposure.

As exemption, the group may determine a better risk category and/or calculate lower impairment risk/special reserve amount, only if the credit exposure occurred as a result of restructuring is secured by first-class collateral.

The group may capitalize the interest only if it is a part of restructured receivable.

The group is obliged to make an analysis of the causes for restructuring for each restructured receivable.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023****1. INTRODUCTION (continued)****c) Summary of Significant Accounting Policies (continued)****Impairment of Financial Assets (continued)***Writing-off of Receivables*

When a loan becomes non-performing, it is written off against the relevant provision for impairment. Such loans are written off after all necessary procedures have been completed and loss amount determined.

The group may perform partial or full write-off of receivables in which case the written-off receivable should be transferred to a special off-balance sheet account and the group should keep special records for it for a period of at least ten years.

The group is obligated to write off credit exposure if one year is passed from the date when the group had recognized impairment or special reserve of 100%.

Subsequent reimbursements of previously written-off amounts reduce the provision for loan impairment in favor of current gains. If subsequently the impairment loss amount is decreased, and this decrease can objectively be related to an event that occurred following the recognition of the impairment (such as improvement in the debtor's credit rating), the previously recognized impairment loss is reduced by adjusting the provision account. The reduction amount is recognized in the current gains. Impairment for investments in equity instruments is not being calculated.

Intangible Assets

Intangible assets acquired by the group are initially recognized at cost, and subsequently are measured at cost less accumulated amortization and accumulated losses due to impairment.

Computer Software

Expenses related to upgrade or maintenance of computer software programs are recognized as such in the period they are incurred. Expenses directly related to distinguishable and unique software products controlled by the group, which are likely to create economic benefits, which will exceed the expenses one year later, are recognized as intangible assets.

All other expenses are recognized in the Consolidated Income Statement in the period they are incurred. Upgrade expenses incurred for computer software recognized as assets are amortized by applying the straight-line method within a period of four years.

Other Intangible Assets

Expenses for acquiring rights and licenses are capitalized and amortized by applying the straight-line method within a period of four years.

Property and Equipment

Property includes land and buildings. Property and equipment are recognized at cost less accumulated depreciation and accumulated impairment loss. The cost value includes expenses directly related to the acquisition of the assets.

Subsequent costs are included in the asset book value or are recognized as a Consolidated asset as appropriate, as long as there is a probability of inflow of future economic benefits for the group related to the item and when its purchase value can be measured reasonably. All other regular maintenances and repairs are recorded as expense in the Consolidated Income Statement during the financial period in which they are incurred.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023**

1. INTRODUCTION (continued)

c) Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Income Statement.

Impairment of Non-Financial Assets

The group's management regularly assesses the carrying amount of non-current assets and intangible assets. If there is any indication that such assets are impaired, the recoverable amount of the asset is calculated to determine the impairment. In cases where the asset carrying amount is higher than its estimated recoverable amount, it is immediately written off against its recoverable amount. The recoverable amount is the higher of the asset's net selling price, or its value in use.

Foreclosed Assets

Foreclosed assets include land, buildings, equipment and other valuables acquired through foreclosure proceedings in full or partial recovery of a related loan.

Foreclosed assets are recognized when the legal rights for asset's ownership are given to the group or the following criteria are met: the loan or other receivable is legally considered as collected when the asset pledged as collateral is foreclosed so that the loan/receivable de-recognition criteria are satisfied; all foreclosed asset's rights and risks are assigned to the group; foreclosed asset will provide future economic benefits for the group and its cost value can be reliably measured.

Initially, these assets are measured at the initial carrying amount i.e. the lower of cost of the loan (book value) before the impairment on the date of foreclosure i.e. the value of the foreclosed asset referred to in the legal act passed by the authority in the foreclosure proceeding, which represents the legal basis for acquiring the ownership rights and the appraised fair value less estimated cost to sell (notary fees, taxes, etc) which will be borne by the group.

The group is obliged to appraise the fair value of the foreclosed asset on the foreclosure date and to recognize an allowance for impairment in the Consolidated balance sheet by at least 20% of the initial carrying amount of the foreclosed asset.

In case where the allowance for impairment/special reserve is higher than the impairment recorded as of the foreclosure date, the group shall recognize the difference as a revaluation reserve, which is a part of the group's additional capital.

If the previously impaired certain receivable is collected by securities or shares than the allowance for impairment (impairment loss) shall be released through Consolidated statement of profit or loss.

The part of receivable which is not collected by the foreclosed asset, could be written-off.

Foreclosed assets (other than acquired securities and shares) are subsequently measured at the lower of carrying amount and fair value less costs to sell. At least once in a period of twelve-months, the group is obliged to appraise the fair value and recognize an impairment loss in the Consolidated income statement equal to at least the higher between: 1) negative difference between the appraised value and the carrying amount of the foreclosed asset; and 2) 20% of the carrying amount of the foreclosed asset.

In the period between two appraisals of the foreclosed assets' market value, the group recognizes an additional amount of impairment loss in the Consolidated income statement equal to the negative difference between the net book value and the amount of the announced reduced selling price of the foreclosed asset.

If the group fails to sell the foreclosed asset until the date on which the Decision on the Accounting and Regulatory Treatment of Foreclosed Assets" become effective ("Official Gazette of RNM No, 50/13 26/17"), the group is obliged to reduce its carrying amount to zero at the end of the fifth year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023**

1. INTRODUCTION (continued)

c) Summary of Significant Accounting Policies (continued)

Foreclosed Assets (continued)

The group derecognizes the foreclosed asset and the amount of impairment recorded in the balance sheet when the asset is sold, permanently called in or in case it is reallocated into fixed asset in favor of the group. Depending on the sales value of the foreclosed asset, the group shall record a capital gain in the Consolidated Income Statement under the item "Other Operating Income" or capital loss in the Consolidated Income Statement under the item "Other Operating Expenses" for the difference between market value and net book value of the foreclosed asset.

The group will derecognize the revaluation reserve on foreclosed asset by releasing the impairment loss on non-financial assets through the Consolidated Income Statement, as well as in case of excluding the revaluation reserve from the additional capital of the group only for an amount that is equal to the amount of after-tax profit, for which Bank's General Meeting of Shareholders decided to allocate to the reserve requirement (reserve fund) or the retained earnings.

Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents include balances with maturity up to three months as of the date of acquisition including cash in hand and balances with the NBRNM.

For the purpose of preparing the Consolidated Cash Flow Statement, the mandatory reserve requirement in foreign currency and the restricted deposits are excluded.

Other Assets

This group of assets includes: receivables from customers, prepaid expenses, receivables from employees, advance payments, assets for other purposes, receivables in and on behalf of others, fees and commissions receivables and other assets not presented in any other items of the assets in the Consolidated Balance Sheet.

Short-term receivables without indicated interest rate are usually measured at their initial invoiced amount, unless the imputed interest effect is significant.

Assets acquired without purchase shall be recognized under their fair value, unless the transaction is made on non-commercial base, or their fair value (supplied or provided) cannot be accurately measured. In that case, the assets are recognized under their purchase value.

Subsequently, the asset is measured at the lower of the carrying amount and the net realizable value. The net realizable value is equal to the estimated selling price less estimated costs of completion, repairs and estimated costs necessary to make the sale.

Future expenses that have been paid in advance are recognized as deferrals and they are calculated as expenses in the period they refer to based on a relevant accounting document. Such costs are the following: paid insurance premiums, rents, subscription for magazines and official gazettes etc.

Income related to the current accounting period that is due in a future period is recognized as deferral. Such income is the accrued income not due yet, other than accrued interest income. In a future period when those deferrals are due, they are transferred in the accounts receivable.

The group classifies equity instruments as financial liabilities or capital instrument in accordance with the contractual terms of the instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

c) Summary of Significant Accounting Policies (continued)

Provisions

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employee Benefits

The pension plan contributions for the employees are paid by the group in accordance with the national legislation on social security. Salary-based contributions are paid to the State Pension Fund and the mandatory private pension funds. There is no additional liability related to these pension plans.

In addition, all employers in the Republic of North Macedonia are obliged to pay to their employees a special minimum sum for retirement in an amount defined by laws, currently totaling to two average monthly salaries paid off in the Republic of North Macedonia. The group calculates provision for employee benefits to allocate the expense through the relevant periods. In compliance with IAS 19, these benefits are determined as defined benefits for employees and the book value of the liabilities arising from employees' benefits is calculated at the end of the reporting period. The amount of these liabilities at the end of the reporting period is the discounted value of the future payments. Other long-term benefits for employees include jubilee awards.

The group does not operate with retirement plans or plans for other retirement benefits, so there are no pension liabilities. The group is not obliged to provide additional compensation for current or previous employees.

Income Tax

The tax expense for the period comprises current and deferred tax. Current income tax is calculated and paid in accordance with the Macedonian Income Tax Law, according to which the group calculated income tax for 2023 to the gross profit determined as a difference between the total income and total expenses determined pursuant to the accounting regulations and standards increased for non-deductible expenses defined by the Law. The income tax rate is 10% (2022: 10%).

Solidarity tax

According to the Law on Solidarity Tax (Official Gazette RSM No.199 of 25.09.2023), a one-time public tax for 2023 was adopted as revenue of the Budget of the Republic of Macedonia. The solidarity tax payer is the taxpayer of the income tax under the Income Tax Act, which in 2022 generated an income greater than MKD 615,000. As Sparkasse Bank met this requirement, a solidarity tax of MKD 21,561,000 was calculated and paid, which is included in Other Operating Expenses in these single financial statements. In the tax base for solidarity tax in the specific situation of Sparkasse Banka AD Skopje was taken into account the status change or integrated balance sheets of success, and when establishing a tax able basis for the solidarity tax, the option of the average amount of the tax base after the reduction established in the Tax Balance for taxation of profits for 2021 and 2022 is taken, by deducting the average amount of tax base after a reduction determined in the tax balances for taxation of profits for previous periods (2017, 2018 and 2019) increased by 30%.

Financial Liabilities

Financial liabilities are classified in accordance with the substance of the contractual arrangement. Financial liabilities are classified as deposits from banks, financial institutions and customers, loans payable, other payables, subordinated liabilities and securities issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

c) Summary of Significant Accounting Policies (continued)

Financial Liabilities (continued)

Deposits, loan payables, subordinated liabilities and securities issued are major sources for financing the group's activities. The group initially recognizes the deposits, loans payables, subordinated liabilities and securities issued on the date of their occurrence.

The deposits, loan payables, subordinated liabilities and securities issued are initially measured at their cost value increased for the transaction costs, and they are subsequently measured at amortized cost by using the effective interest rate method.

Amortized cost of the financial liability is the amount at which it is initially recognized, less repayments of the principal, decreased or increased for the accumulated depreciation of each difference between the initial amount and the amount at maturity.

Other Liabilities

The Other liabilities line item includes the following: MKD and foreign currency fees and commission liabilities, gross salary and other liabilities to employees, dividends, liabilities to customers, liabilities arising from given payment instrument, liabilities in and on behalf of others, received advances, non-matured calculated liabilities, deferred income and other liabilities that are not presented in any other liability item of the Consolidated Balance Sheet.

Other liabilities are recorded at their nominal value based on a relevant accounting document (invoice, agreement, calculation) in compliance with the group regulations and decisions.

Inflows from assets that are not recognized as income in the current period are deferred for a future period and recorded as accrued liabilities. When the income is earned then the accrued liability is debited, and the income is credited. The expenses which can be certainly determined that refer to the current accounting period, and represent a liability in the future are recorded as accrued liabilities. When liabilities become due and payable, accrued liabilities are derecognized and liabilities are presented.

Borrowings

Borrowings are initially recognized at fair value, which means received inflows (fair value of received considerations) less transaction costs incurred. Borrowings are subsequently recorded at amortization cost.

Derecognition of Financial Liabilities

The group derecognizes financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired.

Equity, Reserves and Dividend payments

(a) Share capital

Share capital is the nominal value of shares issued (subscribed and paid-in capital).

(b) Share premium

Share premium is the difference between the nominal value and the realizable price of the shares.

(c) Share Issue Costs

The costs for issue of new shares, options or acquiring business are presented in the equity as a deduction, net of tax returns.

(d) Equity Shares

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

c) Summary of Significant Accounting Policies (continued)

Equity, Reserves and Dividend payments (continued)

When the group purchases its own equity, paid considerations are deducted from the total equity as equity shares, until they are sold. When such shares are subsequently sold, the received considerations are included in the equity.

(e) Reserves

Reserves consist of statutory reserves, allocated in accordance with the local regulations. The group is obliged each year to allocate statutory reserve fund as a percentage from the net profit, which cannot be less than 5% of the profit until the reserve of the group reaches an amount equal to one tenth of the capital. If the reserve generated in this way decreases, it has to be supplemented in the same manner. Until the legal reserve exceeds the minimum amount, it can only be used to cover losses. When the legal reserve exceeds the minimum level and after the recovery of all losses of annual financial statements, with a decision by the Shareholders Assembly, the excess can be used for distribution of dividend, if within that business year it had not reached the minimum amount prescribed by the Law or the Statute. The amount recorded in the reserve based on additional payments by the shareholders, cannot be used for dividend distribution.

Revaluation reserves and other revaluation differences

These reserves comprise net cumulative change in the fair value of assets directly recognized in equity.

Gains and losses from change in the fair value of financial instruments available for sale are recorded in revaluation reserve (except for gains and losses from foreign-exchange differences, which are directly recognized in income statement). When the decreased value of the financial asset available for sale is recognized directly in revaluation reserve and when an objective evidence for impairment exists, the cumulative loss should be eliminated from equity and reserves and recognized in the income statement.

(g) Undistributed Profit

Undistributed profit includes retained earnings from current and past periods.

(h) Dividends on Ordinary Shares

Dividends on ordinary shares are recognized as liabilities within the period when the group's shareholders have approved them. Current year dividends declared following the Consolidated balance date are disclosed in the Subsequent Events Note (1e).

Fiduciary Activities

The group usually acts as a creditor and has other fiduciary functions which results in safekeeping or placement of assets on behalf of individuals or other institutions. Those assets and the income resulting thereof are not included in these financial statements as they are not Bank's assets.

Off-balance sheet potential and assumed liabilities

The group undertakes liabilities during its business activities on the basis of credit placements recorded on the off-balance sheet accounts, which primarily include guarantees and letters of credit. These financial liabilities are recognized in the single Balance Sheet when they can be recovered. Impairment loss related to off-balance sheet contingent liabilities is stated under "impairment of financial assets" in this Note, and is included in the single Balance Sheet as a liability.

d) Change in Accounting Policies, Accounting Estimates and Correction of Errors

During 2023, the group did not make any additional changes to its accounting policies and estimates, nor did it record any correction of an error.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023**1. INTRODUCTION (continued)****e) Compliance with Regulation**

The group complies with the legal regulations, i.e, the grouping Law (Official Gazette of the Republic of North Macedonia No 67/2007, 90/2009, 67/2010, 26/2013, 15/15, 153/15, 190/16, 7/19 and "Official Gazette of the Republic of North Macedonia" No. 101/19, 122/21), as well as with all other bylaws governing its operations.

f) Risk Management Disclosures

The nature and the group's exposure to different types of risk, as well as the group's objectives, policies and processes for risk management are disclosed in Note 2 and 3.

g) Events After the Reporting Date

These subsequent events, which provide additional information about the group's financial position at the reporting date (adjusting events) are reflected in the Consolidated financial statements. Those subsequent events that are not adjusting events, if material, are disclosed in certain notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

1.A Classification of financial assets and liabilities

<i>In MKD thousand</i>	At fair value through profit and loss		At fair value through comprehensive income		At Amortized Cost	Total
	Held-for-trading	At fair value at initial recognition	Debt instruments	Equity instruments		
2023 (current year)						
Financial Assets						
Cash and cash equivalents	-	-	-	-	20.014.631	20.014.631
Held-for-trading assets	-	-	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	1.902	1.902
Loans and advances to other customers	-	-	-	-	63.829.487	63.829.487
Investments in securities	-	-	8.068.288	84.443	-	8.152.731
Other receivables	-	-	-	-	738.025	738.025
Total Financial Assets	-	-	8.068.288	84.751	84.584.045	92.736.776
Financial liabilities						
Trading liabilities	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Due to banks	-	-	-	-	7.185.762	7.185.762
Due to other customers	-	-	-	-	61.038.120	61.038.120
Debt instruments issued	-	-	-	-	-	-
Borrowings	-	-	-	-	10.094.240	10.094.240
Subordinated debt and hybrid instruments	-	-	-	-	2.430.573	2.430.573
Other liabilities	-	-	-	-	664.913	664.913
Total financial liabilities	-	-	-	-	81.413.609	81.413.609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

1. INTRODUCTION (continued)

1.A Classification of financial assets and liabilities (continued)

<i>In MKD thousand</i>	At fair value through profit and loss		At fair value through comprehensive income		At Amortized Cost	Total
	Held-for-trading	At fair value at initial recognition	Debt instruments	Equity instruments		
2022 (previous year)						
Financial Assets						
Cash and cash equivalents	-	-	-	-	16.637.328	16.637.328
Held-for-trading assets	-	-	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	46.319	46.319
Loans and advances to other customers	-	-	-	-	56.994.194	56.994.194
Investments in securities	-	-	7.367.316	84.443	-	7.451.759
Other receivables	-	-	-	-	572.475	572.475
Total Financial Assets	-	-	7.367.316	84.443	74.250.316	81.702.075
Financial liabilities						
Trading liabilities	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Due to banks	-	-	-	-	4.335.374	4.335.374
Due to other customers	-	-	-	-	55.064.068	55.064.068
Debt instruments issued	-	-	-	-	-	-
Borrowings	-	-	-	-	9.724.133	9.724.133
Subordinated debt and hybrid instruments	-	-	-	-	2.421.763	2.421.763
Other liabilities	-	-	-	-	466.440	466.440
Total financial liabilities	-	-	-	-	72.011.778	72.011.778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT

Description of the Risk Management Systems of the group

Risk management operations are run by the three main pillars of risk management of the group, under the competence of three Directorates, as follows: Credit Risk Management Directorate, Collection and Collateral Management Directorate and Strategic Risk Management Directorate.

Departments, units and teams within the mentioned risk management directorates are staffed with professional personnel contributing to adequate lending management process in terms of managing the risk of individual placements, implementing and managing the provisioning process, implementing and managing the liquidity risk, market risk, operational risk, managing the collection of non-performing loans and collateral.

In 2023, the focus of the risk management was put primarily on the credit risk management as the main risk exposure of the group. Nevertheless, other risks such as the market risk, liquidity risk and operational risk were appropriately observed as well. During 2023, in compliance with the regulations, the group was also monitoring the Internal Capital Adequacy Assessment Process (ICAAP).

2.1 Credit Risk

In order to monitor credit risk, the group has established adequate organization of the lending process in terms of client segmentation, pouvoir decision-making process (loan authorizations, minimum standards and rules on financing retail and corporate loans; retail and corporate rating models, lending policy of the group, collateral management and collection of non-performing loans).

One of main objectives of the credit risk management is strengthening the collection operations for corporate clients from the regular portfolio, but above all the collection of bad and doubtful debts. In 2023, credit risk management is achieved through the application of the already advanced monitoring and reporting system through new regular reporting forms, the Advanced Early Warning System (EWS), and the Advanced Collateral Management Process. The retail collection continues to be performed through the established internal call center which is responsible for the collection of +1 days of delay.

The Strategic Risk Directorate has focused its risk management activities identifying, measuring and monitoring credit risk. Monitoring is performed by observing the group loan portfolio quality and its divisional and geographic dispersion. This involves continuous monitoring of the credit exposure to single entities or a group of related entities and for that purpose on a monthly basis the group performs a risk assessment of placements and classification according to the level of risk. This Directorate regularly fulfills the obligation to inform the Risk Management Committee, the Supervisory Board and other stakeholders and functions in the group about the movement of the loan portfolio in terms of its risk.

The total assets of the group exposed to credit risk include the loans and advances to customers, regular interest-based receivables, the group's off-balance sheet credit exposure as well as other receivables which besides the group capital investments in other companies, comprise of receivables from customers, commission and fee receivables and other receivables for which a credit risk is assessed by the group.

Description of the Level and Changes in the Value Adjustment and the Consolidated Special Provision

The group classifies each functional balance sheet and off-balance sheet item by the level of credit risk exposure in a manner and criteria determined in the Credit Risk Management Decision.

Credit risk exposure subject to classification by the group covers functional balance sheet receivables based on: matured and not-matured loans, non-performing loans, deposits with banks and other financial institutions, interest-bearing receivables, non-performing interest, commission and fee receivables, other matured and non-performing receivables as well as other receivables exposing the group to a credit risk.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023**

2. RISK MANAGEMENT (continued)

2.1 Credit Risk (continued)

Description of the Level and Changes in the Value Adjustment and the Consolidated Special Provision (continued)

The group is not obliged to classify the credit risk exposure of the following functional balance sheet items: cash, Bank's accounts in the National Bank, intangible assets, property and equipment, natural resources, operational assets and inventories; Items exposing the group to market and/or other type of risk, other than the credit risk – investments in securities and in other types of financial instruments held for trading, investments in securities and in other types of financial instruments measured at their fair value through the Consolidated income statement.

When classifying the credit risk exposure, the group considers the following criteria:

- client's creditworthiness;
- client's regular settling of its obligations;
- quality of the collateral,

The Credit Risk Exposure Classification complies with the Credit Risk Management Decision adopted by the NBRNM (Official Gazette of RM No 50/13, 157/13, 223/15, 149/18, 76/20 and 116/20) and the same for 2023 move within the following parameters:

- From 0% to 5% of the credit risk exposure classified in risk category A;
- Over 5% to 20% of the credit risk exposure classified in risk category B;
- Over 20% to 45% of the credit risk exposure classified in risk category V;
- Over 45% to 70% of the credit risk exposure classified in risk category G;
- Over 70% to 100% of the credit risk exposure classified in risk category D,

In 2023, the group continued calculating credit risk provisions by applying the requirements of the Methodology, which assumes use of 1 year default rate for portfolio with lowest risk, and lifetime default rates in case of increased credit risk in loans. According this, the group's portfolio is divided by risk groups: Stage 1, Stage 2 and Stage 3.

During 2022, as a result of the current geopolitical crisis, the group implemented new Stage Overlay criteria for industries that, according to the Group Analyses, can potentially be affected by this crisis, namely Cycle consumer products, Energy, Metals and Chemicals.

The group used FLI (forward looking information) to measure Expected Credit Losses. The most important assumptions in the FLI (forward looking information) concept, which correlate with the level of Expected Credit Losses, take into account the expected level of GDP growth, inflation growth and unemployment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.1 Credit Risk (continued)

A. Analysis of Total Exposure to Credit Risk

	Loans and advances to banks		Loans and advances to customers		Investments in financial assets available for sale		Investments in financial assets held to maturity		Cash and cash equivalents		Fees and commission receivables		Other receivables		Off-balance sheet exposures		Total		
	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	
<i>In MKD thousand</i>																			
Credit risk exposure classified in Stage 1																			
Carrying amount, before impairment/special reserve (Impairment and special reserve)	2.591	47.070	51.508.537	44.293.587	8.156.738	7.460.591	-	-	20.015.845	13.639.907	32.469	11.910	500.153	550.123	10.322.429	10.102.046	90.538.762	76.105.234	
<i>Carrying amount, less the impairment and special reserve</i>	(692)	(797)	(838.195)	(598.387)	(4.007)	(8.832)	-	-	(1.214)	(811)	(345)	(149)	(629)	(612)	(108.428)	(99.950)	(953.510)	(709.538)	
	1.899	46.273	50.670.342	43.695.200	8.152.731	7.451.759	-	-	20.014.631	13.639.096	32.124	11.761	499.524	549.511	10.214.001	10.002.096	89.585.252	75.395.696	
Credit risk exposure classified in Stage 2																			
Carrying amount, before impairment/special reserve (Impairment and special reserve)	3	47	14.328.589	14.425.941	-	-	-	-	-	-	12.974	7.888	352	331	2.535.696	1.534.371	16.877.614	15.968.578	
<i>Carrying amount, less the impairment and special reserve</i>	-	(1)	(1.475.096)	(1.472.529)	-	-	-	-	-	-	(1.966)	(917)	(22)	(23)	(105.379)	(97.608)	(1.582.463)	(1.571.078)	
	3	46	12.853.493	12.953.412	-	-	-	-	-	-	11.008	6.971	330	308	2.430.317	1.436.763	15.295.151	14.397.500	
Credit risk exposure classified in Stage 3																			
Carrying amount, before impairment/special reserve (Impairment and special reserve)	-	-	1.481.767	1.724.303	-	-	-	-	-	-	32.764	37.694	13.328	16.643	159.052	157.687	1.686.911	1.936.327	
<i>Carrying amount, less the impairment and special reserve</i>	-	-	(1.176.115)	(1.378.721)	-	-	-	-	-	-	(31.182)	(34.893)	(13.270)	(15.521)	(151.161)	(150.297)	(1.371.728)	(1.579.432)	
	-	-	305.652	345.582	-	-	-	-	-	-	1.582	2.801	58	1.122	7.891	7.390	315.183	356.895	
Total carrying amount of credit risk receivables before impairment and special reserve	2.594	47.117	67.318.893	60.443.831	8.156.738	7.460.591	-	-	20.015.845	13.639.907	78.207	57.492	513.833	567.097	13.017.177	11.794.104	109.103.287	94.010.139	
(Total impairment and special reserve)	(692)	(798)	(3.489.406)	(3.449.637)	(4.007)	(8.832)	-	-	(1.214)	(811)	(33.493)	(35.959)	(13.921)	(16.156)	(364.968)	(347.855)	(3.907.701)	(3.860.048)	
Total carrying amount of credit risk receivables, less the impairment and special reserve	1.902	46.319	63.829.487	56.994.194	8.152.731	7.451.759	-	-	20.014.631	13.639.096	44.714	21.534	499.912	550.941	12.652.209	11.446.249	105.195.586	90.150.091	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.1 Credit Risk (continued)

B. Value of Collateral (Fair Value) for Credit Risk Mitigation

	Loans and advances to banks		Loans and advances to customers		Investments in financial assets available for sale		Investments in financial assets held to maturity		Cash and cash equivalents		Other receivables		Off-balance exposures		Total	
	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022
<i>In MKD thousand</i>																
<i>Value of collateral of the credit exposure assessed for impairment on individual basis</i>																
First class collateral instruments																
cash deposits (in depot and/or limited on bank accounts)	-	-	59.400	94.777	-	-	-	-	-	-	533	532	2.105	3.803	62.038	99.112
government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
government unconditional guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
bank guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from insurance companies and insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees (except for banks and insurance companies)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage on real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
property for private use (flats, houses)	-	-	881.482	812.245	-	-	-	-	-	-	118.836	127.705	31.689	11.172	1.032.007	951.122
business facility	-	-	5.121.558	3.141.060	-	-	-	-	-	-	101.347	184.363	73.601	63.922	5.296.506	3.389.345
Pledge over movables	-	-	352.627	496.458	-	-	-	-	-	-	18.632	15.449	10.912	53.370	382.171	565.277
Other types of collateral	-	-	832.640	747.935	-	-	-	-	-	-	14.575	12.353	2.515	18	849.730	760.306
Total value of collateral of credit exposure assessed for impairment on individual basis	-	-	7.247.707	5.292.475	-	-	-	-	-	-	253.924	340.402	120.822	132.285	7.622.453	5.765.162
<i>Value of collateral of the credit exposure assessed for impairment on group basis</i>																
First class collateral instruments																
cash deposits (in depot and/or limited on bank accounts)	-	-	1.656.163	1.379.626	-	-	-	-	-	-	2.250	3.556	76.336	129.172	1.734.749	1.512.354
government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
government unconditional guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
bank guarantees	-	-	-	-	-	-	-	-	-	-	-	-	37.000	-	37.000	-
Guarantees from insurance companies and insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees (except for banks and insurance companies)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage on real estate																
property for private use (flats, houses)	1	-	32.925.284	28.956.776	-	-	-	-	-	-	37.551	38.942	351.079	370.975	33.313.914	29.366.693
business facility	76	-	34.506.032	32.899.015	-	-	-	-	-	-	19.343	64.710	3.938.690	3.960.112	38.464.065	36.923.837
Pledge over movables	118	-	3.796.550	3.575.648	-	-	-	-	-	-	18.626	22.781	364.157	417.433	4.179.333	4.015.862
Other types of collateral	-	-	10.585.817	11.662.340	-	-	-	-	-	-	4.544	4.712	891.302	1.494.463	11.481.663	13.161.515
Total value of collateral of credit exposure assessed for impairment on group basis	195	-	83.469.846	78.473.405	-	-	-	-	-	-	82.314	134.701	5.658.564	6.372.156	89.210.724	84.980.261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.1 Credit Risk (continued)

C. Concentration of Credit Risk by Industry

<i>In MKD thousand</i>	Loans and advances to banks		Loans and advances to customers		Investments in financial assets available for sale		Investments in financial assets held to maturity		Cash and cash equivalents		Fees and commission receivables		Other receivables		Off-balance exposures		Total	
	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022
Non-residents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture, hunting and forestry	-	-	374.615	278.655	-	-	-	-	-	-	96	72	-	1	12.535	86.682	387.246	365.410
Ore and stone extraction	-	-	110.418	156.985	-	-	-	-	-	-	18	39	-	-	1.006	994	111.442	158.018
Food industry	6	-	1.282.425	1.384.993	-	-	-	-	-	-	85	60	-	-	123.544	148.530	1.406.060	1.533.583
Industry for clothing and footwear	-	-	892.452	699.463	-	-	-	-	-	-	97	1.127	-	-	98.385	88.746	990.934	789.336
Chemical industry, production of construction materials, production and processing of fuels, pharmaceutical industry	-	-	711.858	831.944	-	-	-	-	-	-	74	84	-	1	132.092	121.689	844.024	953.718
Production of metals, machines, tools and equipment	6	-	1.683.319	1.406.709	-	-	-	-	-	-	405	861	-	-	1.241.712	834.513	2.925.442	2.242.083
Other processing industry	2	-	790.022	789.045	-	-	-	-	-	-	131	168	3	4	902.994	871.978	1.693.152	1.661.195
Electricity supply, gas, steam and air conditioning	-	-	4.915.769	2.964.887	-	-	-	-	-	-	342	555	-	-	244.091	498.392	5.160.202	3.463.834
Water supply, disposal of wastewater, waste management and remediation activities on the environment	-	-	138.770	160.294	-	-	-	-	-	-	7	13	-	-	22.036	10.475	160.813	170.782
Construction	27	-	3.692.014	3.311.859	-	-	-	-	-	-	642	555	-	14	2.264.326	2.055.921	5.957.009	5.368.349
Wholesale and retail trade; repair of motor vehicles and motorcycles, Transport and warehousing	54	-	12.037.673	11.824.945	-	-	-	-	-	-	2.254	1.994	-	7	4.294.335	3.375.421	16.334.316	15.202.367
Hotels and restaurants	16	-	2.089.332	2.227.083	-	-	-	-	-	-	889	735	2	2	1.361.354	1.305.259	3.451.593	3.533.079
Information and communications	-	-	784.758	532.305	-	-	-	-	-	-	180	184	-	1	22.486	32.642	807.424	565.132
Finance and insurance activities	1.791	46.319	337.427	320.414	-	-	-	-	20.014.631	13.639.096	99	121	-	-	257.584	398.096	595.110	718.631
Activities related to real estate	-	-	385.240	269.141	-	-	-	-	-	-	29.099	6.743	16.033	11.993	46.817	12.215	20.493.611	13.985.507
Professional, scientific and technical activities	-	-	1.594.181	711.461	-	-	-	-	-	-	23	24	-	-	191.744	1.199	1.785.948	712.684
Administrative and utility services	-	-	889.311	766.123	-	-	-	-	-	-	359	457	-	-	84.248	60.150	973.918	826.730
Public administration and defense; mandatory social security	-	-	1.155.026	1.246.233	-	-	-	-	-	-	114	116	-	-	43.801	335.923	1.198.941	1.582.272
Education	-	-	3.034	28.122	8.152.731	7.451.759	-	-	-	-	6	13	415.145	537.985	-	-	8.570.916	8.017.879
Health care and social work	-	-	57.947	23.664	-	-	-	-	-	-	23	16	-	-	29.868	31.196	87.838	54.876
Art, entertainment and recreation	-	-	269.358	248.169	-	-	-	-	-	-	73	42	-	-	2.729	41.054	272.160	289.265
Other utility	-	-	40.502	33.849	-	-	-	-	-	-	99	83	-	-	24	40.601	33.956	33.956
Private households with employed persons, household activities that produce goods and perform a diverse range of services for own needs	-	-	169.944	3.851	-	-	-	-	-	-	216	128	-	-	-	261	170.160	4.241
Services of extraterritorial organizations and bodies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Individuals	-	-	29.424.092	26.911.153	-	-	-	-	-	-	9.362	7.320	1.242	851	1.274.522	1.121.101	30.709.218	28.040.425
Individual merchants and individuals not regarded as merchants	-	-	-	11.045	-	-	-	-	-	-	21	25	67.487	91	-	13.788	67.508	24.949
Total	1.902	46.319	63.829.487	56.994.194	8.152.731	7.451.759	-	-	20.014.631	13.639.096	44.714	21.534	499.912	550.941	12.652.209	11.446.249	105.195.586	90.150.091

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. RISK MANAGEMENT (continued)

2.1 Credit Risk (continued)

D. Concentration of Credit Risk by Geographic Location

In MKD thousand

	Loans and advances to banks		Loans and advances to customers		Investments in financial assets available for sale		Investments in financial assets held to maturity		Cash and cash equivalents		Fees and commission receivables		Other receivables		Off-balance exposures		Total	
	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022
Geographical location																		
Republic of North Macedonia	1.902	596	63.829.181	56.993.893	7.168.557	6.577.209	-	-	15.914.644	11.141.156	44.701	21.524	499.912	550.858	12.132.999	11.445.734	99.591.896	86.730.970
EU member countries	-	16.093	2	160	984.482	874.858	-	-	3.045.372	1.851.334	6	4	-	-	37.002	356	4.066.864	2.742.806
Europe (other)	-	29.630	-	-	-	-	-	-	953.506	548.259	2	2	-	-	482.207	-	1.435.715	577.891
ECD member countries (without European OECD member countries)	-	-	304	141	-	-	-	-	101.109	98.347	3	1	-	-	1	159	101.417	98.648
(the exposure that represents more than 10% of total credit exposure)	-	-	-	-	-	-	-	-	-	-	2	3	-	-	-	-	2	3
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.902	46.319	63.829.487	56.994.194	8.153.039	7.452.067	-	-	20.014.631	13.639.096	44.714	21.534	499.912	550.858	12.652.209	11.446.249	105.195.894	90.150.317

Exposure to loans and receivables according to the geographical location of the debtors is 100% concentrated in the Republic of North Macedonia (2022: 100%),

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.1 Credit Risk (continued)

E. Analysis of the credit risk of assets measured at fair value through profit and loss

	Trading assets				Financial assets at fair value through profit or loss upon initial recognition								Total	
	Debt securities for trading		Equity securities for trading		Debt securities		Debt securities		Loans and advances to banks		Loans and advances to customers			
	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022
<i>In MKD thousand</i>														
Carrying amount of financial assets measured at fair value														
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carrying amount	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. RISK MANAGEMENT (continued)

2.2. Liquidity Risk

Liquidity risk is a risk that the group may be unable to provide sufficient monetary assets to settle its short-term liabilities when they come due, i.e. a risk that the necessary liquid assets will be provided at much higher cost.

2.2.1. Liquidity Risk Management

The main objective of the group's liquidity management is to maintain adequate liquid assets, primarily cash and cash equivalents, to enable normal business operation of the group. The matching and controlled mismatch of asset maturity and liability maturity is fundamental to the management of the group.

The group manages its liquidity risk through the constant monitoring of the maturity of its asset and liability components.

The group actively monitors, manages and controls the liquidity risk exposure including management of assets and resources in accordance with the cash flows and their concentration for harmonization of cash inflows and outflows. Liquidity risk exposure is measured through externally and internally determined limits, i.e. the group's compliance with them.

Besides external liquidity indicators, the group calculates and monitors the internal liquidity indicators that are part of the liquidity management process and imply compliance with the Group Requirements and the Requirements of European Regulation (LCR, NSFR).

The new methodology from the NBRSM for liquidity risk management is in force from 01.01.2021.

As a part of the liquidity risk management process, the group analyzes the level of concentration and participation of the 10 largest depositors in the average deposit base as well as their compliance with the internally established limits.

The group continuously fulfilled the legal requirements related to mandatory reserve in MKD and foreign currencies fully complying with the legislation governing this area.

In the tables below, there is an analysis of the group's assets and liabilities grouped by their maturity, or the remaining period from the reporting date to the contractual date. Reported amounts are reduced by the amounts of accumulated depreciation, impairment and allocated special reserve. There are indications of maturity non-compliance for the period from 1 to 12 months, and the reason for maturity non-compliance mostly refers to the off-balance sheet exposure. The main reason for this discrepancy is that short-term sources of funds have been engaged for loans with longer maturities. For the purposes of liquidity risk management, the group prepares expected maturity structure in which an element of prediction is integrated and having in mind the experience from the previous years, it indicates a stable liquidity position.

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December 31, 2023

2. RISK MANAGEMENT (continued)

2.2 Liquidity Risk (continued)

Maturity of Financial Assets and Liabilities (Residual Maturity)

<i>In MKD thousand</i>	Analysis by maturity of financial assets and liabilities (remaining maturity)						Total
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	
2023 (current year)							
Financial assets							
Cash and cash equivalents	14.189.149	-	-	5.826.696	-	-	20.015.845
Trading assets	-	-	-	-	-	-	-
Financial assets carried at a fair value through Consolidated statement of profit and loss at initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	2.483	-	-	70	42	-	2.595
Loans and advances to customers	3.324.097	4.243.737	18.756.289	8.696.514	13.802.541	18.614.354	67.437.532
Investments in securities	201.538	49.201	1.295.103	1.827.962	4.778.992	-	8.152.796
Investments in associates	244.238	-	-	-	-	-	244.238
Current income tax receivables	-	-	-	-	-	-	-
Other receivables	361.875	76.753	26.332	62	48.894	-	513.916
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	16.264	-	-	-	-	-	16.264
Total financial assets	18.339.644	4.369.691	20.077.724	16.351.304	18.630.469	18.614.354	96.383.186
Financial liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities carried at a fair value through Consolidated statement of profit and loss at initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due to banks	2.450.647	4.735.115	-	-	-	-	7.185.762
Due to other customers	56.861.004	813.546	2.086.097	1.178.588	41.190	57.695	61.038.120
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	76.463	-	55.905	1.937.867	2.522.488	5.501.518	10.094.241
Subordinated debt	32.268	-	491.960	-	1.906.345	-	2.430.573
Current income tax liabilities	-	-	59.637	-	-	-	59.637
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	659.421	407	3.353	598	455	679	664.913
Total financial liabilities	60.079.803	5.549.068	2.696.952	3.117.053	4.470.478	5.559.892	81.473.246
Off-balance items							
Off-balance assets	-	-	-	-	-	-	-
Off-balance liabilities	31.548.133	-	-	-	-	-	31.548.133
Net liquidity gap	(73.288.292)	(1.179.377)	17.380.772	13.234.251	14.159.991	13.054.462	(16.638.193)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.2 Liquidity Risk (continued)

Maturity of Financial Assets and Liabilities (Residual Maturity) (continued)

<i>In MKD thousand</i>	Analysis by maturity of financial assets and liabilities (remaining maturity)						Total
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	
2022 (previous year)							
Financial assets							
Cash and cash equivalents	12.239.721	-	4.397.607	-	-	-	16.637.328
Trading assets	-	-	-	-	-	-	-
Financial assets carried at a fair value through Consolidated statement of profit and loss at initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	16.448	-	29.871	-	-	-	46.319
Loans and advances to customers	3.827.187	3.952.832	16.338.272	6.204.291	13.916.682	12.754.930	56.994.194
Investments in securities	169.924	307.168	2.199.965	100.729	3.246.909	1.427.064	7.451.759
Investments in associates	190.367	-	-	-	-	-	190.367
Current income tax receivables	-	-	-	-	-	-	-
Other receivables	471.305	101.130	24	11	5	-	572.475
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	32.839	-	-	-	-	-	32.839
Total financial assets	16.947.791	4.361.130	22.965.739	6.305.031	17.163.596	14.181.994	81.925.281
Financial liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities carried at a fair value through Consolidated statement of profit and loss at initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due to banks	276.823	1.844.796	1.106.878	1.106.877	-	-	4.335.374
Due to other customers	51.166.721	314.992	1.049.563	1.827.933	648.403	56.456	55.064.068
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	95.448	769	37.086	409.250	3.241.003	5.940.577	9.724.133
Subordinated debt	23.528	-	-	491.946	1.906.289	-	2.421.763
Current income tax liabilities	48.461	-	-	-	-	-	48.461
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	466.440	-	-	-	-	-	466.440
Total financial liabilities	52.077.421	2.160.557	2.193.527	3.836.006	5.795.695	5.997.033	72.060.239
Off-balance items							
Off-balance assets	-	-	-	-	-	-	-
Off-balance liabilities	28.654.218	-	-	-	-	-	28.654.218
Net liquidity gap	(63.783.848)	2.200.573	20.772.212	2.469.025	11.367.901	8.184.961	(18.789.176)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023****2. RISK MANAGEMENT (continued)****2.3 Market Risk**

The group is exposed to market risks. Market risks derive from the group open position in relation to the effect of the market interest rate fluctuations, as well as in relation to the effect of the exchange rate fluctuations. The group Management determines acceptable risk limits based on their daily monitoring.

For the purpose of interest rate risk monitoring, the group has developed internal acts as an integral part of the market risk management process. In addition to internal documents, the interest rate risk analysis and duration of equity is performed at least on a quarterly basis. Main objective is to limit the potential loss due to fluctuations in market interest rate level, to maintain the level of profitability, operational stability, and the group's equity market value.

Interest rate risk, as part of market risk, is an important part of the risk management process and it is under constant monitoring and control in order to be enabled an efficient management and the planned financial results to be achieved, as well as to increase the economic and the market value of the group's assets and capital.

The group manages active interest rate policy based on the Strategic Plan of the group, as well on the competitive position as compared to the other banks in the market. Throughout the year, continuous analyses of the interest-bearing assets and liabilities are conducted; the level of sensitivity to interest rate fluctuations, average weighted active and passive interest rate, value of interest-bearing assets and liabilities with internal and external determination of the interest rates as well as other relevant indicators. Based on all those analyses, ALCO makes further decisions on interest rates fluctuations.

Currency risk management, which is also a part of the market risk management process, is achieved in conditions of stable MKD rate, or in conditions of continuous restrictive monetary policy at state level. The group takes effective activities for adequate identification, measurement, monitoring and control of the currency risk exposure, which cover determination of currency risk sources, measurement methods, establishing limits and other control measures.

The basic currency risk management instrument, open foreign currency position of the group, is calculated on aggregate level as well as Consolidatedly by currencies and by monitoring their compliance with the externally and internally determined limits. The group also assesses the potential maximal loss from currency risk by applying VaR - Value at Risk method according Group standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.3. Market Risk (continued)

2.3.1. Sensitivity Analysis of Assets and Liabilities on the Change in Market Risk

A. Sensitivity Analysis on the Changes of Market Risk on Assets and Liabilities

	Profit/Loss	Own Funds	Risk weighted assets	Capital adequacy ratio
	<i>In MKD thousand</i>	<i>In MKD thousand</i>	<i>In MKD thousand</i>	<i>in %</i>
2023 (current year)				
Amount before sensitivity analysis / stress-tests (as of December 31, 2023)	1.514.825	13.615.004	74.070.588	18,38%
Effects from scenarios implementation				
Currency risk (list Consolidatedly various scenarios, including the basic features of the scenario)				
MKD to depreciate by 15%	1.535.252	13.635.444	82.043.679	16,62%
MKD to depreciate by 10%	1.528.439	13.628.631	79.385.982	17,17%
MKD to appreciate by 15%	1.494.372	13.594.564	66.097.497	20,57%
MKD to appreciate by 10%	1.501.185	13.601.377	68.755.194	19,78%
Interest rate risk (list Consolidatedly the various scenarios, including the basic features of the scenario)				
Interest rate of 300 basis points, which affect the withdrawal of 30% of deposits of physical and legal entities whose interest rate, is variable and adjustable,	1.319.138	13.419.330	74.056.955	18,12%
Risk of change in market prices for investments in equity securities (list Consolidatedly the various scenarios, including the basic features of the scenario)				
The investments in equity securities is insignificant in terms of total assets, and accordingly, the group does not perform stress test	/	/	/	/
Combined scenarios (list Consolidatedly the various scenarios, including the basic features of the scenario)				
Combination of 10% MKD depreciation and an increase in the total amount of loans classified in risk categories V, G and D by 10% by transferring an equal amount of credits from categories A and B	1.237.589	13.337.781	79.095.132	16,86%
Combination of 10% MKD depreciation and an increase in the total amount of loans classified in risk categories V, G and D by 30% by transferring an equal amount of credits from categories A and B	1.076.960	13.177.152	78.934.503	16,69%
Combination of 10% MKD depreciation and an increase in the total amount of loans classified in risk categories V, G and D by 50% by transferring an equal amount of credits from categories A and B	916.330	13.016.522	78.773.873	16,52%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.3 Market Risk (continued)

2.3.1 Sensitivity Analysis of Assets and Liabilities on the Change in Market Risk (continued)

A. Sensitivity Analysis on the Changes of Market Risk on Assets and Liabilities (continued)

	Profit/Loss	Own Funds	Risk weighted assets	Capital adequacy ratio
	<i>In MKD thousand</i>	<i>In MKD thousand</i>	<i>In MKD thousand</i>	<i>in %</i>
2022 (previous year)				
Amount before sensitivity analysis / stress-tests (as of December 31, 2022)	1.082.799	12.477.946	67.499.403	18,49%
Effects from scenarios implementation				
Currency risk (list Consolidatedly various scenarios, including the basic features of the scenario)				
<i>MKD to depreciate by 15%</i>	1.248.524	12.643.671	75.611.594	16,72%
<i>MKD to depreciate by 10%</i>	1.193.282	12.588.429	72.907.495	17,27%
<i>MKD to appreciate by 15%</i>	917.074	12.312.221	59.387.000	20,73%
<i>MKD to appreciate by 10%</i>	972.316	12.367.463	62.091.099	19,92%
Interest rate risk (list Consolidatedly the various scenarios, including the basic features of the scenario)				
<i>Interest rate of 300 basis points, which affect the withdrawal of 30% of deposits of physical and legal entities whose interest rate, is variable and adjustable,</i>	963.515	12.358.662	67.489.645	18,31%
<hr/>				
Risk of change in market prices for investments in equity securities (list Consolidatedly the various scenarios, including the basic features of the scenario)				
The investments in equity securities is insignificant in terms of total assets, and accordingly, the group does not perform stress test	/	/	/	/
<hr/>				
Combined scenarios (list Consolidatedly the various scenarios, including the basic features of the scenario)				
<i>Combination of 20% MKD depreciation and an increase in the total amount of loans classified in risk categories V, G and D by 10% by transferring an equal amount of credits from categories A and B</i>	912.926	12.308.073	72.627.138	16,95%
<i>Combination of 20% MKD depreciation and an increase in the total amount of loans classified in risk categories V, G and D by 30% by transferring an equal amount of credits from categories A and B</i>	744.649	12.139.796	72.458.862	16,75%
<i>Combination of 20% MKD depreciation and an increase in the total amount of loans classified in risk categories V, G and D by 50% by transferring an equal amount of credits from categories A and B</i>	576.373	11.971.520	72.290.586	16,56%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.3 Market Risk (continued)

2.3.1 Sensitivity Analysis of Assets and Liabilities on the Change in Market Risk (continued)

B. Analysis of Value Exposed to Market Risk in Trading Portfolio

	Current year 2023				Previous year 2022			
	balance as of December 31	average value	highest value (maximum)	lowest value (minimum)	balance as of December 31	average value	highest value (maximum)	lowest value (minimum)
<i>In MKD thousand</i>								
Risk exposure value of interest-bearing instruments	-	-	-	-	-	-	-	-
Risk exposure value of foreign currency instruments	-	-	-	-	-	-	-	-
Risk exposure value of equity instruments	-	-	-	-	-	-	-	-
Variance (off-setting effect)	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.3 Market Risk (continued)

2.3.2. Sensitivity analysis of Changes in Interest Rates of Financial Assets and Liabilities (Excluding Trading Assets)

A. Interest Rate Sensitivity Analysis

In the table below there is an overview of the Schedule "TWA" from the Guidelines for the implementation of the Decision for managing the interest rate risk in the grouping book in accordance with the valid prescribed regulation of the NBRSM on December 31, 2023 and 2022.

	<i>In MKD thousand</i>	Currency	Current year 2023	Previous year 2022
1.1 Net weighed position for currency MKD (fixed + variable + administrative interest rate)		MKD	599.783	363.247
1.2 Net weighed position for currency EUR (fixed + variable + administrative interest rate)		EUR	496.957	282.665
1.3 Net weighed position for currency USD (fixed + variable + administrative interest rate)		USD	(3.476)	(5.735)
1.4 Net weighed position for other currencies (fixed + variable + administrative interest rate)		Other	(2.128)	(3.391)
1.5 Net weighed position for currency MKD cl EUR (fixed + variable + administrative interest rate)		MKD cl EUR	270.642	414.643
1.6 Net weighed position for currency MKD cl USD (fixed + variable + administrative interest rate)		MKD cl USD	(14.154)	(15.773)
3. Total weighted amount – Change in the economic value of the grouping portfolio (1,1 + 1,2 + 1,3 + 1,4 + 1,5 + 1,6)			1.347.624	1.035.656
3. Own Funds			12.122.264	11.527.173
4. Total weighted amount / own funds (2/3*100)			11,12%	8,98%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.3 Market Risk (continued)

2.3.2 Sensitivity analysis of Changes in Interest Rates of Financial Assets and Liabilities (Excluding Trading Assets) (continued)

Interest Rates gap analysis

The group is exposed to various risks associated with the effects of fluctuation in the prevailing level of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may decrease or create losses in the event of unexpected movements. Assets and liabilities management is performed based on Bank's sensitivity to changes in interest rates. The group is always careful not to reduce the interest margin. However, the actual effect will depend on various factors, including economic stability, environment and inflation rate.

The table presents gap analysis of interest rates of financial assets and liabilities as at December 31, 2023 and 2022.

<i>In MKD thousand</i>	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total interest-bearing assets/liabilities
2023 (current year)							
Financial assets							
Cash and cash equivalents	10.502.588	-	-	-	-	-	10.502.588
Financial assets carried at a fair value through Consolidated statement of profit and loss at initial recognition	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to other customers	19.482.589	3.542.772	17.721.243	6.512.403	7.945.656	8.862.182	64.066.845
Investments in securities	-	47.540	1.293.501	1.702.007	4.031.569	-	7.074.617
Other interest sensitive assets	-	-	-	-	-	-	-
Total interest sensitive financial assets	29.985.177	3.590.312	19.014.744	8.214.410	11.977.225	8.862.182	81.644.050
Financial liabilities							
Financial liabilities at fair value through Consolidated statement of profit or loss upon initial recognition	-	-	-	-	-	-	-
Due to banks	-	1.232.540	-	-	-	-	1.232.540
Due to other customers	5.994.575	2.809.933	7.231.240	8.266.346	1.316.391	207.484	25.825.969
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	853.901	2.608.730	2.137.741	954.560	1.662.182	1.803.648	10.020.762
Subordinated debt and hybrid capital instruments	-	307.475	491.960	-	1.598.870	-	2.398.305
Other interest sensitive liabilities	-	-	-	-	-	-	-
Total interest sensitive financial assets	6.848.476	6.958.678	9.860.941	9.220.906	4.577.443	2.011.132	39.477.576
Total interest sensitive financial liabilities	23.136.701	(3.368.366)	9.153.803	(1.006.496)	7.399.782	6.851.050	42.166.474
Off balance sheet interest sensitive assets	-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities	-	-	-	-	-	-	-
Net off-balance sheet gap	-	-	-	-	-	-	-
Total net-gap	23.136.701	(3.368.366)	9.153.803	(1.006.496)	7.399.782	6.851.050	42.166.474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.3 Market Risk (continued)

2.3.2 Sensitivity analysis of Changes in Interest Rates of Financial Assets and Liabilities (Excluding Trading Assets) (continued)

B. Interest Rates gap analysis (continued)

<i>In MKD thousand</i>	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total interest-bearing assets/liabilities
2022 (previous year)							
Financial assets							
Cash and cash equivalents	8.467.236	-	-	-	-	-	8.467.236
Financial assets carried at a fair value through Consolidated statement of profit and loss at initial recognition	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to other customers	21.876.222	5.212.674	8.912.426	5.821.106	7.895.200	6.787.420	56.505.048
Investments in securities	-	-	1.087.953	1.209.583	3.243.617	1.425.104	6.966.257
Other interest sensitive assets	-	-	-	-	-	-	-
Total interest sensitive financial assets	30.343.458	5.212.674	10.000.379	7.030.689	11.138.817	8.212.524	71.938.541
Financial liabilities							
Financial liabilities at fair value through Consolidated statement of profit or loss upon initial recognition	-	-	-	-	-	-	-
Due to banks	-	1.232.540	-	-	-	-	1.232.540
Due to other customers	3.426.651	2.339.668	5.186.986	4.444.612	4.566.307	258.573	20.222.797
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	1.052.166	2.320.987	2.378.907	748.979	1.551.271	1.639.475	9.691.785
Subordinated debt and hybrid capital instruments	-	307.466	-	491.946	1.598.823	-	2.398.235
Other interest sensitive liabilities	-	-	-	-	-	-	-
Total interest sensitive financial liabilities	4.478.817	6.200.661	7.565.893	5.685.537	7.716.401	1.898.048	33.545.357
Net balance sheet gap	25.864.641	(987.987)	2.434.486	1.345.152	3.422.416	6.314.476	38.393.184
Off balance sheet interest sensitive assets	-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities	-	-	-	-	-	-	-
Net off-balance sheet gap	-	-	-	-	-	-	-
Total net-gap	25.864.641	(987.987)	2.434.486	1.345.152	3.422.416	6.314.476	38.393.184

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.3 Market Risk (continued)

2.3.3. Foreign Currency Risk

Currency risk management, which is also part of the market risk management process, is achieved in conditions of stable exchange rate of Denar, in conditions of continuation of the restrictive monetary policy at the state level. The group actively undertakes activities for adequate identification, measurement, monitoring and control of currency risk exposure, which include determining the sources of currency risk, methods of measuring it, establishing limits and other control mechanisms.

The basic instrument for currency risk management, the open foreign exchange position of the group, is calculated on an aggregate level as well as Consolidatedly by currencies and their compliance with the externally and internally determined limits.

<i>In MKD thousand</i>	MKD	EUR	USD	specify Consolidatedly currencies more than 10% of total monetary assets / liabilities					Other Currencies	Total
2023 (current year)										
Monetary assets										
Cash and cash equivalents	8.568.076	9.597.121	807.342	-	-	-	-	1.042.092	20.014.631	
Trading assets	-	-	-	-	-	-	-	-	-	
Financial assets carried at a fair value through Consolidated statement of profit and loss at initial recognition	-	-	-	-	-	-	-	-	-	
Derivative assets held for risk management	-	-	-	-	-	-	-	-	-	
Loans and advances to banks	1.902	-	-	-	-	-	-	-	1.902	
Loans and advances to customers	29.947.430	33.876.148	5.909	-	-	-	-	-	63.829.487	
Investments in securities	4.010.781	4.141.950	-	-	-	-	-	-	8.152.731	
Investments in associates	244.238	-	-	-	-	-	-	-	244.238	
Income tax receivable (current)	-	-	-	-	-	-	-	-	-	
Other receivables	723.923	10.980	1.726	-	-	-	-	1.396	738.025	
Assets pledged as collateral	-	-	-	-	-	-	-	-	-	
Deferred tax assets	16.264	-	-	-	-	-	-	-	16.264	
Total Monetary Assets	43.512.614	47.626.199	814.977	-	-	-	-	1.043.488	92.997.278	
Monetary liabilities										
Trading liabilities	-	-	-	-	-	-	-	-	-	
Financial liabilities carried at a fair value through Consolidated statement of profit and loss at initial recognition	-	-	-	-	-	-	-	-	-	
Derivative liabilities held for risk management	-	-	-	-	-	-	-	-	-	
Due to banks	122.292	7.001.513	21.094	-	-	-	-	40.863	7.185.762	
Due to other customers	30.181.104	27.602.410	1.953.291	-	-	-	-	1.301.315	61.038.120	
Debt instruments issued	-	-	-	-	-	-	-	-	-	
Borrowings	174.315	9.785.711	134.215	-	-	-	-	-	10.094.241	
Subordinated debt	-	2.430.573	-	-	-	-	-	-	2.430.573	
Income tax payable (current)	59.637	-	-	-	-	-	-	-	59.637	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	
Other liabilities	353.495	231.596	72.523	-	-	-	-	7.299	664.913	
Total monetary liabilities	30.890.843	47.051.803	2.181.123	-	-	-	-	1.349.477	81.473.246	
Net foreign currency position	12.621.771	574.396	(1.366.146)	-	-	-	-	(305.989)	11.524.032	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.3 Market Risk (continued)

2.3.3 Foreign Currency Risk (continued)

<i>In MKD thousand</i>	MKD	EUR	USD	specify Consolidatedly currencies more than 10% of total monetary assets / liabilities					Other Currencies	Total
2022 (previous year)										
Monetary assets										
Cash and cash equivalents	8.389.354	6.475.106	818.392	-	-	-	-	954.476	16.637.328	
Trading assets	-	-	-	-	-	-	-	-	-	
Financial assets carried at a fair value through Consolidated statement of profit and loss at initial recognition	-	-	-	-	-	-	-	-	-	
Derivative assets held for risk management	-	-	-	-	-	-	-	-	-	
Loans and advances to banks	16.685	-	29.634	-	-	-	-	-	46.319	
Loans and advances to customers	24.061.227	32.926.937	6.030	-	-	-	-	-	56.994.194	
Investments in securities	3.533.644	3.918.115	-	-	-	-	-	-	7.451.759	
Investments in associates	190.367	-	-	-	-	-	-	-	190.367	
Income tax receivable (current)	-	-	-	-	-	-	-	-	-	
Other receivables	561.309	7.906	1.844	-	-	-	-	1.416	572.475	
Assets pledged as collateral	-	-	-	-	-	-	-	-	-	
Deferred tax assets	32.839	-	-	-	-	-	-	-	32.839	
Total Monetary Assets	36.785.425	43.328.064	855.900	-	-	-	-	955.892	81.925.281	
Monetary liabilities										
Trading liabilities	-	-	-	-	-	-	-	-	-	
Financial liabilities carried at a fair value through Consolidated statement of profit and loss at initial recognition	-	-	-	-	-	-	-	-	-	
Derivative liabilities held for risk management	-	-	-	-	-	-	-	-	-	
Due to banks	127.141	4.134.990	28.432	-	-	-	-	44.811	4.335.374	
Due to other customers	26.425.283	24.877.498	2.503.216	-	-	-	-	1.258.071	55.064.068	
Debt instruments issued	-	-	-	-	-	-	-	-	-	
Borrowings	127.300	9.448.439	148.394	-	-	-	-	-	9.724.133	
Subordinated debt	-	2.421.763	-	-	-	-	-	-	2.421.763	
Income tax payable (current)	48.461	-	-	-	-	-	-	-	48.461	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	
Other liabilities	287.837	113.651	57.257	-	-	-	-	7.695	466.440	
Total monetary liabilities	27.016.022	40.996.341	2.737.299	-	-	-	-	1.310.577	72.060.239	
Net foreign currency position	9.769.403	2.331.723	(1.881.399)	-	-	-	-	(354.685)	9.865.042	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

2. RISK MANAGEMENT (continued)

2.4 Operational Risk

Within its own internal acts, the group defines operational risks as risks arising from deficiencies or mistakes in conducting internal processes, systems and personnel or from external events. Operational Risk includes the legal risk also, but does not include strategic risk and reputational risk. However, reputational risk is still considered in operational risk management due to its importance.

Operational risk management objective is to limit the number of potential losses and probability of their realization at a level that is acceptable for the group from a financial point of view, as well as from the aspect of the group's reputation. The group accepts those operational risks which, if realized, will not have a significant effect on the Consolidated financial results i.e. they will not jeopardize the further operation of the group. The policy and the acts arising from this objective have established consistent approach to the operational risk management.

In 2023, the group applied Key Risk Indicators (KRI) to control and assess the level of operational risk as well as the Risk Control Self Assessment method for assessing key risks.

The group makes estimation of the capital requirement to cover the operational risks by applying standardized approach under the local legislation.

3. CAPITAL ADEQUACY

Capital Management

Main objective of the group is to maintain its equity capital at an optimum level, thus observing stipulated regulatory minimum requirement. The group is obliged to constantly maintain the capital adequacy rate at a level not less than 8%.

According to the amendments of the Decision on methodology for capital adequacy as of 2017, the structure of own funds has changed, with greater emphasis on the regular core capital (improved quality), stricter requirements for the capital instruments in the primary and additional capital; an appropriate change in the minimum capital requirements in accordance with the new structure:

- Regular capital ratio - 4,5% (Common Equity Tier 1 Capital ratio);
- Core capital ratio - 6% (Tier 1 Capital ratio);
- Own funds ratio - 8%,

In addition, in accordance with the amendments to the grouping Law from October 2016, NBRNM also introduced new bylaws for the purposes of alignment with the Basel Capital Accord Basel 3, as well as with the relevant European regulations. With the amendments banks are obliged to maintain an adequate amount of capital for covering the protective four layers of capital: protective layer for capital maintenance at the level of 2.5% of the risk weighted assets; counter-cyclic protective layer of capital in the amount up to 2.5% of the risk weighted assets or more, depending on other systemic factors / indicators; protective layer of capital for systemically significant banks in the range between 1% - 3.5% of the risk weighted assets; and a systemic protective layer of capital in the range between 1% - 3% of the risk weighted assets, The new regulation refers to the following:

- Decision on methodology for debt risk management;
- Decision on methodology for determining the maximum amount for distribution of the profit;
- Decision on the methodology for determining the rate of counter-cyclic protective layer of capital for exposures in the Republic of North Macedonia.
- Decision on methodology for identifying systemically significant banks;
- Decision on methodology for plan development for recovery of systemically significant banks;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

3. CAPITAL ADEQUACY (continued)

Capital Management (continued)

The group was identified as a systemically significant bank by NBRNM and therefore is obliged to allocate a regular core capital of 2% of the risk-weighted assets. In addition, according to the supervisory assessment of the risk profile of the group, the group is obliged to allocate an additional capital allowance of 3,25%, which can be met with any quality of capital i.e. any component of the own funds. As of December 31, 2023, the minimum capital adequacy rate for the Bank was 16.25%, and as of the end of 2022, the minimum rate was 15.25%.

The group strives to reliably measure the current risk, to estimate the future risk and the need of own funds for maintaining an optimum capital adequacy level.

The group has established a system for maintaining adequate level of own funds in relation to the risk-weighted assets and continuously maintains a high level of capital adequacy.

If asset risk increases, the group may increase its own funds capital or take measures to reduce risk-weighted assets to maintain an optimal level of capital adequacy.

The group's policy of reinvesting profits is an instrument for increasing its own funds.

The capital required to cover the risks is the sum of the capital required to cover the credit risk, the currency risk, the risk of change in commodity prices, the market risks and the operational risk. The group is required to have an adequate level of capital required to cover all these risks.

In the risk management process, the group introduces procedures and methodology for determining capital adequacy and calculates it on a quarterly basis. The group performs a stress test of the capital adequacy where it checks whether the capital adequacy ratio maintains the prescribed level according to the legislation i.e. the set business policy of the group and the recommendation from the regulator.

The capital adequacy as of December 31, 2023 and December 31, 2022 is shown in the tables below.

Own Funds

The table below gives an overview of the Report on the own funds (Form "SS") prepared in accordance with the "Instructions for enforcing the Decision on the Methodology for determining the capital adequacy" in compliance with the applicable regulation prescribed by the NBRNM as of December 31, 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

3. CAPITAL ADEQUACY (continued)

Own Funds (continued)

		<i>In MKD thousand</i>	current year 2023	previous year 2022
1.	Own funds		13.615.004	12.477.946
2.	Tier 1 Capital		12.266.667	10.650.318
3.	Common Equity Tier 1 Capital (CET1)		12.266.667	10.650.318
3.1.	Positions in CET1		12.250.403	10.617.479
3.1.1.	Capital instruments of CET1		5.594.758	5.594.758
3.1.2.	Premium on capital instruments of CET1		666.348	666.348
3.1.3.	Mandatory general reserve (general reserve fund)		502.197	450.544
3.1.4.	Retained unallocated earnings		4.191.516	3.210.110
3.1.5.	(-) Accumulated loss from previous years		-	-
3.1.6.	Current profit or year-end profit		1.462.301	1.033.059
3.1.7.	Comprehensive income or loss		(166.717)	(337.340)
3.2.	(-) Deductions of CET1		16.264	32.839
3.2.1.	(-) Loss at the end of the year or current loss		-	-
	(-) Intangible assets are assets associated with the group's establishment, licenses, patents, concessions and trademarks (including the pre-agreements for their acquisition/use) and goodwill. The software support or software in development are not considered as intangible assets. Intangible assets are recorded at net amount i.e, less any accumulated amortization and any accumulated impairment losses;		-	-
3.2.2.			-	-
3.2.3.	(-) Deferred tax assets that rely on future profitability of the group		16.264	32.839
3.2.4.	(-) Investments in own capital instruments from CET1		-	-
3.2.4.1.	(-) Direct investments in own capital instruments from CET1		-	-
3.2.4.2.	(-) Indirect investments in own capital instruments from CET1		-	-
3.2.4.3.	(-) Synthetic investments in own capital instruments from CET1		-	-
	(-) Investments in own capital instruments from CET1 for which the group has contractual obligation to buy		-	-
3.2.4.4.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies from the financial sector, whereas those companies have investments in the group		-	-
3.2.5.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies from the financial sector in which the group does not have significant investment		-	-
3.2.6.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies from the financial sector in which the group has significant investment		-	-
3.2.7.	(-) Amount of deductions from AT1 which exceeds the total amount of AT1		-	-
3.2.8.	(-) Amount of exceeding the limits on investments in non-financial institutions		-	-
3.2.9.	(-) tax costs		-	-
3.2.10.	(-) Difference between the necessary and the actual allowance for impairment provision/special reserve		-	-
3.2.11.	Regulatory adjustments from CET1		-	-
3.3.	(-) Increase of CET1 that arises from the position of securitization		-	-
3.3.1.	(-) Gains or (+) losses from covering risk arising from the cash flow		-	-
3.3.2.	(-) Gains or (+) losses from liabilities of the group measured at fair value		-	-
3.3.3.	(-) Gains or (+) losses related with liabilities based on derivatives measured at fair value		-	-
3.3.4.	Positions as a result of consolidation		-	-
3.4.	Non-controlling (minority) participation that is recognized in CET1 on consolidated basis		-	-
3.4.1.	Other		-	-
3.4.2.	Other positions from CET1		-	-
3.5.			-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

3. CAPITAL ADEQUACY (continued)
Own Funds (continued)

		<i>In MKD thousand</i>	
		current year 2023	previous year 2022
4.	<i>Additional Tier 1 Capital (AT1)</i>	-	-
4.1.	Position of AT1	-	-
4.1.1.	Capital instruments of AT1	-	-
4.1.2.	Premium on capital instruments of AT1	-	-
4.2.	(-) Deduction of AT1	-	-
4.2.1.	(-) Investments in own capital instruments from AT1	-	-
4.2.1.1.	(-) Direct investments in own capital instruments from AT1	-	-
4.2.1.2.	(-) Indirect investments in own capital instruments from AT1	-	-
4.2.1.3.	(-) Synthetic investments in own capital instruments from AT1	-	-
4.2.1.4.	(-) Investments in own capital instruments from AT1 for which the group has contractual obligation to buy	-	-
4.2.2.	(-) Direct, indirect and synthetic investments in capital instruments from AT1 of the companies from the financial sector, whereas those companies have investments in the group	-	-
4.2.3.	(-) Direct, indirect and synthetic investments in capital instruments from AT1 of the companies from the financial sector in which the group does not have significant investment	-	-
4.2.4.	(-) Direct, indirect and synthetic investments in capital instruments from AT1 of the companies from the financial sector in which the group has significant investment	-	-
4.2.5.	(-) Amount of deductions from T2 which exceeds the total amount of T2	-	-
4.2.6.	(-) Tax costs	-	-
4.3.	Regulatory adjustments from AT1	-	-
4.3.1.	(-) Increase of AT1 that arises from the positions of securitization	-	-
4.3.2.	(-) Gains or (+) losses from covering risk arising from the cash flow	-	-
4.3.3.	(-) Gains or (+) losses from liabilities of the group measured at fair value	-	-
4.3.4.	(-) Gains or (+) losses related with liabilities based on derivatives measured at fair value	-	-
4.4.	Positions as a result of consolidation	-	-
4.4.1.	Acceptable additional tier 1 capital that is recognized in AT1 on consolidated basis	-	-
4.4.2.	Other	-	-
4.5.	Other position from AT1	-	-
5.	<i>Tier 2 Capital (T2)</i>	1.348.337	1.827.628
5.1.	Position of T2	1.348.337	1.827.628
5.1.1.	Capital instruments of T2	-	-
5.1.2.	Subordinated loans	1.348.337	1.827.628
5.1.3.	Premium on capital instruments of T2	-	-
5.2.	(-) Deductions of T2	-	-
5.2.1.	(-) Investments in own capital instruments from T2	-	-
5.2.1.1.	(-) Direct investments in own capital instruments from T2	-	-
5.2.1.2.	(-) Indirect investments in own capital instruments from T2	-	-
5.2.1.3.	(-) Synthetic investments in own capital instruments from T2	-	-
5.2.1.4.	(-) Investments in own capital instruments from T2 for which the group has contractual obligation to buy	-	-
5.2.2.	(-) Direct, indirect and synthetic investments in capital instruments from T2 of the companies from the financial sector, whereas those companies have investments in the group	-	-
5.2.3.	(-) Direct, indirect and synthetic investments in capital instruments from T2 of the companies from the financial sector in which the group does not have significant investment	-	-
5.2.4.	(-) Direct, indirect and synthetic investments in capital instruments from T2 of the companies from the financial sector in which the group has significant investment	-	-
5.3.	Regulatory adjustments from T2	-	-
5.3.1.	(-) Increase of T2 that arises from the positions of securitization	-	-
5.3.2.	(-) Gains or (+) losses from covering risk arising from the cash flow	-	-
5.3.3.	(-) Gains or (+) losses from liabilities of the group measured at fair value	-	-
5.3.4.	(-) Gains or (+) losses related with liabilities based on derivatives measured at fair value	-	-
5.4.	Positions as a result of consolidation	-	-
5.4.1.	Acceptable additional tier 1 capital that is recognized in T2 on consolidated basis	-	-
5.4.2.	Other	-	-
5.5.	Other position from T2	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

3. CAPITAL ADEQUACY (continued)

Capital Adequacy Ratio

The table below gives an overview of the Report on the capital adequacy ratio (Form AK) prepared in accordance with the "Instructions for enforcing the Decision on the Methodology for determining the capital adequacy" in compliance with the applicable regulation prescribed by the NBRSM as of December 31, 2023 and 2022

		<i>In MKD thousand</i>	current year 2023	previous year 2022
I	CREDIT RISK-WEIGHTED ASSETS			
1	Credit risk-weighted assets under the standardized approach		68.367.677	61.410.953
2	Capital requirement for credit risk		5.469.414	4.912.876
II	CURRENCY RISK-WEIGHTED ASSETS			
3	Aggregate foreign exchange position		141.051	1.105.577
4	Net-position in gold		-	-
5	Capital requirement for currency risk		-	88.446
6	Currency risk-weighted assets		-	1.105.577
III	OPERATIONAL RISK-WEIGHTED ASSETS			
7	Capital requirement for operational risk under the basic indicator approach		456.233	398.630
8	Capital requirement for operational risk under the standardized approach			
9	Operational risk-weighted assets		5.702.911	4.982.873
IV	OTHER RISK-WEIGHTED ASSETS			
10	Capital requirement for commodity risks		-	-
11	Capital requirement for market risks (11.1+11.2+11.3)		-	-
11.1	Capital requirement for position risk (11.1.1+11.1.2+11.1.3+11.1.4)		-	-
11.1.1	Capital requirement for specific risk of investments in debt instruments		-	-
11.1.2	Capital requirement for general risk of investments in debt instruments		-	-
11.1.3	Capital requirement for specific risk of investments in equities		-	-
11.1.4	Capital requirement for general risk of investments in equities		-	-
11.2	Capital requirement for exceeding of exposure limits		-	-
11.3	Capital requirement for market risks arising from option positions		-	-
12	Capital requirement for settlement/delivery risk		-	-
13	Capital requirement for counterparty risk		-	-
14	Capital requirement for other risks (10+11+12+13)		-	-
15	Other risk-weighted assets		-	-
V	RISK-WEIGHTED ASSETS		74.070.588	67.499.403
16	Capital requirement for risks		5.925.647	5.399.952
VI	OWN FUNDS		13.615.004	12.477.946
VII	CREDIT RISK-WEIGHTED ASSETS (V/IV)		18,38%	18,49%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023**4. SEGMENT REPORTING**

Segment reporting is carried out by the group's operating segments.

Operating segment is a component of the activities of the group for which the following conditions have been fulfilled:

- Performs activities as a result based on which incomes are generated and expenditures arise;
- Reviews from the group's Supervisory Board, in order to assess the accomplishments and decision making for future business activities of the segment; and
- Financial information for the segment is available.

The group primary business segments are as follows:

- Retail operation (retail banking and sole traders) – granted loans, letters of guarantee and letters of credit, services related to payment operations, credit cards, current and term deposits, and etc.
- Corporate banking (operations with non-financial and financial companies) – granted loans, letters of guarantee and letters of credit, current and time deposits, payment operations, derivatives, and etc.

Secondary geographic segments are the following:

- Member countries of the European Union.
- Other European countries, outside the EU.
- Countries outside Europe, members of the Organization for Economic Cooperation and Development (OECD); and other countries

The following table shows the Consolidated Balance Sheet and Consolidated Income Statement by individual business segments identifying income/expenses among the segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

4. SEGMENT REPORTING (continued)

A. Operating Segments

<i>In MKD thousand</i>	Operating Segments				All other insignificant operating segments	Unallocated	Total
	Retail banking	Corporate banking	Investment banking	Government			
2023 (current year)							
Net Interest income/(expense)	1.354.464	1.015.817	-	208.990	-	-	2.579.271
Net Income/(expenses) from fees and commission	287.778	402.876	-	463	-	-	691.117
Net Income from trading	-	-	-	-	-	-	-
Net Income from other financial instruments carried at their fair value	-	-	-	-	-	-	-
Other operating income	14.110	1.412.032	-	14.871	-	(1.019.603)	421.410
Income realized between segments	-	-	-	-	-	-	-
Total Income per segment	1.656.352	2.830.725	-	224.324	-	(1.019.603)	3.691.798
Allowance for impairment of financial assets, net	-	(339.975)	-	4.853	-	-	(335.122)
Impairment loss of non-financial assets, net	-	(20.522)	-	-	-	-	(20.522)
Amortization and depreciation	-	-	-	-	-	(181.128)	(181.128)
Restructuring costs	-	-	-	-	-	-	-
Cost for investment in property and equipment	-	-	-	-	-	-	-
Other expenses	(559.763)	(223.555)	-	-	-	(763.582)	(1.546.900)
Total Expenses per segment	(559.763)	(584.052)	-	4.853	-	(944.710)	(2.083.672)
Financial result per segment	1.096.589	2.300.544	-	229.177	-	(1.964.300)	1.662.010
Income Tax	-	-	-	-	-	(147.185)	(147.185)
Profit/(loss) for the financial year	1.096.589	2.300.544	-	229.177	-	(2.111.485)	1.514.825
Total assets per segment	29.584.999	36.730.628	-	13.599.346	-	-	79.914.973
Unallocated assets per segment	-	-	-	-	-	14.428.285	14.428.285
Total assets	29.584.999	36.730.628	-	13.599.346	-	14.230.870	94.343.258
Total liabilities per segment	29.682.195	51.622.546	-	28.679	-	-	81.333.420
Unallocated liabilities per segment	-	-	-	-	-	539.582	539.580
Total liabilities	29.682.195	51.622.546	-	28.679	-	539.582	81.873.001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

4. SEGMENT REPORTING (continued)

A. Operating Segments (continued)

	Operating Segments				All other insignificant operating segments	Unallocated	Total
	Retail banking	Corporate banking	Investment banking	Government			
<i>In MKD thousand</i>							
2022 (previous year)							
Net Interest income/(expense)	1.250.102	569.083	-	160.022	-	-	1.979.207
Net Income/(expenses) from fees and commission	272.578	370.149	-	344	-	-	643.071
Net Income from trading	-	-	-	-	-	-	-
Net Income from other financial instruments carried at their fair value	-	-	-	-	-	-	-
Other operating income	(148.665)	1.649.643	-	(6.850)	-	(1.042.868)	451.260
Income realized between segments	-	-	-	-	-	-	-
Total Income per segment	1.374.015	2.588.875	-	153.516	-	(1.042.868)	3.073.538
Allowance for impairment of financial assets, net	-	(450.723)	-	(7.735)	-	-	(458.458)
Impairment loss of non-financial assets, net	-	(19.036)	-	-	-	-	(19.036)
Amortization and depreciation	-	-	-	-	-	(153.206)	(153.206)
Restructuring costs	-	-	-	-	-	-	-
Cost for investment in property and equipment	-	-	-	-	-	-	-
Other expenses	(496.543)	(204.200)	-	-	-	(613.614)	(1.314.357)
Total Expenses per segment	(496.543)	(673.959)	-	(7.735)	-	(766.820)	(1.945.057)
Financial result per segment	877.472	1.964.624	-	145.781	-	(1.809.688)	1.178.189
Income Tax Profit/(loss) for the financial year	-	-	-	-	-	(95.390)	(95.390)
	877.472	1.964.624	-	145.781	-	(1.905.078)	1.082.799
Total assets per segment	26.875.084	32.052.833	-	12.984.158	-	-	71.912.075
Unallocated assets per segment						11.343.952	11.343.952
Total assets	26.875.084	32.052.833	-	12.984.158	-	11.343.952	83.256.027
Total liabilities per segment	25.925.265	46.121.310	-	49.806	-	-	72.096.381
Unallocated liabilities per segment	-					354.586	354.586
Total liabilities	25.925.265	46.121.310	-	49.806	-	354.586	72.450.967

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

4. SEGMENT REPORTING (continued)

B. Concentration of Total Income and Expense by Significant Client

<i>In MKD thousand</i>	Operating Segments				All other insignificant operating segments	Unallocated	Total
	Retail banking	Corporate banking	Investment banking	Government			
2023 (current year)							
Client 1							
income	-	29.409	-	-	-	-	29.409
(expenses)	-	(321.981)	-	-	-	-	(321.981)
Client 2	-	-	-	-	-	-	-
income	-	-	-	-	-	-	-
(expenses)	-	(162.282)	-	-	-	-	(162.282)
Client 3	-	-	-	-	-	-	-
income	-	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-	-
Total per segment	-	(454.854)	-	-	-	-	(454.854)
2022 (previous year)							
Client 1							
income	-	1.556.568	-	-	-	-	1.556.568
(expenses)	-	(213.738)	-	-	-	-	(213.738)
Client 2	-	-	-	-	-	-	-
income	-	-	-	-	-	-	-
(expenses)	-	(111.844)	-	-	-	-	(111.844)
Client 3	-	-	-	-	-	-	-
income	-	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-	-
Total per segment	-	1.230.986	-	-	-	-	1.230.986

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

4. SEGMENT REPORTING (continued)

C. Geographical Location

	Republic of North Macedonia	EU member states	Europe - other	OECD member states (without EU countries members of OECD)	Other (list Consolidatedly significant geographical segments)				Unallocated	Total
<i>In MKD thousand</i>										
2023 (current year)										
Total income	4.904.624	202.620	-	20.427	-	-	-	-	-	5.127.671
Total assets	89.235.334	3.979.893	-	1.109.913	-	-	-	-	18.117	94.343.258
2022 (previous year)										
Total income	2.377.811	1.657.680	-	6.450	-	-	-	-	-	4.041.941
Total assets	74.813.615	7.720.796	668.274	53.342	-	-	-	-	-	83.256.027

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value represents the amount at which an asset could be replaced, or a liability settled on regular, market conditions. Fair value is based on the Management assessment depending on the type of assets and liabilities.

The table below summarizes the carrying amount and the fair value of financial assets and liabilities that are not presented in the Consolidated Balance Sheet by their fair value.

A. Fair Value of Financial Assets and Financial Liabilities

	current year 2023		previous year 2022	
	carrying amount	fair value	carrying amount	fair value
<i>In MKD thousand</i>				
Financial assets				
Cash and cash equivalents	20.014.631	20.014.631	16.637.328	16.637.328
Trading assets			-	-
Financial assets carried at fair value through Consolidated statement of profit or loss upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	1.902	1.902	46.319	46.319
Loans and advances to customers	63.829.487	63.829.487	56.994.194	56.994.194
Investments in securities	8.152.731	8.152.731	7.451.759	7.451.759
Investments in associates	244.238	244.238	190.367	190.367
Income tax receivable (current)			-	-
Other receivables	738.025	738.025	572.475	572.475
Assets pledged as collateral	-	-	-	-
Deferred tax assets	-	-	-	-
Financial liabilities				
Trading liabilities				
Financial liabilities carried at a fair value through Consolidated statement of profit and loss at initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Due to banks	7.185.762	7.185.762	4.335.374	4.335.374
Due to other customers	61.038.120	61.038.120	55.064.068	55.064.068
Debt securities issued				
Borrowings	10.094.241	10.094.241	9.724.133	9.724.133
Subordinated debt	2.430.573	2.430.573	2.421.763	2.421.763
Income tax payable (current)	59.638	59.638	48.461	48.461
Deferred tax liabilities	-	-	-	-
Other liabilities	664.913	664.913	466.440	466.440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A. Fair Value of Financial Assets and Financial Liabilities

a) Cash and cash equivalents

The carrying amount of cash and cash equivalents equals their fair values as they include cash and nostro accounts representing unrestricted demand deposits and placements with NBRNM, which mature in short periods.

b) Loans and advances to banks

Loans and advances to banks include interbank placements. The fair value of the placements and the so-called "overnight" deposits is equivalent to their carrying amount due to their short-term maturity.

c) Loans and advances to other customers

Loans and advances to customers are carried at amortized cost less impairment. The major part of the loans and advances to customers have variable interest rate. Their fair value is approximately equal to their carrying amount.

d) Investments in Held-to-maturity securities

Held-to-maturity securities are measured at fair value. Their fair value is based on market prices or on brokers'/dealers' listing prices. If such information is unavailable, their fair value is estimated by using market prices for listing securities with similar nature in relation to loan, maturity and earnings.

e) Other financial assets

The fair value of monetary assets comprising cash and cash equivalents, due to their short-term maturity, is considered to be approximately equal to their carrying amount.

f) Other receivables

Taking into consideration their short-term maturity, the carrying amount of the other receivables is equivalent to their fair value.

g) Deposits and loan payables

Assessed fair value of sight deposits, including interest-free bearing deposits, is the amount repayable at sight.

The fair value of time deposits at variable interest rates is their recorded value on the Consolidated balance sheet date.

The carrying amount of loan payables does not significantly differ from their fair value, mainly due to the variable interest rates and their adjustments.

h) Other liabilities

Taking into consideration their short-term maturity, the carrying amount of other liabilities is equivalent to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

B. Levels of Fair Value of Financial Assets and Liabilities, Measured at Fair Value

B.1 Levels of Fair Value of Financial Assets and Liabilities, Measured at Fair Value

<i>In MKD thousand</i>	Note	Level 1	Level 2	Level 3	Total
December 31, 2023 (current year)					
<i>Financial assets measured at fair value</i>					
Held-for-trading assets	19	-	-	-	-
Financial assets at fair value through profit or loss at initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in available-for-sale securities	23.1	986.598	7.081.690	84.443	8.152.731
Total		986.598	7.081.690	84.443	8.152.731
<i>Financial liabilities measured at fair value</i>					
Trading liabilities	32	-	-	-	-
Financial liabilities at fair value through Consolidated statement of profit or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
Total		-	-	-	-
December 31, 2022 (previous year)					
<i>Financial assets measured at fair value</i>					
Held-for-trading assets	19	-	-	-	-
Financial assets at fair value through Consolidated statement of profit or loss upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in available-for-sale securities	23.1	876.778	6.490.538	84.443	7.451.759
Total		876.778	6.490.538	84.443	7.451.759
<i>Financial liabilities measured at fair value</i>					
Trading liabilities	32	-	-	-	-
Financial liabilities at fair value through Consolidated statement of profit or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
Total		-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023**5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)****B. Levels of Fair Value of Financial Assets and Liabilities, Measured at Fair Value (continued)****B.1 Levels of Fair Value of Financial Assets and Liabilities, Measured at Fair Value (continued)**

The group classifies all financial assets and liabilities in line with the hierarchy of valuation techniques and information whether the necessary valuation inputs are publicly available or not. The fair value hierarchy includes the following levels:

- Level 1 - Fair value is determined directly with reference to quoted market prices of the financial instruments in active markets. Level 1 includes government bonds issued by the Republic of Austria;
- Level 2 - fair value is determined by applying valuation techniques that include active markets inputs (the inputs can be directly or indirectly confirmed and followed in the active markets such as quoted market prices of similar financial instruments, or all significant inputs in the model determining fair value may be verified and followed in the active market). In 2023 there is no transfer from Level 2 to Level 1 of equity instrument (2022: none);
- Level 3 - fair value is determined by applying valuation techniques containing inputs that cannot be directly or indirectly verified and followed in active markets, i.e. based on valuation techniques mainly containing information on the risks of the financial instruments. In 2023 there is no transfer from Level 3 to Level 1 of equity instrument (2022: none);

Note 5 B.1 presents quantitative information on financial assets and liabilities classification by hierarchy level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

B. Levels of Fair Value of Financial Assets and Liabilities, Measured at Fair Value (continued)

B.2 Transfers between Levels 1 and 2 of Fair Values

<i>In MKD thousand</i>	current year 2023		previous year 2022	
	transfers from level 1 to level 2	transfers from level 2 to level 1	transfers from level 1 to level 2	transfers from level 2 to level 1
Financial assets measured at fair value				
Held-for-trading assets	-	-	-	-
Financial assets at fair value through profit or loss at initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Investments in available-for-sale securities	-	-	-	-
Total	-	-	-	-
Financial liabilities carried at fair value				
Trading liabilities	-	-	-	-
Financial liabilities at fair value through profit or loss at initial recognition	-	-	-	-
Financial liabilities at fair value	-	-	-	-
Total	-	-	-	-

B.3 Reconciliation of the Movements in Fair Values Measured at Level 3 during the Year

<i>In MKD thousand</i>	Held-for-trading assets	Financial assets at fair value through profit or loss upon initial recognition	Investments in available-for-sale securities	Total assets	Trading liabilities	Financial liabilities at fair value through profit or loss upon initial recognition	Total liabilities
As of January 1, 2022 (previous year)			87.909	87.909			
Gains/(losses) recognized in:	-	-	-	-	-	-	-
- Consolidated Income statement	-	-	-	-	-	-	-
- Other comprehensive income in the period not recognized in Consolidated Income statement	-	-	2.493	2.493	-	-	-
Purchase of financial instruments in the period	-	-	-	-	-	-	-
Disposals of financial instruments in the period	-	-	(5.959)	(5.959)	-	-	-
Issued financial instruments in the period	-	-	-	-	-	-	-
Paid financial instruments in the period	-	-	-	-	-	-	-
Reclassified financial instruments to/(from) Level 3	-	-	-	-	-	-	-
Reclassified in loans and advances	-	-	-	-	-	-	-
As of December 31, 2022 (previous year)	-	-			-	-	--
Total gains/(losses) recognized in Consolidated income statement for the assets and liabilities outstanding as of December 31, 2022 (previous year)	-	-	84.443	84.443	-	-	-
As of January 1, 2023 (current year)			84.443	84.443			
Gains/(losses) recognized in:	-	-	-	-	-	-	-
- Consolidated Income statement	-	-	-	-	-	-	-
- Other comprehensive income in the period not recognized in Consolidated Income statement	-	-	-	-	-	-	-
Purchase of financial instruments in the period	-	-	-	-	-	-	-
Disposals of financial instruments in the period	-	-	-	-	-	-	-
Issued financial instruments in the period	-	-	-	-	-	-	-
Paid financial instruments in the period	-	-	-	-	-	-	-
Reclassified financial instruments to/(from) Level 3	-	-	-	-	-	-	-
Reclassified in loans and advances	-	-	-	-	-	-	-
As of December 31, 2023 (current year)	-	-	-	-	-	-	--
Total gains/(losses) recognized in Consolidated income statement for the assets and liabilities outstanding as of December 31, 2023 (current year)	-	-	84.443	84.443	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

6. NET INTEREST INCOME/(EXPENSES)

Interest income and expenses are recognized in the Consolidated Income Statement for all interest-bearing financial assets and liabilities by applying the effective interest rate. Interest income and expense structure according to the type of financial instruments is as follows:

A. Structure of Interest Income and Expense according to the Type of Financial Instrument

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Interest income		
Cash and cash equivalents	172.345	34.224
Financial assets at a fair value through Consolidated Income Statement at initial recognition	-	-
Derivative assets held for risk management	-	-
Loans and advances to banks	20.435	2.013
Loans and advances to customers	3.031.043	2.229.130
Investments in securities	203.673	125.539
Other receivables	-	-
(Allowance for impairment of Interest Income, net)	(11.386)	(8.765)
Collected interest previously written off	81.541	85.878
Total interest income	3.497.651	2.468.019
Interest expense		
Financial liabilities at a fair value through Consolidated Income Statement at initial recognition	-	-
Derivative liabilities held for risk management	-	-
Due to banks	-	2.276
Due to other customers	485.000	212.827
Debt instruments issued	-	-
Borrowings	285.549	144.317
Subordinated debt	147.831	112.861
Other liabilities	-	16.531
Total interest expense	918.380	488.812
Net interest income/(expenses)	2.579.271	1.979.207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

6. NET INTEREST INCOME/(EXPENSES) (continued)

B. Sector Analysis of Interest Income and Expense according to Sector

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Interest income		
Non-financial companies	1.449.797	855.246
Government	203.894	156.778
Not for profit institutions that serve to household	497	224
Banks	192.780	36.237
Other financial institutions (non-banks)	18.051	7.888
Households	1.522.831	1.319.528
Non-residents	39.646	15.005
(Impairment of Interest Income, net)	(11.386)	(8.765)
Collected interest, previously written off	81.541	85.878
Total interest income	3.497.651	2.468.019
Interest expense		
Non-financial companies	79.740	21.403
Government	273	136
Not for profit institutions that serve to household	3.190	1.912
Banks	10.327	30.545
Other financial institutions (non-banks)	45.026	33.625
Households	183.843	91.977
Non-residents	595.981	309.214
Total interest expense	918.380	488.812
Net interest income/(expense)	2.579.271	1.979.207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

7. NET FEES AND COMMISSION INCOME

Fees and commission income are recorded on an accrual basis, when the service has been provided.

A. Structure of Fee and Commission Income and Expense According to the Type of Financial Activity

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Fee and commission income		
Loans	114.065	93.517
Payment operations		
domestic	333.047	315.250
international	156.619	136.926
Credit card transactions	483.624	409.046
Letter of credit and guarantees	71.851	64.067
Brokerage operations	7.439	10.884
Asset management	-	-
Fiduciary activities	11.250	11.049
Issuing securities	-	-
Other	30.715	32.215
Total fee and commission income	1.208.610	1.072.954
Fee and commission expense		
Loans	-	-
Payment operations		
domestic	67.663	49.917
international	22.178	17.215
Credit card transactions	386.006	311.649
Letter of credit and guarantees	2.553	1.504
Brokerage operations	1.346	3.587
Asset management	-	-
Fiduciary activities	2.907	1.672
Issuing securities	-	-
Other	34.840	44.339
Total fee and commission expense	517.493	429.883
Net fee and commission income/(expense)	691.117	643.071

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

7. NET FEE AND COMMISSION INCOME (continued)

B. Sector Analysis of Fee and Commission Income and Expense

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Fee and commission income		
Non-financial companies	557.649	488.094
Government	463	344
Not for profit institutions that serve to household	4.382	3.774
Banks	89.860	95.086
Other financial institutions (non-banks)	71.175	59.090
Households	285.725	270.772
Non-residents	199.356	155.794
Total fee and commission income	1.208.610	1.072.954
Fee and commission expense		
Non-financial companies	9.192	8.470
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	130.424	102.288
Other financial institutions (non-banks)	26.921	30.325
Households	350.956	288.800
Total fee and commission expense	517.493	429.883
Net fee and commission income/(expense)	691.117	643.071

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

8. TRADING INCOME, NET

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Trading assets		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of owned instruments, net		
realized	-	-
unrealized	-	-
Income from dividends from trading assets	-	-
Income from interest of trading assets	-	-
Trading liabilities		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of trading deposits, net		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of other financial liabilities for trading, net		
realized	-	-
unrealized	-	-
Interest expense of financial liabilities held for trading		
Profit/(loss) from fair value change of derivatives held for trade, net		
realized	-	-
unrealized	-	-
Net income from trading	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

9. NET INCOME FROM OTHER FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
<i>Financial assets at fair value through Consolidated Income Statement at initial recognition</i>		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of owned instruments, net		
realized	-	-
unrealized	-	-
Income from dividends from financial assets at fair value through Consolidated Income statement	-	-
Profit/(loss) from changes in fair value of loans and receivables at fair value through Consolidated Income statement, net		
realized	-	-
unrealized	-	-
<i>Financial liabilities at fair value through Consolidated Income statement at initial recognition</i>		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from the changes in fair value of deposits at fair value through Consolidated Income statement, net		
realized	-	-
unrealized	-	-
Profit/(loss) from the changes in fair value of borrowings at fair value through Consolidated Income statement, net		
realized	-	-
unrealized	-	-
Profit/ (loss) from the changes in fair value of other financial liabilities at fair value through profit and loss,		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value change of derivatives held for risk management at the fair value through Consolidated Income statement, net		
realized	-	-
unrealized	-	-
Net income from other financial instruments at fair value	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

10. FOREIGN EXCHANGE GAINS/ (LOSSES), NET

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Realized foreign exchange gains/(losses), net	279.241	455.106
Unrealized foreign exchange gains/(losses), net	67.533	(90.490)
Foreign exchange differences of allowance for impairment of financial assets, net	3.093	7.418
Other foreign exchange differences, net	64.440	(97.908)
Net foreign exchange gains/(losses)	346.774	364.616

Net income and expenses from foreign exchange differences include realized and unrealized foreign exchange differences arising from:

- settlement of transactions in foreign currency (monetary and non-monetary) throughout the financial year,
- denominating the monetary items in foreign currency in Denars at the Consolidated Balance Sheet date.

11. OTHER OPERATING INCOME

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Gains from sale of available-for-sale assets	-	-
Dividends from equity instruments available-for-sale	4.705	3.915
Net income from investment in subsidiaries and associates	-	-
Capital gain from the sale of:		
Property and equipment	7.426	98
Intangible assets		
Foreclosed assets	1.239	8.202
Non-current assets held-for-sale and group for disposal	-	-
Income from rent	3.718	3.273
Income from litigations		
Collected receivables previously written off	51.852	60.263
Release from the special reserve and provisions for:		
Contingent commitments based on litigations	-	(50)
Pensions and other employee benefits	-	-
Restructuring	-	-
Adverse contracts	-	-
Other provisions	-	-
Other (specify revenues that represent more than 10% of total other operating income)	5.696	10.943
<u>Income from insurance claims</u>		-
Total other operating income	74.636	86.644

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

12. IMPAIRMENT LOSSES OF FINANCIAL ASSETS, NET

<i>In MKD thousand</i>	Loans and advances to banks	Loans and advances to other customers	Investment in financial assets available-for-sale	Investment in financial assets held-to-maturity	Cash and cash equivalents	Fees and commission received	Other receivables	Total impairment of financial assets	Special reserve for off-balance exposure	Total
2023 (current year)										
Impairment and special reserve										
Additional impairment and special reserve	1.838	3.220.837	2.928	-	6.835	5.482	44.758	3.282.677	567.660	3.850.337
(Release of impairment and special reserve)	(1.944)	(2.881.577)	(7.753)	-	(6.432)	(7.770)	(43.021)	(2.948.497)	(566.718)	(3.515.215)
Total impairment of financial assets and special reserve for off-balance exposure, net	(106)	339.260	(4.825)	-	403	(2.288)	1.737	334.180	942	335.122
2022 (previous year)										
Impairment and special reserve										
Additional impairment and special reserve	783	1.487.201	11.472	-	80	-	47.693	1.547.229	389.779	1.937.008
(Release of impairment and special reserve)	-	(1.056.007)	(3.737)	-	(2.401)	-	(30.660)	(1.092.805)	(385.745)	(1.478.550)
Total impairment of financial assets and special reserve for off-balance exposure, net	783	431.194	7.735	-	(2.321)	-	17.033	454.424	4.034	458.458

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

13. IMPAIRMENT LOSSES OF FINANCIAL ASSETS, NET

<i>In MKD thousand</i>	Property and equipment	Intangible assets	Foreclosed assets	Non-current assets held-for-sale and group for disposal	Other non-financial assets	Non-controlling interest *	Total
2023 (current year)							
Additional impairment losses	-	-	20.522	-	-	-	20.522
(Release of impairment losses)	-	-	-	-	-	-	-
Total impairment losses of non-financial assets, net	-	-	20.522	-	-	-	20.522
2022 (previous year)							
Additional impairment losses	-	-	23.567	-	-	-	23.567
(Release of impairment losses)	-	-	(4.531)	-	-	-	(4.531)
Total impairment losses of non-financial assets, net	-	-	19.036	-	-	-	19.036

* for consolidated financial statements only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

14. PERSONNEL EXPENSES

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Short term employee benefits		
Salaries	400.743	365.559
Mandatory contribution for social and health insurance	219.256	199.852
Short-term paid leave of absence	6.681	6.252
Expenses for temporary employment	15.807	9.079
Share in profit and remuneration	135.528	102.003
Non-monetary benefits	-	-
	778.015	682.745
Benefits after termination of employment		
Contribution to pension plans for defined contributions	-	-
Retirement benefits	-	-
Increasing of the obligation for retirement benefits	-	-
Increasing of the obligation for other long-term benefits	2.998	4.816
Other benefits after termination of employment	-	-
	2.998	4.816
Benefits due to termination of employment		
Equity settled share-based payments	-	-
Cash settled share-based payments	-	-
Other (list Consolidatedly staff costs representing more than 10% of total staff costs)	1.208	13.369
Expenses for appreciation and awards to employees	-	-
New Year's remuneration	-	-
Total personnel expenses	782.221	700.930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

15. DEPRECIATION AND AMORTIZATION

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Amortization of intangible assets		
Internally developed software	-	-
Software purchased from external suppliers	93.361	74.320
Other internally developed intangible assets	-	-
Other intangible assets	-	-
Investment in intangible assets under lease	-	-
	93.361	74.320
Depreciation of property and equipment		
Construction objects	27.800	27.600
Transport vehicles	8.094	3.149
Furniture and office equipment	9.276	7.644
Other equipment	42.597	40.493
Other items of property and equipment	-	-
Investment in property and equipment under lease	-	-
	87.767	78.886
Total depreciation and amortization	181.128	153.206

16. OTHER OPERATING EXPENSES

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Losses on sale of assets available-for-sale	-	-
Expenses for software licensing	-	-
Insurance premiums on deposits	68.295	61.003
Insurance premiums on property and employees	5.406	4.882
Materials and services	434.120	376.109
Administrative and marketing expenses	108.853	84.436
Other taxes and contributions	35.445	16.278
Rent	53.360	52.893
Litigation expenses	3.327	5.325
Provisions for pensions and other employee benefits, net	-	-
Provisions for contingent commitments based on litigation, net	2.200	-
Other provisions	50	-
Loss from the sale of:		
Property and equipment	-	-
Intangible assets	-	-
Foreclosed assets	-	144
Non-current assets held-for-sale and group for disposal	-	-
Other	53.623	12.234
Carrying amount of non-current assets held- for-sale		123
Total other operating expenses	764.679	613.427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

17. INCOME TAX EXPENSE

A. Expenses/(Income) based on Current and Deferred Income Tax

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
<i>Current income tax</i>		
Expense /(income) for current income tax for the year	147.185	95.390
Adjustments for previous year	-	-
Benefits from previously unrecognized tax losses, tax balance or temporary differences from previous years	-	-
Changes in accounting policies and errors	-	-
Other	-	-
	147.185	95.390
<i>Deferred income tax</i>		
Deferred income tax that arises from temporary differences for the year	-	-
Recognition of previously unrecognized tax losses	-	-
Changes in the tax rate	-	-
Introducing new taxes	-	-
Benefits from previously unrecognized tax losses, balance or temporary differences from previous years	-	-
Other	-	-
	-	-
Total income tax expenses/(returns)	147.185	95.390

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
<i>Current income tax</i>		
Recognized in Consolidated income statement	147.185	95.390
Recognized in equity and reserves	-	-
	147.185	95.390
<i>Deferred income tax</i>		
Recognized in Consolidated income statement	-	-
Recognized in equity and reserves	16.575	(53.549)
	16.575	(53.549)
Total income tax expenses/(returns)	163.760	41.841

The current tax on profits for the year is MKD 147,185 thousand, and the amount of 16,575 is deferred tax recognised during the year through capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

17. INCOME TAX EXPENSE (continued)

B. Reconciliation between the Average Effective Tax Rate and the Applicable Tax Rate

Pursuant to the Law on Income Tax, the basis for calculating the profit tax is the gross profit determined as a difference between the total income and total expenses determined pursuant to the accounting regulations and standards increased for non-deductible expenses and reduced for deductible revenue. The tax base is reduced for tax incentives (investments in development and donations).

	<i>in %</i>	<i>In MKD thousand</i>	<i>in %</i>	<i>In MKD thousand</i>
	current year 2023		previous year 2022	
Profit/(loss) before taxation		1.662.010		1.178.189
Income tax in accordance with the applicable tax rate	10,00	166.201	10,00	117.819
Effect from various tax rates in other countries				
Adjustments for previous years and changes in the tax rate				
Taxed income from abroad				
Expenses unrecognized for tax purposes	0,54	8.659	0,79	9.350
Tax exempted income	(1,06)	(17.103)	(1,73)	(20.345)
Tax exemptions unrecognized in the Consolidated income statement				
Recognition of previously unrecognized tax losses				
Benefits from previously unrecognized tax losses, tax balance or temporary differences from previous years				
Changes of deferred tax				
Other		(5.320)		(6.460)
Total expenses/(return) of income tax		152.437		100.366
Average effective tax rate	9,17		8,52	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

17. INCOME TAX EXPENSE (continued)

C. Income tax from other profit/ (losses) in the period which are not disclosed in the Consolidated Income statement

	current year 2023			previous year 2022		
	Before taxation	(expenditure)/ return of income tax	Less the income tax	Before taxation	(expenditure)/ return of income tax	Less the income tax
<i>In MKD thousand</i>						
Revalued reserve for assets available for sale	-	-	-		-	-
Reserve for instruments for hedging cash flow risk	-	-	-		-	-
Reserve for instruments for hedging the risk net-investment in international operations	-	-	-		-	-
Reserve from currency differences from investment in international operations	-	-	-		-	-
Share in the remaining profits/(losses) from affiliates which are not disclosed in the Consolidated Income statement	-	-	-		-	-
Other profits/(losses) which are not disclosed in the Consolidated Income statement	-	-	-		-	-
Total other profits/(losses) which are not disclosed in the Consolidated Income statement	-	-	-		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

18. CASH AND CASH EQUIVALENTS

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Cash on hand	1.792.104	1.553.419
Accounts and deposits with NBRNM, except for mandatory reserve in foreign currency	7.468.222	7.369.906
Current accounts and deposits with foreign banks	3.060.534	1.852.672
Current accounts and deposits with domestic banks	-	-
Treasury bills traded on the secondary market	929.965	916.827
Government bills traded on the secondary market	-	-
Time deposits with maturities less than, or equal to three months	939.538	547.708
Other short-term highly liquid assets	-	-
Interest receivables	-	-
(Allowance for impairment)	(1.214)	(811)
Included in cash and cash equivalents for the purpose of the Consolidated Statement of cash flows	14.189.149	12.239.721
Reserve requirement (mandatory reserve in foreign currency)	5.033.912	3.814.583
Restricted deposits	791.570	583.024
(Impairment allowance)	-	-
Total	20.014.631	16.637.328

<i>In MKD thousand</i>	current year 2023				previous year 2022			
	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total Impairment	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total Impairment
Movement of impairment allowance								
As of January 1	811	-	-	811	3.110	22	-	3.110
Impairment for the year	-	-	-	-	-	-	-	-
Additional impairment	6.835	-	-	6.835	80	-	-	80
(release of impairment)	(6.432)	-	-	(6.432)	(2.401)	-	-	(2.379)
Transfer in:	-	-	-	-	-	-	-	-
- impairment for Stage 1	-	-	-	-	-	-	-	-
- impairment for Stage 2	-	-	-	-	-	-	-	-
- impairment for Stage 3	-	-	-	-	-	-	-	-
(Foreclosed assets)	-	-	-	-	-	-	-	-
Effect of foreign exchange differences	-	-	-	-	-	-	-	-
(Written off receivables)	-	-	-	-	-	-	-	-
As of December 31	1.214	-	-	1.214	789	22	-	811

Mandatory reserve in foreign currency in the amount of MKD 5.033.912 thousand (2022: 3.814.583 thousand) represents the prescribed amount of deposits allocated in accordance with the Decision on reserve requirement adopted by NBRNM.

The mandatory reserves in foreign currency are based on the average amount of deposits in foreign currencies during one calendar month. According to the amendments to the Decision which became effective on August 2023, the mandatory reserves in foreign currency is calculated as a sum of the basis of foreign currency liability, where the sum of foreign currency liability increases from 77% to 80%, and then with a new decision made in September it increased to 81% and the basis of domestic currency obligations with a currency clause, where the rate changed from 50% to 100%.

The group participates in the Reserve Guarantee Fund managed by the clearing house KIBS, with an amount of MKD 690.441 thousand(2022: 484.657 thousand), these funds are used for fulfillment of the reserve requirement in Denars, which together with the average daily balance of the account at the National Bank should be at least equal to the calculated reserve requirement in Denars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

18. CASH AND CASH EQUIVALENTS (continued)

Accounts and deposits with NBRSM, in the amount of MKD 7.468.221 thousand (2022: 7.369.906 thousand) include the group's giro account in the NBRSM, as well as an overnight deposit in the NBRSM.

The treasury bills traded on the secondary market in the amount of MKD 929.965 thousand (2022: 916.827 thousand) are issued by the NBRNM with maturity of 35 days and interest rate of 6,30% (2022: 4,75%).

19. HELD-FOR-TRADING ASSETS

A. Structure of the trading assets according to the type of the financial instrument

B.

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
<i>Trading securities</i>		
Debt securities for trading	-	-
Treasury bills for trading	-	-
Government bills for trading	-	-
Other instruments on the money market	-	-
Bonds issued by government	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Equity instruments for trading</i>		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Derivatives for trading</i>		
Contracts dependent on the change of interest rate	-	-
Contracts dependent on the change of exchange rate	-	-
Contracts dependent on the change of price of securities	-	-
Other contracts that meet the criteria IAS 39	-	-
	-	-
<i>Loans and advances</i>		
Loans and advances to banks		-
Loans and advances to customers		-
Total trading assets	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AT INITIAL RECOGNITION

		<i>In MKD thousand</i>	
		current year 2023	previous year 2022
<i>Debt securities for trading</i>			
Treasury bills for trading		-	-
Government bills for trading		-	-
Other instruments on the money market		-	-
Bonds issued by government		-	-
Corporate bonds		-	-
Other debt instruments		-	-
		-	-
Quoted		-	-
Unquoted		-	-
<i>Equity instruments for trading</i>			
Equity instruments issued by banks		-	-
Other equity instruments		-	-
		-	-
Quoted		-	-
Unquoted		-	-
Loans and advances to banks		-	-
Loans and advances to customers		-	-
Total financial assets at fair value through profit or loss, at initial recognition		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

21. DERIVATIVE ASSETS HELD FOR RISK MANAGEMENT

		<i>In MKD thousand</i>			
		current year 2023		previous year 2022	
		derivative assets	(derivative liabilities)	derivative assets	(derivative liabilities)
A	<i>Derivatives for risk protection/ Derivatives held for risk management</i>				
A,1	<i>According to type of variability</i>				
	Derivatives held for risk management				
	Contracts dependent on the change of interest rate	-	-	-	-
	Contracts dependent on the change of exchange rate	-	-	-	-
	Contracts dependent on the change of price of securities	-	-	-	-
	Other contracts that meet the criteria of IFRS 9	-	-	-	-
	Total derivatives held for risk management	-	-	-	-
A,2	<i>According to risk protection</i>				
	Fair value risk protection	-	-	-	-
	Cash flow risk protection	-	-	-	-
	Risk protection of net investment in foreign operations	-	-	-	-
	Total derivatives held for risk management	-	-	-	-
B	<i>Embedded derivatives</i>				
	Contracts dependent on the change of interest rate	-	-	-	-
	Contracts dependent on the change of exchange rate	-	-	-	-
	Contracts dependent on the change of price of securities	-	-	-	-
	Other contracts that meet the criteria of IFRS 9	-	-	-	-
	Total embedded derivatives	-	-	-	-
	Total derivatives held for risk management	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

22. LOANS AND ADVANCES

22.1 LOANS AND ADVANCES TO BANKS

	<i>In MKD thousand</i>			
	current year 2023		previous year 2022	
	short-term	long-term	short-term	long-term
Loans to banks	2.594	-	17.483	-
Domestic banks	2.594	-	1.383	-
Foreign banks	-	-	16.100	-
Time deposits, maturity over three months	-	-	-	29.634
Domestic banks	-	-	-	-
Foreign banks	-	-	-	29.634
Repo	-	-	-	-
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Other receivables	-	-	-	-
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Interest receivables	-	-	-	-
Current maturity	-	-	-	-
Total loans and advances to banks before impairment	2.594	-	17.483	29.634
(Impairment allowance)	(692)	-	(798)	-
Total loans and receivables from banks, less the impairment	1.902	-	16.685	29.634

	current year 2023				previous year 2022			
	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total impairment	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total impairment
<i>In MKD thousand</i>								
Movement of impairment allowance								
As of January 1	798	-	-	798	15	-	-	15
Impairment for the year	-	-	-	-	-	-	-	-
Additional impairment	1.579	258	-	1.838	783	-	-	783
(release of impairment)	(571)	(1.373)	-	(1.944)	-	-	-	-
Transfer in:	-	-	-	-	-	-	-	-
- impairment for Stage 1	-	-	-	-	-	-	-	-
- impairment for Stage 2	-	-	-	-	-	-	-	-
- impairment for Stage 3	-	-	-	-	-	-	-	-
(Foreclosed assets)	-	-	-	-	-	-	-	-
Effect from foreign exchange differences	-	-	-	-	-	-	-	-
(Written off receivables)	-	-	-	-	-	-	-	-
As of December 31	1.807	(1.115)	-	692	798	-	-	798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

22. LOANS AND ADVANCES (continued)

22.2 LOANS AND ADVANCES TO CUSTOMERS

A. Structure of loans and advances to other customers by type of customer

	<i>In MKD thousand</i>			
	current year 2023		previous year 2022	
	short-term	long-term	short-term	long-term
Non-financial entities	15.467.573	20.813.789	17.129.510	15.172.333
principal amount	15.330.088	20.813.789	17.014.623	15.172.333
interest receivables	137.485	-	114.887	-
Government	-	-	-	-
principal amount	-	-	-	-
interest receivables	-	-	-	-
Nonprofit institutions that serve to households	30.264	994	731	2.597
principal amount	30.243	994	716	2.597
interest receivables	21	-	15	-
Financial entities, except banks	44.184	349.921	32.340	220.667
principal amount	41.495	349.921	31.509	220.667
Interest receivables	2.689	-	831	-
Households	2.152.879	28.458.982	2.145.322	25.740.025
principal amount	1.928.986	28.458.982	1.901.649	25.740.025
housing loans	41.689	14.728.932	43.526	13.290.424
consumer loans	516.548	12.902.964	522.220	11.326.278
auto loans	-	10.342	-	13.238
mortgages	138.463	-	93.881	-
credit cards	549.163	-	577.065	-
other loans	683.123	816.744	664.957	1.110.085
interest receivables	223.893	-	243.673	-
Non-residents, except banks	307	-	306	-
principal amount	304	-	296	-
interest receivables	3	-	10	-
Current maturity	22.368.256	(22.368.256)	24.118.291	(24.118.291)
Total loans and advances to customers before impairment	40.063.463	27.255.430	43.426.500	17.017.331
(Impairment allowance)	(1.236.053)	(2.253.353)	(1.390.527)	(2.059.110)
Total loans and advances to customers	38.827.410	25.002.077	42.035.973	14.958.221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

22. LOANS AND ADVANCES (continued)

22.2 LOANS AND ADVANCES TO CUSTOMERS (continued)

A. Structure of loans and advances to other customers by type of customer (continued)

<i>In MKD thousand</i>	current year 2023				previous year 2022			
	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total impairment	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total impairment
Movement of impairment								
As of January 1	598.387	1.472.529	1.378.721	3.449.637	804.289	842.081	1.654.519	3.300.889
Impairment for the year								
Additional impairment	831.022	1.828.207	561.608	3.220.837	217.541	1.010.163	259.497	1.487.201
(release of impairment)	(1.280.355)	(1.162.402)	(438.820)	(2.881.577)	(422.129)	(377.291)	(256.587)	(1.056.007)
Transfer in:								
- impairment for Stage 1	696.188	887.097	10.201	1.593.486	(548.727)	71.623	57.566	(419.538)
- impairment for Stage 2	(686.857)	(883.566)	1.698	(1.568.725)	438.602	(165.509)	78.310	351.403
- impairment for Stage 3	(9.331)	(3.531)	(11.899)	(24.761)	110.125	93.886	(135.876)	68.135
(Foreclosed assets)	-	-	-	-	-	-	-	-
Effect from foreign exchange differences	(253)	131	(3.040)	(3.162)	(1.314)	(2.424)	(3.691)	(7.429)
(Written off receivables)	-	-	(296.329)	(296.329)	-	-	(275.017)	(275.017)
As of December 31	148.801	2.138.465	1.202.140	3.489.406	598.387	1.472.529	1.378.721	3.449.637

B. Structure of loans and advances to other customers by type of collateral

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
First class security instruments <i>(current carrying amount of loans and advances)</i>		
First class security instruments		
Cash deposits (in depot and/or limited bank accounts)	1.399.188	1.166.944
Government securities	-	-
Government unconditional guarantees	-	-
Bank guarantees	-	-
Guarantees from insurance companies and insurance policies	-	-
Corporate guarantees (except banking and insurance companies)	-	-
Guarantees from individuals	-	-
Mortgage on real estate	-	-
property for private use (flats, houses)	14.268.478	12.698.354
business facility	15.546.311	13.788.368
Pledge over movables	1.073.572	1.373.688
Other types of guarantees	20.470.907	16.379.096
Unsecured	11.071.031	11.587.744
Total loans and advances to customers, less the impairment	63.829.487	56.994.194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023**22. LOANS AND ADVANCES (continued)****22.2 LOANS AND ADVANCES TO CUSTOMERS (continued)****Risks and Uncertainties**

The group has recorded provisions for impairment losses for all known and foreseeable risks as of the date of the Consolidated financial statements.

The group's portfolio contains a number of debtors whose ability to service and repay their debts has been impacted by economic developments in the Republic of North Macedonia.

The group continues to be collateralized primarily by real estate, buildings and equipment for corporate loans and in the case of retail loans depending on the type of loan product.

Depending on the classification of loans, the group strives for timely realization of the collateral instruments. In case it proves to be unsuccessful, it will be necessary to make an additional provisioning for impairment losses.

During 2023, the group written-off receivables in amount of MKD 296.329 thousand (2022: MKD 275.017 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

23. INVESTMENTS IN SECURITIES

23.1 INVESTMENTS IN FINANCIAL ASSETS AVAILABLE-FOR-SALE

A. Structure of investments in financial assets available for sale according to the type of the financial instrument

		<i>In MKD thousand</i>	
		current year 2023	previous year 2022
Debt securities			
Treasury bills		-	-
Government bills		1.241.956	1.329.789
Other instruments on the money market		-	-
Government issued bonds		6.826.332	6.037.527
Corporate bonds		-	-
Other debt instruments		-	-
		8.068.288	7.367.316
Quoted			
		3.528.388	876.778
Unquoted			
		4.539.900	6.490.538
		8.068.288	7.367.316
Equity instruments for trading			
Equity instruments issued by banks		-	-
Other equity instruments		84.443	84.443
		84.443	84.443
Quoted			
		-	-
Unquoted			
		84.443	84.443
Total investment in financial instruments available-for-sale		8.152.731	7.451.759

<i>In MKD thousand</i>	current year 2023				previous year 2022			
	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total Impairment	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total Impairment
Movement of impairment								
As of January 1	8.832	-	-	8.832	1.123	-	-	1.123
Correction of opening balance-effect from application of Methodology	-	-	-	-	-	-	-	-
Impairment for the year								
Additional impairment	2.928	-	-	2.928	11.472	-	-	11.472
(release of impairment)	(7.753)	-	-	(7.753)	(3.737)	-	-	(3.737)
Transfer in:	-	-	-	-	-	-	-	-
- impairment for Stage 1	-	-	-	-	-	-	-	-
- impairment for Stage 2	-	-	-	-	-	-	-	-
- impairment for Stage 3	-	-	-	-	-	-	-	-
(Foreclosed assets)	-	-	-	-	-	-	-	-
Effect from foreign exchange differences	-	-	-	-	(26)	-	-	(26)
(Written off receivables)	-	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-	-
As of December 31	4.007	-	-	4.007	8.832	-	-	8.832

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

23. INVESTMENTS IN SECURITIES (continued)

23.1 INVESTMENTS IN FINANCIAL ASSETS AVAILABLE-FOR-SALE (continued)

A. Structure of investments in financial assets available for sale according to the type of the financial instrument (continued)

The amount of MKD 6,826,332 thousand (2022: MKD 6.037.527 thousand) contains bonds issued by the Ministry of Finance of the Republic of North Macedonia in the amount of MKD 5,839,734 thousand (2022: MKD 5.160.749 thousand) and bonds issued by the Republic of Austria in the amount of MKD 986,598 thousand (2022: MKD 876.778 thousand).

The government bonds in the amount of MKD 5.839.734 thousand (2022: MKD 5.160.749 thousand) are issued by the Ministry of Finance of the Republic of North Macedonia, out of which MKD 2.684.327 thousand (MKD 2.119.355 thousand) are denominated in denars, MKD 2.599.795 thousand (2022: MKD 2.478.427 thousand) are denominated in euro and MKD 555,612 thousand (2022: MKD 562.967 thousand) are with a currency clause.

Other debt instruments in the amount of MKD 986,598 thousand are issued by the Republic of Austria and are denominated in EUR 11.000.000 and EUR 5.500.000 (2022: EUR 9.500.000 and EUR 5.500.000), with maturity date on October 20, 2025 and October 20, 2026 and interest rate of 1.20% and 0.75%, respectively. An additional 1.5m euros were purchased during 2023.

Other Equity Instruments

As of June 3, 2016, the group became the sole owner of the Company for Construction, trading and services S-AMC 1 DOOEL Skopje. The group's contribution of EUR 5,000 in the Company is recorded in "Other Equity Instruments". The previous owner of S-AMC 1 DOOEL was SPARKASSE LIZING DOO Skopje.

Other equity instruments include the participation of the group in the equity of Macedonian Stock Exchange AD Skopje in the amount of MKD 26.872 thousand purchase value or 19.52%; participation in the equity of the Central Securities Depository in the amount of MKD 13.208 thousand purchase value or 19,00%; and participation in the equity of Clearing House KIBS AD Skopje in the amount of MKD 47.531 thousand purchase value or 18.47%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

23. INVESTMENTS IN SECURITIES (continued)

23.2. INVESTMENTS IN SECURITIES HELD-TO-MATURITY

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Debt securities		
Treasury bills	-	-
Government bills	-	-
Other instruments on the money market	-	-
Government issued bonds	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
Total investment in financial instruments held-to-maturity before impairment	-	-
(Impairment)	-	-
Total investment in financial instruments held-to-maturity, less the impairment	-	-

<i>In MKD thousand</i>	current year 2023				previous year 2022			
	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total Impairment	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total Impairment
Movement of impairment								
As of January 1	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Additional impairment	-	-	-	-	-	-	-	-
(release of impairment)								
Transfer in:	-	-	-	-	-	-	-	-
- impairment for Stage 1	-	-	-	-	-	-	-	-
- impairment for Stage 2	-	-	-	-	-	-	-	-
- impairment for Stage 3	-	-	-	-	-	-	-	-
(Foreclosed assets)	-	-	-	-	-	-	-	-
Effect from foreign exchange differences	-	-	-	-	-	-	-	-
(Written off receivables)	-	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-	-
As of December 31								

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

24. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

A. Percentage of the group's interest in subsidiaries and associates

Name of subsidiaries and associates	Country	<i>in %</i>			
		Share in ownership		Voting right	
		current year 2023	previous year 2022	current year 2023	previous year 2022
S AMC 1 DOOEL Skopje - subsidiary	R. North Macedonia	100%	100%	100%	100%
SPARKASSE LIZING DOO Skopje – associate	R. North Macedonia	49%	49%	49%	49%

B. Financial information of associates-100%

Name of associates	<i>In MKD thousand</i>				
	Total assets	Total liabilities	Total equity and reserves	Income	Profit/(loss) for the financial year
current year 2023					
SPARKASSE LIZING DOO Skopje – associate	5.039.070	4.525.746	513.324	3.432.502	109.967
	5.039.070	4.525.746	513.324	3.432.502	109.967
previous year 2022					
SPARKASSE LIZING DOO Skopje – associate	4.045.584	3.642.229	403.356	2.855.247	101.393
	4.045.584	3.642.229	403.356	2.855.247	101.393

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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25. OTHER RECEIVABLES

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Trade receivables	3.474	2.113
Prepaid expenses	175.757	171.090
Deferred income	-	-
Fees and commission receivables	78.208	57.388
Receivables from the employees	-	-
Advances for intangible assets	-	-
Advances for property and equipment	-	-
Other (specify receivables representing more than 10% of total other receivables)	101.802	30.407
Claims on the basis of pensions from the Pension and Disability Insurance Fund of RNM	415.383	350.943
Receivables for card's transactions	10.287	11.882
Small inventory	524	767
Total other receivables before impairment	785.435	624.590
(Impairment)	(47.410)	(52.115)
Total other receivables, less the impairment	738.025	572.475

The pension-based position of the RSM Pension and Disability Insurance Fund of RSM of MKD 415,383 thousand (2022: MKD 350,943 thousand) refers to pensions paid for December 2023 (December 2022) of bank funds. The same funds were charged by the Pension and Disability Insurance Fund of Northern Macedonia with payment on 3 January 2024 (for 2022 on 5 January 2023).

<i>In MKD thousand</i>	current year 2023				previous year 2022			
	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total Impairment	Impairment for Stage 1	Impairment for Stage 2	Impairment for Stage 3	Total Impairment
Movement of impairment								
As of January 1	761	940	50.414	52.115	13.613	535	28.938	43.086
Impairment for the year	-	-	-	-	-	-	-	-
Additional impairment	1.793	15.742	32.705	50.240	1.790	4.439	41.464	47.693
(release of impairment)	(21.077)	(10.707)	(19.008)	(50.791)	(14.642)	(4.034)	(11.984)	(30.660)
Transfer in:								
- impairment for Stage 1	-	-	-	-	-	-	-	-
- impairment for Stage 2	-	-	-	-	-	-	-	-
- impairment for Stage 3	-	-	-	-	-	-	-	-
(Foreclosed assets)	-	-	-	-	-	-	-	-
Effect from foreign exchange differences	-	-	69	69	-	-	-	-
(Written off receivables)	-	-	(4.222)	(4.222)	-	-	(8.004)	(8.004)
As of December 31	(18.523)	5.975	59.958	47.410	761	940	50.414	52.115

26. ASSETS PLEDGED AS COLLATERAL

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Debt securities	-	-
Equity instruments	-	-
Loans and advances to banks	-	-
Loans and advances to customers	-	-
Other receivables	-	-
Total pledged assets	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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27. FORECLOSED ASSETS

<i>In MKD thousand</i>	Land	Buildings	Equipment	Residential facilities and apartments	Other	Total
Cost						
Balance as of January 1, 2022 (previous year)	23.283	237.773	3.060	3.520	-	267.636
Reconciliation with accounting records	-	-	-	-	-	-
Foreclosed during the year	-	1.067	13.922	-	-	14.989
(sold during the year)	(935)	(7.944)	(13.922)	(3.520)	-	(26.321)
(transfer to own assets)	-	-	-	-	-	-
Balance as of December 31, 2022 (previous year)	22.348	230.896	3.060	-	-	256.304
Balance as of January 1, 2023 (current year)	22.348	230.896	3.060	-	-	256.304
Foreclosed during the year	-	2.149	-	-	-	2.209
(sold during the year)	(170)	(1.747)	-	-	-	(1.977)
(transfer to own assets)	-	-	-	-	-	-
Balance as of December 31, 2023 (current year)	22.178	231.298	-	-	-	256.536
Impairment						
Balance as of January 1, 2022 (previous year)	11.618	128.123	3.060	3.520	-	146.321
Reconciliation with accounting records	-	-	-	-	-	-
Impairment loss during the year	2.237	21.329	-	-	-	23.566
(sold during the year)	(456)	(3.875)	-	(3.520)	-	(7.852)
(transfer to own assets)	-	-	-	-	-	-
Balance as of December 31, 2022 (previous year)	13.399	145.577	3.060	-	-	162.036
Balance as of January 1, 2023 (current year)	13.399	145.577	3.060	-	-	162.036
Impairment loss during the year	1.790	18.892	60	-	-	20.742
(sold during the year)	(170)	(1.747)	(60)	-	-	(1.977)
(transfer to own assets)	-	-	-	-	-	-
Balance as of December 31, 2023 (current year)	15.020	162.722	3.060	-	-	180.801
Current carrying amount						
Balance as of January 1, 2022 (previous year)	11.665	109.649	-	-	-	121.314
December 31, 2022 (previous year)	8.949	85.319	-	-	-	94.268
December 31, 2023 (current year)	7.158	68.576	-	-	-	75.735

The estimated fair value after reducing the cost of sales is 119.983thousand denars (2022: 117.833 thousand denars).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

28. INTANGIBLE ASSETS
A. Reconciliation of the current carrying amount

In MKD thousand

	Internally developed software	Acquired software	Other internally developed intangible assets	Other intangible assets	Investments in intangible assets under lease	Non-controlling interests	Total	Internally developed software
Cost								
Balance as of January 1, 2022 (previous year)	-	675.178	-	-	5.089	-	-	680.267
Reconciliation with accounting records	-	-	-	-	115.217	-	-	115.217
Increase through new acquisitions	-	-	-	-	-	-	-	-
Increase through internal development	-	-	-	-	-	-	-	-
Increase through business combinations (Disposal and write-offs)	-	-	-	-	-	-	-	-
(Disposal through business combinations)	-	-	-	-	-	-	-	-
(Transfer to non-current assets held-for-sale)	-	-	-	-	-	-	-	-
Transfer from non-current assets held-for-sale	-	84.040	-	-	(84.040)	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Balance as of December 31, 2022(previous year)	-	759.218	-	-	36.266	-	-	795.484
Balance as of January 1, 2023 (current year)	-	759.218	-	-	36.266	-	-	795.484
Increase through new acquisitions	-	-	-	-	122.219	-	-	122.219
Increase through internal development	-	-	-	-	-	-	-	-
Increase through business combinations (Disposal and write-offs)	-	-	-	-	-	-	-	-
(Disposal through business combinations)	-	-	-	-	-	-	-	-
(Transfer to non-current assets held-for-sale)	-	-	-	-	-	-	-	-
Transfer from non-current assets held-for-sale	-	-	-	-	-	-	-	-
Transfer from ongoing investments	-	140.424	-	-	(140.424)	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Balance as of December 31, 2023 (current year)	-	899.642	-	-	18.061	-	-	917.703
Amortization and impairment								
Balance as of January 1, 2022 (previous year)	-	404.761	-	-	-	-	-	404.761
Reconciliation with accounting records	-	-	-	-	-	-	-	-
Amortization for the year	-	74.320	-	-	-	-	-	74.320
Impairment loss during the year	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-
(Disposal and write-offs)	-	-	-	-	-	-	-	-
Other transfers – business combinations	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Balance as of December 31, 2022 (previous year)	-	479.081	-	-	-	-	-	479.081
Balance as of January 1, 2023(current year)	-	479.081	-	-	-	-	-	479.081
Amortization for the year	-	93.361	-	-	-	-	-	93.361
Impairment loss during the year	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-
(Disposal and write-offs)	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Balance as of December 31, 2023 (current year)	-	572.442	-	-	-	-	-	572.442
Current carrying amount								
Balance as of January 1, 2022 (previous year)	-	270.417	-	-	5.089	-	-	275.506
December 31, 2022 (previous year)	-	280.137	-	-	36.266	-	-	316.403
December 31, 2023 (current year)	-	327.200	-	-	18.061	-	-	345.261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

A. Carrying amount of the intangible assets over which there is limited ownership and/or are pledged as collateral/pledge for bank's liabilities

<i>In MKD thousand</i>	Internally developed software	Acquired software	Other internally developed intangible assets	Other intangible assets	Investments in intangible assets under lease	Total
Current carrying amount as of :						
December 31, 2022 (previous year)	-	-	-	-	-	-
December 31, 2023 (current year)	-	-	-	-	-	-

As of December 31, 2023 and 2022, the group's intangible assets are free of any pledges and mortgages.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

29. PROPERTY AND EQUIPMENT

A. Reconciliation of the current carrying amount

<i>In MKD thousand</i>	Land	Buildings	Transport	Furniture and office equipment	Other equipment	Other items of plant, property and equipment	Property plant and equipment in preparation	Investments in intangible assets under lease	Total
Cost									
Balance as of January 1, 2022 (previous year)	193	1.106.269	36.300	135.537	541.030	5.988	1.211	-	1.826.528
Reconciliation with accounting records	-	-	-	-	-	-	-	-	-
Increase		8.008	14.560	17.673	56.353	615	1.053		98.262
Increase through business combinations	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	(2.472)	-	(154)	-	-	-	2.626
(Disposal through business combinations)	-	-	-	-	-	-	-	-	-
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers - business combinations	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2022 (previous year)	193	1.114.277	48.388	153.210	597.229	6.603	2.264	-	1.922.164
Balance as of January 1, 2023 (current year)	193	1.114.277	48.388	153.210	597.229	6.603	2.264	-	1.922.164
Increase	-	3.290	23.094	12.152	43.366	922	10.860	-	93.684
Increase through business combinations	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	(20.505)	(65)	-	-	-	-	(20.570)
(Disposal through business combinations)	-	-	-	-	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-	-	-	-	-
(Transfer from non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2023 (current year)	193	1.117.567	50.977	165.297	640.595	7.525	13.124	-	1.995.278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

29. PROPERTY AND EQUIPMENT (continued)

A. Reconciliation of the current carrying amount (continued)

<i>In MKD thousand</i>	Land	Buildings	Transport	Furniture and office equipment	Other equipment	Other items of plant, property and equipment	Property plant and equipment in preparation	Investments in intangible assets under lease	Total
Depreciation and impairment									
Balance as of January 1, 2022 (previous year)	-	331.760	30.802	111.201	451.699	156	-	-	925.618
Reconciliation with accounting records	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	27.600	3.149	7.644	40.493	-	-	-	78.886
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write-offs)	-	-	(2.262)	-	(154)	-	-	-	(2.416)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers - business combinations	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2022 (previous year)	-	359.360	31.689	118.845	492.038	156	-	-	1.002.088
Balance as of January 1, 2023 (current year)	-	359.360	31.689	118.845	492.038	156	-	-	1.002.088
Depreciation for the year	-	27.800	8.094	9.276	42.597	-	-	-	87.767
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write-offs)	-	-	(19.496)	(65)	-	-	-	-	(19.561)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2023 (current year)	-	387.160	20.287	128.056	534.635	156	-	-	1.070.294
Current carrying amount as of									
January 1, 2022 (previous year)	193	774.509	5.498	24.336	89.331	5.832	1.211	-	900.910
December 31, 2022 (previous year)	193	754.917	16.699	34.365	105.191	6.447	2.264	-	920.076
December 31, 2023 (current year)	193	730.407	30.690	37.241	105.961	7.369	13.124	-	924.984

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

29. PROPERTY AND EQUIPMENT (continued)

B. Carrying amount of the items of property, plant and equipment over which there is limited ownership and/or are pledged as collateral/pledge for bank's liabilities

<i>In MKD thousand</i>	Land	Buildings	Transport	Furniture and office equipment	Other equipment	Other items of plant, property and equipment	Property plant and equipment in preparation	Investments in intangible assets under lease	Total
Current carrying amount as of:									
December 31, 2022 (previous year)	-	-	-	-	-	-	-	-	-
December 31, 2023 (current year)	-	-	-	-	-	-	-	-	-

As of December 31, 2023 and 2022, the group's property, plant and equipment are free of any pledges and mortgages.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

30. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

30.1 Current tax assets and current tax liabilities

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Current income tax receivables	-	-
Current income tax liabilities	59.637	48.461

30.2 Deferred tax assets and deferred tax liabilities

A. Recognized deferred tax assets and deferred tax liabilities

<i>In MKD thousand</i>	current year 2023			previous year 2022		
	Deferred tax assets	(Deferred tax liabilities)	Net basis	Deferred tax assets	(Deferred tax liabilities)	Net basis
Derivative assets held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to other customers	-	-	-	-	-	-
Investments in securities	16.264	-	16.264	44.324	-	44.324
Foreclosed assets	-	-	-	-	(11.485)	(11.485)
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Deferred tax assets/liabilities recognized in the Consolidated Income statement	16.264	-	16.264	44.324	(11.485)	32.839
Investments in financial assets available-for-sale	-	-	-	-	-	-
Cash flow risk protection	-	-	-	-	-	-
Deferred tax assets/liabilities recognized in equity	-	-	-	-	-	-
Total recognized deferred tax assets/liabilities	16.264	-	16.264	44.324	(11.845)	32.839

B. Unrecognized deferred tax assets

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Tax losses	-	-
Tax credits	-	-
Total unrecognized deferred tax assets	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

30. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES (continued)

30.1. Deferred tax assets and deferred tax liabilities (continued)

C. Reconciliation of the movement of deferred tax assets and tax liabilities during the year

<i>In MKD thousand</i>	Recognized during the year in:			Balance as of December 31
	Balance as of January 1	Income statement	Equity	
previous year 2022				
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to other customers	-	-	-	-
Investments in securities	(8.773)	-	53.097	44.324
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-
Other	(11.938)	-	453	(11.485)
Investments in financial assets available-for-sale	-	-	-	-
Cash flow risk mitigation	-	-	-	-
Total recognized deferred tax assets/ liabilities	(20.711)	-	53.549	32.839
current year 2023				
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to other customers	-	-	-	-
Investments in securities	32.839	-	(16.575)	16.264
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available-for-sale	-	-	-	-
Cash flow risk mitigation	-	-	-	-
Total recognized deferred tax assets/ liabilities	32.839	-	(16.575)	16.264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

31. NON-CURRENT ASSETS HELD-FOR-SALE AND DISPOSAL GROUP

A. Non-current assets held-for-sale

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Intangible assets	-	-
Property and equipment	-	-
Total non-current assets held-for-sale	-	-

B. Disposal group

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Group of assets for disposal		
Financial assets	-	-
Intangible assets	-	-
Property, plant and equipment	-	-
Investment in associates	-	-
Income tax receivables	-	-
Other assets	-	-
Total group of assets for disposal	-	-
<i>Liabilities directly related to group of assets for disposal</i>		
Financial liabilities	-	-
Special reserve	-	-
Income tax liabilities	-	-
Other liabilities	-	-
Total liabilities directly related to the group of assets for disposal	-	-

C. Profit/ (loss) recognized from the sale of assets held-for-sale and disposal group

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Profit/(loss) recognized from the sale of assets held-for-sale and disposal group	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

32. TRADING LIABILITIES

		<i>In MKD thousand</i>	
		current year 2023	previous year 2022
Due to banks			
Current accounts, sight deposits and overnight		-	-
Time deposits		-	-
Other deposits		-	-
		-	-
Due to other customer			
Current accounts, sight deposits and overnight		-	-
Time deposits		-	-
Other deposits		-	-
		-	-
Issued debt securities			
Money market instruments		-	-
Deposit certificates		-	-
Issued bonds		-	-
Other		-	-
		-	-
<i>Other financial liabilities</i>		-	-
Trading derivatives			
Contracts dependent on the interest rate change		-	-
Contracts dependent on the exchange rate change		-	-
Contracts dependent on the price of securities		-	-
Other contracts that meet the criteria of IFRS 9		-	-
		-	-
Total trading liabilities		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

33. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS UPON INITIAL RECOGNITION

<i>In MKD thousand</i>			
current year 2023		previous year 2022	
Current carrying amount	Contractual value, paid at maturity	Current carrying amount	Contractual value, paid at maturity
<i>Due to banks</i>			
Current accounts, sight deposits and overnight	-	-	-
Time deposits	-	-	-
Other deposits	-	-	-
-	-	-	-
<i>Due to other customer</i>			
Current accounts, sight deposits and overnight	-	-	-
Time deposits	-	-	-
Other deposits	-	-	-
-	-	-	-
<i>Issued debt securities</i>			
Money market instruments	-	-	-
Deposit certificates	-	-	-
Issued bonds	-	-	-
Other	-	-	-
-	-	-	-
<i>Subordinated debt</i>			
	-	-	-
<i>Other liabilities</i>			
	-	-	-
Total financial liabilities designated at fair value through profit and loss at initial recognition			
-	-	-	-

<i>In MKD thousand</i>	
current year 2023	previous year 2022
Movement of changes in credit risk of the group, for financial liabilities measured at fair value	
Balance as of January 1	-
Recognized in other comprehensive income for the year (Transfer in other reserve funds)	-
Balance as of December, 31	-

<i>In MKD thousand</i>	
current year 2023	previous year 2022
-	-
-	-
-	-
-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

34. DEPOSITS

34.1 DEPOSITS FROM BANKS

	<i>In MKD thousand</i>			
	current year 2023		previous year 2022	
	Short-term	Long-term	Short-term	Long-term
Current accounts				
domestic banks	160.850	-	141.950	-
foreign banks	104.918	-	108.673	-
Demand deposits				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Time deposits				
domestic banks	-	-	-	-
foreign banks	5.780.530	1.106.910	1.844.796	2.213.755
Restricted deposits				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Other deposits				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Interest payable on deposits				
domestic banks	-	-	-	-
foreign banks	32.554	-	26.200	-
Current maturity	-	-	-	-
Total deposits from banks	6.078.852	1.106.910	2.121.619	2.213.755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34. DEPOSITS (continued)

34.2 DEPOSITS FROM OTHER CUSTOMERS

	<i>In MKD thousand</i>			
	current year 2023		previous year 2022	
	Short-term	Long-term	Short-term	Long-term
Non-financial entities				
Current accounts	24.370.777	-	21.217.724	-
Demand deposits	74	-	122	-
Time deposits	1.683.621	913.889	1.993.623	879.023
Restricted deposits	640.665	692.743	630.159	789.816
Other deposits	-	-	-	-
Interest payable on deposits	16.301	-	6.861	-
	26.711.438	1.606.632	23.848.489	1.668.839
Government				
Current accounts	28.665	-	49.791	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	14	-	15	-
	28.679	-	49.806	-
Non-profit organizations that serve to households				
Current accounts	281.854	-	236.383	-
Demand deposits	-	-	-	-
Time deposits	11.478	185.000	163.428	37.000
Restricted deposits	5.445	9.354	5.843	9.354
Other deposits	-	-	-	-
Interest payable on deposits	1.338	-	530	-
	300.115	194.354	406.184	46.354
Financial institutions, except banks				
Current accounts	181.479	-	286.849	-
Demand deposits	-	-	-	-
Time deposits	192.855	1.927.989	160.226	1.859.131
Restricted deposits	9.180	-	9.174	3.000
Other deposits	-	-	-	-
Interest payable on deposits	33.473	-	20.009	-
	416.987	1.927.989	476.258	1.862.131
Households				
Current accounts	13.548.042	-	12.682.533	-
Demand deposits	501.801	-	560.684	-
Time deposits	2.824.709	11.261.158	1.973.745	9.260.981
Restricted deposits	105.087	1.021.041	132.891	918.189
Other deposits	-	-	-	-
Interest payable on deposits	74.256	-	34.446	-
	17.053.895	12.282.199	15.384.299	10.179.170
Non-residents, except banks				
Current accounts	331.069	-	932.895	-
Demand deposits	941	-	870	-
Time deposits	6.535	139.920	17.602	143.090
Restricted deposits	34.656	646	36.009	646
Other deposits	-	-	-	-
Interest payable on deposits	2.065	-	11.426	-
	375.266	140.566	998.802	143.736
	44.886.380	16.151.740	41.166.227	13.900.230
Current maturity	44.179.418	(44.179.418)	1.365.158	(1.365.158)
Total deposits from other customers	89.065.798	(28.027.678)	42.531.385	12.535.072

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35. DEBT INSTRUMENTS ISSUED

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Money market instruments	-	-
Deposit certificates	-	-
Issued bonds	-	-
Other	-	-
Interest payable on securities issued	-	-
Total issued debt securities	-	-

36. BORROWINGS

A. Borrowings structure according to liability type and creditor's sector

	<i>In MKD thousand</i>			
	current year 2023		previous year 2022	
	Short-term	Long-term	Short-term	Long-term
Banks				
Residents				
Loans payable	-	4.245.895	-	3.564.053
Repo- transactions	-	-	-	-
Interest payables	2.332	-	1.203	-
Non residents				
Loans payable	-	5.774.866	43.564	6.084.169
Repo- transactions	-	-	-	-
Interest payables	50.708	-	18.225	-
Non-financial entities				
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Government				
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Not-for-profit institutions that serve to households				
Loans payable	-	-	-	-
Interest payables	-	-	-	-
Financial entities, other than banks				
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Nonresidents, except banks				
Non- financial entities				
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Government				
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Not-for-profit institutions that serve to households				
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Financial entities, other than banks				
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	20.440	-	12.919	-
Households				
Loans payable	-	-	-	-
Interest payables	-	-	-	-
Current maturity	132.367	(132.367)	284.278	(284.278)
Total borrowings	205.847	9.888.394	360.189	9.363.944

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36. BORROWINGS (continued)

B. Borrowings according to the creditor

	<i>In MKD thousand</i>			
	current year 2023		previous year 2022	
	Short-term	Long-term	Short-term	Long-term
<i>Domestic sources:</i>				
<u>Commercial Banks</u>	-	-	-	-
<u>Development Bank of North Macedonia - DBNM (previously MDBP)</u>	2.332	4.245.895	1.203	3.564.053
<u>National Bank of the Republic of North Macedonia (NBRNM)</u>	-	-	-	-
<u>Government</u>				
	2.332	4.245.895	1.203	3.564.053
<i>Foreign sources:</i>				
<u>European Bank for Reconstruction and Development (EBRD)</u>	50.709	3.567.827	18.226	3.180.876
<u>The Green for Growth Fund (GFF)</u>	17.465	1.034.563	9.571	1.135.816
<u>The European Fund for Southeast Europe (EFSE)</u>	2.974	688.203	3.347	852.766
<u>Steiermärkische Bank und Sparkassen AG</u>	-	484.273	43.564	914.711
	71.148	5.774.866	74.708	6.084.169
Current maturity	132.367	(132.367)	284.278	(284.278)
Total borrowings	205.847	9.888.394	360.189	9.363.944

Long-term borrowings are funded in cooperation with the Macedonian Bank for Support and Development (MBPR), the European Bank for Reconstruction and Development (EBRD), the European Southeast European Fund (EFSE) and the Green for Growth Fund (GGF).

Long-term borrowings financed in cooperation with MBPR are through the following credit lines:

- EIB III credit line of MKD 58,705 thousand with a fixed interest rate of 1.20% and the longest maturity until revolving year;
- EIB III credit line of MKD 24,441 thousand with a fixed interest rate of 1.00% and the longest maturity until revolving year;
- EIB III credit line of MKD 151,138 thousand with a fixed interest rate of 0.00% and the longest maturity period until 15.07.2030;
- EIB III credit line of MKD 58,044 thousand with a fixed interest rate of 0.00% and the longest maturity until 15.07.2030;
- EIB IV credit line of MKD 4,999 thousand with a fixed interest rate of 1.00% and the longest maturity until 15.07.2025;
- EIB IV credit line of MKD 2,988 thousand with a fixed interest rate of 1.00% and the longest maturity period until 15 January 2024;
- EIB VI credit line of MKD 386,200 thousand with a fixed interest rate of 0.00% and the longest maturity until 15.04.2032;
- EIB VI credit line of MKD 1,099,263 thousand with a fixed interest rate of 0.00% and the longest maturity period until 17.07.2034;
- EIB VI credit line of MKD 95,939 thousand with a fixed interest rate of 0.00% and the longest maturity until 15.07.2025;
- EIB V credit line of MKD 19,799 thousand with a fixed interest rate of 1.20% and the longest maturity until 17.04.2026;
- EIB V credit line of MKD 25,893 thousand with a fixed interest rate of 1.20% and the longest maturity until 15.07.2026;

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- EIB V credit line of MKD 23,731 thousand with a fixed interest rate of 1.20% and the longest maturity until 16.07.2029;
- EIB V credit line of MKD 9,536 thousand with a fixed interest rate of 1.20% and the longest maturity until 15.10.2026;
- EIB V credit line of MKD 25,024 thousand with a fixed interest rate of 1.20% and the longest maturity until 15.04.2030;
- EIB V credit line of MKD 13,860 thousand with a fixed interest rate of 1.20% and the longest maturity period until 15.04.2030;
- EIB V credit line of MKD 191,283 thousand with a fixed interest rate of 0.00% and the longest maturity until 15.07.2030;
- EIB V credit line of MKD 224,576 thousand with a fixed interest rate of 0.00% and the longest maturity until 15.07.2032;
- EIB V credit line of MKD 201,241 thousand with a fixed interest rate of 0.00% and the longest maturity until 15.10.2030;
- EIB V credit line of MKD 55,263 thousand with a fixed interest rate of 0.90% and the longest maturity until 15.10.2032;
- EIB V credit line of MKD 12,320 thousand with a fixed interest rate of 0.90% and the longest maturity until 15 January 2025;
- EIB V credit line of MKD 123,196 thousand with a fixed interest rate of 0.90% and the longest maturity until 15 January 2031;
- EIB V credit line of MKD 61,598 thousand with a fixed interest rate of 0.90% and the longest maturity period until 15 January 2026;
- EIB VII credit line of MKD 18,048 thousand with a fixed interest rate of 1.50% and the longest maturity until 15.10.2035;
- EIB VII credit line of MKD 299,366 thousand with a fixed interest rate of 1.50% and the longest maturity until 15.10.2023;
- EIB VII credit line of MKD 488,232 thousand with a fixed interest rate of 1.50% and the longest maturity until 15.10.2035;
- EIB VII credit line of MKD 43,119 thousand with a fixed interest rate of 1.50% and the longest maturity period until 15.10.2035;
- Framework Agreement for participation in the program for financing and development of micro, SME and export support of MKD 41,579 thousand with a variable interest rate composed of 3M Euribor and a margin of 0.75% which on 31.12.2023 is 4.73% and the longest maturity until 15.04.2028;
- Credit line for financing projects for energy efficiency of MKD 61,598 thousand at a fixed interest rate of 0.90% and the longest maturity until 15.07.2031;
- Credit line for financing projects for renewable energy of MKD 123,196 thousand at a fixed interest rate of 0.90% and the longest maturity until 16.07.2035;
- Project for cultural development of MKD 135,514 thousand with a fixed interest rate of 0.75% and the longest maturity period until 21.10.2036;
- Credit line for financing projects for working capital in SME of MKD 54,425 thousand with a fixed interest rate of 0.00% and the longest maturity period until 15.07.2025;
- Credit line for financing projects for energy efficiency and renewable energy of MKD 65,100 thousand at a fixed interest rate of 0.00% and the longest maturity until 15.10.2030;
- Credit line for financing projects for energy efficiency and renewable energy of MKD 31,465 thousand at a fixed interest rate of 0.00% and the longest maturity until 15 January 2031;
- Credit line for financing projects for working capital in SME of MKD 23,325 thousand at a fixed interest rate of 0.00% and the longest maturity until 15 January 2026.

Loans payable to the Company's parent company - Steiermärkische Bank und Sparkassen AG include:

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36. BORROWINGS (continued)

B. Borrowings according to the creditor

- STSP Credit Line of MKD 369,588 thousand at a fixed interest rate of 1.90% and the longest maturity until 31.12.2029,
- STSP Credit Line of MKD 115,496 thousand with a fixed interest rate of 1.65% and the longest maturity until 09.06.2025.

Long-term borrowings financed in cooperation with European bank for reconstruction and development (EBRD) consists of:

- Green Economy Financing Facility ("GEFF") #1 - OHB in the amount of MKD 16,799 thousand at a fixed interest rate of 2.36% and the longest maturity until 10 January 2025;
- Green Economy Financing Facility ("GEFF") #1 - OHB in the amount of MKD 27,999 thousand at a fixed interest rate of 2.48% and the longest maturity until 10 January 2025;
- REGIONAL SMALL & MEDIUM-SIZE ENTERPRISES COMPETITIVENESS SUPPORT PROGRAM 1 (OHB) amounting to MKD 111,996 thousand at a variable interest rate with left by 6M Euribor and a margin of 1.90% which on 31.12.2023 is 5.81% and the longest maturity until 12 January 2026;
- REGIONAL SMALL & MEDIUM-SIZE ENTERPRISES COMPETITIVENESS SUPPORT PROGRAM 1 (OHB) amounting to MKD 195,994 thousand at a variable interest rate of 6M Euribor and a margin of 1.90% which on 31.12.2023 is 5.81% and the longest maturity until 10.07.2025;
- GEFF #2 - OHB of MKD 67,198 thousand at a fixed interest rate of 1.90% and the longest maturity until 07.08.2026;
- GEFF #2 - OHB of MKD 78,397 thousand at a fixed interest rate of 1.90% and the longest maturity period until 07.08.2026;
- GEFF #3 - OHB of MKD 97,997 thousand at a fixed interest rate of 1.90% and the longest maturity period until 27.10.2027;
- GEFF #4 - OHB of MKD 100,797 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which on 31.12.2023 is 5.77% and the longest maturity until 22 May 2028;
- REGIONAL SMALL & MEDIUM-SIZE ENTERPRISES COMPETITIVE SUPPORT PROGRAM 2 (OHB) amounting to MKD 201,593 thousand with variable interest rate with left by 6M Euribor and a margin of 1.70% which on 31.12.2023 is 5.77% and the longest maturity until 22 May 2028;
- EBRD Reboot of MKD 111,996 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which on 31.12.2023 is 5.66% and the longest maturity until 14.07.2028;
- Mortgage Loan Agreement #1 in the amount of MKD 11,200 thousand at a fixed interest rate of 1.87% and the longest maturity until 12.12.2024;
- Mortgage Loan Agreement #1 in the amount of MKD 5,600 thousand with a fixed interest rate of 1.80% and the longest maturity until 12.12.2024;
- Mortgage Loan Agreement #1 in the amount of MKD 11,200 thousand at a fixed interest rate of 1.94% and the longest maturity until 12.12.2024;
- Mortgage Loan Agreement #1 in the amount of MKD 5,600 thousand with a fixed interest rate of 1.67% and the longest maturity until 12.12.2024;
- GEFF #1 SBM of MKD 5,600 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.85% which on 31.12.2023 is 5.79% and the longest maturity period until 12.12.2024;
- GEFF #1 SBM of 5,600 thousand denari with a variable interest rate composed of 6M Euribor and a margin of 1.85% which on 31.12.2023 is 5.79% and the longest maturity period until 12.12.2024;
- GEFF #1 SBM of 11,200 thousand denari with a variable interest rate composed of 6M Euribor and a margin of 1.85% which on 31.12.2023 is 5.79% and the longest maturity until 12.12.2024;
- REGIONAL SMALL & MEDIUM-SIZE ENTERPRISES COMPETITIVENESS SUPPORT PROGRAM (SBM) of MKD 44,798 thousand with variable interest rate composition 6M Euribor and a margin of 1.70% which on 31.12.2023 is 5.77% and the longest maturity until 08.11.2025;

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36. BORROWINGS (continued)

B. Borrowings according to the creditor

- REGIONAL SMALL & MEDIUM-SIZE ENTERPRISES COMPETITIVENESS SUPPORT PROGRAM (SBM) of MKD 44,799 thousand with variable interest rate composition 6M Euribor and a margin of 1.70% which on 31.12.2023 is 5.77% and the longest maturity until 08.11.2025;
- REGIONAL SMALL & MEDIUM-SIZE ENTERPRISES COMPETITIVE SUPPORT PROGRAM (SBM) of MKD 100,797 thousand with variable interest rate with left by 6M Euribor and a margin of 1.70% which on 31.12.2023 is 5.77% and the longest maturity until 08.11.2026;
- REGIONAL SMALL & MEDIUM-SIZE ENTERPRISES COMPETITIVE SUPPORT PROGRAM (SBM) of MKD 117,596 thousand with variable interest rate with left by 6M Euribor and a margin of 1.70% which on 31.12.2023 is 5.77% and the longest maturity until 10 May 2027;
- GEFF #2 SBM of MKD 67,198 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.50% which on 31.12.2023 is 5.45% and the longest maturity period until 11.12.2026;
- Mortgage Loan Agreement #2 in the amount of MKD 117,596 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.50% which on 31.12.2023 is 5.35% and the longest maturity until 24.02.2027;
- GEFF #3 SBM of MKD 78,397 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.50% which on 31.12.2023 is 5.45% and the longest maturity until 24.02.2027;
- Green Economy Financing Facility ("GEFF" II) #1 - OHB of MKD 167,995 thousand with a variable interest rate composed of 6M Eur ibor and margin of 1.70% which on 31.12.2023 is 5.60% and the longest maturity until 07.07.2028;
- Green Economy Financing Facility ("GEFF" II) #1 - SBM in the amount of MKD 123,196 thousand with a variable interest rate composed of 6M Eur ibor and margin of 1.35% which on 31.12.2023 is 5.67% and the longest maturity until 30.07.2029;
- Resilience framework, Ukraine in the amount of MKD 566,702 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.35% which on 31.12.2023 is 5.49% and the longest maturity until 29.09.2025;
- Resilience framework, Ukraine in the amount of MKD 708,377 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.35% which on 31.12.2023 is 5.49% and the longest maturity period until 29.09.2025;
- GEFF III – REpower Residential Programme of MKD 92,397 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.00% which on 31.12.2023 is 5.83% and the longest maturity period until 08.04.2030;
- Western Balkans GEFF II of MKD 61,598 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which on 31.12.2023 is 5.76% and the longest maturity until 09.09.2030;
- Green Finance Facility of MKD 215,593 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.30% which on 31.12.2023 is 5.31% and the longest maturity until 10.10.2026.

Long-term borrowings financed in cooperation with the European Fund for Southeast Europe (EFSE) consists of:

- EFSE Financing housing loans 1 in the amount of MKD 181,171 thousand with a fixed interest rate of 3.08% and the longest maturity period until 23.03.2026;
- EFSE Financing housing loans 2 in the amount of MKD 508,184 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.95% which on 31.12.2023 is 5.90% and the longest maturity until 15 June 2029.

Long-term borrowings financed in cooperation with the Green for Growth Fund (GFF) consists of:

- Development finance for energy efficiency (EE) and renewable energy (RE) investments in the Southeast Europe Region of MKD 28,987 thousand at a variable interest rate composed of 6M Euribor and a margin of 2.85% which on 31.12.2023 is 6.85% and the longest maturity until 15.09.2025;

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36. BORROWINGS (continued)

B. Borrowings according to the creditor

- Development finance for energy efficiency (EE) and renewable energy (RE) investments in the Southeast Europe Region of MKD 28,987 thousand at a variable interest rate composed of 6M Euribor and a margin of 2.85% which on 31.12.2023 is 6.85% and the longest maturity until 15.09.2025;
- Development finance for energy efficiency (EE) and renewable energy (RE) investments in the Southeast Europe Region of MKD 181,171 thousand at a variable interest rate composed of 6M Euribor and a margin of 1.95% which on 31.12.2023 is 5.95% and the longest maturity period until 15.09.2028;
- Development finance for energy efficiency (EE) and renewable energy (RE) investments in the Southeast Europe Region of MKD 181,171 thousand at a variable interest rate composed of 6M Euribor and a margin of 1.95% which on 31.12.2023 is 5.95% and the longest maturity period until 15.09.2028;
- Development finance for energy efficiency (EE) and renewable energy (RE) investments in the Southeast Europe Region of MKD 615,980 thousand at a variable interest rate composed of 6M Euribor and a margin of 1.50% which on 31.12.2023 is 5.50% and the longest maturity period until 15.09.2032;

The bank is based on a pledge of demand in the form of a notary act in favour of DBNM under subcredit agreements with end-users approved by credit lines administered through DBNM. Other credit lines are unsecured. By condition of 31.12.2023, the Bank is aligned with the Financial Covenants in accordance with the agreements of the foreign financial institutions

37. SUBORDINATED DEBT

		<i>In MKD thousand</i>	
		current year 2023	previous year 2022
Subordinated deposit liabilities (List Consolidatedly)		-	-
Interest payables		-	-
		-	-
Subordinated loan liabilities (List Consolidatedly)			
<u>Steiermärkische Bank und Sparkassen AG</u>		2.398.305	2.398.235
Interest payables		32.268	23.528
		2.430.573	2.421.763
Subordinated debt on issued securities (List Consolidatedly)			
_____		-	-
_____		-	-
_____		-	-
_____		-	-
_____		-	-
Interest payables		-	-
		-	-
		2.430.573	2.421.763
Redeemable preference shares		-	-
Total subordinated debt		2.430.573	2.421.763

Subordinated debt in the amount of MKD 2.430.573 thousand refers to a subordinated debt granted by the parent company, Steiermärkische Bank und Sparkassen AG, with an initial total amount of EUR 10,000 thousand with maturity date 31.03.2027, of which EUR 5,000 thousand are with variable interest rate of Euribor +3% p.a. and the other half of EUR 5,000 thousand has fixed interest rate of 4.37%, EUR 6,000 thousand approved on 24.06.2013 with a fixed interest rate of 6,465% with maturity date 29.06.2026, EUR 8,000 thousand approved on 29.09.2011 with a fixed interest rate of 5.11% and maturity date 30.09.2024 and EUR 15,000 thousand approved on 29.09.2017 with a fixed interest rate of 4.22% with maturity date 29.09.2027.

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37. SUBORDINATED DEBT(continued)

Interest is payable semi-annually. It is mutually agreed with the creditor that the subordinated loan shall:

- be fully and readily available for covering the group's risk and losses during the group's operations;
- not be covered by other type of collateral by the group or a person connected to the group;
- in the case of bankruptcy or liquidation of the group, the subordinated debt will be paid before settling the liabilities to the group's shareholders;
- not be used for claims and contingent liabilities of the group;
- not be treated as deposit.

38. SPECIAL RESERVE AND PROVISIONS

<i>In MKD thousand</i>	Special reserve for off-balance credit exposure	Provisions for potential liabilities based on litigations	Pension provisions and other employee benefits	Restructuring provisions	Provisions for adverse contracts	Other provisions	Total
Balance at January 1, 2022 (previous year)	343.942	4.377	27.188	-	-	4.992	380.499
Correction of opening balance - effect of IFRS9	-	-	-	-	-	-	-
additional provisions during the year	389.779	500	7.311	-	-	8.858	406.448
(used provisions during the year)	-	(50)	(920)	-	-	(58)	(1.028)
(release of provisions during the year)	(385.745)	(579)	-	-	-	(8.867)	(395.191)
Balance at December 31, 2022 (previous year)	347.976	4.248	33.579	-	-	4.925	390.728
Balance at January 1, 2023 (current year)	347.976	4.248	33.579	-	-	4.925	390.728
additional provisions during the year	567.660	2.160	6.458	-	-	50	576.328
(used provisions during the year)	-	-	(574)	-	-	(9)	(583)
(release of provisions during the year)	(566.718)	-	-	-	-	-	(566.718)
Balance at December 31, 2023 (current year)	348.918	6.408	39.463	-	-	4.966	399.755

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39. OTHER LIABILITIES

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Trade payables	64.528	34.596
Received advances	-	-
Fee and commission liabilities	20.013	21.227
Accrued expenses	150.934	121.209
Deferred income from previous years	-	-
Short-term liabilities to employees	98.646	74.132
Short-term liabilities for employee benefits	-	-
Other (List Consolidatedly liabilities more than 10% of the total other liabilities)	-	-
<u>Other liabilities</u>	57.884	39.994
<u>Liabilities arising from custody operations</u>	89.639	79.024
<u>Liabilities arising from card payment operations</u>	1.410	923
<u>Suspense account for international payments</u>	181.859	95.335
<u>Other liabilities for temporary accounts with clients</u>	-	-
Total other liabilities	664.913	466.440

40. SUBSCRIBED CAPITAL

A. Subscribed capital

	<i>In MKD</i>		<i>Number of issued shares</i>				<i>In MKD thousand</i>	
	Nominal value per share		Ordinary shares		Preference shares non-redeemable		Total subscribed capital	
	Ordinary Shares	Preference shares non-redeemable	current year 2023	previous year 2022	current year 2023	previous year 2022	current year 2023	previous year 2022
Balance at January 1-fully paid	2.670	-	2.095.415	2.095.415	-	-	5.594.758	5.594.758
Subscribed shares during the year	-	-	-	-	-	-	-	-
Realization of share option	-	-	-	-	-	-	-	-
Division/ increase of nominal value per share	-	-	-	-	-	-	-	-
Other changes during the year (specify in detail):	-	-	-	-	-	-	-	-
Issuance of new shares for the purpose of the merger	2.670	-	-	-	-	-	-	-
Balance at December 31 – fully paid	2.670	-	2.095.415	2.095.415	-	-	5.594.758	5.594.758

B.1 Dividends

Announced dividends and paid dividends by the group

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Announced dividends and paid dividends for the year	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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40. SUBSCRIBED CAPITAL(continued)

Dividend per ordinary share
 Dividend per preference share

<i>In MKD thousand</i>	
current year 2023	previous year 2022
-	-
-	-

B.2 Announced dividend after the Consolidated balance sheet date (the liabilities for dividends are not shown in the Consolidated Balance sheet)

Announced dividends after December 31

<i>In MKD thousand</i>	
current year 2023	previous year 2022
-	-

Dividend per ordinary share
 Dividend per preference share

<i>In MKD thousand</i>	
current year 2023	previous year 2022
-	-
-	-

C. Shareholders with more than 5% voting shares

The structure of shareholders exceeding 5% of the issued voting capital as of December 31, 2023 and 2022 officially announced and accepted by the Central Securities Depository of the Republic of North Macedonia is as follows:

	<i>In MKD thousand</i>		<i>in %</i>	
	current year 2023	previous year 2022	current year 2023	previous year 2022
Shareholder's name	Subscribed capital (nominal value)	Subscribed capital (nominal value)	Voting right	Voting right
Steiermärkische Bank und Sparkassen AG	5.401.987	5.401.987	96,55%	96,55%
Total	5.401.987	5.401.987	96,55%	96,55%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

41. EARNINGS PER SHARE

A. Basic earnings per share

<i>In MKD thousand</i>	
current year 2023	previous year 2022
<i>Net - Profit attributable to holders of ordinary shares</i>	-
Net - Profit for the year	1.082.799
Dividends for not redeemable preference shares	-
Adjustments of Net - Profit attributable to holders of ordinary shares (list Consolidatedly)	-
Net - Profit attributable to holders of ordinary shares	1.082.799

<i>Number of shares</i>	
current year 2023	previous year 2022
Weighted average number of ordinary shares	1.677.443
Issued ordinary shares as of January 1	2.095.415
Effects of the changes in the number of ordinary shares during the year (List all events Consolidatedly)	-
Issued shares (twentieth issue of ordinary shares)	417.972
Weighted average number of ordinary shares as of December 31	1.817.149
Basic earnings per share (in MKD)	600

Basic earnings per share are calculated by dividing the earnings of ordinary shareholders (after deducting the earnings after taxation of preference shareholders) with the weighted average number of ordinary shares issued throughout the year, including equity shares bought by the group.

B. Diluted earnings per share

<i>In MKD thousand</i>	
current year 2023	previous year 2022
<i>Net - profit attributable to holders of ordinary shares (diluted)</i>	-
Net - profit for the year attributable to holders of ordinary shares (diluted)	1.082.799
Adjustments to net profit attributable to holders of ordinary shares for the effects of all issued ordinary shares (list Consolidatedly)	-
Net - Profit attributable to holders of ordinary shares (diluted)	1.082.799

<i>Number of shares</i>	
current year 2023	previous year 2022
<i>Weighted average number of ordinary shares (diluted)</i>	1.677.443
Issued ordinary shares as of 1 January	2.095.415
Effects of issuing potential ordinary shares (list Consolidatedly)	-
Ordinary shares issued on January 1	-
Issued shares (thirteenth issue of ordinary shares)	417.972
Weighted average number of ordinary shares (diluted) as of December 31	1.817.149
Diluted earnings per share (in MKD)	600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

42. CONTINGENT LIABILITIES AND CONTINGENT ASSETS
42.1 CONTINGENT LIABILITIES

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Unsecured payment guarantees		
In MKD	812.247	810.995
In foreign currency	1.240.240	962.116
in MKD with foreign currency clause	47.344	46.879
Unsecured performance guarantees		
In MKD	5.343.996	4.435.493
In foreign currency	-	-
in MKD with foreign currency clause	1.260.553	1.377.611
Unsecured letter of credit		
In MKD	-	-
In foreign currency	946.920	113.639
in MKD with foreign currency clause	-	-
Unused overdraft on current accounts	776.543	667.832
Unused credit limits	506.315	500.776
Taken liabilities and unused credit limits	20.613.977	19.738.877
Other unsecured contingent liabilities	-	-
Issued secured guarantees	871.860	1.044.730
Covered letter of credit	7.517	4.372
Other secured contingent liabilities	1.725.863	-
Total contingent liabilities before special reserve	34.180.375	29.703.320
(Special reserve)	(348.918)	(347.976)
Total contingent liabilities, less the special reserve	33.831.457	29.355.344

The contingent liabilities consist of potential liabilities regarding loans, guarantees, letters of credit issued to corporate entities, potential liabilities regarding retail loans, unused overdrafts on current accounts and unused limits on credit cards. The unused overdrafts have short-term maturity.

The contingent liabilities arising from overdrafts on current accounts and unused limits on credit cards are unsecured and are revocable in case of deterioration in the creditworthiness of the borrower.

The contingent liabilities of the group to legal entities arising from guarantees and letters of credit are irrevocable. Unused credit limits granted to legal entities are subject to annual revision. Apart from the covered guarantees and letters of credit secured by a deposit, the remaining uncovered guarantees, letters of credit and unused credit limits granted to legal entities are secured by pledge of property, movable property, guarantees etc.

The group is involved in litigation arising from its regular operations. As of 31 December 2023 the group is involved in a total of 26 court proceedings with total value of 144.308.140 MKD where the group is sued and which do not result from the collection of demands. Below is a notice of more significant litigation.

The court proceedings on the lawsuit of minority shareholders Beta Farm DOOEL and others – first proceedings:

On 15 June 2020, the application was filed by four minority shareholders (three shareholders legal entities Beta Farm Dooel Skopje, Soloprom LTD Skopje, Seism Capital DOOEL Skopje and one person shareholder), to determine the nothingness/rebuttal of the Decision to increase share capital by issuing ordinary voting shares from the 13th show by a private offer from an institutional investor, brought to the Shareholders' Assembly (session held on 08 May 2021), the nothingness of the entry of the increase in the CR and the return of the situation in the shareholder book to the CDHV with a condition as before the entry of the increase, worth the dispute MKD 1.500.010, which was later determined by a decision of the Court at MKD 40.000. The group responded to the lawsuit by proposing to the court that it reject it in its entirety as unfounded. The group's management considers that the lawsuit filed by minority shareholders is unfounded, that the decision to increase the basic principal was taken by the Shareholders' Assembly in a manner and procedure under the applicable regulation and the Statute of the group, and therefore this litigation is expected to be completed in favour of the group. Given that there is still no first-instance court decision and for this type of litigation the disgruntled party can use an

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

42. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

42.1 CONTINGENT LIABILITIES (continued)

appeal and then possibly an extraordinary legal remedy, the court proceedings are expected to end in 2025.

The lawsuit against minority shareholders Beta Farm DOOEL and other second proceedings:

On 24 June 2020, the application was filed by three minority shareholders (two shareholders legal entities Beta farm Doeel Skopje and Soloprom LTD S and one person shareholder), for determining the nothingness/rebuttal of decisions made at the Shareholders' Assembly (session held on 30 June 2020), the nothingness of the entry of the increase in the Central Register and the return of the situation in the shareholder book to the Central Securities Depository with a condition as before the entry of the increase, with a value of MKD 1,500,000 thousand, which was later determined by the Court at MKD 40,000, and a termination of proceedings was determined until the first court proceedings initiated by the plaintiffs were legally completed. The group's management considers that the lawsuit filed by minority shareholders is unfounded, that the decisions under this lawsuit were taken by the Shareholders' Assembly in a manner and procedure in accordance with the applicable regulation and the Statute of the group, and this litigation will end in favour of the group. Given that there is still no first-instance court decision and for this type of litigation, the disgruntled party can use an appeal and possibly an extraordinary legal remedy, the court proceedings are expected to end in 2025.

The lawsuit against minority shareholders Beta Farm DOOEL and other third proceedings:

On 18.11.2020, the application was filed by three minority shareholders (two shareholders legal entities Beta Farm Doeel Skopje and Soloprom DOO Skopje and one shareholder physically (session held on 05.10.2020) with a value of MKD 40,000. The Court's decision determines the termination of proceedings. The group's management considers that the lawsuit filed by minority shareholders is unfounded, that the decisions under this lawsuit were taken by the Shareholders' Assembly in a manner and procedure in accordance with the applicable regulation and the Statute of the group, and this litigation will be completed in favour of the group. Given that there is still no first-instance court decision and this kind of court proceedings. The disgruntled party can use an appeal and an extraordinary legal remedy, the court proceedings are expected to end in 2025.

Court proceedings on lawsuits by minority shareholders Beta Farm DOOEL and others - compensation for damages:

On May 16, 2023, the application was filed by Beta Farm DOOEL Skopje, Soloprom DOO Skopje, Gjorge Jovanov and Sesame Capital DOOEL Skopje against sued Sparkase Banka AD Skopje and Steiermarkische Bank und Sparkassen AG Graz, for compensation of damages and value of MKD 39,162,148, filed under 58 TS1-115/23 before the Skopje Basic Civil Court. With the lawsuit, the plaintiffs demand that the plaintiffs in solidarity compensate the plaintiffs for a total of MKD 39,162,148.00, of which MKD 22,214,099 in the name of damages due to a dividend difference and an amount of MKD 16,948,049 in the name of damages due to a difference in participation in capital with legal penalty interest as of 09 May 2020. At the same time, plaintiffs are also demanding the termination of this proceeding, as the lawsuit filed under TS No. 59/20 Skopje's Basic Civil Court seeks nothingness/rebuttal of the Decision to increase shareholder capital, which is a previous issue of the claim for compensation for damages.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

42.2 CONTINGENT ASSETS

List Consolidatedly significant contingent assets:

_____/_____
Total contingent assets

<i>In MKD thousand</i>	
current year 2023	previous year 2022
-	-
-	-

43. ACTIVITIES ON BEHALF OF THIRD PARTIES

	<i>In MKD thousand</i>					
	current year 2023			previous year 2022		
	Assets	Liabilities	Net- position	Assets	Liabilities	Net- position
Asset administration on behalf and at the expense of third parties						
Deposits in MKD	-	(28.896)	(28.896)	-	(29.019)	(29.019)
Deposits in foreign currencies	-	-	-	-	-	-
Loans in MKD	90.058	-	90.058	100.081	-	100.081
Loans in foreign currencies	-	-	-	-	-	-
Other receivables in MKD	118.937	(109)	118.828	116.361	(109)	116.252
Other receivables in foreign currencies	-	-	-	-	-	-
Asset management on behalf and at the expense of third parties	-	-	-	-	-	-
Deposits in MKD	-	(180.743)	(180.743)	-	(188.066)	(188.066)
Deposits in foreign currencies	-	-	-	-	-	-
Loans in MKD	-	-	-	-	-	-
Loans in foreign currencies	-	-	-	-	-	-
Other receivables in MKD	-	-	-	-	-	-
Other receivables in foreign currencies	-	-	-	-	-	-
Custody accounts	-	(89.639)	(89.639)	-	(79.024)	(79.024)
Other	-	-	-	-	-	-
Total	208.995	(299.387)	(90.392)	216.442	(296.218)	(79.776)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

44. RELATED PARTIES TRANSACTIONS

The balances and the volume of transactions with related parties and Bank's management at the balance sheet date for the years ended as of December 31, 2023 and 2022 are as follows:

A. Consolidated Balance sheet

<i>In MKD thousand</i>	Parent Company	Subsidiaries	Associates	Management of the group	Other related parties	Total
Balance as of December 31, 2023 (current year)						
Assets						
Current accounts	65.178	-	-	-	536.644	601.822
Trading assets	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-
Customer loans	-	-	-	8.856	591	9.447
Finance lease receivables	-	-	-	-	-	-
Factoring and forfeiting of receivables	-	-	-	-	-	-
Other loans and advances	-	-	171.961	43.333	35.713	251.007
Investments in securities	-	-	46.598	-	-	46.598
(Allowance for impairment)	(17)	-	(285)	(315)	(520)	(1.137)
Other assets	-	83	-	-	-	83
Total	65.161	-	218.274	51.874	572.428	907.820
Liabilities						
Trading liabilities	-	-	-	-	-	-
Deposits	6.920.196	2.207	34.515	61.338	363.408	7.381.664
Issued securities	-	-	-	-	-	-
Borrowings liabilities	484.273	-	-	-	-	484.273
Subordinated debt	2.430.573	-	-	-	-	2.430.573
Other liabilities	42	40	-	-	7.425	7.507
Total	9.835.084	2.247	34.515	61.338	370.833	10.304.017
Contingent liabilities						
Issued guarantees	-	-	-	-	107.078	107.078
Issued letter of credit	-	-	-	-	-	-
Other contingent liabilities	1.752.863	-	457	3.722	1.488	1.758.530
(Special reserves)	-	-	(1)	(25)	(252)	(278)
Total	1.752.863	-	456	3.697	108.314	1.865.331
Contingent assets						
Received guarantees	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
Total	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

44. RELATED PARTIES TRANSACTIONS (continued)

A. Consolidated Balance sheet (continued)

<i>In MKD thousand</i>	Parent Company	Subsidiaries	Associates	Management of the group	Other related parties	Total
Balance as of December 31, 2022 (previous year)						
Assets						
Current accounts	25.619	-	-	-	530.248	555.867
Trading assets	-	-	-	-	-	-
Loans and advances						
Mortgage loans	-	-	-	-	-	-
Customer loans	-	-	-	7.275	-	7.275
Finance lease receivables	-	-	-	-	-	-
Factoring and forfeiting of receivables	-	-	-	-	-	-
Other loans and advances	-	-	110	36.436	17.184	53.730
Investments in securities	-	-	46.598	-	-	46.598
(Allowance for impairment)	(7)	-	(30)	(254)	(165)	(456)
Other assets	-	-	-	-	-	-
Total	25.612	-	46.678	43.457	547.267	663.014
Liabilities						
Trading liabilities	-	-	-	-	-	-
Deposits	4.085.010	-	123.751	72.536	30.627	4.311.924
Issued securities	-	-	-	-	-	-
Borrowings liabilities	958.275	-	-	-	-	958.275
Subordinated debt	2.421.763	-	-	-	-	2.421.763
Other liabilities	49	-	-	-	280	329
Total	7.465.097	-	123.751	72.536	30.907	7.692.291
Contingent liabilities						
Issued guarantees	-	-	-	-	82.388	82.388
Issued letter of credit	-	-	-	-	-	-
Other contingent liabilities	2.287.696	-	420	3.189	781	2.292.086
(Special reserves)	-	-	(2)	(23)	(73)	(98)
Total	2.287.696	-	418	3.166	83.096	2.374.376
Contingent assets						
Received guarantees	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
Total	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

44. RELATED PARTIES TRANSACTIONS (continued)

B. Income and expenses from related parties' transactions

<i>In MKD thousand</i>	Parent Company	Subsidiaries	Associates	Management of the group	Other related parties	Total
2023 (current year)						
Income						
Interest income	3.562	-	2	1.741	8.251	13.556
Fee and commission income	44	-	661	288	1.128	2.121
Trading income, net	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from sale of non-current assets	-	-	-	-	-	-
Other income	-	23	2.258	25	312.378	314.684
Transfers between subjects	-	-	-	-	-	-
Total	3.606	23	2.921	2.054	321.757	330.361
Expenses						
Interest expense	310.838	-	-	307	1.110	312.255
Fee and commission expense	852	-	-	-	20.235	21.088
Trading losses, net	-	-	-	-	-	-
Expenses for purchase of non-current assets	-	-	-	-	-	-
Allowance for impairment of financial assets, net	-	-	-	(32)	(9)	(41)
Other expenses	6.964	1.383	97	142	30.139	38.725
Transfers between subjects	-	-	-	-	-	-
Total	318.654	1.383	97	417	51.476	372.027

<i>In MKD thousand</i>	Матично друштво	Подружници	Придружен идруштва	Раководенкадарнабанката	Останатиповрзани страни	Вкупно
2022 (previous year)						
Income						
Interest income	3.218	-	6	1.728	12.982	17.934
Fee and commission income	208	-	1090	124	3.408	4.830
Trading income, net	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from sale of non-current assets	-	-	-	-	-	-
Other income	3	-	1.746	389	676.881	679.019
Transfers between subjects	-	-	-	-	-	-
Total	3.429	-	2.842	2.241	693.271	701.783
Expenses						
Interest expense	186.881	-	-	48	1.336	188.265
Fee and commission expense	1.210	-	-	-	15.552	16.762
Trading losses, net	-	-	-	-	-	-
Expenses for purchase of non-current assets	-	-	-	-	-	-
Allowance for impairment of financial assets, net	1.814	-	-	(172)	(10)	(182)
Other expenses	-	-	-	-	-	1.814
Transfers between subjects	-	-	-	-	-	-
Total	189.905	-	-	(124)	16.878	206.659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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44. RELATED PARTIES TRANSACTIONS (continued)

B. Management compensations

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Short-term employee benefits	97.018	102.584
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee payment based on shares, settled with equity instruments	-	-
Employee payment based on shares, settled in cash	-	-
Other	-	-
Total	97.018	102.584

Pursuant to the grouping Law, the following parties shall be considered as related parties to the group: persons with special rights and responsibilities in the group and persons related to them; shareholders with qualified participation in the group (direct or indirect ownership of at least 5% of the total number of shares or of issued voting shares of the group, or shares that provide significant influence on the management of the group) and persons related to them, as well as responsible persons of those shareholders – legal entities; Bank's subsidiaries and other entities that have established close relations with the group.

The group provides loans, performs payment and deposit operations to related companies and financial institutions. The group's management considers that these transactions are performed under standard market conditions and within the regular business activities.

45. LEASES

A. Lessor

A.1. Financial leases receivables

<i>In MKD thousand</i>	Total finance lease receivables	Maturity period for financial lease receivables		
		up to 1 year	from 1 to 5 years	over 5 years
December 31, 2023 (current year)				
Net present value of minimum lease payments	-	-	-	-
Total	-	-	-	-
December 31, 2022 (previous year)				
Net present value of minimum lease payments	-	-	-	-
Total	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

45. LEASES (continued)

A. Lessor (continued)

A.2. Irrevocable operating lease receivables

<i>In MKD thousand</i>	Total irrevocable operating lease receivables	Maturity period for irrevocable operating lease receivables		
		up to 1 year	from 1 to 5 years	over 5 years
December 31, 2023 (current year)				
Net present value of minimum lease payments	-	-	-	-
Total	-	-	-	-
December 31, 2022 (previous year)				
Net present value of minimum lease payments	-	-	-	-
Total	-	-	-	-

<i>In MKD thousand</i>	Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Total
Value of property under operating lease:							
December 31, 2023 (current year)	-	-	-	-	-	-	-
December 31, 2022 (previous year)	-	-	-	-	-	-	-

B. The group as Lessee

B.1. Financial lease liabilities

<i>In MKD thousand</i>	Total financial lease liabilities	Maturity period for financial lease liabilities		
		up to 1 year	from 1 to 5 years	over 5 years
Balance as of December 31, 2023 (current year)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-
Balance as of December 31, 2022 (previous year)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

45. LEASES (continued)

B. The group as Lessee (continued)

B.1. Financial lease liabilities (continued)

<i>In MKD thousand</i>	Land	Buildings	Transport	Furniture and office equipment	Other equipment	Other items of plant, property and equipment	Total
Value of property under operating lease							
Cost							
Balance as of January 1, 2022 (previous year)	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
(Disposal and write- off)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Balance as of December 31, 2022(previous year)	-	-	-	-	-	-	-
Balance as of January 1, 2023 (current year)							
Additions	-	-	-	-	-	-	-
(Disposal and write- off)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Balance as of December 31, 2023 (current year)	-	-	-	-	-	-	-
Accumulated depreciation and impairment							
Balance as of January 1, 2022 (previous year)	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-
Impairment loss during the year	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-
(Disposal and write offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Balance as of December 31, 2022 (previous year)	-	-	-	-	-	-	-
Balance as of January 1, 2023 (current year)							
Depreciation for the year	-	-	-	-	-	-	-
Impairment loss during the year	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-
(Disposal and write offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Balance as of December 31, 2023 (current year)	-	-	-	-	-	-	-
Carrying amount as of:							
January 1, 2022 (previous year)	-	-	-	-	-	-	-
December 31, 2022 (previous year)	-	-	-	-	-	-	-
December 31, 2023 (current year)	-	-	-	-	-	-	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
December 31, 2023

45. LEASES (continued)

B. The group as Lessee (continued)

B.2. Irrevocable operating lease liabilities

	<i>In MKD thousand</i>	Total irrevocable operating lease liabilities	Maturity period for irrevocable operating lease liabilities		
			up to 1 year	from 1 to 5 years	over 5 years
Balance as of December 31, 2023 (current year)		-	-	-	-
Total		-	-	-	-
Balance as of December 31, 2022 (previous year)		-	-	-	-
Total		-	-	-	-

46. SHARE BASED PAYMENTS

	<i>In MKD thousand</i>	
	current year 2023	previous year 2022
Date of granting of option	-	-
Date of option expiry	-	-
Price of option realization	-	-
Share price on the date the option is granted	-	-
Variance	-	-
Expected dividend return	-	-
Interest rate	-	-
Fair value on the date the option is granted	-	-

	current year 2023		previous year 2022	
	Number of share options	Weighted average price of share options	Number of share options	Weighted average price of share options
Balance at January 1				
Changes during the year				
options granted to Supervisory Board members	-	-	-	-
options granted to Board of Directors members	-	-	-	-
Other granted options	-	-	-	-
Forfeited options	-	-	-	-
Realized options	-	-	-	-
Options with expired date	-	-	-	-
Balance at December 31	-	-	-	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
December 31, 2023

47. TAX RISKS

Financial statements and accounting records of the group are subject to tax audit by the tax authorities for a period of 5 years subsequent to the reported tax returns for the financial year and may impose additional tax liabilities. According to the estimates of the group's management, they are not aware of any additional conditions that may cause potential materially significant liabilities on this basis.

48. EVENTS AFTER THE DATE OF THE CONSOLIDATED BALANCE SHEET

After the balance sheet date, no significant events have occurred that should be disclosed in the financial statements, or require correction of the individual financial statements.

On April 1, 2024, the Governor of the National Bank of R. North Macedonia issued consent for the designation of Zlatica Civkaroski and Aleksandar Djorjevic as members of the Bank's Management Board. With their designation, the distribution of responsibilities between the members of the Management Board is as follows:

- Sanel Kusturica, as the President of the Management Board, is responsible for activities related to working with the retail, marketing and communications, for human resources and for the coordination of the General Secretariat and the Internal Audit. Regarding the coordination of the Internal Audit, the President ensures the smooth operation of the Internal Audit, that is, he ensures that the Internal Audit has access to the documentation and to the employees of the Bank, in order to smoothly implement its activities;
- Nina Nedanoska as Deputy President of the Board of Directors is responsible for activities related to working with corporate clients, finance, trading and financial markets and activities related to property management, logistics and security;
- Zlatica Civkaroski as the third Member of the Management Board is responsible for activities related to strategic risk management, activities related to credit risk management and collection and activities related to banking operations;
- Aleksandar Djorjevic as the fourth Member of the Management Board is responsible for activities related to information technology and activities related to digital channels and organization.