

**Sparkasse Bank AD Skopje**

**Separate Financial Statements  
Year Ended December 31, 2024**

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## Independent auditor's report

To the Supervisory Board and Shareholders of Sparkasse Banka AD Skopje

### Report on the separate financial statements

We have audited the accompanying separate financial statements of Sparkasse Banka AD Skopje (the "Bank"), which comprise the separate balance sheet as of 31 December 2024 and the separate income statement and the separate statement of comprehensive income, separate statement of changes in equity and reserves and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the separate financial statements

Management is responsible for the preparation and fair presentation of these separate 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 separate 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 separate financial statements based on our audit. We conducted our audit in accordance with Standards on auditing applicable in the Republic of North Macedonia (the "Standards"). The Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate 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 separate financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the regulations of the National Bank of the Republic of North Macedonia.

## **Report on other legal and regulatory requirements**

Annual report prepared by the Management in accordance with the requirement of the article 384 of the Company Law.

Management is also responsible for the preparation of the separate Annual accounts and separate Annual Report of the Bank, which were approved by the Supervisory Board of the Bank.

As required by the Audit Law, we report that the historical information presented in the separate Annual Report prepared by Management of the Bank in accordance with article 384 of the Company Law, is consistent, in all material respects, with the financial information presented in the separate Annual Accounts and audited separate financial statements of the Bank as of 31 December 2024 and for the year then ended.

Dragan Davitkov  
General Manager

Sime Jovanovski  
Certified Auditor

PricewaterhouseCoopers Revizija DOO Skopje

24 April 2025  
Skopje, Republic of North Macedonia

**Separate Income Statement**  
**For the period from January 1, 2024 to December 31, 2024**

	Note	In thousands in denars	
		Current year 2024	Previous year 2023
Interest income		4.130.578	3.497.651
Interest expense		(1.360.611)	(918.380)
Net interest income/(expenses)	6	<b>2.769.967</b>	<b>2.579.271</b>
Fee and commission income		1.321.255	1.208.610
Fee and commission expense		(568.727)	(517.493)
Net fee and commission income/(expenses)	7	<b>752.528</b>	<b>691.117</b>
Trading income, net	8	-	-
Net income from other financial instruments carried at fair value	9	-	-
Foreign exchange gains/(losses), net	10	318.593	346.774
Other operating income	11	70.340	74.613
Share of profit of associates	24	-	-
Impairment losses of financial assets and special reserve for off-balance exposure, net	12	(94.487)	(335.122)
Impairment losses of non-financial assets, net	13	(15.147)	(20.522)
Personnel expenses	14	(827.291)	(782.221)
Depreciation and amortization	15	(202.364)	(181.128)
Other operating expenses	16	(743.396)	(763.296)
Share of loss of associates	24	-	-
<b>Profit before tax</b>		<b>2.028.743</b>	<b>1.609.486</b>
Income tax expense	17	(292.537)	(147.185)
<b>Profit for the year</b>		<b>1.736.206</b>	<b>1.462.301</b>
Profit/(Loss) on financial assets and liabilities held for sale		-	-
<b>Profit/(loss) for the year</b>		<b>1.736.206</b>	<b>1.462.301</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the Bank		-	-
Non-controlling interest		-	-
<b>Earnings per share</b>	41		
Basic (in Denars)		829	698
Diluted (in Denars)		829	698

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

The separate financial statements are approved by the Supervisory Board on April 24, 2025.

Signed on behalf of Sparkasse Bank AD Skopje:

<b>Sanel Kusturica</b>	<b>Nina Nedanoska</b>	<b>Zlatica Civkaroski</b>	<b>Aleksandar Djordjevic</b>	<b>Milka Rataikoska Joleska</b>
President of the Management Board	Deputy President of the Management Board	Member of the Management Board	Member of the Management Board	Head of Finance Directorate/Certified Accountant – license number 0109038
				

**Separate Statement of Comprehensive Income**  
For the period from January 1, 2024 to December 31, 2024

Note	In thousands in denars	
	Current year 2024	Previous year 2023
<b>Profit/(loss) for the year</b>	<b>1.736.206</b>	<b>1.462.301</b>
<b>Other gains/(losses) for the period, not recognized in the separate Income statement (before tax)</b>	-	-
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 Bank, for financial liabilities at fair value	-	-
Income tax for other gains/(losses) not recognized in separate the Income statement	-	-
<b>Total other gains/(losses) for the period, not recognized in the separate Income statement</b>	-	-
<b>Other gains/(losses) in the period that are or can be reclassified in the separate Income statement (before tax)</b>	-	-
Revaluation reserve for debt instruments available for sale	-	-
- unrealized net- changes in fair value of debt instruments available for sale	161.743	170.623
- realized net- changes in fair value of debt instruments available for sale, reclassified in the separate Income Statement	-	-
- additional impairment of debt instruments available for sale	915	-
- release of impairment of debt instruments available for sale	-	(4.825)
Revaluation reserve of foreclosed assets	-	-
- revaluation reserve at the date of foreclosure	-	-
- decrease of revaluation reserve, reclassified in the separate 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 separate 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 separate Income statement	(16.270)	(16.575)
Income tax on other gains/(losses) that are or can be reclassified in the separate Income statement	-	-
<b>Total other gains/(losses) in the period that are or can be reclassified in the separate income statement</b>	<b>146.388</b>	<b>149.223</b>
<b>Total other gains/(losses) in the period</b>	<b>146.388</b>	<b>149.223</b>
<b>Total comprehensive income for the year</b>	<b>1.882.594</b>	<b>1.611.524</b>
<b>Total comprehensive income for the year, attributable to:</b>		
owners of the Bank	-	-
non-controlling interest	-	-

The accompanying notes are integral part of these separate 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

TRANSLATION OF THE SEPARATE FINANCIAL STATEMENTS – ORIGINAL ISSUED IN MACEDONIAN



**Separate Balance Sheet**  
**For the period from January 1, 2024 to December 31, 2024**

**ASSETS**

Cash and cash equivalents	18	24.729.404	20.014.631
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	1.839	1.902
Loans and advances to other customers	22.2	69.495.552	63.829.487
Investments in securities	23	9.962.656	8.153.039
Investments in associates	24	46.598	46.598
Income tax receivable (current)	30.1	-	-
Other receivables	25	953.505	737.942
Assets pledged as collateral	26	-	-
Foreclosed assets	27	60.588	75.735
Intangible assets	28	352.506	345.261
Property and equipment	29	964.350	924.984
Deferred tax assets	30.2	-	16.264
Non-current assets held-for-sale and disposal group	31	-	-

**Total assets****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	7.594.935	7.185.762
Due to other customers	34.2	72.065.575	61.040.327
Debt instruments issued	35	-	-
Borrowings	36	9.621.940	10.094.241
Subordinated debt	37	1.931.362	2.430.573
Special reserve and provisions	38	372.550	399.755
Income tax payable (current)	30.1	158.378	59.637
Deferred tax liabilities	30.2	6	-
Other liabilities	39	668.984	664.873
Liabilities related to disposal group	31	-	-

**Total liabilities****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		(58)	(146.446)
Other reserves		559.476	502.197
Retained earnings /(Accumulated loss)		7.332.744	5.653.818

**Total equity attributable to the shareholders**

Non-controlling interest

**Total equity****Total liabilities, equity and reserves**

Contingent liabilities

Contingent assets

The accompanying notes are integral part of these separate 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

**Separate Statement of Changes in Equity and Reserves**  
**For the period from January 1, 2024 to December 31, 2024**

	Equity				Revalued reserves					Other reserves			Retained earnings		Total equity and reserves, attributable to the shareholders of the bank	Non-controlling interests	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			
<i>In thousands denars</i>																	
As of January 1, 2023 (previous year)	5,594,758	666,348	-	-	(398,579)	102,910	-	-	-	450,544	-	-	1,033,059	3,210,110	10,659,150	-	10,659,150
Adjustments to the opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As of January 1, 2023 (previous year), adjusted	5,594,758	666,348	-	-	(398,579)	102,910	-	-	-	450,544	-	-	1,033,059	3,210,110	10,659,150	-	10,659,150
<b>Comprehensive income/(loss) for the year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	1,462,301	1,462,301	-	1,462,301
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains/(losses) not recognized in the separate 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 Bank for financial liabilities at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains/(losses) not recognized in the separate income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve for funds taken for uncollected receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve for deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition of equity securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total unrealized gains/(losses) recognized directly in equity and reserves</b>	-	-	-	-	(16,575)	-	-	-	-	-	-	-	-	-	(16,575)	-	(16,575)
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	149,223	-	-	-	-	-	-	-	-	-	149,223	-	149,223
	-	-	-	-	149,223	-	-	-	-	-	-	-	-	1,462,301	1,611,524	-	1,611,524

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



**Separate Statement of Changes in Equity and Reserves (continued)**  
**For the period from January 1, 2024 to December 31, 2024**

	Equity			Revalued reserves					Other reserves			Retained earnings		(Accumulated loss)	Total equity and reserves attributable to the shareholders of the bank	Non-controlling interests	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			
<i>In thousands denars</i>																	
<b>Transactions with the shareholders, recognized directly in equity and reserves</b>																	
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 - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation for investment investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders, recognized directly in equity and reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	(400.000)	400.000	-	-	-
<b>As of December 31, 2023 (previous year)/ January 1, 2024 (current year)</b>	5.594.758	666.348	-	-	(249.356)	102.910	-	-	-	51.653	-	-	(1.033.059)	981.406	-	-	-
Adjustments to the opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As of December 31, 2023 (previous year)/ January 1, 2024 (current year)</b>	5.594.758	666.348	-	-	(249.356)	102.910	-	-	-	502.197	-	-	5.653.818	-	12.270.675	-	12.270.675
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5.594.758	666.348	-	-	(249.356)	102.910	-	-	-	502.197	-	-	5.653.818	-	12.270.675	-	12.270.675

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

**Separate Statement of Changes in Equity and Reserves (continued)**  
**For the period from January 1, 2024 to December 31, 2024**

	Equity			Revalued reserves						Other reserves			Retained earnings		Total equity and reserves attributable to the shareholders of the bank	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			
<i>In thousands denars</i>																	
<b>Total comprehensive income (loss) for the year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	1.736.206	1.736.206	-	1.736.206
Other gains/(losses) not recognized in the separate income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of financial assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- unrealized changes in fair value, net	-	-	-	-	161.743	-	-	-	-	-	-	-	-	-	161.743	-	161.743
- 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	915	-	915
Changes in fair value of instruments for hedging net-investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange gains/(losses) of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets/(liabilities)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in credit risk of the Bank for financial liabilities at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains/(losses) not recognized in the separate income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve for funds taken for uncollected receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve for deferred tax liabilities	-	-	-	-	(16.270)	-	-	-	-	-	-	-	-	-	(16.270)	-	(16.270)
Derecognition of equity securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total unrealized gains/(losses) recognized directly in equity and reserves</b>	-	-	-	-	146.388	-	-	-	-	-	-	-	-	-	146.388	-	146.388
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	146.388	-	-	-	-	-	-	-	-	-	1.736.206	-	1.882.594


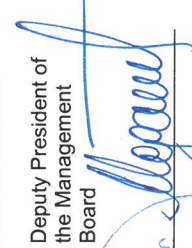
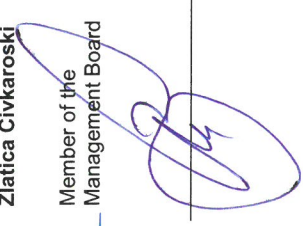

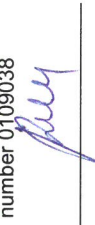
The accompanying notes are integral part of these separate financial statements.

**Separate Statement of Changes in Equity and Reserves (continued)**  
**For the period from January 1, 2024 to December 31, 2024**

	Equity				Revalued reserves				Other reserves			Retained earnings		(Accumulated loss)	Total equity and reserves attributable to the shareholders of the bank	Non-controlling interests	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			
<i>In thousands denars</i>																	
<b>Transactions with the shareholders, recognized directly in equity and reserves</b>																	
Share issued in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of statutory reserve	-	-	-	-	-	-	-	-	-	57,279	-	-	-	(57,279)	-	-	-
Allocation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation for investment investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders, recognized directly in equity and reserves</b>																	
AS of December 31, 2024 (current year)	5,594,758	666,348	-	-	(102,968)	102,910	-	-	-	559,476	-	-	-	7,332,744	-	14,153,268	14,153,268

The accompanying notes are integral part of these separate financial statements

Signed on behalf of Sparkasse Bank AD Skopje:

<b>Sanel Kusturica</b>	<b>Nina Nedanoska</b>	<b>Zlatica Civkaroski</b>	<b>Aleksandar Djordjevic</b>	<b>Milka Rataikoska Joleska</b>
President of the Management Board	Deputy President of the Management Board	Member of the Management Board	Member of the Management Board	Head of Finance Directorate/Certified Accountant – license number 0109038
				

**Separate Statement of Cash Flows**  
**For the period from January 1, 2024 to December 31, 2024**

Note	In thousands denars	
	Current year 2024	Previous year 2023
<b>Cash flow from operating activities</b>		
Profit before taxation	2.028.743	1.609.486
Adjustment for:		
Non-controlling interest, included in consolidated Income statement	-	-
Depreciation of:		
Intangible assets	15 105.285	93.361
Property and equipment	15 97.079	87.767
Capital gain from:		
Sale of intangible assets	-	-
Sale of property and equipment	(3.422)	(7.426)
Sale of foreclosed assets	-	(1.239)
Capital loss from:		
Sale of intangible assets	-	-
Sale of property and equipment	-	-
Sale of foreclosed assets	-	-
Interest income	6 (4.130.578)	(3.497.651)
Interest expense	6 1.360.611	918.380
Net trading income	-	-
Impairment losses of financial assets and special reserve for off-balance exposure, net		
Additional impairment losses	12 4.126.071	3.850.337
Release of impairment losses	12 (4.031.584)	(3.515.215)
Impairment losses of non-financial assets, net		
Additional impairment losses	13 15.147	20.522
Release of impairment losses	-	-
Provisions:		
Additional provisions	38 8.980	8.828
Release of provisions	38 (39)	-
Dividend income	11 -	(4.705)
Share of profit /(loss) of associates	-	-
Other adjustments	8.876	(302)
Interest received	4.056.897	3.462.483
Interest paid	(1.147.981)	(807.992)
<b>Profit from operations before changes in operating assets:</b>	<b>2.494.085</b>	<b>2.216.634</b>
<i>(Increase)/decrease of operating assets:</i>		
Trading assets	-	-
Derivative assets held for risk management	-	-
Loans and advances to banks	137 43.469	
Loans and advances to other customers	(5.212.546)	(6.870.387)
Assets pledged as collateral	-	-
Foreclosed assets	(15.147)	(18.533)
Obligatory deposit in foreign currency	(82.506)	(1.219.329)
Obligatory deposit held with NBRM according to special regulations	-	-
Other receivables	(215.563)	(165.550)
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	409.173	2.844.034
Due to other customers	11.201.497	5.625.794
Other liabilities	4.111	198.457
Liabilities directly related to group of assets for disposal	-	-
<b>Net cash flow from operating activities before taxation</b>	<b>8.583.241</b>	<b>2.654.589</b>
(Paid)/received income tax	(391.278)	(158.361)
<b>Net cash flow from operating activities</b>	<b>8.191.963</b>	<b>2.496.228</b>

The accompanying notes are integral part of these separate financial statement



**Separate Statement of Cash Flows (continued)**  
**For the period from January 1, 2024 to December 31, 2024**

**Cash flow from investing activities**

(Investments in securities)  
 Inflows from sale of investment in securities  
 (Outflows from investment in subsidiaries and associates)  
 Inflows from disposal of investment in subsidiaries and associates  
 (Purchase of intangible assets)  
 Inflows from sale of intangible assets  
 (Purchase of property and equipment)  
 Inflows from sale of property and equipment  
 (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

**Net cash flow from investing activities**

**Cash flow from financing activities**

(Repayment of debt securities issued)  
 Issued debt securities  
 (Repayment of borrowings)  
 Increase of borrowings  
 (Repayment of issued subordinated debts)  
 Issued subordinated debts  
 Inflows from issued shares/equity instruments during the period  
 (Purchase of treasury shares)  
 Disposal of treasury shares  
 (Dividends paid)  
 (Other financing outflows)  
 Other financing inflows from financing

**Net cash flow from financing activities**

Effect from allowance for impairment of cash and cash equivalents  
 Effect from foreign exchange differences of cash and cash equivalents

**Net increase of cash and cash equivalents**

Cash and cash equivalents as of 1 January

**Cash and cash equivalents as of December 31**

Note	In thousands denars	
	Current year 2024	Previous year 2023
	(4.910.608)	(2.294.253)
	3.181.769	1.624.830
	-	-
	-	-
28	(112.530)	(122.219)
	-	-
29	(145.067)	(96.940)
	3.531	8.435
	-	-
	-	-
	-	-
	-	4.705
	<b>(1.982.905)</b>	<b>(875.442)</b>
	-	-
	-	-
	(2.128.459)	(1.833.808)
	1.665.234	2.162.783
	-	-
	(491.960)	70
	-	-
	-	-
	-	-
	-	-
	-	-
	<b>(955.185)</b>	<b>329.045</b>
	(3.174)	(403)
	-	-
	<b>5.250.699</b>	<b>1.949.428</b>
	14.189.149	12.239.721
	<b>19.439.848</b>	<b>14.189.149</b>

The accompanying notes are integral part of these separate 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 SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION**

**a) General Information**

Sparkasse Bank AD Skopje (hereinafter referred to as "the Bank") 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 Bank 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 Bank operates in the Republic of North Macedonia with a network of 36 branches. (2023:36 branches).

The Bank is a member of Steiermärkische SPARKASSE headquartered in Graz, Austria, owing 96,55% (2023: 96,55%) of the Bank's capital. Indirect and ultimate owner of the Bank is ERSTE Bank, Republic of Austria.

As of December 31, 2024, the Bank 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 Bank had dysfunctional claim.

The shares of the Bank 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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION (continued)**

**a) General Information (continued)**

The audited financial statements were approved by the Supervisory Board of the Bank on April 24, 2025.

**b) Basis of Preparation of the Separate Financial Statements**

**Standards and Interpretations effective in the current period for Separate Financial Statements**

The Bank's separate 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. As of January 1, 2024, a new decision Official Gazette 57/23 and 27/24 will be in force.

**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 Bank's management takes into account the Bank'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 separate financial statements were approved for issue by the Bank's Supervisory Board, there are no standards published by the NBRNM that are not yet applicable.

As of 1.1.2025, the application of International Financial Reporting Standard (IFRS) 16 "Leases" as amended by the Decision on the Methodology for Recording and Valuation of Accounting Items and for the Preparation of Financial Statements ("Official Gazette of the RSM" No. 275/2024) will come into force, according to which banks using leased assets, which, in accordance with the provisions of the previous methodology, were classified as operating leases, are obliged, upon commencement of the application of the amendments to the Methodology, to re-evaluate all leases as of December 31, 2024, and on January 1, 2025, to classify and measure them in accordance with the provisions of this Resolution. The bank has made a revaluation of all lease agreements and the effect of the application of the amendments to the regulation for active lease agreements on 1.1.2025, the value of the right-of-use assets is MKD 100.692 thousand and the value of the liabilities is MKD (100.692) thousand.

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

The Bank'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.

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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION (continued)**

**b) Basis of Preparation of the Separate Financial Statements (continued)**

**Presentation of the separate financial statements**

The presentation of the separate 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 Bank'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 separate financial statements are expressed in thousands of Denars (MKD thousand). The Denar represents the functional and reporting currency of the Bank for the purpose of reporting to NBRNM.

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

**Use of estimates and assumption**

The preparation of the separate 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 bank 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 separate Income Statement, The bank 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 unfavorable change in the payment of the bank's recipients, or in state or local economic conditions relating to non-compliance with the bank's asset obligations.

The Bank estimates the level of credit risk losses on an individual basis for material receivables, and at the group level for the rest of the portfolio. 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.

An individual review is carried out for Group 3 assets that have been assessed as non-functional, based on information about significant financial problems faced by the client in connection with breach of contractual obligations, such as arrears in the settlement of obligations, restructured credit obligations, and the likelihood that the client will initiate bankruptcy proceedings. For the rest of the portfolio, group value adjustments are made that are not evaluated on an individual basis. The financial asset group determines whether the expected loss of the loan should be taken into account for 12 months or for the entire life of the loan. The calculation of expected credit loss is based on the probability of default and loss due to default, which is calculated using historical data and statistical modeling, as well as predicted macroeconomic parameters. The models used to estimate future risk parameters are validated on a regular annual basis.

During 2022 as a result of the current geopolitical crisis, the Bank implemented new Stage Overlay criteria for industries that, according to the analysis by the Steiermaerkische Sparkasse Group, can potentially be affected by this crisis, namely Cycle consumer products, Energy, Metals and Chemicals. The same criteria continued to apply during 2023 until 30.06.2024. In June, the Stage Overlay and Stage 2 customer transfer was lifted for energy industry clients and they were classified into appropriate risk categories in accordance with the Bank's IFRS 9 methodology. The bank continued to apply only the Stage Overlay measure as a result of future economic uncertainty and a potential recession from the Ukraine crisis (applied to the portfolio as of 30.06.2022).

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION (continued)**

**b) Basis of Preparation of the Separate Financial Statements (continued)**

**Use of estimates and assumption(continued)**

The measure covers 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. Included in this measure were also customers in the Metals and Chemical industries and simultaneously falling into a cyclical industry, and the criterion of calculating the probability of non-charge for the first year higher than 250 basis points was applied. As of November 2024, the Stage Overlay measure for the credit ratings of entities in the Cyclical Consumer Products industry has been replaced by the new Industry Stage Overlay measure. According to the categorized risk profile of the industry and the criterion applied, the calculated probability of non-charge for the first year higher than 250 basis points is applied, the "Industry Stage Overlay" rule applies.

That is, according to the current assessment and categorization of the risk of industrial activity

- Risk profile "high" or
  - A risk profile of 'medium' and a bank's 'hold' or 'decrease' risk strategy would be categorized for Stage Overlay only if the criterion of probability of default for the first year is higher than 250 basis points.
- The Bank 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, 2024.

Macro Variable	Scenario	Assigned weight	2025	2026	2027
GDP growth	Downside	49%	0,40	0,39	0,42
	Baseline	50%	2,60	3,30	3,10
	Upside	1%	4,95	5,65	5,45
Inflation rate	Downside	49%	4,60	6,81	5,45
	Baseline	50%	2,70	3,50	3,20
	Upside	1%	0,70	1,50	1,20
Unemployment rate	Downside	49%	14,90	14,54	14,05
	Baseline	50%	11,70	11,40	11,00
	Upside	1%	10,65	10,35	9,95

To include different macro scenarios, the bank 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. During 2024, the Bank has implemented two FLI (forward-looking information) scenarios in June and November 2024. The total effects of the application of FLI (forward looking information) amounted to MKD 30,923 thousand.

*Off-Balance Sheet Records*

In the normal course of business, the Bank 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 separate 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 separate 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION (continued)**

**b) Basis of Preparation of the Separate Financial Statements (continued)**

**Use of estimates and assumption(continued)**

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 Bank's financial statements are prepared in accordance with the accounting policies disclosed in Note 1 c) to the separate financial statements.

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

**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 separate Balance Sheet, while all positive and negative exchange rate differences arising from the conversion of foreign currency amounts are included in the separate Income Statement in the period in which they are incurred. The average exchange rates that were applied to show the positions of the separate Balance Sheet denominated in foreign currency are the following:

	<u>31.12.2024</u>	<u>31.12.2023</u>
1 EUR	61,4950 MKD	61,4950 MKD
1 USD	58,8807 MKD	55,6516 MKD
1 CHF	64,1775 MKD	66,4093 MKD

**Offsetting**

Financial assets and liabilities are offset, and net amount is presented in the Separate Balance Sheet statement when the Bank 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**

**Interest Income and Expenses**

Interest income and expenses are recognized in the Separate 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 Bank 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 SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 Bank has determined that the conditions for classification and measurement at amortized cost are still met, the Bank 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 Bank 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 separate 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 separate 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 separate 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 SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 separate 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 separate 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 Bank assesses, on each separate 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 separate Income Statement as net impairment loss of the non-financial assets.

When the causes for impairment loss have ceased, previously recognized loss through the separate 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 SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 separate Income Statement as expenses. Long-term benefits are measured at the present value of the defined benefit liability on the separate Balance Sheet date, reduced for the fair value of the planned assets on the separate Balance Sheet date, which are to be paid directly. Each actuarial gain or loss is recognized in the separate 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 Bank 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 Bank 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 separate 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 Bank 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 Bank 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 separate 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 SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 Bank 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 Bank classifies its investments at initial recognition, based on the Bank'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 Bank 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 Bank'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 Bank 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 Bank 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 Bank 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 SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 Bank does not hold such type of financial instruments. Quantitative information on the classification of the Bank's financial instruments is given in Note 1 A.

**Impairment of Financial Assets**

The Bank 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

The Bank 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 Bank 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.

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 Bank's payments of the potential obligations and collection from the client, discounted under current market price of the risk-free securities issued in same



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION (continued)**

**c) Summary of Significant Accounting Policies (continued)**

**Impairment of Financial Assets (continued)**

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 Bank'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 Bank 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 Bank 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 Bank 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 Bank must not record income based on impairment release/special reserve, which is not a result of collection of the credit exposure.

As exemption, the Bank 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 Bank may capitalize the interest only if it is a part of restructured receivable.

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 Bank 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 Bank should keep special records for it for a period of at least ten years.

The Bank is obligated to write off credit exposure if one year is passed from the date when the Bank 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 Bank 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 Bank, 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 separate 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 separate asset as appropriate, as long as there is a probability of inflow of future economic benefits for the Bank 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 separate Income Statement during the financial period in which they are incurred.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 separate Income Statement.

**Impairment of Non-Financial Assets**

The Bank'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 Bank 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 Bank; foreclosed asset will provide future economic benefits for the Bank 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 Bank.

The Bank is obliged to appraise the fair value of the foreclosed asset on the foreclosure date and to recognize an allowance for impairment in the separate 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 Bank shall recognize the difference as a revaluation reserve, which is a part of the Bank'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 separate 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 Bank is obliged to appraise the fair value and recognize an impairment loss in the separate 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 Bank recognizes an additional amount of impairment loss in the separate 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 Bank 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 Bank is obliged to reduce its carrying amount to zero at the end of the fifth year.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION (continued)**

**c) Summary of Significant Accounting Policies (continued)**

**Foreclosed Assets (continued)**

The Bank 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 bank. Depending on the sales value of the foreclosed asset, the bank shall record a capital gain in the separate Income Statement under the item "Other Operating Income" or capital loss in the separate Income Statement under the item "Other Operating Expenses" for the difference between market value and net book value of the foreclosed asset.

The Bank will derecognize the revaluation reserve on foreclosed asset by releasing the impairment loss on non-financial assets through the separate Income Statement, as well as in case of excluding the revaluation reserve from the additional capital of the Bank 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 Separate Cash Flow Statement, the mandatory reserve requirement in foreign currency and the restricted deposits are excluded.

**Investment in Subsidiaries**

Subsidiaries are legal entities in which the Bank, 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.

**Investments in Associates**

An associate is an entity, in which the Bank participates in the financial and operating policy decisions of the investee but is not controlled by the Bank. 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.

Investment in an associate in these separate 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.

**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 separate 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION (continued)**

**c) Summary of Significant Accounting Policies (continued)**

**Other Assets (continued)**

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

**Provisions**

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Bank 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 Bank 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 Bank 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 Bank does not operate with retirement plans or plans for other retirement benefits, so there are no pension liabilities. The Bank 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 Bank calculated income tax for 2024 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% (2023: 10%).

**Global tax**

On 27.12.2024, the Assembly of the Republic of North Macedonia passed the Minimum Global Income Tax Bill and the same was published in the Official Gazette of the RSM No. 3/2025 of 03.01.2025. The Minimum Global Income Tax Act comes into effect on the date of publication – 03.01.2025 and applies to fiscal years commencing on 01.01.2024. The by-laws provided for in the Act are to be enacted by 31.12.2025. The law harmonizes with Council Directive (EU) 2022/2523 of 14 December 2022 on providing for a global minimum level of taxation for groups of multinational companies and large domestic groups in the Union (CELEX number: 32022L2523).

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION (continued)**

**c) Summary of Significant Accounting Policies (continued)**

**Global tax (continued)**

This law applies to constituent entities that are members of a group of multinational companies (hereinafter referred to as: "group of MNCs") or of a large domestic group whose annual income in the consolidated financial statements of the ultimate parent company in at least two of the four fiscal years immediately preceding the fiscal year under review amounts to EUR 750 million or more.

The minimum effective taxation of the profits of these entities shall be provided by applying the rules for the payment of additional tax, determined under the provisions of this Act, as follows:  
 (a) a rule for determining a qualified domestic surcharge, according to which additional tax is calculated and paid on the excess profits of all constituent entities subject to a low tax rate located in the Republic of North Macedonia;

(b) the profit inclusion rule, whereby the parent company of an MNC group or a large domestic group calculates and pays its assigned share of the additional tax in respect of the group's constituent entities subject to a low tax rate;

(c) the less-taxed profit rule, according to which a constituent entity of an MNC group is subject to an additional tax equal to its share of the additional tax that was not levied on the basis of the profit inclusion rule for constituent entities of the group subject to a low tax rate.

The less-taxed profit rules apply for fiscal years beginning on January 1, 2025.

A separate application for information on additional tax as well as an application for domestic supplemental tax shall be submitted no later than 15 months after the end of the last day of the fiscal year by electronic data transmission. A separate application for payment of additional tax shall be filed within 30 days after the deadline for filing a separate application for information on additional tax as well as an application for domestic supplemental tax.

In the calculated income tax for 2024, an amount of MKD 81,647 thousand of qualified domestic additional tax is included in accordance with the Minimum Global Income Tax Act.

**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.

Deposits, loan payables, subordinated liabilities and securities issued are major sources for financing the Bank's activities. The Bank 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 separate Balance Sheet.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION (continued)**

**c) Summary of Significant Accounting Policies (continued)**

**Other Liabilities (continued)**

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

**Derecognition of Financial Liabilities**

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

**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.

**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**

When the Bank 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 Bank 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 Bank 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.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION (continued)**

**c) Summary of Significant Accounting Policies (continued)**

**(f) 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 Bank's shareholders have approved them. Current year dividends declared following the separate balance date are disclosed in the Subsequent Events Note (1e).

**Fiduciary Activities**

The Bank 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 Bank 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 separate 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 separate Balance Sheet as a liability.

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

During 2024, the Bank did not make any additional changes to its accounting policies and estimates, nor did it record any correction of an error.

**e) Compliance with Regulation**

The Bank complies with the legal regulations, i.e, the Banking 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 Bank's exposure to different types of risk, as well as the Bank'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 Bank's financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Those subsequent events that are not adjusting events, if material, are disclosed in certain notes.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**1. INTRODUCTION (continued)**

**1.A Classification of financial assets and liabilities**

	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		
<i>In MKD thousand</i>						
<b>2024 (current year)</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	-	-	24.729.404	24.729.404
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	-	-	-	-	1.839	1.839
Loans and advances to other customers	-	-	-	-	69.495.552	69.495.552
Investments in securities	-	-	9.877.905	84.751	-	9.962.656
Other receivables	-	-	-	-	953.505	953.505
<b>Total Financial Assets</b>	-	-	<b>9.877.905</b>	<b>84.751</b>	<b>95.180.300</b>	<b>105.142.956</b>
<b>Financial liabilities</b>						
Trading liabilities	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Due to banks	-	-	-	-	7.594.935	7.594.935
Due to other customers	-	-	-	-	72.065.575	72.065.575
Debt instruments issued	-	-	-	-	-	-
Borrowings	-	-	-	-	9.621.940	9.621.940
Subordinated debt and hybrid instruments	-	-	-	-	1.931.362	1.931.362
Other liabilities	-	-	-	-	668.984	668.984
<b>Total financial liabilities</b>	-	-	-	-	<b>91.882.797</b>	<b>91.882.797</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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		
<b>2023 (previous year)</b>						
<b>Financial Assets</b>						
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	84.751	-	8.153.039
Other receivables	-	-	-	-	737.942	737.942
<b>Total Financial Assets</b>	-	-	<b>8.068.288</b>	<b>84.751</b>	<b>84.583.962</b>	<b>92.737.001</b>
<b>Financial liabilities</b>						
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	-	-	-	-	61.040.327	61.040.327
Debt instruments issued	-	-	-	-	-	-
Borrowings	-	-	-	-	10.094.241	10.094.241
Subordinated debt and hybrid instruments	-	-	-	-	2.430.573	2.430.573
Other liabilities	-	-	-	-	664.873	664.873
<b>Total financial liabilities</b>	-	-	-	-	<b>81.415.776</b>	<b>81.415.776</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**2. RISK MANAGEMENT**

**Description of the Risk Management Systems of the Bank**

Risk management operations are run by the three main pillars of risk management of the Bank, 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 2024, the focus of the risk management was put primarily on the credit risk management as the main risk exposure of the Bank. Nevertheless, other risks such as the market risk, liquidity risk and operational risk were appropriately observed as well. During 2024, in compliance with the regulations, the Bank was also monitoring the Internal Capital Adequacy Assessment Process (ICAAP).

**2.1 Credit Risk**

In order to monitor credit risk, the Bank 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 Bank, collateral management and collection of non-performing loans).

The Strategic Risk Directorate has focused its risk management activities identifying, measuring and monitoring credit risk. Monitoring is performed by observing the Bank loan portfolio quality and its divisional and geographic dispersion. This involves continuous monitoring of the credit exposure to separate entities or a group of related entities and for that purpose on a monthly basis the Bank 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 Bank about the movement of the loan portfolio in terms of its risk.

The total assets of the Bank exposed to credit risk include the loans and advances to customers, regular interest-based receivables, the Bank's off-balance sheet credit exposure as well as other receivables which besides the Bank 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 Bank.

**Description of the Level and Changes in the Value Adjustment and the Separated Special Provision**

The Bank 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 Bank 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 Bank to a credit risk.

The Bank 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 Bank 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 separate income statement.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**2. RISK MANAGEMENT (continued)**

**2.1 Credit Risk (continued)**

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

When classifying the credit risk exposure, the Bank 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 2024 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 2024, the Bank 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 Bank's portfolio is divided by risk groups: Stage 1, Stage 2 and Stage 3.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**2. RISK MANAGEMENT (continued)**

**2.1 Credit Risk (continued)**

**A. Analysis of Total Exposure to Credit Risk**

*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 sheet exposures		Total	
	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023
<b>Credit risk exposure classified in Stage 1</b>																		
Carrying amount, before impairment/special reserve (Impairment and special reserve)	1.841	2.591	58.495.209	51.508.537	9.967.578	8.157.046	-	-	19.619.061	16.947.411	44.757	32.469	688.316	500.153	10.688.309	10.322.429	99.505.071	87.470.328
<i>Carrying amount, less the impairment and special reserve</i>	(3)	(692)	(969.473)	(838.195)	(4.922)	(4.007)	-	-	(4.388)	(1.214)	(480)	(345)	(1.096)	(629)	(114.102)	(108.428)	(1.094.464)	(953.510)
	<b>1.838</b>	<b>1.899</b>	<b>57.525.736</b>	<b>50.670.342</b>	<b>9.962.656</b>	<b>8.153.039</b>	<b>-</b>	<b>-</b>	<b>19.614.673</b>	<b>16.946.197</b>	<b>44.277</b>	<b>32.124</b>	<b>687.220</b>	<b>499.524</b>	<b>10.574.207</b>	<b>10.214.001</b>	<b>98.410.607</b>	<b>86.516.818</b>
<b>Credit risk exposure classified in Stage 2</b>																		
Carrying amount, before impairment/special reserve (Impairment and special reserve)	1	3	12.827.638	14.328.589	-	-	-	-	-	-	13.862	12.974	404	352	723.032	2.535.696	13.564.937	16.877.614
<i>Carrying amount, less the impairment and special reserve</i>	-	-	(1.201.518)	(1.475.096)	-	-	-	-	-	-	(3.381)	(1.966)	(56)	(22)	(45.459)	(105.379)	(1.250.414)	(1.582.463)
	<b>1</b>	<b>3</b>	<b>11.626.120</b>	<b>12.853.493</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.481</b>	<b>11.008</b>	<b>348</b>	<b>330</b>	<b>677.573</b>	<b>2.430.317</b>	<b>12.314.523</b>	<b>15.295.151</b>
<b>Credit risk exposure classified in Stage 3</b>																		
Carrying amount, before impairment/special reserve (Impairment and special reserve)	-	-	1.557.402	1.481.767	-	-	-	-	-	-	38.065	32.764	15.256	13.328	167.698	159.052	1.778.421	1.686.911
<i>Carrying amount, less the impairment and special reserve</i>	-	-	(1.213.706)	(1.176.115)	-	-	-	-	-	-	(36.216)	(31.182)	(15.208)	(13.270)	(154.353)	(151.161)	(1.419.483)	(1.371.728)
	<b>-</b>	<b>-</b>	<b>343.696</b>	<b>305.652</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.849</b>	<b>1.582</b>	<b>48</b>	<b>58</b>	<b>13.345</b>	<b>7.891</b>	<b>358.938</b>	<b>315.183</b>
<b>Total carrying amount of credit risk receivables before impairment and special reserve</b>	<b>1.842</b>	<b>2.594</b>	<b>72.880.249</b>	<b>67.318.893</b>	<b>9.967.578</b>	<b>8.157.046</b>	<b>-</b>	<b>-</b>	<b>19.619.061</b>	<b>16.947.411</b>	<b>96.684</b>	<b>78.207</b>	<b>703.976</b>	<b>513.833</b>	<b>11.579.039</b>	<b>13.017.177</b>	<b>114.848.429</b>	<b>106.034.853</b>
<b>(Total impairment and special reserve)</b>	<b>(3)</b>	<b>(692)</b>	<b>(3.384.697)</b>	<b>(3.489.406)</b>	<b>(4.922)</b>	<b>(4.007)</b>	<b>-</b>	<b>-</b>	<b>(4.388)</b>	<b>(1.214)</b>	<b>(40.077)</b>	<b>(33.493)</b>	<b>(16.360)</b>	<b>(13.921)</b>	<b>(313.914)</b>	<b>(364.968)</b>	<b>(3.764.361)</b>	<b>(3.907.701)</b>
<b>Total carrying amount of credit risk receivables, less the impairment and special reserve</b>	<b>1.839</b>	<b>1.902</b>	<b>69.495.552</b>	<b>63.829.487</b>	<b>9.962.656</b>	<b>8.153.039</b>	<b>-</b>	<b>-</b>	<b>19.614.673</b>	<b>16.946.197</b>	<b>56.607</b>	<b>44.714</b>	<b>687.616</b>	<b>499.912</b>	<b>11.265.125</b>	<b>12.652.209</b>	<b>111.084.068</b>	<b>102.127.152</b>

**2. RISK MANAGEMENT (continued)**



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023
<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)	-	-	178.690	59.400	-	-	-	-	-	-	206	533	20.578	2.105	199.474	62.038
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)	-	-	1.060.318	881.482	-	-	-	-	-	-	64.899	118.836	16.614	31.689	1.141.831	1.032.007
business facility	-	-	5.775.317	5.121.558	-	-	-	-	-	-	52.992	101.347	124.195	73.601	5.952.504	5.296.506
Pledge over movables	-	-	474.372	352.627	-	-	-	-	-	-	4.026	18.632	7.205	10.912	485.603	382.171
Other types of collateral	-	-	520.981	832.640	-	-	-	-	-	-	4.477	14.575	22.239	2.515	547.697	849.730
<b>Total value of collateral of credit exposure assessed for impairment on individual basis</b>	-	-	<b>8.009.678</b>	<b>7.247.707</b>	-	-	-	-	-	-	<b>126.600</b>	<b>253.923</b>	<b>190.831</b>	<b>120.822</b>	<b>8.327.109</b>	<b>7.622.452</b>
<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)	-	-	1.742.996	1.656.163	-	-	-	-	-	-	2.889	2.250	85.686	76.336	1.831.571	1.734.749
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	1	37.307.077	32.925.284	-	-	-	-	-	-	30.986	37.551	338.351	351.079	37.676.415	33.313.915
business facility	174	76	28.871.654	34.506.032	-	-	-	-	-	-	15.027	19.343	4.350.591	3.936.690	33.237.446	38.464.141
Pledge over movables	86	118	6.477.945	3.796.550	-	-	-	-	-	-	4.628	18.626	170.410	364.157	6.653.069	4.179.451
Other types of collateral	-	-	12.509.783	10.585.817	-	-	-	-	-	-	10.871	4.544	947.293	891.302	13.467.947	11.481.663
<b>Total value of collateral of credit exposure assessed for impairment on group basis</b>	<b>261</b>	<b>195</b>	<b>86.909.455</b>	<b>83.469.846</b>	-	-	-	-	-	-	<b>64.401</b>	<b>82.314</b>	<b>5.892.331</b>	<b>5.658.564</b>	<b>92.866.448</b>	<b>89.210.919</b>

**2. RISK MANAGEMENT (continued)**  
**2.1 Credit Risk (continued)**

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**C. Concentration of Credit Risk by Industry**

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 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023
Non-residents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture, hunting and forestry	2	-	510.921	374.615	-	-	-	-	-	-	173	96	-	-	21.151	12.535	532.247	387.246
Ore and stone extraction	-	-	262.255	110.418	-	-	-	-	-	-	43	18	-	-	6.140	1.006	268.438	111.442
Food industry	3	6	1.654.007	1.282.425	-	-	-	-	-	-	119	85	-	-	43.166	123.544	1.697.295	1.406.060
Industry for clothing and footwear	-	-	658.641	892.452	-	-	-	-	-	-	155	97	-	-	93.000	98.385	751.796	990.934
Chemical industry, production of construction materials, production and processing of fuels, pharmaceutical industry	-	-	860.206	711.858	-	-	-	-	-	-	67	74	-	-	109.864	132.092	970.137	844.024
Production of metals, machines, tools and equipment	-	6	1.582.999	1.683.319	-	-	-	-	-	-	1.151	405	-	-	927.862	1.241.712	2.512.012	2.925.442
Other processing industry	-	2	1.193.236	790.022	-	-	-	-	-	-	752	131	3	3	1.014.421	902.994	2.208.412	1.693.152
Electricity supply, gas, steam and air conditioning	-	-	6.173.368	4.915.769	-	-	-	-	-	-	171	342	-	-	492.643	244.091	6.666.182	5.160.202
Water supply, disposal of wastewater, waste management and remediation activities on the environment	-	-	226.427	138.770	-	-	-	-	-	-	48	7	-	-	15.287	22.036	241.762	160.813
Construction	13	27	4.081.343	3.692.014	-	-	-	-	-	-	962	642	-	-	1.633.707	2.264.326	5.716.025	5.957.009
Wholesale and retail trade; repair of motor vehicles and motorcycles,	14	54	12.251.517	12.037.673	-	-	-	-	-	-	1.944	2.254	40	-	3.701.095	4.294.335	15.954.610	16.334.316
Transport and warehousing	6	16	2.061.489	2.089.332	-	-	-	-	-	-	1.111	889	2	2	1.358.762	1.361.354	3.421.370	3.451.593
Hotels and restaurants	-	-	976.879	784.758	-	-	-	-	-	-	244	180	-	-	9.836	22.486	986.959	807.424
Information and communications	-	-	307.786	337.427	-	-	-	-	-	-	133	99	-	-	199.914	257.584	507.833	595.110
Finance and insurance activities	1.801	1.791	289.991	385.240	-	-	-	-	19.614.673	16.946.197	37.725	29.099	531.565	16.033	46.095	46.817	20.521.850	17.425.177
Activities related to real estate	-	-	2.495.563	1.594.181	-	-	-	-	-	-	90	23	-	-	35.719	191.744	2.531.372	1.785.948
Professional, scientific and technical activities	-	-	1.322.931	889.311	-	-	-	-	-	-	489	359	-	-	113.117	84.248	1.436.537	973.918
Administrative and utility services	-	-	312.547	1.155.026	-	-	-	-	-	-	202	114	-	-	47.329	43.801	360.078	1.198.941
Public administration and defense; mandatory social security	-	-	270	3.034	9.962.656	8.153.039	-	-	-	-	8	6	154.290	415.145	-	-	10.117.224	8.571.224
Education	-	-	49.032	57.947	-	-	-	-	-	-	35	23	-	-	31.520	29.868	80.587	87.838
Health care and social work	-	-	360.535	269.358	-	-	-	-	-	-	27	73	-	-	37.374	2.729	397.936	272.160
Art, entertainment and recreation	-	-	42.784	40.502	-	-	-	-	-	-	97	99	-	-	194	-	43.075	40.601
Other utility	-	-	146.571	169.944	-	-	-	-	-	-	179	216	-	-	673	-	147.423	170.160
Private households with employed persons, household activities that produce goods and perform a diverse range of services for own needs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services of extraterritorial organizations and bodies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Individuals	-	-	31.674.254	29.424.092	-	-	-	-	-	-	10.660	9.362	1.715	1.242	1.326.256	1.274.522	33.012.885	30.709.218
Individual merchants and individuals not regarded as merchants	-	-	-	-	-	-	-	-	-	-	22	21	1	67.487	-	-	23	67.508
<b>Total</b>	<b>1.839</b>	<b>1.902</b>	<b>69.495.552</b>	<b>63.829.487</b>	<b>9.962.656</b>	<b>8.153.039</b>	<b>-</b>	<b>-</b>	<b>19.614.673</b>	<b>16.946.197</b>	<b>56.607</b>	<b>44.714</b>	<b>687.616</b>	<b>499.912</b>	<b>11.265.125</b>	<b>12.652.209</b>	<b>111.084.068</b>	<b>102.127.152</b>

**2. RISK MANAGEMENT (continued)**  
**2.1 Credit Risk (continued)**

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
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**D. Concentration of Credit Risk by Geographic Location**

	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 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023
<i>In MKD thousand</i>																		
<b>Geographical location</b>																		
Republic of North Macedonia	1.839	1.902	69.495.263	63.829.181	8.840.548	7.168.557	-	-	12.125.965	12.846.210	56.597	44.701	687.616	499.912	11.228.107	12.132.999	102.435.935	96.523.154
EU member countries	-	-	8	2	1.122.108	984.482	-	-	6.042.013	3.045.372	5	6	-	-	36.996	37.002	7.201.130	4.066.864
Europe (other)	-	-	-	-	-	-	-	-	1.273.591	953.506	2	2	-	-	-	482.207	1.273.593	1.435.715
ECD member countries (without European OECD member countries)	-	-	281	304	-	-	-	-	173.104	101.109	1	3	-	-	22	1	173.408	101.417
(the exposure that represents more than 10% of total credit exposure)	-	-	-	-	-	-	-	-	-	-	2	2	-	-	-	-	2	2
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.839</b>	<b>1.902</b>	<b>69.495.552</b>	<b>63.829.487</b>	<b>9.962.656</b>	<b>8.153.039</b>	<b>-</b>	<b>-</b>	<b>19.614.673</b>	<b>16.946.197</b>	<b>56.607</b>	<b>44.714</b>	<b>687.616</b>	<b>499.912</b>	<b>11.265.125</b>	<b>12.652.209</b>	<b>111.084.068</b>	<b>102.127.152</b>

Exposure to loans and receivables according to the geographical location of the debtors is 100% concentrated in the Republic of North Macedonia (2023: 100%),

**2. RISK MANAGEMENT (continued)**

**2.1 Credit Risk (continued)**

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
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**E. Analysis of the credit risk of assets measured at fair value through profit and loss**

In MKD thousand	Trading assets				Financial assets at fair value through profit or loss upon initial recognition									
	Debt securities for trading		Equity securities for trading		Debt securities		Debt securities		Loans and advances to banks		Loans and advances to customers		Total	
	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023
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 _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category _____	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carrying amount	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

**2.2. Liquidity Risk**

Liquidity risk is a risk that the Bank 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 Bank's liquidity management is to maintain adequate liquid assets, primarily cash and cash equivalents, to enable normal business operation of the Bank. The matching and controlled mismatch of asset maturity and liability maturity is fundamental to the management of the Bank.

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

The Bank 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 Bank's compliance with them.

Besides external liquidity indicators, the Bank 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 Bank 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 Bank 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 Bank'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 Bank 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.

A negative gap of up to 1 month is not a realistic liquidity situation, and arises from deposits from principals for which the contractual terms provide for early withdrawal at any time, as well as all deposits at sight without a defined term. The real maturity of these positions is higher and the bank monitors the stability of the deposit base of customers by monitoring the deposit rearrangement rate of the population as well as monitoring the movement of deposits by sight. The bank maintains an appropriate level of liquidity according to the actual expected maturity of the positions and the appropriate level of liquidity coverage rate.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**2. RISK MANAGEMENT (continued)**

**2.2 Liquidity Risk (continued)**

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

Analysis by maturity of financial assets and liabilities (remaining maturity)							
In MKD thousand	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
Assets							



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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)						
	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
<b>2023 (previous year)</b>							
<b>Financial assets</b>							
Cash and cash equivalents	14.189.149	-	-	5.826.696	-	-	20.015.845
Trading assets	-	-	-	-	-	-	-
Financial assets carried at a fair value through separate 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	201.846	49.201	1.295.103	1.827.962	4.778.992	-	8.153.104
Investments in associates	46.598	-	-	-	-	-	46.598
Current income tax receivables	-	-	-	-	-	-	-
Other receivables	361.792	76.753	26.332	62	48.894	-	513.833
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	16.264	-	-	-	-	-	16.264
<b>Total financial assets</b>	<b>18.142.229</b>	<b>4.369.691</b>	<b>20.077.724</b>	<b>16.351.304</b>	<b>18.630.469</b>	<b>18.614.354</b>	<b>96.185.771</b>
<b>Financial liabilities</b>							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities carried at a fair value through separate 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	56.863.211	813.546	2.086.097	1.178.588	41.190	57.695	61.040.327
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	659.381	407	3.353	598	455	679	664.873
<b>Total financial liabilities</b>	<b>60.081.970</b>	<b>5.549.068</b>	<b>2.696.952</b>	<b>3.117.053</b>	<b>4.470.478</b>	<b>5.559.892</b>	<b>81.475.413</b>
<b>Off-balance items</b>							
Off-balance assets	-	-	-	-	-	-	-
Off-balance liabilities	31.548.133	-	-	-	-	-	31.548.133
<b>Net liquidity gap</b>	<b>(73.487.874)</b>	<b>(1.179.377)</b>	<b>17.380.772</b>	<b>13.234.251</b>	<b>14.159.991</b>	<b>13.054.462</b>	<b>(16.837.775)</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**2. RISK MANAGEMENT (continued)**

**2.3 Market Risk**

The Bank is exposed to market risks. Market risks derive from the Bank 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 Bank Management determines acceptable risk limits based on their daily monitoring.

For the purpose of interest rate risk monitoring, the Bank 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 Bank'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 Bank's assets and capital.

The Bank manages active interest rate policy based on the Strategic Plan of the Bank, 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 Bank 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 Bank, is calculated on aggregate level as well as separately by currencies and by monitoring their compliance with the externally and internally determined limits. The Bank also assesses the potential maximal loss from currency risk by applying VaR - Value at Risk method according Group standards.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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**

	<b>Profit/Loss</b>	<b>Own Funds</b>	<b>Risk weighted assets</b>	<b>Capital adequacy ratio</b>
	<i>In MKD thousand</i>	<i>In MKD thousand</i>	<i>In MKD thousand</i>	<i>in %</i>
<b>2024 (current year)</b>				
Amount before sensitivity analysis / stress-tests (as of December 31, 2024)	1.736.206	15.040.798	78.260.302	19,22%
<b>Effects from scenarios implementation</b>				
Currency risk (list separately various scenarios, including the basic features of the scenario)				
<b><i>MKD to depreciate by 15%</i></b>	<b>1.818.675</b>	<b>15.123.267</b>	<b>86.303.246</b>	<b>17,52%</b>
<b><i>MKD to depreciate by 10%</i></b>	<b>1.791.186</b>	<b>15.095.778</b>	<b>83.654.977</b>	<b>18,05%</b>
<b><i>MKD to appreciate by 15%</i></b>	<b>1.653.737</b>	<b>14.958.329</b>	<b>70.413.632</b>	<b>21,24%</b>
<b><i>MKD to appreciate by 10%</i></b>	<b>1.681.226</b>	<b>14.985.818</b>	<b>73.061.901</b>	<b>20,51%</b>
Interest rate risk (list separately the various scenarios, including the basic features of the scenario)				
<b><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></b>	<b>1.590.453</b>	<b>14.895.045</b>	<b>77.838.075</b>	<b>19,14%</b>
Risk of change in market prices for investments in equity securities (list separately the various scenarios, including the basic features of the scenario)				
<b><i>The investments in equity securities is insignificant in terms of total assets, and accordingly, the Bank does not perform stress test</i></b>				
Combined scenarios (list separately the various scenarios, including the basic features of the scenario)				
<b><i>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</i></b>	<b>1.549.862</b>	<b>14.854.454</b>	<b>83.413.653</b>	<b>17,81%</b>
<b><i>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</i></b>	<b>1.420.289</b>	<b>14.724.881</b>	<b>83.284.080</b>	<b>17,68%</b>
<b><i>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</i></b>	<b>1.290.715</b>	<b>14.595.307</b>	<b>83.154.507</b>	<b>17,55%</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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>
<b>2023 (previous year)</b>				
Amount before sensitivity analysis / stress-tests (as of December 31, 2023)	1.462.301	13.615.004	74.070.588	18,38%
Effects from scenarios implementation				
Currency risk (list separately various scenarios, including the basic features of the scenario)				
<b>MKD to depreciate by 15%</b>	<b>1.482.741</b>	<b>13.635.444</b>	<b>82.043.679</b>	<b>16,62%</b>
<b>MKD to depreciate by 10%</b>	<b>1.475.928</b>	<b>13.628.631</b>	<b>79.385.982</b>	<b>17,17%</b>
<b>MKD to appreciate by 15%</b>	<b>1.441.861</b>	<b>13.594.564</b>	<b>66.097.497</b>	<b>20,57%</b>
<b>MKD to appreciate by 10%</b>	<b>1.448.674</b>	<b>13.601.377</b>	<b>68.755.194</b>	<b>19,78%</b>
Interest rate risk (list separately the various scenarios, including the basic features of the scenario)				
<b>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,</b>	<b>1.266.627</b>	<b>13.419.330</b>	<b>74.056.955</b>	<b>18,12%</b>
Risk of change in market prices for investments in equity securities (list separately 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 Bank does not perform stress test	/	/	/	/
Combined scenarios (list separately the various scenarios, including the basic features of the scenario)				
<b>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</b>	<b>1.185.078</b>	<b>13.337.781</b>	<b>79.095.132</b>	<b>16,86%</b>
<b>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</b>	<b>1.024.449</b>	<b>13.177.152</b>	<b>78.934.503</b>	<b>16,69%</b>
<b>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</b>	<b>863.819</b>	<b>13.016.522</b>	<b>78.773.873</b>	<b>16,52%</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 2024				Previous year 2023			
	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)	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 banking book in accordance with the valid prescribed regulation of the NBRSM on December 31, 2024 and 2023.

	<i>In MKD thousand</i>	Currency	Current year 2024	Previous year 2023
1.1 Net weighed position for currency MKD (fixed + variable + administrative interest rate)		MKD	956.622	599.783
1.2 Net weighed position for currency EUR (fixed + variable + administrative interest rate)		EUR	611.583	496.957
1.3 Net weighed position for currency USD (fixed + variable + administrative interest rate)		USD	(632)	(3.476)
1.4 Net weighed position for other currencies (fixed + variable + administrative interest rate)		Other	(2.147)	(2.128)
1.5 Net weighed position for currency MKD cl EUR (fixed + variable + administrative interest rate)		MKD cl EUR	197.315	270.642
1.6 Net weighed position for currency MKD cl USD (fixed + variable + administrative interest rate)		MKD cl USD	(11.677)	(14.154)
<b>3. Total weighted amount –</b>			1.751.064	1.347.624
<b>Change in the economic value of the banking portfolio (1,1 + 1,2 + 1,3 + 1,4 + 1,5 + 1,6)</b>				
3. Own Funds			13.330.282	12.122.264
<b>4. Total weighted amount / own funds (2/3*100)</b>			13,14%	11,12%



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 Bank 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 Bank 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, 2024 and 2023.

<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
2024 (current year)							
<b>Financial assets</b>							
Cash and cash equivalents	15.123.608	-	-	-	-	-	15.123.608
Financial assets carried at a fair value through separate statement of profit and loss at initial recognition	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to other customers	19.522.977	4.010.530	17.494.707	6.438.331	10.432.792	11.245.998	69.145.335
Investments in securities	-	547.926	1.436.890	3.205.779	3.459.679	399.522	9.049.796
Other interest sensitive assets	-	-	-	-	-	-	-
<b>Total interest sensitive financial assets</b>	<b>34.646.585</b>	<b>4.558.456</b>	<b>18.931.597</b>	<b>9.644.110</b>	<b>13.892.471</b>	<b>11.645.520</b>	<b>93.318.739</b>
<b>Financial liabilities</b>							
Financial liabilities at fair value through separate statement of profit or loss upon initial recognition	-	-	-	-	-	-	-
Due to banks	3.628.205	-	922.425	2.644.285	-	-	7.194.915
Due to other customers	1.593.602	3.597.934	13.282.865	8.848.032	1.593.765	160.735	29.076.933
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	751.387	2.884.182	2.038.545	762.691	1.535.313	1.585.418	9.557.536
Subordinated debt and hybrid capital instruments	-	307.475	-	368.970	1.229.900	-	1.906.345
Other interest sensitive liabilities	-	-	-	-	-	-	-
<b>Total interest sensitive financial assets</b>	<b>5.973.194</b>	<b>6.789.591</b>	<b>16.243.835</b>	<b>12.623.978</b>	<b>4.358.978</b>	<b>1.746.153</b>	<b>47.735.729</b>
<b>Total interest sensitive financial assets</b>	<b>28.673.391</b>	<b>(2.231.135)</b>	<b>2.687.762</b>	<b>(2.979.868)</b>	<b>9.533.493</b>	<b>9.899.367</b>	<b>45.583.010</b>
Off balance sheet interest sensitive assets	-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities	-	-	-	-	-	-	-
<b>Net off-balance sheet gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net-gap</b>	<b>28.673.391</b>	<b>(2.231.135)</b>	<b>2.687.762</b>	<b>(2.979.868)</b>	<b>9.533.493</b>	<b>9.899.367</b>	<b>45.583.010</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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
<b>2023 (previous year)</b>							
<b>Financial assets</b>							
Cash and cash equivalents	10.502.588	-	-	-	-	-	10.502.588
Financial assets carried at a fair value through separate 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	8.593.571	63.798.234
Investments in securities	-	47.540	1.293.501	1.702.007	4.031.569	-	7.074.617
Other interest sensitive assets	-	-	-	-	-	-	-
<b>Total interest sensitive financial assets</b>	<b>29.985.177</b>	<b>3.590.312</b>	<b>19.014.744</b>	<b>8.214.410</b>	<b>11.977.225</b>	<b>8.593.571</b>	<b>81.375.439</b>
<b>Financial liabilities</b>							
Financial liabilities at fair value through separate statement of profit or loss upon initial recognition	-	-	-	-	-	-	-
Due to banks	4.796.610	2.090.830	-	-	-	-	6.887.440
Due to other customers	1.197.965	1.951.643	7.231.240	8.266.346	1.316.391	207.484	20.171.069
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	-	-	-	-	-	-	-
<b>Total interest sensitive financial liabilities</b>	<b>6.848.476</b>	<b>6.958.678</b>	<b>9.860.941</b>	<b>9.220.906</b>	<b>4.577.443</b>	<b>2.011.132</b>	<b>39.477.576</b>
<b>Net balance sheet gap</b>	<b>23.136.701</b>	<b>(3.368.366)</b>	<b>9.153.803</b>	<b>(1.006.496)</b>	<b>7.399.782</b>	<b>6.582.439</b>	<b>41.897.864</b>
Off balance sheet interest sensitive assets	-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities	-	-	-	-	-	-	-
<b>Net off-balance sheet gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net-gap</b>	<b>23.136.701</b>	<b>(3.368.366)</b>	<b>9.153.803</b>	<b>(1.006.496)</b>	<b>7.399.782</b>	<b>6.582.439</b>	<b>41.897.864</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 Bank 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 Bank, is calculated on an aggregate level as well as separately by currencies and their compliance with the externally and internally determined limits.

<i>In MKD thousand</i>	MKD	EUR	USD	specify separately currencies more than 10% of total monetary assets / liabilities					Other Currencies	Total
<b>2024 (current year)</b>										
<b>Monetary assets</b>										
Cash and cash equivalents	11.003.275	10.116.765	2.361.563	-	-	-	-	-	1.247.801	24.729.404
Trading assets	-	-	-	-	-	-	-	-	-	-
Financial assets carried at a fair value through separate statement of profit and loss at initial recognition	-	-	-	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-	-	-	-
Loans and advances to banks	1.839	-	-	-	-	-	-	-	-	1.839
Loans and advances to customers	37.383.175	32.102.750	9.627	-	-	-	-	-	-	69.495.552
Investments in securities	5.609.522	4.353.134	-	-	-	-	-	-	-	9.962.656
Investments in associates	46.598	-	-	-	-	-	-	-	-	46.598
Income tax receivable (current)	-	-	-	-	-	-	-	-	-	-
Other receivables	930.937	19.359	1.843	-	-	-	-	-	1.366	953.505
Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
<b>Total Monetary Assets</b>	<b>54.975.346</b>	<b>46.592.008</b>	<b>2.373.033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.249.167</b>	<b>105.189.554</b>
<b>Monetary liabilities</b>										
Trading liabilities	-	-	-	-	-	-	-	-	-	-
Financial liabilities carried at a fair value through separate statement of profit and loss at initial recognition	-	-	-	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-	-	-	-
Due to banks	134.825	7.392.262	41.574	-	-	-	-	-	26.274	7.594.935
Due to other customers	40.569.414	28.259.311	2.074.107	-	-	-	-	-	1.162.743	72.065.575
Debt instruments issued	-	-	-	-	-	-	-	-	-	-
Borrowings	119.208	9.376.040	126.692	-	-	-	-	-	-	9.621.940
Subordinated debt	-	1.931.362	-	-	-	-	-	-	-	1.931.362
Income tax payable (current)	158.378	-	-	-	-	-	-	-	-	158.378
Deferred tax liabilities	6	-	-	-	-	-	-	-	-	6
Other liabilities	385.402	142.803	100.649	-	-	-	-	-	40.130	668.984
<b>Total monetary liabilities</b>	<b>41.367.233</b>	<b>47.101.778</b>	<b>2.343.022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.229.147</b>	<b>92.041.180</b>
<b>Net foreign currency position</b>	<b>13.608.113</b>	<b>(509.770)</b>	<b>30.011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20.020</b>	<b>13.148.374</b>

**2. RISK MANAGEMENT (continued)**

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**2.3 Market Risk (continued)**

**2.3.3 Foreign Currency Risk (continued)**

<i>In MKD thousand</i>	MKD	EUR	USD	specify separately currencies more than 10% of total monetary assets / liabilities						Other Currencies	Total
<b>2023 (previous year)</b>											
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 separate 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	4.011.089	4.141.950	-	-	-	-	-	-	-	-	8.153.039
Investments in associates	46.598	-	-	-	-	-	-	-	-	-	46.598
Income tax receivable (current)	-	-	-	-	-	-	-	-	-	-	-
Other receivables	723.840	10.980	1.726	-	-	-	-	-	-	1.396	737.942
Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	16.264	-	-	-	-	-	-	-	-	-	16.264
<b>Total Monetary Assets</b>	<b>43.315.199</b>	<b>47.626.199</b>	<b>814.977</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.043.488</b>	<b>92.799.863</b>
Monetary liabilities											
Trading liabilities	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities carried at a fair value through separate 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	30.183.311	27.602.410	1.953.291	-	-	-	-	-	-	1.301.315	61.040.327
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	353.455	231.596	72.523	-	-	-	-	-	-	7.299	664.873
<b>Total monetary liabilities</b>	<b>30.893.010</b>	<b>47.051.803</b>	<b>2.181.123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.349.477</b>	<b>81.475.413</b>
<b>Net foreign currency position</b>	<b>12.422.189</b>	<b>574.396</b>	<b>(1.366.146)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(305.989)</b>	<b>11.324.450</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

### December 31, 2024

## 2. RISK MANAGEMENT (continued)

### 2.4 Operational Risk

Within its own internal acts, the Bank 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 Bank from a financial point of view, as well as from the aspect of the Bank's reputation. The Bank accepts those operational risks which, if realized, will not have a significant effect on the separate financial results i.e. they will not jeopardize the further operation of the Bank. The policy and the acts arising from this objective have established consistent approach to the operational risk management.

In 2024, the Bank 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 Bank 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 Bank is to maintain its equity capital at an optimum level, thus observing stipulated regulatory minimum requirement. The Bank 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 Banking 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 SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**3. CAPITAL ADEQUACY (continued)**

**Capital Management (continued)**

The bank 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 Bank, the Bank 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, 2024, the minimum capital adequacy rate for the Bank was 17.00% and by the end of 2023, the minimum rate was 16.25%.

The Bank 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 Bank 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 Bank may increase its own funds capital or take measures to reduce risk-weighted assets to maintain an optimal level of capital adequacy.

The Bank'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 bank is required to have an adequate level of capital required to cover all these risks.

In the risk management process, the Bank introduces procedures and methodology for determining capital adequacy and calculates it on a quarterly basis. The Bank 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 Bank and the recommendation from the regulator.

The capital adequacy as of December 31, 2024 and December 31, 2023 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, 2024 and 2023.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**3. CAPITAL ADEQUACY (continued)**

**Own Funds (continued)**

		<i>In MKD thousand</i>	
		current year 2024	previous year 2023
<b>1.</b>	<b>Own funds</b>	<b>15.040.798</b>	<b>13.615.004</b>
<b>2.</b>	<b>Tier 1 Capital</b>	<b>14.148.346</b>	<b>12.266.667</b>
<b>3.</b>	<b>Common Equity Tier 1 Capital (CET1)</b>	<b>14.148.346</b>	<b>12.266.667</b>
3.1.	Positions in CET1	14.148.352	12.250.403
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)	559.476	502.197
3.1.4.	Retained unallocated earnings	5.596.538	4.191.516
3.1.5.	(-) Accumulated loss from previous years	-	-
3.1.6.	Current profit or year-end profit	1.736.206	1.462.301
3.1.7.	Comprehensive income or loss	(4.974)	(166.717)
3.2.	(-) Deductions of CET1	(6)	16.264
3.2.1.	(-) Loss at the end of the year or current loss	-	-
	(-) Intangible assets are assets associated with the Bank'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.	(-) Deferred tax assets that rely on future profitability of the bank	(6)	16.264
3.2.3.	(-) 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	-	-
3.2.4.4.	(-) Investments in own capital instruments from CET1 for which the bank has contractual obligation to buy	-	-
3.2.5.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies from the financial sector, whereas those companies have investments in the bank	-	-
3.2.6.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies from the financial sector in which the bank does not have significant investment	-	-
3.2.7.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies from the financial sector in which the bank has significant investment	-	-
3.2.8.	(-) Amount of deductions from AT1 which exceeds the total amount of AT1	-	-
3.2.9.	(-) Amount of exceeding the limits on investments in non-financial institutions	-	-
3.2.10.	(-) tax costs	-	-
3.2.11.	(-) Difference between the necessary and the actual allowance for impairment provision/special reserve	-	-
3.3.	Regulatory adjustments from CET1	-	-
3.3.1.	(-) Increase of CET1 that arises from the position of securitization	-	-
3.3.2.	(-) Gains or (+) losses from covering risk arising from the cash flow	-	-
3.3.3.	(-) Gains or (+) losses from liabilities of the bank measured at fair value	-	-
3.3.4.	(-) Gains or (+) losses related with liabilities based on derivatives measured at fair value	-	-
3.4.	Positions as a result of consolidation	-	-
3.4.1.	Non-controlling (minority) participation that is recognized in CET1 on consolidated basis	-	-
3.4.2.	Other	-	-
3.5.	Other positions from CET1	-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

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

		<i>In MKD thousand</i>	current year 2024	previous year 2023
4.	<b>Additional Tier 1 Capital (AT1)</b>		-	-
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 bank 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 bank		-	-
4.2.3.	(-) Direct, indirect and synthetic investments in capital instruments from AT1 of the companies from the financial sector in which the bank 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 bank 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 bank 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.	<b>Tier 2 Capital (T2)</b>		<b>892.452</b>	<b>1.348.337</b>
5.1.	Position of T2		<b>892.452</b>	<b>1.348.337</b>
5.1.1.	Capital instruments of T2			
5.1.2.	Subordinated loans		<b>892.452</b>	<b>1.348.337</b>
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 bank 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 bank		-	-
5.2.3.	(-) Direct, indirect and synthetic investments in capital instruments from T2 of the companies from the financial sector in which the bank 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 bank 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 bank 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 SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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, 2024 and 2023

		<i>In MKD thousand</i>	
		current year 2024	previous year 2023
<b>I</b>	<b>CREDIT RISK-WEIGHTED ASSETS</b>		
1	Credit risk-weighted assets under the standardized approach	71.287.221	68.367.677
2	Capital requirement for credit risk	5.702.978	5.469.414
<b>II</b>	<b>CURRENCY RISK-WEIGHTED ASSETS</b>		
3	Aggregate foreign exchange position	550.073	141.051
4	Net-position in gold	-	-
5	Capital requirement for currency risk	44.006	-
6	Currency risk-weighted assets	550.073	-
<b>III</b>	<b>OPERATIONAL RISK-WEIGHTED ASSETS</b>		
7	Capital requirement for operational risk under the basic indicator approach	513.841	456.233
8	Capital requirement for operational risk under the standardized approach	-	-
9	Operational risk-weighted assets	6.423.008	5.702.911
<b>IV</b>	<b>OTHER RISK-WEIGHTED ASSETS</b>		
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	-	-
<b>V</b>	<b>RISK-WEIGHTED ASSETS</b>	<b>78.260.302</b>	<b>74.070.588</b>
16	Capital requirement for risks	6.260.825	5.925.647
<b>VI</b>	<b>OWN FUNDS</b>	<b>15.040.798</b>	<b>13.615.004</b>
<b>VII</b>	<b>CREDIT RISK-WEIGHTED ASSETS (VI/V)</b>	<b>19,22%</b>	<b>18,38%</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**4. SEGMENT REPORTING**

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

Operating segment is a component of the activities of the Bank 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 Bank'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 Bank 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 separate Balance Sheet and separate Income Statement by individual business segments identifying income/expenses among the segments.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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			
<b>2024 (current year)</b>							
Net Interest income/(expense)	1.366.746	1.105.919	-	297.302	-	-	2.769.967
Net Income/(expenses) from fees and commission	306.754	445.252	-	522	-	-	752.528
Net Income from trading	-	-	-	-	-	-	-
Net Income from other financial instruments carried at their fair value	-	-	-	-	-	-	-
Other operating income	(59.649)	735.053		2.533		(289.004)	388.933
Income realized between segments	-	-	-	-	-	-	-
<b>Total Income per segment</b>	<b>1.613.851</b>	<b>2.286.224</b>		<b>300.357</b>		<b>(289.004)</b>	<b>3.911.428</b>
Allowance for impairment of financial assets, net	-	(93.516)	-	(971)	-	-	(94.487)
Impairment loss of non-financial assets, net	-	(15.147)	-	-	-	-	(15.147)
Amortization and depreciation	-	-	-	-	-	(202.364)	(202.364)
Restructuring costs	-	-	-	-	-	-	-
Cost for investment in property and equipment	-	-	-	-	-	-	-
Other expenses	(583.489)	(243.748)	-	-	-	(743.450)	(1.570.687)
<b>Total Expenses per segment</b>	<b>(583.489)</b>	<b>(352.411)</b>	<b>-</b>	<b>(971)</b>	<b>-</b>	<b>(945.814)</b>	<b>(1.882.685)</b>
Financial result per segment	1.030.362	1.933.813	-	299.386	-	(1.234.818)	2.028.743
Income Tax	-	-	-	-	-	(292.537)	(292.537)
<b>Profit/(loss) for the financial year</b>	<b>1.030.362</b>	<b>1.933.813</b>	<b>-</b>	<b>299.386</b>	<b>-</b>	<b>(1.527.355)</b>	<b>1.736.206</b>
Total assets per segment	31.737.247	42.034.618	-	15.933.865	-	-	89.705.730
Unallocated assets per segment	-	-	-	-	-	16.861.268	16.861.268
<b>Total assets</b>	<b>31.737.247</b>	<b>42.034.618</b>	<b>-</b>	<b>15.933.865</b>	<b>-</b>	<b>16.861.268</b>	<b>106.566.998</b>
Total liabilities per segment	36.370.400	55.417.425	-	26.995	-	-	91.814.820
Unallocated liabilities per segment			-	-	-	598.910	598.910
<b>Total liabilities</b>	<b>36.370.400</b>	<b>55.417.425</b>	<b>-</b>	<b>26.995</b>	<b>-</b>	<b>598.910</b>	<b>92.413.730</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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>							
<b>2023 (previous year)</b>							
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	1.412.009	-	14.871	-	(1.019.603)	421.387
Income realized between segments	-	-	-	-	-	-	-
<b>Total Income per segment</b>	<b>1.656.352</b>	<b>2.830.702</b>	<b>-</b>	<b>224.324</b>	<b>-</b>	<b>(1.019.603)</b>	<b>3.691.775</b>
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)	(222.172)	-	-	-	(763.582)	(1.545.517)
<b>Total Expenses per segment</b>	<b>(559.763)</b>	<b>(582.669)</b>	<b>-</b>	<b>4.853</b>	<b>-</b>	<b>(944.710)</b>	<b>(2.082.289)</b>
Financial result per segment	1.096.589	2.248.033	-	229.177	-	(1.964.313)	1.609.486
<b>Income Tax Profit/(loss) for the financial year</b>	<b>1.096.589</b>	<b>2.248.033</b>	<b>-</b>	<b>229.177</b>	<b>-</b>	<b>(2.111.498)</b>	<b>1.462.301</b>
Total assets per segment	29.584.999	36.730.628	-	13.599.346	-	-	79.914.973
Unallocated assets per segment	-	-	-	-	-	14.230.870	14.230.870
<b>Total assets</b>	<b>29.584.999</b>	<b>36.730.628</b>	<b>-</b>	<b>13.599.346</b>	<b>-</b>	<b>14.230.870</b>	<b>94.145.843</b>
Total liabilities per segment	29.682.195	51.622.546	-	28.679	-	-	81.333.420
Unallocated liabilities per segment	-	-	-	-	-	541.748	541.748
<b>Total liabilities</b>	<b>29.682.195</b>	<b>51.622.546</b>	<b>-</b>	<b>28.679</b>	<b>-</b>	<b>541.748</b>	<b>81.875.168</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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			
<b>2024 (current year)</b>							
Client 1							
income	-	708.694	-	-	-	-	708.694
(expenses)	-	(491.419)	-	-	-	-	(491.419)
Client 2		-	-	-	-	-	-
income	-	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-	-
Client 3		-	-	-	-	-	-
income	-	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-	-
<b>Total per segment</b>	-	<b>217.275</b>	-	-	-	-	<b>217.275</b>
<b>2023 (previous year)</b>							
Client 1							
income	-	29.409	-	-	-	-	29.409
(expenses)	-	(321.981)	-	-	-	-	(321.981)
Client 2		-	-	-	-	-	-
income	-	-	-	-	-	-	-
(expenses)	-	(162.282)	-	-	-	-	(162.282)
Client 3		-	-	-	-	-	-
income	-	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-	-
<b>Total per segment</b>	-	<b>(454.854)</b>	-	-	-	-	<b>(454.854)</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 separately significant geographical segments)				Unallocated	Total
<i>In MKD thousand</i>										
<b>2024 (current year)</b>										
Total income	5.046.779	765.001	28.942	44	-	-	-	-	-	5.840.766
Total assets	92.963.151	12.330.257	1.273.591	-	-	-	-	-	-	106.566.999
<b>2023 (previous year)</b>										
Total income	4.904.601	202.620	20.427	-	-	-	-	-	-	5.127.648
Total assets	89.037.920	3.979.893	1.109.913	-	-	-	-	-	18.117	94.145.843

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 separate Balance Sheet by their fair value.

**A. Fair Value of Financial Assets and Financial Liabilities**

	current year 2024		previous year 2023	
	carrying amount	fair value	carrying amount	fair value
<i>In MKD thousand</i>				
<b>Financial assets</b>				
Cash and cash equivalents	24.729.404	24.729.404	20.014.631	20.014.631
Trading assets	-	-	-	-
Financial assets carried at fair value through separate statement of profit or loss upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	1.839	1.839	1.902	1.902
Loans and advances to customers	69.495.552	69.495.552	63.829.487	63.829.487
Investments in securities	9.962.656	9.962.656	8.153.039	8.153.039
Investments in associates	46.598	46.598	46.598	46.598
Income tax receivable (current)	-	-	-	-
Other receivables	953.505	953.505	737.942	737.942
Assets pledged as collateral	-	-	-	-
Deferred tax assets	-	-	-	-
<b>Financial liabilities</b>				
Trading liabilities	-	-	-	-
Financial liabilities carried at a fair value through separate statement of profit and loss at initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Due to banks	7.594.935	7.594.935	7.185.762	7.185.762
Due to other customers	72.065.575	72.065.575	61.040.327	61.040.327
Debt securities issued	-	-	-	-
Borrowings	9.621.940	9.621.940	10.094.241	10.094.241
Subordinated debt	1.931.362	1.931.362	2.430.573	2.430.573
Income tax payable (current)	158.378	158.378	59.637	59.637
Deferred tax liabilities	6	6	-	-
Other liabilities	668.984	668.984	664.873	664.873

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 separate 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 SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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
<b>December 31, 2024 (current year)</b>					
<b>Financial assets measured at fair value</b>					
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	3.706.446	6.171.459	84.751	9.962.656
<b>Total</b>		3.706.446	6.171.459	84.751	9.962.656
<b>Financial liabilities measured at fair value</b>					
Trading liabilities	32	-	-	-	-
Financial liabilities at fair value through separate statement of profit or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
<b>Total</b>		-	-	-	-
<b>December 31, 2023 (previous year)</b>					
<b>Financial assets measured at fair value</b>					
Held-for-trading assets	19	-	-	-	-
Financial assets at fair value through separate statement of profit or loss upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in available-for-sale securities	23.1	3.528.388	4.539.900	84.751	8.153.039
<b>Total</b>		3.528.388	4.539.900	84.751	8.153.039
<b>Financial liabilities measured at fair value</b>					
Trading liabilities	32	-	-	-	-
Financial liabilities at fair value through separate statement of profit or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
<b>Total</b>		-	-	-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 Bank 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 2024 there is no transfer from Level 2 to Level 1 of equity instrument (2023: 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 2024 there is no transfer from Level 3 to Level 1 of equity instrument (2023: none);

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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**

	current year 2024		previous year 2023	
	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
<i>In MKD thousand</i>				
<b>Financial assets measured at fair value</b>				
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	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Financial liabilities carried at fair value</b>				
Trading liabilities	-	-	-	-
Financial liabilities at fair value through profit or loss at initial recognition	-	-	-	-
Financial liabilities at fair value	-	-	-	-
<b>Total</b>	-	-	-	-

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

	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
<i>In MKD thousand</i>							
<b>As of January 1, 2023 (previous year)</b>			84.751	84.751			
Gains/(losses) recognized in:	-	-	-	-	-	-	-
- separate Income statement	-	-	-	-	-	-	-
- Other comprehensive income in the period not recognized in separate 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 (previous year)	-	-			-	-	--
Total gains/(losses) recognized in separate income statement for the assets and liabilities outstanding as of December 31, 2023 (previous year)	-	-	84.751	84.751	-	-	-
<b>As of January 1, 2024 (current year)</b>			84.751	84.751			
Gains/(losses) recognized in:	-	-	-	-	-	-	-
- separate Income statement	-	-	-	-	-	-	-
- Other comprehensive income in the period not recognized in separate 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, 2024 (current year)	-	-			-	-	--
Total gains/(losses) recognized in separate income statement for the assets and liabilities outstanding as of December 31, 2024 (current year)	-	-	84.751	84.751	-	-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

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

Interest income and expenses are recognized in the separate 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 2024	previous year 2023
<b>Interest income</b>		
Cash and cash equivalents	226.651	172.345
Financial assets at a fair value through separate Income Statement at initial recognition	-	-
Derivative assets held for risk management	-	-
Loans and advances to banks	35.005	20.435
Loans and advances to customers	3.483.268	3.031.043
Investments in securities	297.674	203.673
Other receivables	-	-
(Allowance for impairment of Interest Income, net)	(13.121)	(11.386)
Collected interest previously written off	101.101	81.541
<b>Total interest income</b>	<b>4.130.578</b>	<b>3.497.651</b>
<b>Interest expense</b>		
Financial liabilities at a fair value through separate Income Statement at initial recognition	-	-
Derivative liabilities held for risk management	-	-
Due to banks	-	-
Due to other customers	910.741	485.000
Debt instruments issued	-	-
Borrowings	306.327	285.549
Subordinated debt	143.167	147.831
Other liabilities	376	-
<b>Total interest expense</b>	<b>1.360.611</b>	<b>918.380</b>
<b>Net interest income/(expenses)</b>	<b>2.769.967</b>	<b>2.579.271</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

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

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

	<i>In MKD thousand</i>	
	current year 2024	previous year 2023
<b>Interest income</b>		
Non-financial companies	1.650.554	1.449.797
Government	289.617	203.894
Not for profit institutions that serve to household	4.006	497
Banks	261.656	192.780
Other financial institutions (non-banks)	20.744	18.051
Households	1.725.616	1.522.831
Non-residents	90.405	39.646
(Impairment of Interest Income, net)	(13.121)	(11.386)
Collected interest, previously written off	101.101	81.541
<b>Total interest income</b>	<b>4.130.578</b>	<b>3.497.651</b>
<b>Interest expense</b>		
Non-financial companies	143.091	79.740
Government	371	273
Not for profit institutions that serve to household	3.998	3.190
Banks	22.260	10.327
Other financial institutions (non-banks)	69.863	45.026
Households	378.432	183.843
Non-residents	742.596	595.981
<b>Total interest expense</b>	<b>1.360.611</b>	<b>918.380</b>
<b>Net interest income/(expense)</b>	<b>2.769.967</b>	<b>2.579.271</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 2024	previous year 2023
Fee and commission income		
Loans	149.779	127.706
Payment operations		
domestic	343.412	319.602
international	182.056	163.687
Credit card transactions	531.514	483.625
Letter of credit and guarantees	66.500	71.829
Brokerage operations	12.110	7.635
Asset management	-	-
Fiduciary activities	6.585	4.558
Issuing securities	-	-
Other	29.299	29.968
<b>Total fee and commission income</b>	<b>1.321.255</b>	<b>1.208.610</b>
Fee and commission expense	-	-
Loans	-	-
Payment operations		
domestic	84.455	73.203
international	42.321	33.884
Credit card transactions	404.140	385.236
Letter of credit and guarantees	10.921	2.553
Brokerage operations	3.099	1.346
Asset management	-	-
Fiduciary activities	3.491	2.907
Issuing securities	-	-
Other	20.300	18.364
<b>Total fee and commission expense</b>	<b>568.727</b>	<b>517.493</b>
<b>Net fee and commission income/(expense)</b>	<b>752.528</b>	<b>691.117</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**7. NET FEE AND COMMISSION INCOME (continued)**

**B. Sector Analysis of Fee and Commission Income and Expense**

	<i>In MKD thousand</i>	
	current year 2024	previous year 2023
<b>Fee and commission income</b>		
Non-financial companies	590.272	557.649
Government	522	463
Not for profit institutions that serve to household	4.971	4.382
Banks	118.654	89.860
Other financial institutions (non-banks)	83.622	71.175
Households	304.300	285.725
Non-residents	218.914	199.356
<b>Total fee and commission income</b>	<b>1.321.255</b>	<b>1.208.610</b>
<b>Fee and commission expense</b>		
Non-financial companies	9.360	9.192
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	156.753	130.424
Other financial institutions (non-banks)	30.787	26.921
Households	371.827	350.956
<b>Total fee and commission expense</b>	<b>568.727</b>	<b>517.493</b>
<b>Net fee and commission income/(expense)</b>	<b>752.528</b>	<b>691.117</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
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**8. TRADING INCOME, NET**

	<i>In MKD thousand</i>	
	current year 2024	previous year 2023
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	-	-
<b>Net income from trading</b>	<b>-</b>	<b>-</b>



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

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

	<i>In MKD thousand</i>	
	current year 2024	previous year 2023
<i>Financial assets at fair value through separate 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 separate Income statement	-	-
Profit/(loss) from changes in fair value of loans and receivables at fair value through separate Income statement, net		
realized	-	-
unrealized	-	-
<i>Financial liabilities at fair value through separate 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 separate Income statement, net		
realized	-	-
unrealized	-	-
Profit/(loss) from the changes in fair value of borrowings at fair value through separate 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 separate Income statement, net		
realized	-	-
unrealized	-	-
<b>Net income from other financial instruments at fair value</b>	<b>-</b>	<b>-</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**10. FOREIGN EXCHANGE GAINS/ (LOSSES), NET**

	<i>In MKD thousand</i>	
	current year 2024	previous year 2023
Realized foreign exchange gains/(losses), net	399.819	279.241
Unrealized foreign exchange gains/(losses), net	(81.226)	67.533
Foreign exchange differences of allowance for impairment of financial assets, net	2.021	3.093
Other foreign exchange differences, net	(83.247)	64.440
<b>Net foreign exchange gains/(losses)</b>	<b>318.593</b>	<b>346.774</b>

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 separate Balance Sheet date.

**11. OTHER OPERATING INCOME**

	<i>In MKD thousand</i>	
	current year 2024	previous year 2023
Gains from sale of available-for-sale assets	-	-
Dividends from equity instruments available-for-sale	-	4.705
Net income from investment in subsidiaries and associates	-	-
Capital gain from the sale of:		
Property and equipment	3.422	7.426
Intangible assets	-	-
Foreclosed assets	-	1.239
Non-current assets held-for-sale and group for disposal	-	-
Income from rent	3.888	3.718
Income from litigations		
Collected receivables previously written off	52.017	51.852
Release from the special reserve and provisions for:		
Contingent commitments based on litigations	-	-
Pensions and other employee benefits	-	-
Restructuring	-	-
Adverse contracts	-	-
Other provisions	-	-
Other (specify revenues that represent more than 10% of total other operating income)	11.013	5.673
<u>Income from insurance claims</u>	-	-
<b>Total other operating income</b>	<b>70.340</b>	<b>74.613</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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
<b>2024 (current year)</b>										
<b>Impairment and special reserve</b>										
Additional impairment and special reserve	2.067	3.673.185	20.358	-	12.063	-	45.770	3.753.443	372.628	4.126.071
(Release of impairment and special reserve)	(2.756)	(3.562.434)	(19.443)	-	(8.889)	-	(30.590)	(3.624.112)	(407.472)	(4.031.584)
<b>Total impairment of financial assets and special reserve for off-balance exposure, net</b>	<b>(689)</b>	<b>110.751</b>	<b>915</b>	<b>-</b>	<b>3.174</b>	<b>-</b>	<b>15.180</b>	<b>129.331</b>	<b>(34.844)</b>	<b>94.487</b>
<b>2023 (previous year)</b>										
<b>Impairment and special reserve</b>										
Additional impairment and special reserve	1.838	3.220.837	2.928	-	6.835	5.482	44.758	3.282.678	567.659	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)
<b>Total impairment of financial assets and special reserve for off-balance exposure, net</b>	<b>(106)</b>	<b>339.260</b>	<b>(4.825)</b>	<b>-</b>	<b>403</b>	<b>(2.288)</b>	<b>1.737</b>	<b>334.181</b>	<b>941</b>	<b>335.122</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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
<b>2024 (current year)</b>							
Additional impairment losses	-	-	15.147	-	-	-	15.147
(Release of impairment losses)	-	-	-	-	-	-	-
<b>Total impairment losses of non-financial assets, net</b>			<b>15.147</b>	-	-	-	<b>15.147</b>
<b>2023 (previous year)</b>							
Additional impairment losses	-	-	20.522	-	-	-	<b>20.522</b>
(Release of impairment losses)	-	-	-	-	-	-	-
<b>Total impairment losses of non-financial assets, net</b>	-	-	<b>20.522</b>	-	-	-	<b>20.522</b>

\* for consolidated financial statements only

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**14. PERSONNEL EXPENSES**

<i>In MKD thousand</i>	
current year 2024	previous year 2023
<b>Short term employee benefits</b>	
Salaries	473.069
Mandatory contribution for social and health insurance	437.797
Short-term paid leave of absence	184.829
Expenses for temporary employment	3.751
Share in profit and remuneration	2.403
Non-monetary benefits	27.280
	15.807
	56.375
	78.884
	-
	-
	<b>745.304</b>
	<b>705.265</b>
<b>Benefits after termination of employment</b>	
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	8.861
Other benefits after termination of employment	7.277
	-
	<b>8.861</b>
	<b>7.277</b>
<b>Benefits due to termination of employment</b>	
Equity settled share-based payments	-
Cash settled share-based payments	-
Other (list separately staff costs representing more than 10% of total staff costs)	73.126
Expenses for appreciation and awards to employees	69.679
New Year's remuneration	-
	-
<b>Total personnel expenses</b>	<b>827.291</b>
	<b>782.221</b>



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**17. INCOME TAX EXPENSE**

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

**Current income tax**

Expense /(income) for current income tax for the year	292.537	147.185
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	-	-

*In MKD thousand*

current year 2024	previous year 2023
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<b>292.537</b>	<b>147.185</b>
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**Deferred income tax**

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)**

<b>292.537</b>	<b>147.185</b>
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**Current income tax**

Recognized in separate income statement	292.537	147.185
Recognized in equity and reserves	-	-

<b>292.537</b>	<b>147.185</b>
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**Deferred income tax**

Recognized in separate income statement	16.270	16.575
Recognized in equity and reserves	-	-

<b>16.270</b>	<b>16.575</b>
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**Total income tax expenses/(returns)**

<b>308.807</b>	<b>163.760</b>
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The current income tax for the year is MKD 292,537 thousand and the amount of MKD 16,270 thousand is deferred tax which is recognized during the year through equity.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 2024		previous year 2023	
Profit/(loss) before taxation		2.028.743		1.609.486
Income tax in accordance with the applicable tax rate	10,00	202.874	10,00	160.949
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	0,40	8.016	0,54	8.659
Tax exempted income	-	-	(1,06)	(17.103)
Tax exemptions unrecognized in the separate 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)
Other (Global Tax)	4,02	81.646	-	-
<b>Total expenses/(return) of income tax</b>	-	<b>292.537</b>	-	<b>147.185</b>
<b>Average effective tax rate</b>	<b>14,42</b>		<b>9,14</b>	



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**17. INCOME TAX EXPENSE (continued)**

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

	current year 2024			previous year 2023		
	Before taxation	(expenditure)/ return of income tax	Less the income tax	Before taxation	(expenditure)/ return of income tax	Less the income tax
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 separate Income statement	-	-	-		-	-
Other profits/(losses) which are not disclosed in the separate Income statement	-	-	-		-	-
<b>Total other profits/(losses) which are not disclosed in the separate Income statement</b>	-	-	-		-	-

*In MKD thousand*

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**18. CASH AND CASH EQUIVALENTS**

	In MKD thousand	
	current year 2024	previous year 2023
Cash on hand	1.889.638	1.792.104
Accounts and deposits with NBRNM, except for mandatory reserve in foreign currency	8.225.092	7.468.222
Current accounts and deposits with foreign banks	5.099.715	3.060.534
Current accounts and deposits with domestic banks	650.000	-
Treasury bills traded on the secondary market	1.054.161	929.965
Government bills traded on the secondary market	-	-
Time deposits with maturities less than, or equal to three months	2.523.862	939.538
Other short-term highly liquid assets	-	-
Interest receivables	1.768	-
(Allowance for impairment)	(4.388)	(1.214)
<b>Included in cash and cash equivalents for the purpose of the separate Statement of cash flows</b>	<b>19.439.848</b>	<b>14.189.149</b>
Reserve requirement (mandatory reserve in foreign currency)	5.116.418	5.033.912
Restricted deposits	173.138	791.570
(Impairment allowance)	-	-
<b>Total</b>	<b>24.729.404</b>	<b>20.014.631</b>

<i>In MKD thousand</i>	current year 2024				previous year 2023			
	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
<b>Movement of impairment allowance</b>								
As of January 1	1.214	-	-	1.214	811	-	-	811
Impairment for the year								
Additional impairment	12.063	-	-	12.063	6.835	-	-	6.835
(release of impairment)	(8.889)	-	-	(8.889)	(6.432)	-	-	(6.432)
Transfer in:								
- impairment for Stage 1	-	-	-	-	-	-	-	-
- impairment for Stage 2	-	-	-	-	-	-	-	-
- impairment for Stage 3	-	-	-	-	-	-	-	-
(Foreclosed assets)	-	-	-	-	-	-	-	-
Effect of foreign exchange differences	-	-	-	-	-	-	-	-
(Written off receivables)	-	-	-	-	-	-	-	-
<b>As of December 31</b>	<b>4.388</b>	<b>-</b>	<b>-</b>	<b>4.388</b>	<b>1.214</b>	<b>-</b>	<b>-</b>	<b>1.214</b>

The basis for the reserve requirement is calculated as the average of the liabilities for each day of the calendar month that is established as the basis in the Indicative Calendar.

Mandatory reserve in foreign currency in the amount of MKD 5.535.737 thousand (2023: MKD 5.033.912 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 March 2024, the mandatory reserves in foreign currency is set at 85% of the amount calculated from foreign currency liabilities and 100% of the amount determined by domestic currency liabilities by currency clause.

Mandatory reserve in denars are calculated as the sum of the amount determined by the liabilities in local currency and 15% of the amount determined by the liabilities in foreign currency.

Accounts and deposits in the NBRSM, amounting to MKD 8,225,092 thousand (2023: MKD 7,468,222 thousand) include the balance of the Bank's gyro account in the NBRSM, as well as an overnight deposit in the NBRSM.

**18. CASH AND CASH EQUIVALENTS (continued)**

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
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The treasury bills traded on the secondary market in the amount of MKD 1.054.161 thousand (2023: 929.965 thousand) are issued by the NBRNM with maturity of 49 days and interest rate of 5,55% (2023: 6,30%).

**19. HELD-FOR-TRADING ASSETS**

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

B.

In MKD thousand		
	current year 2024	previous year 2023
<b>Trading securities</b>		
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	-	-
<b>Equity instruments for trading</b>		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<b>Derivatives for trading</b>		
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	-	-
	-	-
<b>Loans and advances</b>		
Loans and advances to banks		-
Loans and advances to customers		-
<b>Total trading assets</b>	-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

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

		In MKD thousand	
		current year 2024	previous year 2023
<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		-	-
<b>Total financial assets at fair value through profit or loss, at initial recognition</b>		-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**21. DERIVATIVE ASSETS HELD FOR RISK MANAGEMENT**

		<i>In MKD thousand</i>			
		current year 2024		previous year 2023	
		derivative assets	(derivative liabilities)	derivative assets	(derivative liabilities)
<b>A</b>	<b><i>Derivatives for risk protection/ Derivatives held for risk management</i></b>				
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	-	-	-	-
	<b>Total derivatives held for risk management</b>	-	-	-	-
A,2	<i>According to risk protection</i>				
	Fair value risk protection	-	-	-	-
	Cash flow risk protection	-	-	-	-
	Risk protection of net investment in foreign operations	-	-	-	-
	<b>Total derivatives held for risk management</b>	-	-	-	-
<b>B</b>	<b><i>Embedded derivatives</i></b>				
	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	-	-	-	-
	<b>Total embedded derivatives</b>	-	-	-	-
	<b>Total derivatives held for risk management</b>	-	-	-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**22. LOANS AND ADVANCES**

**22.1 LOANS AND ADVANCES TO BANKS**

<i>In MKD thousand</i>				
current year 2024		previous year 2023		
short-term	long-term	short-term	long-term	
Loans to banks	<b>1.842</b>	-	<b>2.594</b>	-
Domestic banks	1.842	-	2.594	-
Foreign banks	-	-	-	-
Time deposits, maturity over three months	-	-	-	-
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Repo	-	-	-	-
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Other receivables	-	-	-	-
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Interest receivables	-	-	-	-
Current maturity	-	-	-	-
<b>Total loans and advances to banks before impairment</b>	<b>1.842</b>	-	<b>2.594</b>	-
(Impairment allowance)	(3)	-	(692)	-
<b>Total loans and receivables from banks, less the impairment</b>	<b>1.839</b>	-	<b>1.902</b>	-

<i>In MKD thousand</i>		current year 2024				previous year 2023			
		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
<b>Movement of impairment allowance</b>									
As of January 1		1.807	(1.115)	-	692	798	-	-	798
Impairment for the year									
Additional impairment		1.920	147	-	2.067	1.580	258	-	1.838
(release of impairment)		(2.463)	(293)	-	(2.756)	(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)		-	-	-	-	-	-	-	-
<b>As of December 31</b>		<b>1.264</b>	<b>(1.261)</b>	<b>-</b>	<b>3</b>	<b>1.807</b>	<b>(1.115)</b>	<b>-</b>	<b>692</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 2024		previous year 2023	
	short-term	long-term	short-term	long-term
<b>Non-financial entities</b>	<b>15.879.645</b>	<b>23.475.580</b>	<b>15.467.573</b>	<b>20.813.789</b>
principal amount	15.739.074	23.475.580	15.330.088	20.813.789
interest receivables	140.571	-	137.485	-
<b>Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
principal amount	-	-	-	-
interest receivables	-	-	-	-
<b>Nonprofit institutions that serve to households</b>	<b>2.114</b>	<b>183.308</b>	<b>30.264</b>	<b>994</b>
principal amount	962	183.308	30.243	994
interest receivables	1.152	-	21	-
<b>Financial entities, except banks</b>	<b>98.300</b>	<b>474.638</b>	<b>44.184</b>	<b>349.921</b>
principal amount	95.209	474.638	41.495	349.921
Interest receivables	3.091	-	2.689	-
<b>Households</b>	<b>2.061.659</b>	<b>30.704.713</b>	<b>2.152.879</b>	<b>28.458.982</b>
principal amount	1.850.437	30.704.713	1.928.986	28.458.982
housing loans	53.369	15.947.349	41.689	14.728.932
consumer loans	467.890	14.122.143	516.548	12.902.964
auto loans	-	1.981	-	10.342
mortgages	145.905	-	138.463	-
credit cards	532.129	-	549.163	-
other loans	651.144	633.240	683.123	816.744
interest receivables	211.222	-	223.893	-
<b>Non-residents, except banks</b>	<b>292</b>	<b>-</b>	<b>307</b>	<b>-</b>
principal amount	289	-	304	-
interest receivables	3	-	3	-
<b>Current maturity</b>	<b>23.503.734</b>	<b>(23.503.734)</b>	<b>22.368.256</b>	<b>(22.368.256)</b>
<b>Total loans and advances to customers before impairment</b>	<b>41.545.744</b>	<b>31.334.505</b>	<b>40.063.463</b>	<b>27.255.430</b>
(Impairment allowance)	(1.282.088)	(2.102.609)	(1.236.053)	(2.253.353)
<b>Total loans and advances to customers</b>	<b>40.263.656</b>	<b>29.231.896</b>	<b>38.827.410</b>	<b>25.002.077</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 2024				previous year 2023			
	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
<b>Movement of impairment</b>								
As of January 1	148.801	2.138.465	1.202.140	3.489.406	598.387	1.472.529	1.378.721	3.449.637
Impairment for the year				-				-
Additional impairment	976.662	2.066.875	629.649	3.673.186	831.022	1.828.207	561.608	3.220.837
(release of impairment)	(1.656.230)	(1.531.832)	(374.372)	(3.562.434)	(1.280.355)	(1.162.402)	(438.820)	(2.881.577)
Transfer in:								
- impairment for Stage 1	848.518	816.621	6.474	1.671.613	696.188	887.097	10.201	1.593.486
- impairment for Stage 2	(844.921)	(815.559)	1.343	(1.659.137)	(686.857)	(883.566)	1.698	(1.568.725)
- impairment for Stage 3	(3.598)	(1.062)	(7.817)	(12.477)	(9.331)	(3.531)	(11.899)	(24.761)
(Foreclosed assets)	-	-	-	-	-	-	-	-
Effect from foreign exchange differences	-	-	(6)	(6)	(253)	131	(3.040)	(3.162)
(Written off receivables)	-	-	(215.455)	(215.455)			(296.329)	(296.329)
<b>As of December 31</b>	<b>(530.768)</b>	<b>2.673.508</b>	<b>1.241.956</b>	<b>3.384.696</b>	<b>148.801</b>	<b>2.138.465</b>	<b>1.202.140</b>	<b>3.489.406</b>

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

	<i>In MKD thousand</i>	
	current year 2024	previous year 2023
First class security instruments (current carrying amount of loans and advances)		
First class security instruments		
Cash deposits (in depot and/or limited bank accounts)	1.472.180	1.399.188
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)	15.581.504	14.268.478
business facility	16.272.972	15.546.311
Pledge over movables	599.127	1.073.572
Other types of guarantees	21.269.440	20.470.907
Unsecured	14.300.329	11.071.031
<b>Total loans and advances to customers, less the impairment</b>	<b>69.495.552</b>	<b>63.829.487</b>



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024****22. LOANS AND ADVANCES (continued)****22.2 LOANS AND ADVANCES TO CUSTOMERS (continued)****Risks and Uncertainties**

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

The Bank'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 Bank 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 Bank 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 2024, the Bank written-off receivables in amount of MKD 215.455 thousand (2023: MKD 296.329 thousand).

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 2024	previous year 2023
Debt securities			
Treasury bills	-	-	-
Government bills	766.979	1.241.956	
Other instruments on the money market	-	-	-
Government issued bonds	9.110.926	6.826.332	
Corporate bonds	-	-	-
Other debt instruments	-	-	-
	<b>9.877.905</b>	<b>8.068.288</b>	
Quoted		3.706.446	3.528.388
Unquoted		6.171.459	4.539.900
	<b>9.877.905</b>	<b>8.068.288</b>	
Equity instruments for trading			
Equity instruments issued by banks	-	-	-
Other equity instruments	84.751	84.751	
	<b>84.751</b>	<b>84.751</b>	
Quoted		-	-
Unquoted		84.751	84.751
<b>Total investment in financial instruments available-for-sale</b>		<b>9.962.656</b>	<b>8.153.039</b>

		current year 2024				previous year 2023			
<i>In MKD thousand</i>		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
<b>Movement of impairment</b>									
As of January 1		4.007	-	-	4.007	8.832	-	-	8.832
Correction of opening balance-effect from application of Methodology		-			-	-			-
Impairment for the year					-				-
Additional impairment		20.358	-	-	20.358	2.928	-	-	2.928
(release of impairment)		(19.443)	-	-	(19.443)	(7.753)	-	-	(7.753)
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)		-	-	-	-	-	-	-	-
<b>As of December 31</b>		<b>4.922</b>	<b>-</b>	<b>-</b>	<b>4.922</b>	<b>4.007</b>	<b>-</b>	<b>-</b>	<b>4.007</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 9.110.926 thousand (2023: MKD 6.826.332 thousand ) contains bonds issued by the Ministry of Finance of the Republic of North Macedonia in the amount of MKD 7.988.797 thousand (2023: MKD 5.839.734 thousand) and bonds issued by the Republic of Austria in the amount of MKD 1.122.130 thousand (2023: MKD 986.598 thousand).

The government bonds in the amount of MKD 7.988.797 thousand (2023: MKD 5.839.734 thousand) are issued by the Ministry of Finance of the Republic of North Macedonia, out of which MKD 4.757.736 thousand are denominated in denars (2023: MKD 2.684.327 thousand), MKD 2.642.437 thousand (2023: MKD 2.599.795 thousand) are denominated in euro and MKD 588.623 thousand (2023: MKD 555.612 thousand) are with a currency clause.

Other debt instruments are issued by the Republic of Austria and are denominated in EUR 11.000.000 and EUR 7.500.000, (2023: EUR 11.000.000 и 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 2 m euros were purchased during 2024.

*Other Equity Instruments*

As of June 3, 2016, the Bank become the sole owner of the Company for Construction, trading and services S-AMC 1 DOOEL Skopje. The Bank'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 Bank 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 SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**23. INVESTMENTS IN SECURITIES (continued)**

**23.2. INVESTMENTS IN SECURITIES HELD-TO-MATURITY**

<i>In MKD thousand</i>	
current year 2024	previous year 2023
Debt securities	
Treasury bills	-
Government bills	-
Other instruments on the money market	-
Government issued bonds	-
Corporate bonds	-
Other debt instruments	-
	-
Quoted	-
Unquoted	-
<b>Total investment in financial instruments held-to-maturity before impairment</b>	-
(Impairment)	-
<b>Total investment in financial instruments held-to-maturity, less the impairment</b>	-

<i>In MKD thousand</i>	current year 2024				previous year 2023			
	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
<b>Movement of impairment</b>								
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)	-	-	-	-	-	-	-	-
<b>As of December 31</b>								

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**24. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES**

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

Name of subsidiaries and associates	Country	<i>in %</i>			
		Share in ownership		Voting right	
		current year 2024	previous year 2023	current year 2024	previous year 2023
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 2024					
SPARKASSE LIZING DOO Skopje – associate	6.196.923	5.568.920	628.003	3.749.917	114.679
	<b>6.196.923</b>	<b>5.568.920</b>	<b>628.003</b>	<b>3.749.917</b>	<b>114.679</b>
previous year 2023					
SPARKASSE LIZING DOO Skopje – associate	5.039.070	4.525.746	513.324	3.432.502	109.967
	<b>5.039.070</b>	<b>4.525.746</b>	<b>513.324</b>	<b>3.432.502</b>	<b>109.967</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**25. OTHER RECEIVABLES**

	<i>In MKD thousand</i>	
	current year 2024	previous year 2023
Trade receivables	2.201	3.474
Prepaid expenses	185.084	175.757
Deferred income		
Fees and commission receivables	96.684	78.208
Receivables from the employees	-	-
Advances for intangible assets	-	-
Advances for property and equipment	-	-
Other (specify receivables representing more than 10% of total other receivables)	204.385	101.719
<u>Claims on the basis of pensions from the Pension and Disability Insurance Fund of RNM</u>	508.198	415.383
<u>Receivables for card's transactions</u>	12.711	10.287
<u>Small inventory</u>	679	524
<b><i>Total other receivables before impairment</i></b>	<b>1.009.942</b>	<b>785.352</b>
(Impairment)	(56.437)	(47.410)
<b>Total other receivables, less the impairment</b>	<b>953.505</b>	<b>737.942</b>

The position claims on the basis of pensions from the Pension and Disability Insurance Fund of North Macedonia in the amount of MKD 508,198 thousand (2023: MKD 415,383 thousand) refers to pensions paid for the month of December 2024 from the Bank's assets. The same funds are collected from the Pension and Disability Insurance Fund of North Macedonia with payment on January 2, 2025 (for 2023 on January 3, 2024).

<i>In MKD thousand</i>	current year 2024				previous year 2023			
	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
<b>Movement of impairment</b>								
As of January 1	(18.523)	5.975	59.958	47.410	761	940	50.414	52.115
Impairment for the year				-				-
Additional impairment	14.660	8.232	22.877	45.769	1.793	15.742	32.705	50.240
(release of impairment)	(17.129)	(4.323)	(9.138)	(30.590)	(21.077)	(10.707)	(19.008)	(50.792)
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)	-	-	(6.152)	(6.152)	-	-	(4.222)	(4.222)
<b>As of December 31</b>	<b>(20.992)</b>	<b>9.884</b>	<b>67.545</b>	<b>56.437</b>	<b>(18.523)</b>	<b>5.975</b>	<b>59.958</b>	<b>47.410</b>

**26. ASSETS PLEDGED AS COLLATERAL**

In MKD thousand		
	current year 2024	previous year 2023
Debt securities	-	-
Equity instruments	-	-
Loans and advances to banks	-	-
Loans and advances to customers	-	-
Other receivables	-	-
<b>Total pledged assets</b>	-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**27. FORECLOSED ASSETS**

*In MKD thousand*

**Cost**

Balance as of January 1, 2023 (previous year)

Reconciliation with accounting records

Foreclosed during the year

(sold during the year)

(transfer to own assets)

**Balance as of December 31, 2023 (previous year)**

Balance as of January 1, 2024 (current year)

Foreclosed during the year

(sold during the year)

(transfer to own assets)

**Balance as of December 31, 2024 (current year)**

**Impairment**

Balance as of January 1, 2023 (previous year)

Reconciliation with accounting records

Impairment loss during the year

(sold during the year)

(transfer to own assets)

**Balance as of December 31, 2023 (previous year)**

Balance as of January 1, 2024 (current year)

Impairment loss during the year

(sold during the year)

(transfer to own assets)

**Balance as of December 31, 2024 (current year)**

**Current carrying amount**

Balance as of January 1, 2023 (previous year)

**December 31, 2023 (previous year)**

**December 31, 2024 (current year)**

Land	Buildings	Equipment	Residential facilities and apartments	Other	Total
22.348	230.896	3.060	-	-	256.304
-	-	-	-	-	-
-	2.149	-	-	-	2.149
(170)	(1.747)	-	-	-	(1.917)
-	-	-	-	-	-
<b>22.178</b>	<b>231.298</b>	<b>3.060</b>	<b>-</b>	<b>-</b>	<b>256.536</b>
22.178	231.298	3.060	-	-	256.536
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>22.178</b>	<b>231.298</b>	<b>3.060</b>	<b>-</b>	<b>-</b>	<b>256.536</b>
13.399	145.577	3.060	-	-	162.036
-	-	-	-	-	-
1.790	18.732	-	-	-	20.522
(170)	(1.587)	-	-	-	(1.757)
-	-	-	-	-	-
<b>15.019</b>	<b>162.722</b>	<b>3.060</b>	<b>-</b>	<b>-</b>	<b>180.801</b>
15.019	162.722	3.060	-	-	180.801
1.432	13.715	-	-	-	15.147
-	-	-	-	-	-
-	-	-	-	-	-
<b>16.451</b>	<b>176.437</b>	<b>3.060</b>	<b>-</b>	<b>-</b>	<b>195.948</b>
<b>8.949</b>	<b>85.319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94.268</b>
<b>7.159</b>	<b>68.576</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75.735</b>
<b>5.727</b>	<b>54.861</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60.588</b>

The estimated fair value after reducing the cost of sales is 112.412 thousand denars (2023: 119.983 thousand denars).

**28. INTANGIBLE ASSETS**

**A. Reconciliation of the current carrying amount**

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

*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
<b>Cost</b>								
Balance as of January 1, 2023 (previous year)	-	759.218	-	-	36.266	-	-	795.484
Reconciliation with accounting records	-	-	-	-	122.219	-	-	122.219
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	-	140.424	-	-	(140.424)	-	-	-
Other transfers	-	-	-	-	-	-	-	-
<b>Balance as of December 31, 2023(previous year)</b>	-	<b>899.642</b>	-	-	<b>18.061</b>	-	-	<b>917.703</b>
Balance as of January 1, 2024 (current year)	-	899.642	-	-	18.061	-	-	917.703
Increase through new acquisitions	-	-	-	-	112.530	-	-	112.530
Increase through internal development	-	-	-	-	-	-	-	-
Increase through business combinations	-	-	-	-	-	-	-	-
(Disposal and write-offs)	-	(50.330)	-	-	-	-	-	(50.330)
(Disposal through business combinations)	-	-	-	-	-	-	-	-
(Transfer to non-current assets held-for-sale)	-	-	-	-	-	-	-	-
Transfer from non-current assets held-for-sale	-	-	-	-	-	-	-	-
Transfer from ongoing investments	-	105.425	-	-	(105.425)	-	-	-
Other transfers	-	-	-	-	-	-	-	-
<b>Balance as of December 31, 2024 (current year)</b>	-	<b>954.737</b>	-	-	<b>25.166</b>	-	-	<b>979.903</b>
<b>Amortization and impairment</b>								
Balance as of January 1, 2023 (previous year)	-	479.081	-	-	-	-	-	479.081
Reconciliation with accounting records	-	-	-	-	-	-	-	-
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 – business combinations	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
<b>Balance as of December 31, 2023 (previous year)</b>	-	<b>572.442</b>	-	-	-	-	-	<b>572.442</b>
Balance as of January 1, 2024 (current year)	-	572.442	-	-	-	-	-	572.442
Amortization for the year	-	105.285	-	-	-	-	-	105.285
Impairment loss during the year	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-
(Disposal and write-offs)	-	(50.330)	-	-	-	-	-	(50.330)
Other transfers	-	-	-	-	-	-	-	-
<b>Balance as of December 31, 2024 (current year)</b>	-	<b>627.397</b>	-	-	-	-	-	<b>627.397</b>
<b>Current carrying amount</b>								
Balance as of January 1, 2023 (previous year)	-	280.137	-	-	36.266	-	-	316.403
<b>December 31, 2023 (previous year)</b>	-	<b>327.200</b>	-	-	<b>18.061</b>	-	-	<b>345.261</b>
<b>December 31, 2024 (current year)</b>	-	<b>327.340</b>	-	-	<b>25.166</b>	-	-	<b>352.506</b>



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 :						
<b>December 31, 2023 (previous year)</b>	-	-	-	-	-	-
<b>December 31, 2024 (current year)</b>	-	-	-	-	-	-

As of December 31, 2024 and 2023, the Bank's intangible assets are free of any pledges and mortgages.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**29. PROPERTY AND EQUIPMENT**

**A. Reconciliation of the current carrying amount**

*In MKD thousand*

**Cost**

Balance as of January 1, 2023 (previous year)

Reconciliation with accounting records

Increase

Increase through business combinations

(Disposal and write off)

(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, 2023 (previous year)**

Balance as of January 1, 2024 (current year)

Increase

Increase through business combinations

(Disposal and write off)

(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, 2024 (current year)**

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
193	1.114.277	48.388	153.210	597.229	6.603	2.264	-	1.922.164
-	-	-	-	-	-	-	-	-
-	3.290	23.094	12.152	43.366	922	10.860	-	93.684
-	-	-	-	-	-	-	-	-
-	-	(20.505)	(65)	-	-	-	-	(20.570)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<b>193</b>	<b>1.117.567</b>	<b>50.977</b>	<b>165.297</b>	<b>640.595</b>	<b>7.525</b>	<b>13.124</b>	<b>-</b>	<b>1.995.278</b>
193	1.117.567	50.977	165.297	640.595	7.525	13.124	-	1.995.278
-	3.094	29.239	15.100	46.028	1.346	41.747	-	136.554
-	-	-	-	-	-	-	-	-
-	-	(7.362)	(30.596)	(47.156)	-	-	-	(85.114)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<b>193</b>	<b>1.120.661</b>	<b>72.854</b>	<b>149.801</b>	<b>639.467</b>	<b>8.871</b>	<b>54.871</b>	<b>-</b>	<b>2.046.718</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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, 2023 (previous year)	-	359.360	31.689	118.845	492.038	156	-	-	1.002.088
Reconciliation with accounting records	-	-	-	-	-	-	-	-	-
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 - business combinations	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
<b>Balance as of December 31, 2023 (previous year)</b>	<b>-</b>	<b>387.160</b>	<b>20.287</b>	<b>128.056</b>	<b>534.635</b>	<b>156</b>			<b>1.070.294</b>
Balance as of January 1, 2024 (current year)	-	387.160	20.287	128.056	534.635	156	-	-	1.070.294
Depreciation for the year	-	27.845	15.352	10.031	43.851	-	-	-	97.079
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write-offs)	-	-	(7.362)	(30.596)	(47.048)	-	-	-	(85.006)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
<b>Balance as of December 31, 2024 (current year)</b>	<b>-</b>	<b>415.005</b>	<b>28.277</b>	<b>107.491</b>	<b>531.438</b>	<b>156</b>	<b>-</b>	<b>-</b>	<b>1.082.368</b>
Current carrying amount as of									
January 1, 2023 (previous year)	193	754.917	16.699	34.365	105.191	6.447	2.264	-	920.076
December 31, 2023 (previous year)	<b>193</b>	<b>730.407</b>	<b>30.690</b>	<b>37.241</b>	<b>105.960</b>	<b>7.369</b>	<b>13.124</b>	<b>-</b>	<b>924.984</b>
December 31, 2024 (current year)	<b>193</b>	<b>705.656</b>	<b>44.577</b>	<b>42.309</b>	<b>108.029</b>	<b>8.715</b>	<b>54.871</b>	<b>-</b>	<b>964.350</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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:										
<b>December 31, 2023 (previous year)</b>		-	-	-	-	-	-	-	-	-
<b>December 31, 2024 (current year)</b>		-	-	-	-	-	-	-	-	-

As of December 31, 2024 and 2023, the Bank's property, plant and equipment are free of any pledges and mortgages.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**30. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES**

**30.1 Current tax assets and current tax liabilities**

Current income tax receivables  
Current income tax liabilities

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-
158.378	59.637

**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 2024			previous year 2023		
	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	-	(6)	(6)	16.264	-	16.264
Foreclosed assets	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Deferred tax assets/liabilities recognized in the separate Income statement</b>	-	(6)	(6)	16.264	-	16.264
Investments in financial assets available-for- sale	-	-	-	-	-	-
Cash flow risk protection	-	-	-	-	-	-
<b>Deferred tax assets/liabilities recognized in equity</b>	-	-	-	-	-	-
<b>Total recognized deferred tax assets/liabilities</b>	-	(6)	(6)	16.264	-	16.264

**B. Unrecognized deferred tax assets**

Tax losses  
Tax credits  
Total unrecognized deferred tax assets

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-
-	-
-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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>	Balance as of January 1	Recognized during the year in:		Balance as of December 31
		Income statement	Equity	
<b>previous year 2023</b>				
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	-	-	-	-
<b>Total recognized deferred tax assets/ liabilities</b>	<b>32.839</b>	<b>-</b>	<b>(16.575)</b>	<b>16.264</b>
<b>current year 2024</b>				
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to other customers	-	-	-	-
Investments in securities	16.264	-	(16.270)	(6)
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	-	-	-	-
<b>Total recognized deferred tax assets/ liabilities</b>	<b>16.264</b>	<b>-</b>	<b>(16.270)</b>	<b>(6)</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

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

**A. Non-current assets held-for-sale**

Intangible assets  
 Property and equipment  
**Total non-current assets held-for-sale**

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-
-	-
-	-

**B. Disposal group**

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**

*Liabilities directly related to group of assets for disposal*

Financial liabilities  
 Special reserve  
 Income tax liabilities  
 Other liabilities  
**Total liabilities directly related to the group of assets for disposal**

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

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

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

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**32. TRADING LIABILITIES**

<i>In MKD thousand</i>	
current year 2024	previous year 2023
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	-
	-
<b>Total trading liabilities</b>	-



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

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

<i>In MKD thousand</i>				
current year 2024		previous year 2023		
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>				
	-	-	-	-
<b>Total financial liabilities designated at fair value through profit and loss at initial recognition</b>				
	-	-	-	-

**Movement of changes in credit risk of the Bank, 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 2024	previous year 2023
-	-
-	-
-	-
-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**34. DEPOSITS**

**34.1 DEPOSITS FROM BANKS**

<i>In MKD thousand</i>				
current year 2024		previous year 2023		
Short-term	Long-term	Short-term	Long-term	
<b>Current accounts</b>				
domestic banks	151.104	-	160.850	-
foreign banks	106.875	-	104.918	-
<b>Demand deposits</b>				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
<b>Time deposits</b>				
domestic banks	-	-	-	-
foreign banks	1.783.355	5.411.560	5.780.530	1.106.910
<b>Restricted deposits</b>				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
<b>Other deposits</b>				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
<b>Interest payable on deposits</b>				
domestic banks	-	-	-	-
foreign banks	142.041	-	32.554	-
<b>Current maturity</b>	-	-	-	-
<b>Total deposits from banks</b>	<b>2.183.375</b>	<b>5.411.560</b>	<b>6.078.852</b>	<b>1.106.910</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**34. DEPOSITS (continued)**

**34.2 DEPOSITS FROM OTHER CUSTOMERS**

	<i>In MKD thousand</i>			
	current year 2024		previous year 2023	
	Short-term	Long-term	Short-term	Long-term
Non-financial entities				
Current accounts	24.498.166	-	24.372.984	-
Demand deposits	408	-	74	-
Time deposits	3.404.334	1.470.882	1.683.621	913.889
Restricted deposits	476.388	720.046	640.665	692.743
Other deposits	-	-	-	-
Interest payable on deposits	31.468	-	16.301	-
	<b>28.410.764</b>	<b>2.190.928</b>	<b>26.713.645</b>	<b>1.606.632</b>
Government				
Current accounts	26.981	-	28.665	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	99	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	14	-	14	-
	<b>27.094</b>	<b>-</b>	<b>28.679</b>	<b>-</b>
Non-profit organizations that serve to households				
Current accounts	362.003	-	281.854	-
Demand deposits	-	-	-	-
Time deposits	10.778	185.000	11.478	185.000
Restricted deposits	5.318	9.654	5.445	9.354
Other deposits	-	-	-	-
Interest payable on deposits	3.286	-	1.338	-
	<b>381.385</b>	<b>194.654</b>	<b>300.115</b>	<b>194.354</b>
Financial institutions, except banks				
Current accounts	454.494	-	181.479	-
Demand deposits	-	-	-	-
Time deposits	1.392.054	1.756.366	192.855	1.927.989
Restricted deposits	9.675	-	9.180	-
Other deposits	-	-	-	-
Interest payable on deposits	35.355	-	33.473	-
	<b>1.891.578</b>	<b>1.756.366</b>	<b>416.987</b>	<b>1.927.989</b>
Households				
Current accounts	14.550.868	-	13.548.042	-
Demand deposits	462.106	-	501.801	-
Time deposits	3.736.795	15.459.463	2.824.709	11.261.158
Restricted deposits	105.019	1.526.998	105.087	1.021.041
Other deposits	-	-	-	-
Interest payable on deposits	173.741	-	74.256	-
	<b>19.028.529</b>	<b>16.986.461</b>	<b>17.053.895</b>	<b>12.282.199</b>
Non-residents, except banks				
Current accounts	1.022.925	-	331.069	-
Demand deposits	965	-	941	-
Time deposits	4.749	139.499	6.535	139.920
Restricted deposits	25.974	648	34.656	646
Other deposits	-	-	-	-
Interest payable on deposits	3.056	-	2.065	-
	<b>1.057.669</b>	<b>140.147</b>	<b>375.266</b>	<b>140.566</b>
	<b>50.797.019</b>	<b>21.268.556</b>	<b>44.888.587</b>	<b>16.151.740</b>
Current maturity	<b>7.372.933</b>	<b>(7.372.933)</b>	<b>4.779.329</b>	<b>(4.779.329)</b>
<b>Total deposits from other customers</b>	<b>58.169.952</b>	<b>13.895.623</b>	<b>49.667.916</b>	<b>11.372.411</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**35. DEBT INSTRUMENTS ISSUED**

Money market instruments  
Deposit certificates  
Issued bonds  
Other  
Interest payable on securities issued  
**Total issued debt securities**

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-
-	-
-	-
-	-
-	-
-	-

**36. BORROWINGS**

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

	<i>In MKD thousand</i>			
	current year 2024		previous year 2023	
	Short-term	Long-term	Short-term	Long-term
Banks				
Residents				
Loans payable	-	4.226.601	-	4.245.895
Repo- transactions	-	-	-	-
Interest payables	4.575	-	2.332	-
Non residents				
Loans payable	-	5.330.935	-	5.774.866
Repo- transactions	-	-	-	-
Interest payables	39.748	-	50.708	-
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	20.081	-	20.440	-
Households	-	-	-	-
Loans payable	-	-	-	-
Interest payables	-	-	-	-
Current maturity	961.717	(961.717)	132.367	(132.367)
<b>Total borrowings</b>	<b>1.026.121</b>	<b>8.595.819</b>	<b>205.847</b>	<b>9.888.394</b>

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**36. BORROWINGS (continued)**

**B. Borrowings according to the creditor**

<i>In MKD thousand</i>				
current year 2024		previous year 2023		
Short-term	Long-term	Short-term	Long-term	
<i>Domestic sources:</i>				
Commercial Banks	-	-	-	-
Development Bank of North Macedonia - DBNM (previously MDBP)	4.575	4.226.601	2.332	4.245.895
National Bank of the Republic of North Macedonia (NBRNM)	-	-	-	-
Government				
<b>4.575</b>	<b>4.226.601</b>	<b>2.332</b>	<b>4.245.895</b>	
<i>Foreign sources:</i>				
European Bank for Reconstruction and Development (EBRD)	39.190	3.220.661	50.709	3.567.827
The Green for Growth Fund (GFF)	13.965	933.278	17.465	1.034.563
The European Fund for Southeast Europe (EFSE)	6.116	831.087	2.974	688.203
Steiermärkische Bank und Sparkassen AG	558	345.909	-	484.273
<b>59.829</b>	<b>5.330.935</b>	<b>71.148</b>	<b>5.774.866</b>	
Current maturity	961.717	(961.717)	132.367	(132.367)
<b>Total borrowings</b>	<b>1.026.121</b>	<b>8.595.819</b>	<b>205.847</b>	<b>9.888.394</b>

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 revolving in the amount of MKD 43,989 thousand with a fixed interest rate of 1.20%;
- EIB III credit line revolving in the amount of MKD 17,893 thousand with a fixed interest rate of 1.00%;
- EIB III credit line in the amount of MKD 128,532 thousand with a fixed interest rate of 0.00% and the longest maturity until 15.07.2030;
- EIB III credit line in the amount of MKD 49,362 thousand with a fixed interest rate of 0.00% and the longest maturity period until 15.07.2030;
- EIB IV credit line in the amount of MKD 2,138 thousand with a fixed interest rate of 1.00% and the longest maturity until 15.07.2025;
- EIB VI credit line in the amount of MKD 340,194 thousand with a fixed interest rate of 0.00% and the longest maturity period is 15.04.2032;
- EIB VI credit line in the amount of MKD 1,042,553 thousand with a fixed interest rate of 0.00% and the longest maturity is 17.07.2034;
- EIB VI credit line in the amount of MKD 41,047 thousand with a fixed interest rate of 0.00% and the longest maturity until 15.07.2025;
- EIB V credit line in the amount of MKD 11,859 thousand with a fixed interest rate of 1.20% and the longest maturity until 17.04.2026;
- EIB V credit line in the amount of MKD 16,449 thousand with a fixed interest rate of 1.20% and the longest maturity is 15.07.2026;
- EIB V credit line in the amount of MKD 19,570 thousand with a fixed interest rate of 1.20% and the longest maturity is 16.07.2029;
- EIB V credit line in the amount of MKD 6,058 thousand with a fixed interest rate of 1.20% and the longest maturity is 15.10.2026;

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- EIB V credit line in the amount of MKD 20,985 thousand with a fixed interest rate of 1.20% and the longest maturity date is 15.04.2030;
- EIB V credit line in the amount of MKD 11,622 thousand with a fixed interest rate of 1.20% and the longest maturity until 15.04.2030;
- EIB V credit line in the amount of MKD 103,219 thousand with a fixed interest rate of 0.9% and the longest maturity date is 17.7.2034;
- EIB VII credit line in the amount of MKD 14,414 thousand with a fixed interest rate of 1.50% and the longest maturity date is 15.10.2035;
- EIB VII credit line in the amount of MKD 239,092 thousand with a fixed interest rate of 1.50% and the longest maturity date is 15.10.2023;
- EIB VII credit line in the amount of MKD 487,415 thousand with a fixed interest rate of 1.50% and the longest maturity date is 15.10.2035;
- EIB VII credit line in the amount of MKD 43,046 thousand with a fixed interest rate of 1.50% and the longest maturity until 15.10.2035;
- EIB VII credit line in the amount of MKD 44,318 thousand with a fixed interest rate of 1.50% and the longest maturity date is 15.7.2036;
- AFD in the amount of MKD 177,105 thousand with a fixed interest rate of 1.50% and the longest maturity date is 03.10.2038;
- EIB VII in the amount of MKD 184,485 thousand with a fixed interest rate of 1.50% and the longest maturity is 15.10.2036;
- Framework Agreement for participation in the program for financing and development of micro, SME and export support in the amount of MKD 32,284 thousand with a variable interest rate composed of 3M Euribor and a margin of 0.75% which on 31.12.2024 is 3.96% and the longest maturity is until 15.04.2028;
- Credit line for financing projects for energy efficiency in the amount of MKD 59,298 thousand with a fixed interest rate of 0.90% and the longest maturity period until 15.07.2031;
- Credit line for financing projects for renewable energy in the amount of MKD 120,194 thousand with a fixed interest rate of 0.90% and the longest maturity period until 16.07.2035;
- Project for Agricultural Development in the amount of MKD 126,510 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 in the amount of MKD 23,325 thousand with a fixed interest rate of 0.00% and the longest maturity date is 15.07.2025;
- Credit line for financing projects for energy efficiency and renewable energy in the amount of MKD 55,800 thousand with a fixed interest rate of 0.00% and the longest maturity period until 15.10.2030;
- Credit line for financing projects for energy efficiency and renewable energy in the amount of MKD 27,125 thousand with a fixed interest rate of 0.00% and the longest maturity period until January 15, 2031;
- Credit line for financing projects for working capital in SME in the amount of MKD 12,958 thousand with a fixed interest rate of 0.00% and the longest maturity is 15.01.2026.

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

- STSP Credit Line in the amount of MKD 307,475 thousand with a fixed interest rate of 1.90% and the longest maturity is 31.12.2029,
- STSP Credit Line in the amount of MKD 38,434 thousand with a fixed interest rate of 1.65% and the longest maturity date is 09.06.2025.

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**36. BORROWINGS (continued)**

**B. Borrowings according to the creditor**

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 5,590 thousand with a fixed interest rate of 2.36% and the longest maturity is 10.01.2025;
- Green Economy Financing Facility ("GEFF") #1 - OHB in the amount of MKD 16,771 thousand with a fixed interest rate of 2.48% and the longest maturity is 10.01.2025;
- REGIONAL SMALL AND MEDIUM-SIZED ENTERPRISES COMPETITIVENESS SUPPORT PROGRAMME 1 (OHB) in the amount of MKD 55.904 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.90% which on 31.12.2024 is 5.57% and the longest maturity is 12.01.2026;
- REGIONAL SMALL AND MEDIUM-SIZED ENTERPRISES COMPETITIVENESS SUPPORT PROGRAMME 1 (OHB) in the amount of MKD 139.761 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.90% which as of 31.12.2023 is 5.57% and the longest maturity is 10.07.2025;
- GEFF #2 - OHB in the amount of MKD 44,723 thousand with a fixed interest rate of 1.90% and the longest maturity date is 07.08.2026;
- GEFF #2 - OHB in the amount of MKD 55,904 thousand with a fixed interest rate of 1.90% and the longest maturity date is 07.08.2026;
- GEFF #3 - OHB in the amount of MKD 69,880 thousand with a fixed interest rate of 1.90% and the longest maturity is 10/27/2027;
- GEFF #4 - OHB in the amount of MKD 78,266 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which on 31.12.2024 is 4.43% and the longest maturity is until 22.05.2028;
- REGIONAL SMALL AND MEDIUM-SIZED ENTERPRISES COMPETITIVENESS SUPPORT PROGRAMME 2 (OHB) in the amount of MKD 156.532 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which as of 31.12.2024 is 4.43% and the longest maturity is until 22.05.2028;
- EBRD Reboot in the amount of MKD 89.447 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which as of 31.12.2024 is 5.37% and the longest maturity is until 14.07.2028;
- REGIONAL SMALL AND MEDIUM-SIZED ENTERPRISES COMPETITIVENESS SUPPORT PROGRAMME (SBM) in the amount of MKD 22,361 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which as of 31.12.2024 is 4.61% and the longest maturity is until 08.11.2025;
- REGIONAL SMALL AND MEDIUM-SIZED ENTERPRISES COMPETITIVENESS SUPPORT PROGRAMME (SBM) in the amount of MKD 22,361 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which as of 31.12.2024 is 4.61% and the longest maturity is until 08.11.2025;
- REGIONAL SMALL AND MEDIUM-SIZED ENTERPRISES COMPETITIVENESS SUPPORT PROGRAMME (SBM) in the amount of MKD 67.085 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which on 31.12.2024 is 4.61% and the longest maturity is 08.11.2026;
- REGIONAL SMALL AND MEDIUM-SIZED ENTERPRISES COMPETITIVENESS SUPPORT PROGRAMME (SBM) in the amount of MKD 83.856 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which as of 31.12.2024 is 4.61% and the longest maturity is until 10.05.2027;
- - GEFF #2 SBM in the amount of MKD 44,723 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.50% which on 31.12.2024 is 4.16% and the longest maturity is 11.12.2026;
- Mortgage Loan Agreement #2 in the amount of MKD 83,856 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.50% which on 31.12.2024 is 4.80% and the longest maturity is 24.02.2027;

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- GEF #3 SBM in the amount of MKD 55,904 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.50% which on 31.12.2024 is 4.90% and the longest maturity is until 24.02.2027;
- Green Economy Financing Facility ("GEFF" II) #1 - OHB in the amount of MKD 134,170 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which as of 31.12.2024 is 5.38% and the longest maturity is 07.07.2028;
- Green Economy Financing Facility ("GEFF" II) #1 - SBM in the amount of MKD 111.809 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.35% which on 31.12.2024 is 5.61% and the longest maturity is until 30.07.2029;
- Resilience framework, Ukraine in the amount of MKD 282,877 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.35% which as of 31.12.2024 is 4.51% and the longest maturity is until 29.09.2025;
- Resilience framework, Ukraine in the amount of MKD 424.315 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.35% which on 31.12.2024 is 4.51% and the longest maturity is until 29.09.2025;
- GEFF III – REpower Residential Programme in the amount of MKD 92.242 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.7% which on 31.12.2024 is 4.77% and the longest maturity is until 08.04.2030;
- Western Balkans GEFF II in the amount of MKD 61.495 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which on 31.12.2024 is 5.04% and the longest maturity is 09.09.2030;
- Green Finance Facility in the amount of MKD 172,186 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.30% which as of 31.12.2024 is 4.35% and the longest maturity is 10.10.2026.
- Green Finance Facility in the amount of MKD 172,186 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.30% which as of 31.12.2024 is 4.35% and the longest maturity is 10.10.2026.
- Green Finance Facility tranche A in the amount of MKD 122,990 thousand with a variable interest rate of 6M Euribor and a margin of 1.30% which as of 31.12.2024 is 4.61% and the longest maturity is 16.8.2027.
- Green Finance Facility tranche B in the amount of MKD 307,475 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.30% which as of 31.12.2024 is 4,24% and the longest maturity is until 16.8.2027.
- GEFF (EBRD 55576) in the amount of MKD 245.980 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.70% which on 31.12.2024 is 5.01% and the longest maturity is until 15.8.2031.

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 108,520 thousand with a fixed interest rate of 3.08% and the longest maturity until 23.03.2026;
- EFSE Financing housing loans 2 in the amount of MKD 415.091 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.95% which as of 31.12.2024 is 5,90 4,606% and the longest maturity is 15.06.2029.
- EFSE Green Financing Tranche A in the amount of MKD 153,737 thousand with a variable interest rate composed of 6M Euribor and a margin of 2% which on 31.12.2024 is 5.16% and the longest maturity is until 22.3.2029.
- EFSE Green Financing Tranche B in the amount of MKD 153,737 thousand with a variable interest rate composed of 6M Euribor and a margin of 2% which as of 31.12.2024 is 5.16% and the longest maturity is until 22.3.2029



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**36. BORROWINGS (continued)**

**B. Borrowings according to the creditor**

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 in the amount of MKD 14,469 thousand with a variable interest rate composed of 6M Euribor and a margin of 2.85% which on 31.12.2024 is 6.11% and the longest maturity is until 15.09.2025;
- Development finance for energy efficiency (EE) and renewable energy (RE) investments in the Southeast Europe Region in the amount of MKD 14,469 thousand with a variable interest rate composed of 6M Euribor and a margin of 2.85% which on 31.12.2024 is 6.11% and the longest maturity is until 15.09.2025;
- Development finance for energy efficiency (EE) and renewable energy (RE) investments in the Southeast Europe Region in the amount of MKD 144,694 thousand with a variable interest rate comprised of 6M Euribor and a margin of 1.95% at 5.21% as of 31.12.2024 and the longest maturity is 15.09.2028;
- Development finance for energy efficiency (EE) and renewable energy (RE) investments in the Southeast Europe Region in the amount of MKD 144.694 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.95% which on 31.12.2024 is 5.21% and the longest maturity is until 15.09.2028;
- Development finance for energy efficiency (EE) and renewable energy (RE) investments in the Southeast Europe Region in the amount of MKD 614.950 thousand with a variable interest rate composed of 6M Euribor and a margin of 1.50% which as of 31.12.2024 is 4.76% and the longest maturity is 15.09.2032.

The bank has established a lien on claims in the form of a notarial deed in favour of RBSM under sub-loan agreements with end users approved by credit lines administered through RBSM. The rest of the lines of credit are unsecured. As of 31.12.2024, the Bank has been compliant with the Financial Covenants in accordance with the agreements with the foreign financial institutions.

**37. SUBORDINATED DEBT**

In MKD thousand	
current year 2024	previous year 2023
Subordinated deposit liabilities (List separately)	
Interest payables	-
	-
	-
Subordinated loan liabilities (List separately)	
<u>Steiermärkische Bank und Sparkassen AG</u>	1.906.345
Interest payables	25.017
	2.398.305
	32.268
	<b>1.931.362</b>
	<b>2.430.573</b>
Subordinated debt on issued securities (List separately)	
	-
	-
	-
	-
	-
Interest payables	-
	-
	-
	<b>1.931.362</b>
	<b>2.430.573</b>
Redeemable preference shares	
<b>Total subordinated debt</b>	<b>1.931.362</b>
	<b>2.430.573</b>

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**37. SUBORDINATED DEBT(continued)**

Subordinated debt in the amount of MKD 1.931.362 thousand refers to a subordinated debt granted by the parent company, Steiermärkische Bank und Sparkassen AG, approved on 28 June 2013, 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 15,000 thousand approved on 29.09.2017 with a fixed interest rate of 7,08% with maturity date 29.09.2027 and EUR 8,000 thousand approved on 29.09.2011 with a fixed interest rate of 5.11% and maturity date 30.09.2024.

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 Bank's risk and losses during the Bank's operations;
- not be covered by other type of collateral by the Bank or a person connected to the Bank;
- in the case of bankruptcy or liquidation of the Bank, the subordinated debt will be paid before settling the liabilities to the Bank's shareholders;
- not be used for claims and contingent liabilities of the Bank;
- 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, 2023 (previous year)	347.976	4.248	33.579	-	-	4.925	390.728
Correction of opening balance - effect of IFRS9	-	-	-	-	-	-	-
additional provisions during the year	567.500	2.320	6.458	-	-	50	576.328
(used provisions during the year)	-	-	(574)	-	-	(9)	(583)
(release of provisions during the year)	(566.718)	-	-	-	-	-	(566.718)
<b>Balance at December 31, 2023 (previous year)</b>	<b>348.758</b>	<b>6.568</b>	<b>39.463</b>	<b>-</b>	<b>-</b>	<b>4.966</b>	<b>399.755</b>
Balance at January 1, 2024 (current year)	348.758	6.568	39.463	-	-	4.966	399.755
Correction of opening balance - effect of IFRS9	-	-	-	-	-	-	-
additional provisions during the year	372.628	-	8.861	-	-	119	381.608
(used provisions during the year)	-	(79)	(1.223)	-	-	-	(1.302)
(release of provisions during the year)	(407.472)	(34)	-	-	-	(5)	(407.511)
<b>Balance at December 31, 2024 (current year)</b>	<b>313.914</b>	<b>6.455</b>	<b>47.101</b>	<b>-</b>	<b>-</b>	<b>5.080</b>	<b>372.550</b>

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**39. OTHER LIABILITIES**

	<i>In MKD thousand</i>	
	current year 2024	previous year 2023
Trade payables	112.134	64.528
Received advances	-	-
Fee and commission liabilities	22.809	20.013
Accrued expenses	123.864	150.934
Deferred income from previous years	-	-
Short-term liabilities to employees	99.182	98.646
Short-term liabilities for employee benefits	-	-
Other (List separately liabilities more than 10% of the total other liabilities)	-	-
<u>Other liabilities</u>	46.872	57.844
<u>Liabilities arising from custody operations</u>	122.581	89.639
<u>Liabilities arising from card payment operations</u>	672	1.410
<u>Suspense account for international payments</u>	140.870	181.859
<u>Other liabilities for temporary accounts with clients</u>	-	-
<b>Total other liabilities</b>	<b>668.984</b>	<b>664.873</b>

**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 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023
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	-	-	-	-	-	-	-	-
<b>Balance at December 31 – fully paid</b>	<b>2.670</b>	<b>-</b>	<b>2.095.415</b>	<b>2.095.415</b>	<b>-</b>	<b>-</b>	<b>5.594.758</b>	<b>5.594.758</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
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**B.1 Dividends**

**Announced dividends and paid dividends by the Bank**

Announced dividends and paid dividends for the year

**40. SUBSCRIBED CAPITAL(continued)**

Dividend per ordinary share

Dividend per preference share

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-
-	-

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

Announced dividends after December 31

Dividend per ordinary share

Dividend per preference share

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-
-	-

**C. Shareholders with more than 5% voting shares**

The structure of shareholders exceeding 5% of the issued voting capital as of December 31, 2024 and 2023 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 2024	previous year 2023	current year 2024	previous year 2023
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%
<b>Total</b>	<b>5.401.987</b>	<b>5.401.987</b>	<b>96,55%</b>	<b>96,55%</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
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**41. EARNINGS PER SHARE**

**A. Basic earnings per share**

*Net - Profit attributable to holders of ordinary shares*  
 Net - Profit for the year  
 Dividends for not redeemable preference shares  
 Adjustments of Net - Profit attributable to holders of ordinary shares (list separately)

**Net - Profit attributable to holders of ordinary shares**

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-
1.736.206	1.462.301
-	-
-	-
<b>1.736.206</b>	<b>1.462.301</b>

Weighted average number of ordinary shares  
 Issued ordinary shares as of January 1  
 Effects of the changes in the number of ordinary shares during the year  
 (List all events separately)  
 Issued shares (twentieth issue of ordinary shares)

**Weighted average number of ordinary shares as of December 31**

**Basic earnings per share (in MKD)**

<i>Number of shares</i>	
current year 2024	previous year 2023
2.095.415	2.095.415
-	-
<b>2.095.415</b>	<b>2.095.415</b>
<b>829</b>	<b>698</b>

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 Bank.

**B. Diluted earnings per share**

*Net - profit attributable to holders of ordinary shares (diluted)*  
 Net - profit for the year attributable to holders of ordinary shares (diluted)  
 Adjustments to net profit attributable to holders of ordinary shares for the effects of all issued ordinary shares (list separately)

**Net - Profit attributable to holders of ordinary shares (diluted)**

<i>In MKD thousand</i>	
current year 2024	previous year 2023
1.736.206	1.462.301
-	-
<b>1.736.206</b>	<b>1.462.301</b>

*Weighted average number of ordinary shares (diluted)*  
 Issued ordinary shares as of 1 January  
 Effects of issuing potential ordinary shares (list separately)  
 Ordinary shares issued on January 1  
 Issued shares (thirteenth issue of ordinary shares)

**Weighted average number of ordinary shares (diluted)  
 as of December 31**

**Diluted earnings per share (in MKD)**

<i>Number of shares</i>	
current year 2024	previous year 2023
2.095.415	2.095.415
-	-
-	-
-	-
<b>2.095.415</b>	<b>2.095.415</b>
<b>829</b>	<b>698</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
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**41. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**  
**42.1 CONTINGENT LIABILITIES**

<i>In MKD thousand</i>		
	current year 2024	previous year 2023
Unsecured payment guarantees		
In MKD	809.920	812.247
In foreign currency	753.606	1.240.240
in MKD with foreign currency clause	63.814	47.344
Unsecured performance guarantees		
In MKD	4.884.645	5.343.996
In foreign currency	-	-
in MKD with foreign currency clause	1.030.267	1.260.553
Unsecured letter of credit		
In MKD	-	-
In foreign currency	277.734	946.920
in MKD with foreign currency clause		
Unused overdraft on current accounts	842.427	776.543
Unused credit limits	506.163	506.315
Taken liabilities and unused credit limits	26.262.863	20.613.977
Other unsecured contingent liabilities	1.058.559	-
Issued secured guarantees	-	871.860
Covered letter of credit	-	7.517
Other secured contingent liabilities	-	1.752.863
<b>Total contingent liabilities before special reserve</b>	<b>36.489.998</b>	<b>34.180.375</b>
(Special reserve)	(313.914)	(348.758)
<b>Total contingent liabilities, less the special reserve</b>	<b>36.176.084</b>	<b>33.831.617</b>

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 Bank 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 Bank is involved in litigation arising from its regular operations. As of 31 December 2024 the Bank is involved in a total of 27 court proceedings with a total value of MKD 188,053,408 where the Bank 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 1,500,010.00, which was later determined by a decision of the Court at MKD 40,000.00. The bank responded to the lawsuit by proposing to the court that it reject it in its entirety as unfounded. The Bank'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 Bank, and therefore this litigation is expected to be completed in favour of the Bank.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**42. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)**

**42.1 CONTINGENT LIABILITIES (continued)**

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 Dooel 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 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 Bank'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 Bank, and this litigation will end in favour of the Bank.

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 Dooel Skopje and Soloprom DOO Skopje and one shareholder physically (session held on 05.10.2020) with a value of MKD 40,000.00. The Court's decision determines the termination of proceedings. The Bank'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 Bank, and this litigation will be completed in favour of the Bank.

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 39,162,148.00, 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 22,214,099.00 in the name of damages due to a dividend difference and an amount of MKD 16,948,049.00 in the name of damages due to a difference in participation in capital with legal penalty interest as of 09 May 2020. The court decided that the proceedings should be adjourned until the first proceedings were resolved.

**42.2 CONTINGENT ASSETS**

List separately significant contingent assets:

\_\_\_\_\_ / \_\_\_\_\_

**Total contingent assets**

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-
-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**43. ACTIVITIES ON BEHALF OF THIRD PARTIES**

<i>In MKD thousand</i>					
current year 2024			previous year 2023		
Assets	Liabilities	Net-position	Assets	Liabilities	Net-position
Asset administration on behalf and at the expense of third parties					
Deposits in MKD	- (28.782)	(28.782)	- (28.896)	(28.896)	(28.896)
Deposits in foreign currencies	-	-	-	-	-
Loans in MKD	80.075	80.075	90.058	-	90.058
Loans in foreign currencies	-	-	-	-	-
Other receivables in MKD	119.706	(109)	118.937	(109)	118.828
Other receivables in foreign currencies	-	-	-	-	-
Asset management on behalf and at the expense of third parties	-	-	-	-	-
Deposits in MKD	- (171.484)	(171.484)	- (180.743)	(180.743)	(180.743)
Deposits in foreign currencies	-	-	-	-	-
Loans in MKD	-	-	-	-	-
Loans in foreign currencies	-	-	-	-	-
Other receivables in MKD	-	-	-	-	-
Other receivables in foreign currencies	-	-	-	-	-
Custody accounts	- (122.581)	(122.581)	- (89.639)	(89.639)	(89.639)
Other	-	-	-	-	-
<b>Total</b>	<b>(322.956)</b>	<b>(123.175)</b>	<b>208.995</b>	<b>(299.387)</b>	<b>(90.392)</b>



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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, 2024 and 2023 are as follows:

**A. Separate Balance sheet**

<i>In MKD thousand</i>	Parent Company	Subsidiaries	Associates	Management of the Bank	Other related parties	Total
<b>Balance as of December 31, 2024 (current year)</b>						
<b>Assets</b>						
Current accounts	40.020	-	-	-	341.199	381.219
Trading assets	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-
Customer loans	-	-	-	10.344	2.271	12.615
Finance lease receivables	-	-	-	-	-	-
Factoring and forfeiting of receivables	-	-	-	-	-	-
Other loans and advances	-	-	380.692	58.876	6.157	445.725
Investments in securities	-	-	46.598	-	-	46.598
(Allowance for impairment)	(10)	-	(336)	(154)	(72)	(572)
Other assets	-	-	-	-	-	-
<b>Total</b>	<b>40.010</b>	<b>-</b>	<b>426.954</b>	<b>69.066</b>	<b>349.555</b>	<b>885.585</b>
<b>Liabilities</b>						
Trading liabilities	-	-	-	-	-	-
Deposits	7.337.115	-	219.673	78.486	393.816	8.029.090
Issued securities	-	-	-	-	-	-
Borrowings liabilities	346.467	-	-	-	-	346.467
Subordinated debt	1.931.362	-	-	-	-	1.931.362
Other liabilities	47	-	-	-	369	416
<b>Total</b>	<b>9.614.991</b>	<b>-</b>	<b>219.673</b>	<b>78.486</b>	<b>394.185</b>	<b>10.307.335</b>
<b>Contingent liabilities</b>						
Issued guarantees	-	-	-	-	202.388	202.388
Issued letter of credit	-	-	-	-	-	-
Other contingent liabilities	-	-	802	3.533	15.909	20.244
(Special reserves)	-	-	(1)	(8)	(12)	(21)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>801</b>	<b>3.525</b>	<b>218.285</b>	<b>222.611</b>
<b>Contingent assets</b>						
Received guarantees	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**44. RELATED PARTIES TRANSACTIONS (continued)**

**A. Separate Balance sheet (continued)**

<i>In MKD thousand</i>	Parent Company	Subsidiaries	Associates	Management of the Bank	Other related parties	Total
<b>Balance as of December 31, 2023 (previous year)</b>						
<b>Assets</b>						
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
<b>Total</b>	<b>65.161</b>	<b>83</b>	<b>218.274</b>	<b>51.874</b>	<b>572.428</b>	<b>907.820</b>
<b>Liabilities</b>						
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
<b>Total</b>	<b>9.835.084</b>	<b>2.247</b>	<b>34.515</b>	<b>61.338</b>	<b>370.833</b>	<b>10.304.017</b>
<b>Contingent liabilities</b>						
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)
<b>Total</b>	<b>1.752.863</b>	<b>-</b>	<b>456</b>	<b>3.697</b>	<b>108.314</b>	<b>1.865.330</b>
<b>Contingent assets</b>						
Received guarantees	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**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 Bank	Other related parties	Total
<b>2024 (current year)</b>						
<b>Income</b>						
Interest income	1.702	-	9.889	2.310	15.622	29.523
Fee and commission income	453	-	2.371	244	6.131	9.199
Trading income, net	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from sale of non-current assets	-	-	-	-	-	-
Other income	93.064	-	3.217	405	413.713	510.399
Transfers between subjects						-
<b>Total</b>	<b>95.219</b>	<b>-</b>	<b>15.477</b>	<b>2.959</b>	<b>435.465</b>	<b>549.121</b>
<b>Expenses</b>						
Interest expense	455.706	-	-	1.186	8.664	465.556
Fee and commission expense	6.830	-	-	-	31.870	38.700
Trading losses, net	-	-	-	-	-	-
Expenses for purchase of non-current assets	-	-	-	-	-	-
Allowance for impairment of financial assets, net	(6)	50	-	(151)	(119)	(226)
Other expenses	(90.959)	-	2.182	(399)	(317.740)	(411.280)
Transfers between subjects						-
<b>Total</b>	<b>553.489</b>	<b>50</b>	<b>2.182</b>	<b>1.434</b>	<b>358.155</b>	<b>915.310</b>
<i>In MKD thousand</i>	Parent Company	Subsidiaries	Associates	Management of the Bank	Other related parties	Total
<b>2023 (previous year)</b>						
<b>Income</b>						
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	-	-				
<b>Total</b>	<b>3.606</b>	<b>23</b>	<b>2.921</b>	<b>2.054</b>	<b>321.757</b>	<b>330.361</b>
<b>Expenses</b>						
Interest expense	310.838	-	-	307	1.110	312.255
Fee and commission expense	852	-	-	-	20.235	21.087
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	-	-	-	-	-	-
<b>Total</b>	<b>318.654</b>	<b>1.383</b>	<b>97</b>	<b>417</b>	<b>51.475</b>	<b>372.026</b>

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

**B. Management compensations**

	<i>In MKD thousand</i>	
	current year 2024	previous year 2023
Short-term employee benefits	113.185	97.018
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	-	-
<b>Total</b>	<b>113.185</b>	<b>97.018</b>

Pursuant to the Banking Law, the following parties shall be considered as related parties to the Bank: persons with special rights and responsibilities in the Bank and persons related to them; shareholders with qualified participation in the Bank (direct or indirect ownership of at least 5% of the total number of shares or of issued voting shares of the Bank, or shares that provide significant influence on the management of the Bank) 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 Bank.

The Bank provides loans, performs payment and deposit operations to related companies and financial institutions. The Bank'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, 2024 (current year)				
Net present value of minimum lease payments	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
December 31, 2023 (previous year)				
Net present value of minimum lease payments	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024**

**45. LEASES (continued)**

**A. Lessor (continued)**

**A.2. Irrevocable operating lease receivables**

	Total irrevocable operating lease receivables	Maturity period for irrevocable operating lease receivables		
		up to 1 year	from 1 to 5 years	over 5 years
<i>In MKD thousand</i>				
December 31, 2024 (current year)				
Net present value of minimum lease payments	-	-	-	-
	-	-	-	-
<b>Total</b>	-	-	-	-
December 31, 2023 (previous year)				
Net present value of minimum lease payments	-	-	-	-
	-	-	-	-
<b>Total</b>	-	-	-	-

	Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Total
<i>In MKD thousand</i>							
Value of property under operating lease:							
December 31, 2024 (current year)	-	-	-	-	-	-	-
December 31, 2023 (previous year)	-	-	-	-	-	-	-

**B. The Bank as Lessee**

**B.1. Financial lease liabilities**

	Total financial lease liabilities	Maturity period for financial lease liabilities		
		up to 1 year	from 1 to 5 years	over 5 years
<i>In MKD thousand</i>				
<b>Balance as of December 31, 2024 (current year)</b>				
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
<b>Total</b>				
<b>Balance as of December 31, 2023 (previous year)</b>				
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
<b>Total</b>	-	-	-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
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**45. LEASES (continued)**

**B. The Bank 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							
<b>Cost</b>							
Balance as of January 1, 2023 (previous year)	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
(Disposal and write- off)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Balance as of December 31, 2023 (previous year)</b>	-	-	-	-	-	-	-
Balance as of January 1, 2024 (current year)							
Additions	-	-	-	-	-	-	-
(Disposal and write- off)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Balance as of December 31, 2024 (current year)</b>	-	-	-	-	-	-	-
<b>Accumulated depreciation and impairment</b>							
Balance as of January 1, 2023 (previous year)	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-
Impairment loss during the year	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-
(Disposal and write offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Balance as of December 31, 2023 (previous year)</b>	-	-	-	-	-	-	-
Balance as of January 1, 2024 (current year)							
Depreciation for the year	-	-	-	-	-	-	-
Impairment loss during the year	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-
(Disposal and write offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Balance as of December 31, 2024 (current year)</b>	-	-	-	-	-	-	-
<b>Carrying amount as of:</b>							
January 1, 2023 (previous year)	-	-	-	-	-	-	-
<b>December 31, 2023 (previous year)</b>	-	-	-	-	-	-	-
<b>December 31, 2024 (current year)</b>	-	-	-	-	-	-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
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**45. LEASES (continued)**

**B. The Bank 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
<b>Balance as of December 31, 2024 (current year)</b>	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Balance as of December 31, 2023 (previous year)</b>	-	-	-	-
<b>Total</b>	-	-	-	-

**46. SHARE BASED PAYMENTS**

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

<i>In MKD thousand</i>	
current year 2024	previous year 2023
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

**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**

current year 2024		previous year 2023	
Number of share options	Weighted average price of share options	Number of share options	Weighted average price of share options
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**December 31, 2024****47. TAX RISKS**

Financial statements and accounting records of the Bank 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 Bank'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 SEPARATE BALANCE SHEET**

After the balance sheet date, no significant events have occurred that should be disclosed in the financial statements.