Financial Statements prepared in accordance with International Financial reporting Standards and Independent Auditors' Report

Universal Investment Bank AD, Skopje

Skopje, March 2025

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Universal Investment Bank AD Skopje

Report on the Financial Statements

We have audited the accompanying financial statements of Universal Investment Bank AD Skopje (the Bank) which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing applicable in the Republic of North Macedonia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Universal Investment Bank AD Skopje as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

Skopje, 28.03.2025

Certified Auditor
Jaglika Jordanova Andrijeska

Audit Company
RSM MAKEDONIJA DOOEL Skopje

RSM
Друштво за ревизија РСМ
МАКЕДОНИЈА ДООЕЛ Скопје

Financial statements
31 December 2024

Statement of comprehensive income

(In 000 MKD)

	Notes	For the year ending 31 December 2024	2023
Interest income		1,530,474	1,426,122
Interest (expense)		(325,004)	(244,809)
Net interest income	5	**1,205,470**	**1,181,313**
Fee and commission income		620,320	617,532
Fee and commission (expense)		(338,655)	(321,535)
Net fee and commission income	6	**281,665**	**295,997**
Net foreign exchange gains		45,011	45,863
Other operating income	7	103,717	68,972
Operating income		**1,635,863**	**1,592,145**
(Additional) / Release of impairment provision on financial assets and special reserve, net	8,24	(248,857)	(177,809)
Personnel expenses	9	(468,169)	(427,713)
Amortization and depreciation	18,19	(55,349)	(51,189)
Other operating expenses	10	(363,615)	(313,400)
Operating (expenses)		**(1,135,990)**	**(970,111)**
Profit before tax		**499,873**	**622,034**
Income tax (expense)	11	(51,353)	(60,992)
Net profit for the year		**448,520**	**561,042**
Other comprehensive income			
Other comprehensive income for the year			
Total comprehensive income for the year		**448,520**	**561,042**
Earnings per share			
Basic and diluted earnings per share (in Denars)	12	821	1,028

Statement of financial position

(In 000 MKD)

	Notes	2024	As at 31 December 2023
Assets			
Cash and cash equivalents	13	5,419,234	5,503,233
Loans and advances to banks	14	-	-
Loans and advances to customers	15	18,950,760	17,365,306
Investment securities	16	2,892,554	4,364,197
Foreclosed assets	17	115,241	198,921
Intangible assets	18	78,564	78,653
Property and equipment	19	448,597	448,239
Current tax receivables		-	-
Other receivables	20	203,360	189,913
Total assets		**28,108,310**	**28,148,462**
Liabilities			
Due to banks	21	2,446,435	1,874,844
Due to customers	22	21,011,106	21,342,552
Borrowings	23	610,356	681,055
Provisions and special reserve	24	10,439	5,901
Current tax liabilities		7,497	20,099
Deferred tax liabilities	11	8,157	12,296
Other liabilities	25	238,335	339,515
Total liabilities		**24,332,325**	**24,276,262**
Equity and reserves			
Share capital	26	545,987	545,987
Share premium		510,387	510,387
Other ownership instruments		235,325	536,786
Reserves		1,687,983	1,504,747
Retained earnings		796,303	774,293
Total equity and reserves		**3,775,985**	**3,872,200**
Total liabilities, equity and reserves		**28,108,310**	**28,148,462**
Commitments and contingencies	27	1,995,534	1,997,888

These financial statements have been authorized by the Bank's Supervisory Board on 28 March 2025.

Signed on behalf of the Board of Directors by:

Milka Todorova
Chairman of the Managing Board, Chief Executive Officer

Delcho Krastev
Member of the Managing Board, Executive Officer

Vladislav Hadjidinev
Member of the Managing Board, Executive Officer

Statement of changes in equity

(In 000 MKD)	Share capital	Share premium	Other ownership instruments	Reserves	Retained earnings / Accumulated (losses)	Total equity
At 01 January 2023	**545,987**	**510,387**	**454,393**	**1,399,576**	**504,506**	**3,414,849**
Other ownership instruments	-	-	- 82,393		-	**82,393**
Transactions with owners						**-**
Distribution to reserves	-	-		105,171	(105,171)	**-**
Total transactions with owners	-	-		105,171	(105,171)	-
Profit for the year	-	-		-	561,042	561,042
Payment of interest on a perpetual bond					(31,584)	(31,584)
Dividends					(154,500)	(154,500)
Other comprehensive income	-	-			0	0
Total comprehensive income	-	-			374,958	374,958
At 31 December 2023	**545,987**	**510,387**	**536,786**	**1,504,747**	**774,293**	**3,872,200**
At 01 January 2024	**545,987**	**510,387**	**536,786**	**1,504,747**	**774,293**	**3,872,200**
Other ownership instruments	-	-	- (301,461)		-	(301,461)
Transactions with owners						**-**
Distribution to reserves	-	-		183,236	(183,236)	**-**
Total transactions with owners	-	-		183,236	(183,236)	**-**
Profit for the year	-	-		-	448,520	**448,520**
Payment of interest on a perpetual bond					(42,351)	**(42,351)**
Dividends					(200,923)	**(200,923)**
Other comprehensive income	-	-		-	-	**-**
Total comprehensive income	-	-	-	-	205,246	**205,246**
At 31 December 2024	**545,987**	**510,387**	**235,325**	**1,687,983**	**796,303**	**3,775,985**

Financial statements
31 December 2024

Statement of cash flows

(In 000 MKD)

	Notes	Year ended 31 December 2024	2023
Operating activities			
Profit before taxation		499,873	622,034
Adjustment for:			
Amortization and depreciation		55,349	51,189
Additional / (Release of) impairment provision on financial assets, net		248,857	177,809
Impairment losses on foreclosed assets		(55,144)	(9,062)
Additional / (Release of) impairment provision and special reserve, net		-	-
Dividend income		-	(817)
(Gain) / loss from foreclosed assets sold		(14,775)	(6,353)
(Gain) from property and equipment sold		(5,748)	(754)
Interest income		(1,530,474)	(1,426,122)
Interest expense		325,004	244,809
Other corrections		(42,707)	59,167
(Loss) before changes in operating assets and liabilities		**(519,765)**	**(288,100)**
Changes in operating assets and liabilities			
Loans and advances to banks		-	-
Obligatory reserves in foreign currency		(62,188)	(317,786)
Loans and advances to customers		(1,890,511)	402,495
Foreclosed assets		247,900	(102,991)
Other receivables		(35,689)	190,767
Due to banks		564,916	101,565
Due to customers		(389,657)	1,733,069
Other liabilities		(101,180)	146,204
Profit/ (Loss) after changes in operating assets and liabilities		**(2,186,174)**	**1,865,223**
Proceeds from interest		1,504,225	1,512,632
Interests (paid)		(260,404)	(163,389)
Income tax (paid)		(68,094)	(42,667)
Net cash (used in) / from operating activities		**(1,010,447)**	**3,171,799**
Investment activities			
Investments in securities		1,523,700	(3,153,869)
(Purchase) of property, plant and equipment and intangible assets, net		(49,870)	(77,310)
Sale of investment securities, net		-	-
Other inflows from investment activities		-	817
Net cash from investments activities		**1,473,830**	**(3,230,362)**
Financial activities			
Outflows from issued shares / ownership instruments during the period		(301,461)	82,393
Proceeds from borrowings		330,998	200,918
(Repayment of) borrowings		(401,496)	(493,724)
(Repayment of) subordinated liabilities		-	-
Payment of dividends		(200,923)	(154,500)
Payment of interest on a perpetual bond		(42,351)	(31,584)
Net cash from / (used in) financial activities		**(615,233)**	**(396,497)**
Net change in cash and cash equivalents		**(151,850)**	**(455,060)**
Cash and cash equivalents, beginning of the year		**4,120,318**	**4,575,378**
Cash and cash equivalents, end of the year	**13**	**3,968,468**	**4,120,318**

Notes to the Financial Statements

1 General information

Universal Investment Bank, Skopje (hereinafter "the Bank") is a Shareholding Company incorporated in the Republic of North Macedonia. The address of its registered head office is: "St. Maksim Gorki" 6, 1000 Skopje, Republic of North Macedonia.

The Bank is licensed to perform all banking activities in accordance with the law. The main activities include commercial lending, receiving of deposits, payment operation services in the country and abroad, foreign exchange deals, trust activities and other services.

The Bank's shares are quoted on the Macedonian Stock Exchange, at segment mandatory listing for companies with special reporting obligations. The quotation code is the following:

Code of shares	ISIN
UNI (ordinary share)	MKBLBA101011

The total number of employees in the Bank as at 31 December 2024 and 2023 is 366 and 387 employees, respectively.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

2.1 Basis for preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) that were issued by the International Accounting Standards Board (IASB). Financial statements have been prepared in accordance with the concept of historical cost convention, except for securities available for sale that are measured at fair value and foreclosed assets that are measured at the lower of cost or fair value less costs to sale. The basis for measuring each kind of asset, liability, income and expense are disclosed further within this Note.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Bank's Management to exercise judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4: Critical accounting estimates and judgments.

The financial statements have been prepared as at and for the years ended 31 December 2024 and 2023. The financial statements are presented in Macedonian Denar ("MKD"), which is the Bank's functional currency. Current and comparative data stated in these financial statements are expressed in Denar thousands. Where necessary, comparative figures have been adjusted to conform to the changes in presentation for the current year.

2.2 Changes in accounting policies and disclosures

a) New standards and amendments effective in the period on or after 1 January 2023

At the date of authorization of these financial statements, certain new standards and amendments and interpretations of existing standards have been published by the IASB. All relevant publications have been applied to the Bank's accounting policies in the first period beginning at the effective date of the publication. New standards / amendments have no significant effect over the Bank's financial statements.

The following standards and amendments have become effective for the annual periods commencing on or after 1 January 2024:

- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
Clarifies how a seller-lessee should subsequently measure lease liabilities that arise in a sale and leaseback transaction. The amendments ensure that a seller-lessee does not recognize any gain or loss relating to the retained portion of the asset and continues to account for the lease liability in a way that reflects the retained right-of-use.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
Require enhanced disclosures about supplier finance arrangements, including the terms and conditions, the carrying amounts of related liabilities, and the potential effects on an entity's liquidity risk and working capital.

b) Standards, amendments to and interpretations of the existing standards that are not effective yet and have not been applied prior to the effective date by the Bank

The following standards and amendments are still not effective for the annual periods ending at 31 December 2023:

- Amendments to IAS 21 - Lack of Exchangeability
- IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 - Climate-related Disclosures
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (effective 1 January 2024, with deferred application permitted)
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date deferred indefinitely)

2.2. Changes in accounting policies and disclosures

No changes related to IFRS 17, as it is not applicable for the Bank.

2.3 Foreign currency transactions

Transactions in foreign currencies are translated to Macedonian Denars at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Macedonian Denars at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in Macedonian Denars at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Macedonian Denars at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising from retranslation are recognized in profit or loss.
The foreign currencies the Bank deals with are predominantly Euro (EUR) and United States Dollars (USD).The exchange rates used for translation at 31 December 2024 and 2023 were as follows:

	2024 MKD	2023 MKD
1 EUR	61.4950	61.4950
1 USD	58.8807	55.6516

2.4 Off-setting

Financial assets and liabilities are offset and reported in the Statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

2.5 Interest income and expenses

Interest income and expense are recognized in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.
The calculation of the effective interest rate includes all fees and points paid or received, (transaction costs, and discounts or premiums) that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.
Interest income and expense presented in profit or loss include:

- interest on financial assets and liabilities at amortized cost on an effective interest rate basis;
- interest on available-for-sale investment securities calculated on an effective interest rate basis.

2.6 Fees and commission income and expenses

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including financial services provided by the Bank in respect of foreign currency settlements, guarantees, letters of credit, domestic and foreign payment operations and other services, are recognized as the related services are performed.

Other fees and commission expenses relate mainly to financial service fees, which are expensed as the services are received.

2.7 Dividends

Dividend income is recognized when the right to receive income is established. Dividends are reflected as a component of net trading income, or dividend income based on the underlying classification of the equity instrument.

2.8 Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

2.9 Current and deferred income tax

Current tax expense at 10% rate is paid to profit for the year which is determined as the difference between total revenues and total expenses for the period, increased with the non – recognized expenses for tax purposes adjusted for tax credit and less declared revenue. The tax base is reduced for the amount of income from dividends realized through participation in the capital of another taxpayer - resident of the Republic Macedonia, stipulating they are subject to tax expense by the taxpayer who pays the dividend. Taxpayers that will pay dividends and other distributions from the retained earnings created in the period from 2009 to 2013 will also have the obligation to calculate and pay tax for those distributions.

Deferred tax expense is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The tax rates that are currently valid are used in determination of deferred tax expense. Deferred tax expense is charged or credited in the profits and losses except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.10 Financial assets and liabilities

Recognition

Regular purchases and sales of financial assets and liabilities are recognized on the trade date at which the Bank commits to purchase or sell the asset. All other financial assets and liabilities are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value adjusted for (for an item not subsequently measured at fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue.

Classification

The Bank classifies its financial assets into the following categories: loans and receivables, held to maturity and available for sale (see accounting policies 2.12, 2.13 and 2.14).

The Bank's financial liabilities include deposits, borrowings and other liabilities (see accounting policy 2.21).

Derecognition

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability in the Statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Measurement at amortized cost

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value can be assessed differently, depending on whether or not the asset or liability is traded in an active market.

Active market: Fair value

A financial asset is considered to be traded in an active market if the published prices are readily and regularly available from the Stock Exchange, dealers, brokers, over the counter, industry groups or regulatory agencies and those prices represent the current and regular market transactions on normal, commercial basis. The appropriate quoted market price for an asset held or a liability that is to be issued is usually the current market (buying) price; for an asset that is about to be acquired or a liability held it is the current selling price.

Absence of an active market: Valuation techniques

If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique in the following order:

- Application of information on negotiated prices for recent(from the past 6 months), normal commercial transactions for the same financial instrument between informed, willing parties.
- If the previous valuation technique cannot be applied (there is no information available on the negotiated prices for recent transactions concerning the same financial instrument) then to determine the fair value the current market price of another, basically same, instrument should be used (in regards to the currency or the same or similar maturity date);
- If the information for fair value of the previous two techniques is inappropriate or cannot be applied, the fair value of the financial instrument is determined through analysis of the discounted cash flows or other alternative models for price determination.

The analysis of discounted cash flows is an important and frequently applied technique for determining the fair value of many assets and liabilities. One of the most important factors in the application of this technique is the determination of an appropriate discount rate.

Discount rate should include:
- Uncertainties and risks from cash flow assessment, related to certain asset or liability, due to the fact that those risks and uncertainties will change
- The measurement purpose.

If the fair value of equity instruments not traded in an active market and the derivatives related to them which have to be settled with unquoted equity instruments cannot be reliably measured, those instruments should be carried at their cost.

2.11 Impairment of financial assets

The Bank assesses, on a monthly basis, whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Bank analyses impairment evidence on loans, receivables and securities on individual basis. All individually significant loans and receivables are analyzed on an individual basis.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency of payments by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data such as adverse changes in the payment status of borrowers or issuers, or economic conditions that correlate with defaults.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired assets continues to be recognized through the unwinding of the discount. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities as a difference between the cost and fair value are recognized in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash balance on hand, demand deposits with banks, cash deposited with the National Bank of the Republic of North Macedonia ("NBRNM") and highly liquid financial assets with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term liabilities.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

2.13 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near future.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

2.14 Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit and loss, incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to-maturity, fair value through profit or loss, or available-for-sale.

Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available for sale.

Held-to-maturity investments are measured at amortized cost using the effective interest method. If the Bank buys debt securities classified as held-to-maturity, with discount or premium, the amount of the obtained discount or premium will be recorded on the discount or premium accounts within the appropriate group of accounts for investments in held-to-maturity securities. Other commissions and fees that are integral part of the effective interest rate, as well as transaction costs directly related to the transaction, are recorded on the accumulated amortization accounts within the appropriate group of investing accounts for held-to-maturity debt securities.

A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available for sale, and would prevent the Bank from classifying investment securities as held to maturity for the current and the following two financial years.

Available-for-sale

Available-for-sale investments are non-derivative investments that are designated as available for sale or are not classified as another category of financial assets. Available-for-sale investments are carried at fair value.

Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognized in profit or loss.

Other fair value changes are recognized in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognized in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

2.15 Foreclosed assets

Foreclosed assets include property and equipment acquired through foreclosure proceedings, in full or partial recovery of a related loan and is disclosed in assets acquired through foreclosure proceedings. These assets are initially measured at the lower of the appraised value, less estimated costs to sell, charged to the Bank and the cost of the foreclosed asset. The appraised value is determined by local certified appraiser on the date of foreclosure. The cost is the value stated in an enactment passed by a competent body from where the legal grounds for acquiring the right of the ownership arises.

After initial recognition, foreclosed assets are reviewed for impairment at least annually and are measured at the lower of their carrying amount and fair value less estimated costs to sell.

2.16 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. No depreciation is charged for construction in progress. Depreciation rates, based on the estimated useful lives for the current and comparative period are as follows:

	2024	2023
Buildings	2,5%	2,5%
Equipment	10-25%	14.3-25%
Vehicle	14.3%	14.3%

Depreciation methods, useful lives and residual value are reviewed at each financial year-end and adjusted if appropriate.

2.17 Intangible assets

Recognition and measurement

Intangible assets acquired by the Bank are stated at cost less accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed in profit and loss as incurred.

Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the intangible assets. No amortization is charged for assets under development. The annual amortization rates based on the estimated useful lives for the current and comparative period are as follows:

	2024	2023
Software	10%	10%
Rights and licenses	10%	10%

2.18 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that continually generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a proportional basis. The recoverable amount of an asset or a cash generating unit (CGU) is the greater amount of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.19 Leased assets – lessee

Leases in terms of which the Bank assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases and, except for the leased assets, they are not recognized in the Bank's Statement of financial position.

2.20 Deposits, borrowings and other liabilities

Deposits, borrowings and other liabilities are the Bank's sources of debt funding. The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

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

Deposits, borrowings and other liabilities are initially measured at fair value plus transaction costs, and subsequently measured at their amortized cost using the effective interest method.

2.21 Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognizes any impairment loss on the assets associated with that contract.

2.22 Employee benefits

Defined contribution plans

The Bank contributes to its employees' post retirement plans as prescribed by the national legislation. Contributions, based on salaries, are made to the national organizations responsible for the payment of pensions.

There is no additional liability in respect of these plans. Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss when they are due.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

In accordance with local regulations the Bank pays two average salaries to its employees at the moment of retirement and jubilee awards. The employee benefits are discounted to determine their present value. There is no additional liability in respect of post retirement.

2.23 Share capital and reserves

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are recognized as a deduction from equity.

Repurchase of share capital

Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold subsequently the amount received is recognized as an increase on equity, and the resulting surplus or deficit of the transaction is transferred to/from share premium.

Reserves

Reserves are generated throughout the period, based on distribution of profit in accordance with legal regulation and the Decisions made by the Bank's Assembly and changes if fair value of available for sale financial assets.

Dividends

Dividends are recognized as a liability in the period in which they are declared.

2.24 Earnings per share

The Bank presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

2.25 Segment reporting

A segment is a component of the Bank that can be distinguished and engaged in either the provision of products or services (operating/business segment) or the provision of products and services for certain economic areas (geographic segment) and is subjected to risks and rewards different from other segments. The Bank reports by primary operating segments.

2.26 Compliance with legislation

There is no non-compliance with the regulation prescribed by the NBRNM regarding solvency and capital adequacy, the Bank's exposure limits, the Bank's investments, the Bank's liquidity and the open foreign exchange position.

2.27 Events after the reporting date

Events after the reporting period that provide additional information about the Bank's position at the Statement of financial position date (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3 Financial risk management

The Bank has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Managing Board has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Managing Board has established the Asset and Liability Committee ("ALCO"), Credit Committee and Risk Management Committee established by the Supervisory Board which are responsible for developing and monitoring the Bank's risk management policies in their specified areas. All committees report regularly to the Managing Board and Supervisory Board respectively.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and procedures and policies for management, aims to develop a constructive control environment, in which all employees understand their roles and obligations.

The Bank's Risk Management Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank and the Bank`s compliance with the requirements of the NBRM related to risk management. In addition, the Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

3.1 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks, issued guarantees and letters of credits and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual debtor's default risk, country and sector's risk).

Management of credit risk

The Managing Board has delegated responsibility for the management of credit risk to its Credit Committee that approves all credit exposures up to EUR 500 thousand. All credit exposures over EUR 500 thousand must be approved by the Supervisory Board. Separate Bank's Credit departments (Department for Corporate Loans, Department for Retail loans and Credit Card Department) in close cooperation with the Risk Management Department are responsible for oversight of the Bank's credit risk, including:

3.1 Credit risk (continued)

- *Formulating credit policies,* covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- *Reviewing and assessing credit risk.* Credit departments assess all credit exposures in excess of designated limits, prior to facilities being committed to customers.
- *Limiting concentrations of exposure* to geographies and industries (for loans and advances), and by issuer, credit rating assessment by respective institutions, market liquidity and country (for investment securities).
- *Banks's credit risk grading* in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the risks. The risk grading system is used in determining where impairment losses may be required. The current risk grading framework consists of six grades reflecting various degrees of risk of default and the availability of collateral.
- *Reviewing compliance* with agreed exposure limits, including those for industries, country risk and product types. Regular reports for the credit exposure, risk grading and allowance for impairment are provided to the Risk Management Committee, and appropriate corrective action is taken.

Credit departments are required to implement credit policies and procedures and in assistance with the Risk Management Department are responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios.

Regular audits of Credit departments' processes are performed by the Internal Audit.

3.1 Credit risk (continued)

Analysis of maximum exposure to credit risk before collateral held

in Denar thousand	Cash and cash equivalents		Loans and advances to banks		Loans and advances to customers		Securities available for sale		Other receivables		Commitments and contingencies		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Neither, past due nor impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Past due, but not impaired:														
- Up to 30 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Up to 90 days	-	-	-	-			-	-	-	-	-	-	-	-
- Over 90 days	-	-	-	-			-	-	-	-	-	-	-	-
Individually impaired	3,327,428	3,353,184	-	-	19,456,693	17,763,338	2,879,456	4,351,099	165,578	158,482	2,219,665	2,138,443	28,048,820	27,764,546
Net carrying value before provision for impairment	3,327,428	3,353,184	-	-	19,456,693	17,763,338	2,879,456	4,351,099	165,578	158,482	2,219,665	2,138,443	28,048,820	27,764,546
(Provision for impairment)	-	-	-	-	(505,933)	(398,032)	(8)	(8)	(20,227)	(20,367)	(10,439)	(5,901)	(536,607)	(424,308)
Net carrying value less provision for impairment	3,327,428	3,353,184	-	-	18,950,759	17,365,306	2,879,448	4,351,091	145,351	138,115	2,209,226	2,132,542	27,512,213	27,340,238

3.1 Credit risk (continued)

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These loans are graded A to E in the Bank's internal credit risk grading system.

Past due, but not impaired loans

Loans and securities where contractual interest or principal payments are past due, but the Bank believes that impairment is not appropriate on the basis of the level of security/ collateral available and/ or the stage of collection of amounts owed to the Bank.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. As at 31 December 2024 and 2023, there are no loans with renegotiated terms.

Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio.

The general indicators used in establishing the need for allowance for impairment losses include:

- information on the financial difficulties of the client;
- information on breach of contract, including default or late payment of due liabilities;
- certainty that the client will go under bankruptcy proceedings;
- disappearance of an active market for a particular claim or financial instrument, or
- data suggesting that there is a decrease of the estimated future cash flows for group of credit exposures, compared to initial recognition, although the decrease cannot be related to individual credit exposure, including:
  - adverse changes in the client's creditworthiness (e.g. increased number of late payments), or deterioration of the national or local economic conditions that affect the payment of liabilities by the client (e.g. an increase of the unemployment rate in the geographical area of the client, reduction of the price of property that serves as The Bank calculates impairment and makes a special reserve within five internal rating grades).

For determining the allowance for impairment, starting from 2018, the Bank has classified the credit exposures in one of the three groups:

Group 1

- every financial asset at the initial recognition (except those acquired with explicit expected credit losses)
- financial assets with low credit risk
- financial assets with no significant deterioration of the creditworthiness at initial recognition

The allowance for impairment is equal to expected credit losses during the lifetime of the asset pondered with the probability that a certain default event occurs.

Group 2

- financial assets with significant deterioration of the creditworthiness after the initial recognition, but there is no objective evidence for impairment (transferred from Group 1), and

3.1 Credit risk (continued)

- financial assets acquired or issued with explicit credit losses

The allowance for impairment is equal to expected credit losses during the lifetime of the asset.

Group 3

- financial assets with objective evidence of impairment, and
- financial assets acquired or issued with explicit credit losses

The allowance for impairment is equal to expected credit losses during the lifetime of the asset.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired loans and advances to customers by internal rating grades:

in Denar thousand

2024	Loans and advances to customers	
	Gross	Impairment provision
Credit risk exposure classified in Group 1	18,259,698	(68,200)
Credit risk exposure classified in Group 2	524,708	(37,736)
Credit risk exposure classified in Group 3	672,287	(399,998)
	19,456,693	(505,933)
2023		
Credit risk exposure classified in Group 1	16 783 236	(65,584)
Credit risk exposure classified in Group 2	600,173	(63,307)
Credit risk exposure classified in Group 3	379,929	(269,141)
	17,763,338	(398,032)

Write-off policy

The Bank writes off a loan/ investment debt security balance (and any related allowances for impairment) when the Supervisory Board determines that the loans/securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/ issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. The Bank can also write off a loan/security balance (and any related allowances for impairment) on the base of a court decision when all other means for collection had expired.

Collateral

The Bank holds collateral against loans and advances to customers in the form of mortgage, movable property, and other registered securities over assets, cash deposits, lien over shares, guarantees, administrative blockage and other forms of collateral. Estimates of fair value are based on the value of collateral assessed at the time of lending.

According to the Credit policy, depending on pledged collateral the Bank has the following types of loans:

- Mortgage loans;
- Loans with lien of movable property;
- Lombard loans with pledged shares;
- Loans with pledged shares;
- Loans with guaranties from third parties;
- Loans with administrative blockage;
- Loans covered by cash deposit;
- Other types of loans, including rights of tangible and intangible assets with determined price.

Value of collateral (fair value) estimated for the purposes of protection against credit risk

in Denar thousand

2024	Loans and receivables from customers	Commitments and contingencies	Total
Value of collateral for credit risk exposures subject to individual impairment			
First-class security instruments			
- cash deposits (in a depot and/or limited to bank account)	1,334,160	60,759	1,394,919
-bank guarantees	-	-	-
-corporate guarantees	-	-	-
Property and equipment under pledge	24,335,737	1,167,677	25,503,414
Pledge of movable property	662,209	183,028	845,237
Other types of security	976,710	265,936	1,242,645
	27,308,815	**1,677,401**	**28,986,216**

in Denar thousand

2023	Loans and receivables from customers	Commitments and contingencies	Total
Value of collateral for credit risk exposures subject to individual impairment			
First-class security instruments			
- cash deposits (in a depot and/or limited to bank account)	579,457	124,008	703,465
-bank guarantees	-	-	-
-corporate guarantees	-	-	-
Property and equipment under pledge	23,658,780	1,128,319	24,787,099
Pledge of movable property	645,051	425,093	1,070,144
Other types of security	919,947	10,467	930, 415
	25,803,235	**1,687,887**	**27,491,122**

3.1 Credit risk

Geographic sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by geographic region as at 31 December 2024 and 2023:

in Denar thousand	Cash and cash equivalents		Loans and advances to Banks		Loans and advances to customers		Securities available for sale		Securities held to maturity		Other receivables		Commitments and contingencies		Total assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Republic of Macedonia	2,715,876	2,179,976	-	-	18,489,998	16,896,843	-	-	2,879,448	4,351,091	130,039	128,919	2,158,111	2,099,021	26,373,473	25,655,850
EU members	68,416	589,264	-	-	460,761	468,463	-	-	-	-	12,924	9,082	51,115	33,521	593,216	1,100,330
OECD member countries (without European countries members of OECD)	543,136	583,944	-	-	-	-	-	-	-	-	2,388	108	-	-	545,524	584,052
Other European countries	-	-	-	-	-	-	-	-	-	-	-	6	-	-	-	6
Other countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	3,327,428	3,353,184	-	-	18,950,759	17,365,306	-	-	2,879,448	4,351,091	145,351	138,115	2,209,226	2,132,542	27,512,213	27,340,239

Industrial sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by industrial sector as at 31 December 2024 and 2023:

In Denar thousand	Loans and advances to customers		Loans and advances to banks		Securities available for sale		Securities held to maturity		Cash and cash equivalents		Other receivables		Commitments and contingencies		Total assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Non residents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture, forestry and fishery	247,659	234,050	-	-	-	-	-	-	-	-	3,890	3,714	22,463	14,059	274,012	251,823
Mining	2,308	14,561	-	-	-	-	-	-	-	-	30	13	59	3,430	2,397	18,004
Food industry	221,118	301,098	-	-	-	-	-	-	-	-	106	94	26,537	32,511	247,761	333,703
Textile industry clothing and footwear manufacturing	61,792	103,888	-	-	-	-	-	-	-	-	644	123	84,954	56,893	147,390	160,904
Chemical industry, production of building materials, production and processing of fuel, pharmaceutical industry	54,630	73,513	-	-	-	-	-	-	-	-	83	4,337	12,040	37,587	66,753	115,437

	Loans and advances to customers		Loans and advances to banks		Securities available for sale		Securities held to maturity		Cash and cash equivalents		Other receivables		Commitments and contingencies		Total assets	
In Denar thousand	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Production of metals, machinery, tools and equipment	165,296	142,370	-	-	-	-	-	-	-	-	606	115	13,113	30,741	179,015	173,226
Other manufacturing Industry	129,693	188,678	-	-	-	-	-	-	-	-	2,025	231	50,416	50,784	182,134	239,693
Supply of electricity, gas, steam and air conditioning	752,042	135,952	-	-	-	-	-	-	-	-	25	25	4,497	8,696	756,564	144,673
Water supply, waste water disposal, waste management and environment sanitation	95,747	13,808	-	-	-	-	-	-	-	-	404	243	5,789	6,249	101,940	20,300
Construction	632,486	807,903	-	-	-	-	-	-	-	-	1,110	1,101	449,603	459,826	1,083,199	1,268,830
Wholesale and retail trade, repair of motor vehicles and motor-cycles	1,204,637	925,771	-	-	-	-	-	-	-	-	1,037	951	320,182	305,884	1,525,856	1,232,606
Transport and storage	441,175	342,768	-	-	-	-	-	-	-	-	912	394	229,998	198,547	672,085	541,709
Facilities for lodging and food service activities	315,772	433,289	-	-	-	-	-	-	-	-	979	343	13,319	14,807	330,070	448,439
Information and communication	485,045	30,021	-	-	-	-	-	-	-	-	6,285	10,434	66,608	88,103	557,938	128,558
Financial and insurance activities	262,185	294,822	-	-	-	-	2,879,448	4,351,091	3,327,428	3,353,184	11,775	8,538	15,968	16,072	6,496,804	8,023,707
Activities related to real estate	172,840	225,893	-	-	-	-	-	-	-	-	58	22	24,761	46	197,659	225,961
Technical and scientific activities	80,720	92,856	-	-	-	-	-	-	-	-	968	653	12,275	13,671	93,963	107,180
Administrative and auxiliary service activities	270,780	304,520	-	-	-	-	-	-	-	-	522	129	21,265	14,485	292,567	319,134
Public administration and defense, compulsory social insurance	-	-	-	-	-	-	-	-	-	-	5	5	-	-	5	5
Education	1,321	1,260	-	-	-	-	-	-	-	-	39	27	851	1,119	2,211	2,406
Health and social care activities	48,637	32,406	-	-	-	-	-	-	-	-	78	62	3,027	2,400	51,742	34,868
Art, entertainment, recreation	9,110	6,422	-	-	-	-	-	-	-	-	156	136	23,665	5,684	32,931	12,242
Other service activities	13,194	10,706	-	-	-	-	-	-	-	-	336	321	2,978	3,639	16,508	14,666
Individuals	13,282,572	12,648,751	-	-	-	-	-	-	-	-	113,279	106,104	804,858	767,309	14,200,706	13,522,163
Total	**18,950,759**	**17,365,306**	**-**	**-**	**-**	**-**	**2,879,448**	**4,351,091**	**3,327,428**	**3,353,184**	**145,351**	**138,115**	**2,209,226**	**2,132,542**	**27,512,212**	**27,340,238**

3.2 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset received.

Management of liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

Treasury and Dealing Department receives information from other departments regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury and Dealing Department then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, to ensure that sufficient liquidity is maintained within the Bank.

The daily liquidity position and market conditions are regularly monitored. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Bank. Liquidity reports are submitted monthly to the NBRNM.

Exposure to liquidity risk

The Bank has access to a diverse funding base. Funds are raised using a broad range of instruments including deposits and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding, required meeting business goals and targets set in terms of the overall Bank strategy.

In addition, the Bank holds a portfolio of liquid assets as part of its liquidity risk management strategy.

Liquidity risk represents the risk for the Bank of becoming incapable of providing sufficient funds for settlement of its short-term liabilities when such liabilities fall due, or to provide such funds at much higher costs.

The Bank is exposed to daily withdrawals of funds from its available cash sources of current accounts, matured deposits, approved loans and other withdrawals.

The tables below analyses the Bank's liabilities and off balance sheet items, grouped according to their maturity based on the remaining period from the reporting date to the contracted maturity date at 31 December 2024 and 2023. The amounts are presented on a gross basis, i.e. not taking into account the amounts of accumulated amortization, impairment provision and allocated special reserve.

3.2 Liquidity risk

in Denar thousand

31 December 2024	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Financial liabilities						
Due to banks	571,392	0	0	1,875,042	0	2,446,435
Due to customers	10,167,947	1,478,822	5,310,658	3,963,960	89,719	21,011,106
Borrowings	44,908	0	118,036	296,307	151,105	610,355
Other liabilities	213,391	1,421	0	0	14,721	229,534
	10,997,638	**1,480,243**	**5,428,694**	**6,135,309**	**255,545**	**24,297,429**
Total assets (contractual maturities)	**5,684,636**	**1,515,683**	**5,644,453**	**8,448,986**	**6,686,466**	**27,980,224**

Off balance sheet items	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Guarantees	26,284	52,529	268,366	269,633	76,952	693,764
Letter of credits	-	-	1,396	-	-	1,396
Other	103,456	217,677	963,064	26,617	-	1,310,814
	129,740	**270,206**	**1,232,825**	**296,250**	**76,952**	**2,005,973**

in Denar thousand

31 December 2023	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Financial liabilities						
Due to banks	621,369	627,267	626,207	0	0	1,874,844
Due to customers	10,725,275	1,278,376	5,073,060	4,179,162	86,680	21,342,552
Borrowings	62,278	0	167,400	375,274	76,103	681,055
Other liabilities	318,742	1396.2331	0	0	14,715	334,853
	11,727,664	**1,907,040**	**5,866,667**	**4,554,436**	**177,498**	**24,233,304**
Total assets (contractual maturities)	**5,280,528**	**1,554,039**	**7,287,779**	**8,060,400**	**5,704,736**	**27,887,483**

Off balance sheet items	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Guarantees	45,213	54,057	230,652	383,023	55,681	768,627
Letter of credits	1,115	1,145	3,075	-	-	5,334
Other	121,980	264,162	819,123	24,309	-	1,229,575
	168,308	**319,365**	**1,052,850**	**407,333**	**55,681**	**2,003,536**

3.3 Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Exposure to interest rate risk – non-trading portfolios

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-bearing assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. In the case of floating rate assets and liabilities, the Bank is also exposed to basis risk, which is the difference in reprising characteristics of the various floating rate indices, such as the savings rate, LIBOR and different types of interest.

Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies.

Asset-liability risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes. In general, the Bank is sensitive to changes in interest rates because for the majority of the interest-bearing assets and liabilities, the Bank has the right to simultaneously change the interest rates. When interest rates are decreasing, margins earned will also narrow, as liabilities interest rates will decrease with a lower percentage compared to assets interest rates. However, the actual effect will depend on various factors, including stability of the economy, environment and level of the inflation.

The table below analyses the Bank's interest rate gap position as at 31 December 2024 and 2023. The interest bearing assets/ liabilities are grouped according to the remaining period until the next change in interest rates.

3.3 Market risks

Analysis of interest rate gap position (excluding portfolio held for trading and derivatives, if any):

in Denar thousand

As at 31 December 2024	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Assets						
Cash and cash equivalents	2,318,193	375,976	-	-	-	2,694,169
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	7,068,600	512,916	2,269,819	5,377,983	3,201,788	18,431,106
Investments in securities	749,043	596,957	1,452,252	80,866	-	2,879,118
Other receivables	-	-	-	-	-	-
	10,135,836	1,485,849	3,722,071	5,458,848	3,201,788	24,004,393
Liabilities						
Due to banks	570,826	-	-	1,844,850	-	2,415,676
Due to customers	11,335,352	1,266,536	4,636,710	3,458,955	89,493	20,787,046
Borrowings	43,973	-	138,730	275,612	151,105	609,420
Other liabilities	0	-	-	235,325	-	235,325
	11,950,151	1,266,536	4,775,440	5,814,742	240,598	24,047,467
Net interest rate gap position	**(1,814,315)**	**219,314**	**(1,053,369)**	**(355,893)**	**2,961,190**	**(43,074)**
As at 31 December 2023						
Assets						
Cash and cash equivalents	2,799,786	-	-	-	-	2,799,786
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	518,913	971,351	7,291,096	5,708,099	2,583,630	17,073,089
Investments in securities	214,536	596,874	3,528,466	11,010	-	4,350,886
Other receivables	-	-	-	-	-	-
	3,533,235	1,568,225	10,819,563	5,719,109	2,583,630	24,223,761
Liabilities						
Due to banks	620,994	614,950	614,950	-	-	1,850,894
Due to customers	11,825,652	1,111,075	4,541,817	3,622,929	85,943	21,187,417
Borrowings	61,058	-	197,168	345,574	76,033	679,834
Other liabilities	-	-	-	-	-	-
	12,507,704	1,726,025	5,353,935	3,968,503	161,976	23,718,144
Net interest rate gap position	**(8,974,470)**	**(157,800)**	**5,465,627**	**1,750,606**	**2,421,653**	**505,617**

Sensitivity analysis

The interest rate sensitivity analysis has been determined based on the exposure to interest rate risk at the reporting date. At 31 December 2024, if interest rates had been 200 basis points higher/lower with all other variables were held constant, the Bank's pre-tax profit for the twelve month period ended 31 December 2024 would respectively increase/decrease by approximately Denar 861 thousand (2023: decrease/increase by Denar 10,112 thousand).

3.3 Market risks

Foreign currency risk

The Bank is exposed to currency risk through transactions in foreign currencies. The Bank ensures that the net exposure is kept to an acceptable level by buying or selling foreign currency at spot when necessary to address short-term imbalances. The Denar is pegged to the Euro and the monetary projections envisage stability of the exchange rate of the Denar against Euro.

The following tables summarize the net foreign currency risk position of the Bank at 31 December 2024 and 2023:

in Denar thousand	MKD	EUR	USD	Other currencies	Total
As at 31 December 2024					
Assets					
Cash and cash equivalents	3,751,549.00	1,568,973.00	41,871.00	56,841.00	5,419,234.00
Loans and advances to customers	9,647,068.00	8,575,145.00	606,748.00	121,799.00	18,950,760.00
Investment securities	2,811,688.00	80,866.00	0.00	0.00	2,892,554.00
Current tax receivable	-	-	-	-	-
Other receivables	147,531.00	53,864.00	1,447.00	518.00	203,360.00
Total Assets	16,357,836.00	10,278,848.00	650,066.00	179,158.00	27,465,908.00
Liabilities					
Due to banks	6,706.24	2,305,019.28	134,709.48	0.00	2,446,435.00
Due to customers	13,042,721.36	7,300,672.64	493,596.00	174,116.00	21,011,106.00
Tax liabilities	7,497.00	0.00	0.00	0.00	7,497.00
Borrowings	82,370.00	527,986.00	0.00	0.00	610,356.00
Other liabilities	130,791.00	91,324.00	15,463.00	757.00	238,335.00
Total Liabilities	13,270,085.61	10,225,001.92	643,768.48	174,873.00	24,313,729.00
Net foreign currency position	**3,087,750**	**53,846**	**6,298**	**4,285**	**3,152,179**
As at 31 December 2023					
Total Assets	16,390,237	10,084,161	721,316	226,935	27,422,649
Total Liabilities	13,278,129	10,039,624	718,314	221,998	24,258,065
Net foreign currency position	3,112,108	44,537	3,002	4,937	3,164,584

The following table shows the sensitivity of the Bank of an increase of the Denar compared to foreign currencies. The sensitivity analysis includes only the monetary items denominated in foreign currency at the end of the year, thus making adjustment of their value when the exchange rate of the foreign currencies is changed by 1% and/or 5%. Adverse amount below marks a decrease of the profit or the other equity which appears in case the Denar increases its value compared to the foreign currencies by 1% and/or 5%, When the value of the Denar compared to foreign currencies decreases by 1% and/or 5%, the effect on the profit or the other equity is equal but with reverse index as showed in the table below (in Denar thousands).

in Denar thousand	Change in 2024	Change in 2023	Profit or loss 2024	Profit or loss 2023
EUR	1%	1%	538	445
USD	5%	5%	315	150
Other currencies	1%	1%	43	49

3.4 Operating risk

Operating risk is present in all activities, processes and organizational structures that are part of the business activities of the Bank.

An active management with operational risk requires identification of all operational risks on which the Bank is exposed and taking of adequate measures for their optimization. The Bank's departments and branches in cooperation with the Risk Management Department prepare lists with operational activities on a monthly basis.

All the operational activities are subject to registration in the centralized Register for the operational activities.
The Bank's operations are constantly subject to other risks which are defined as operating risks. These risks relate to deficiencies or errors in the operation of internal processes, systems or to human errors or are due to external events.

3.5 Segment reporting

Operating segments

The Bank has two operational segments, as described below, which are the Bank's strategic business units. The strategic business units offer different products and services and are managed separately based on the Bank's management structure. The Supervisory Board reviews at least monthly the Management report that obtains information regarding the business. The following summary describes the operations in the Bank's reportable segments:

- Corporate Banking (legal entities) – Includes the following: different loans' products for corporate clients, issuing business credit cards, payment operations in the country and abroad for residential and non-residential legal entities, operations on foreign exchange market, inter-banking borrowings, brokerage services, trade with securities issued by the State etc.

- Retail Banking (individuals) – Includes the following activities: different types of loans for individuals, issuing debit and credit cards, payment operations in the country and abroad for residential and non-residential individuals, brokerage services, safe renting, operations on foreign exchange market etc.

Also, the Bank has activities regarding services of POS terminal network and ATMs that were not specified in the above mentioned activities.

3.5 Segment reporting

Operating segments (continued)

in Denar thousand	Trading activities		Retail banking		Corporate banking		Payment services and settlement operations		Non-allocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Income and expenses												
Net interest income /(expenses)	239,524	182,025	756,694	976,998	209,252	22,290	0	0	0	0	1,205,470	1,181,313
Net fee and commission income	(339)	(137)	106,319	82,410	59,732	73,889	115,953	139,835	-	-	281,665	295,997
Other operating income	69,643	51,908	55,246	45,107	2,496	0	21,343	17,820	0	0	148,728	114,835
Release of imp.prov. /Impairment (losses), net	0	0	(248,810)	(172,205)	(47)	(5,604)	0	0	0	0	(248,857)	(177,809)
Depreciation and amortization	(10,449)	(7,517)	(31,069)	(35,511)	(9,185)	(3,092)	(4,646)	(5,069)	0	0	(55,349)	(51,189)
Impairment losses on non-financial assets, net	0	0	55,144	0	0	9,062	0	0	0	0	55,144	9,062
Investment costs for property and equipment	(12,421)	(8,043)	(36,932)	(37,998)	(10,919)	(3,309)	(5,522)	(5,424)	0	0	(65,794)	(54,774)
Other expenses	(137,482)	(99,788)	(501,677)	(487,272)	(120,855)	(41,051)	(61,120)	(67,290)	0	0	(821,134)	(695,401)
Profit before tax per segment	**148,476**	**118,448**	**154,915**	**371,529**	**130,474**	**52,185**	**66,008**	**79,872**	**0**	**0**	499,873	622,034
Income tax											-51,353	(60,992)
Profit for the year											**448,520**	**561,042**
Total assets per segment	4,784,072	5,985,170	17,305,072	16,289,905	1,532,718	994,763	1,199,192	1,526,959	0	0	24,821,054	24,796,797
Non-allocated assets per segment	0	0	0	0	0	0	0	0	3,287,256	3,351,665	3,287,256	3,351,665
Total assets	**4,784,072**	**5,985,170**	**17,305,072**	**16,289,905**	**1,532,718**	**994,763**	**1,199,192**	**1,526,959**	**3,287,256**	**3,351,665**	**28,108,310**	**28,148,462**
Total liabilities per segment	2,456,780	1,488,799	11,558,523	12,056,299	1,037,923	1,353,542	9,191,902	9,262,355	0	0	24,245,128	24,160,995
Non-allocated liabilities per segment	0	0	0	0	0	0	0	0	87,197	115,267	87,197	115,267
Total liabilities	**2,456,780**	**1,488,799**	**11,558,523**	**12,056,299**	**1,037,923**	**1,353,542**	**9,191,902**	**9,262,355**	**87,197**	**115,267**	**24,332,325**	**24,276,262**

Geographic segments

Denar thousand	Republic of Macedonia	EU member countries	Other countries	Non-allocated	**Total**
2024					
Total income	1,701,903	(46,960)	2,156	(21,236)	1,635,863
Total assets	26,760,554	1,169,056	10,244	168,456	28,108,310
2023					
Total income	1,691,355	(84,450)	1,771	(16,531)	1,592,145
Total assets	26,368,167	1,666,193	60	114,042	28,148,462

3.6 Fair value estimation

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments measured at fair value

The Bank groups assets and liabilities into three levels on the basis of the significance of inputs used in measuring the fair value. The hierarchy according to the fair value is determined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the Statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2024	Level 1	Level 2	Level 3	Total
Assets				
Securities available for sale	13,106	-	-	13,106

31 December 2023	Level 1	Level 2	Level 3	Total
Assets				
Securities available for sale	13,106	-	-	13,106

Financial instruments not measured at fair value

The following table summarizes the carrying amounts and fair values to those financial assets and liabilities not presented in the Statement of Financial Position at their fair value.

	31 December 2024		31 December 2023	
	Net Carrying Amount	Fair Value	Net Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	5,419,234	5,503,233	5,503,233	5,503,233
Loans and advances to banks				
Loans and advances to customers	18,950,760	17,365,306	17,365,306	17,365,306
Investment securities	2,892,554	4,364,197	4,364,197	4,364,197
Other receivables	145,351	145,351	138,115	138,115
Financial liabilities				
Due to banks	2,446,435	1,874,844	1,874,844	1,874,844
Due to customers	21,011,106	21,342,552	21,342,552	21,342,552
Borrowings	610,356	681,055	681,055	681,055
Other liabilities	229,534	229,534	334,853	334,853

Cash and cash equivalents

The carrying value of cash and cash equivalents approximates their fair value, considering that they include cash, bank accounts and bank deposits with short - term maturity.

Loans and advances to customers

Loans and advances are carried at amortized cost and are net of provisions for impairment. The loans and advances have predominantly floating interest rates and their fair value is determined by discounting of future cash flows using the market interest rate. The fair value approximates their carrying value.

Investment securities

Investment securities include short term interest bearing assets held to maturity. Their fair value approximates their carrying value.

Other financial assets

The fair value of other financial assets is considered to approximate their respective carrying values by definition and due to their short-term nature.

Deposits and borrowings

The estimated fair value of deposits with no stated maturity, which includes non-interest- bearing deposits, is the amount repayable on demand.

The fair value of the term deposits with variable interest rates approximates their carrying values as at the Statement of Financial Position date.

Borrowed funds carry predominantly floating rates and due to the interest rate reprising carrying value is not materially different from their fair value.

Other liabilities

Carrying value of other liabilities approximates their fair value with relation to their short-term maturity.

3.7 Financial instruments by categories

Net carrying amounts of the financial assets and liabilities of the Bank recognized at the date of the Statement of financial position for the presented periods are classified as follows:

31 December 2024
Financial assets

	Assets held to maturity	Loans and receivables	Available for sale assets	Assets at fair value through profit or loss	Total
Cash and cash equivalents	0	5,419,234	0	0	5,419,234
Loans and advances to banks	0		0	0	0
Loans and advances to customers	0	18,950,760	0	0	18,950,760
Investment securities	2,879,448	0	13,106	0	2,892,554
Other receivables	0	145,351	0	0	145,351
	2,879,448	**24,515,345**	**13,106**	**0**	**27,407,899**

Financial liabilities

	Other financial liabilities at amortized cost	Total
Due to banks	2,446,435	2,446,435
Due to customers	21,011,106	21,011,106
Borrowings	610,356	610,356
Other liabilities	229,534	229,534
31 December 2024	24,297,431	24,297,431

31 December 2023
Financial assets

	Assets held to maturity	Loans and receivables	Available for sale assets	Assets at fair value through profit or loss	Total
Cash and cash equivalents	0	5,503,233	0	0	5,503,233
Loans and advances to banks	0		0	0	0
Loans and advances to customers	0	17,365,306	0	0	17,365,306
Investment securities	4,351,091	0	13,106	0	4,364,197
Other receivables	0	138,115	0	0	138,115
	4,351,091	**23,006,654**	**13,106**	**0**	**27,370,851**

Financial liabilities

	Other financial liabilities at amortized cost	Total
Due to banks	1,874,844	1,874,844
Due to customers	21,342,552	21,342,552
Borrowings	681,055	681,055
Other liabilities	334,853	334,853
31 December 2023	**24,233,304**	**24,233,304**

3.8 Capital management

Regulatory capital

The Bank's lead regulator NBRM sets and monitors capital requirements for the Bank as a whole. The Bank is directly supervised by the local regulators.

In implementing capital adequacy requirements, the Bank maintains a prescribed ratio of own funds to sum of total risk-weighted assets. Total risk-weighted assets are sum of credit risk-weighted assets, sum of capital requirements for currency risk and sum of capital requirements for operating risk.

The Bank's own funds are a sum of core capital, supplementary capital, less deductions, as follows:

- Core capital, which includes ordinary and non-cumulative preference shares, share premium, bank reserves allocated from net profit that serve for covering losses arising from risks the Bank faces in its operations, retained earnings not encumbered by any future obligations, stated in the Statement of financial position and confirmed by a Decision of the Bank's Shareholders' Assembly or accumulated loss from previous years, profit for the year if confirmed by the certified auditor, after deductions for loss for the year, licenses, patents, goodwill and other trademarks, treasury shares and the difference between the amount of the required allowance for impairment in accordance with the risk classification and allocated allowance for impairment and allowance for impairment calculated according the Decision for credit risk management.
- Supplementary capital, which includes cumulative preference shares, share premium less the amount of purchased treasury cumulative preference shares, hybrid capital instruments and subordinated liabilities issued by the Bank.
- The total of core capital and supplementary capital is reduced by the Bank's capital investments in banks and financial institutions exceeding 10% of the capital of such institutions, subordinated instruments and other investments in other banks or other financial institutions where the Bank holds more than 10% of the capital and other deductions.

When determining the amount of own funds, the Bank shall observe the following restrictions:

- The amount of the supplementary capital cannot exceed the amount of the core capital.
- The sum of the nominal value of subscribed and paid-in ordinary shares, the share premium of such shares and the amount of reserves and the retained earnings, less the deductions from the core capital and supplementary capital previously described, should exceed the sum of other positions which are part of the Bank's core capital.

The amount of subordinated instruments which are part of the supplementary capital shall not exceed 50% of the amount of core capital.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Capital management (continued)

The Bank has complied with all externally imposed capital requirements throughout the period. There were no significant changes in the Bank's approach to capital management during the year.

As at 31 December 2024 and 2023 the Bank capital adequacy ratio is in compliance with the prescribed ratio.

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory own capital. The process of allocating capital to specific operations and activities is monitored independently of those responsible for the operation, by the Supervisory Board.

4 Critical accounting estimates and judgments

The most important areas in need of estimates and judgments include:

Allowance for impairment for loans and receivables

Assets carried at amortized costs are evaluated for impairment losses as disclosed in Note 2.11.

The Bank reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the Statement of comprehensive income, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Allowance for impairment of available-for-sale equity investments

The Bank determines that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investor, industry and sector performance, changes in technology, and operational and financing cash flows.

Determining fair value

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 2.10. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Impairment of non-financial assets

Impairment losses are recognized in the amount for which the carrying value of an asset or cash-generating unit exceeds its recoverable amount. In determining the recoverable amount, Management estimates expected prices, cash flows from each cash generating unit and determines the appropriate interest rate for calculating the present value of those cash flows.

5 Net interest income

Structure of interest income and expenses according to type of financial instruments

	2024	2023
Interest income		
Loans and advances to customers	1,280,320	1,216,621
Investment securities	190,899	127,584
Cash and cash equivalents	59,250	80,998
Loans and advances to banks	5	919
	1,530,474	***1,426,122***
Interest expense		
Due to customers	272,987	207,358
Borrowings	4,770	6,758
Due to banks	47,026	30,425
Other	221	268
	325,004	***244,809***
Net interest income	**1,205,470**	**1,181,313**

6 Net fee and commission income

Structure of fees and commission income and expenses according to type of financial activities

	2024	2023
Fee and commission income		
Loans and credit cards	169,127	183,347
Payment operations		
- Domestic	255,582	238,572
- International	45,010	44,810
Visa and MasterCard	114,482	104,727
Letters of credit and guarantees	22,463	25,346
Money transfer	0	598
Other	13,656	20,132
	620,320	*617,532*
Fee and commission expenses		
Credit cards	289,483	272,125
Payment operations		
- Domestic	26,856	30,610
- International	17,469	15,161
Other	4,847	3,639
	338,655	*321,535*
Net fee and commission income	**281,665**	**295,997**

7 Other operating income

	2024	2023
Rent income	457	426
Gains form equipment sold	32,004	7,107
Dividends received	0	817
Release of impairment provisions and special reserve, net (Note 24)	0	-
Other income from payment operations	11,937	11,055
SWIFT	3,317	3,270
Collected written-off receivables	9,518	10,579
Revenue from the sale of receivables	13,772	17,674
Revenue from the sale of gold	23,515	7,192
Other	9,197	10,852
	103,717	**68,972**

8 Additional/ Release of impairment provision on financial assets, net

	2024	2023
(Charge) / recovery for:		
Cash and cash equivalent (Note 13)	19	21
Loans and advances to customers (Note 15)	(227,759)	(163,472)
Investment securities (Note 16)	0	4
Other receivables (Note 20)	(16,579)	(19,489)
	(244,319)	**(182,936)**

9 Personnel expenses

	2024	2023
Net salaries and contributions	295,394	273,245
Social and health contributions	150,339	137,727
Other employee benefits	22,436	16,741
	468,169	**427,713**

10 Other operating expenses

	2024	2023
Materials and services	134,613	115,186
Rent expenses	42,822	42,858
Deposit insurance premiums	37,801	36,074
Impairment losses on foreclosed assets	(55,144)	(9,062)
Administrative and marketing expenses	58,034	69,157
Software license expenses	21,590	21,214
Property and employee insurance premiums	11,596	10,434
Impairment provisions and special reserve, net (Note 25)	-	-
Losses from sold foreclosed assets		
Litigation expenses	789	2,251
Losses from sold equipment		
Other expenses	111,514	25,288
Other	-	-
	363,615	**313,400**

11 Income tax expense

	2024	2023
Current income tax expense	55,492	51,600
Deferred income tax (income) / expense	(4,139)	9,392
	51,353	**60,992**

Reconciliation of the income tax expense as per the Statement of comprehensive income for the years ended 31 December 2024 and 2023 is as follows:

	In %	2024	In %	2023
Profit before taxation		499,873		622,034
Income tax calculated at rate of 10% (2023: 10%)	*10*	*49,987*	*10*	*62,202*
Non-deductible expenses for tax purposes	0.93	4,662	0.62	3,865
Tax-exempt income	-0.66	(3,296)	-0.82	(5,075)
		51,353		**60,992**
Effective tax rate	**10.27**		**9.81**	

Notes to the financial statements (continued)
As at and for the year ended 31 December 2024
(All amounts expressed in Denar thousand, unless otherwise stated)

11. Income tax expense (continues)

Deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024	2023	2024	2023	2024	2023
Loans and advances to customers	-	-	-	-	-	-
Other	-	-	(4,139)	9,392	(4,139)	9,392
	-	-	(4,139)	9,392	(4,139)	9,392

Movement of temporary differences during the years is as follows:

	Loans and advances to customers
At 31 December 2022	**2,904**
Recognized in profit or loss during 2023	9,392
At 31 December 2023	**12,296**
Recognized in profit or loss during 2024	(4,139)
At 31 December 2024	**8,157**

12 Earnings per share

The basic and diluted earnings per share are computed when the net profits for the year (belonging to the common shareholders) is divided with the weighted average number of shares during the year.

	2024	2023
Net-profit attributable to shareholders	448,520	561,042
Net-profit attributable to holders of ordinary shares	448,520	561,042
Issued ordinary shares at 1 January	545,987	545,987
Effect from change of ordinary shares during the year	-	-
Weighted average number of shares	545,987	545,987
Basic and diluted earnings per share (in Denars)	**821**	**1,028**

13 Cash and cash equivalents

	2024	2023
Current accounts and deposits with foreign banks	191,413	469,348
Account and balances with the NBRM, except for obligatory foreign currency reserves	1,151,655	1,163,813
Placement with banks with maturity up to 3 months	1,855,320	1,728,446
Cash in hand	283,945	258,447
Current accounts and deposits with domestic banks	44,547	29,366
Treasury bills which can be traded on the secondary market		
Treasury bills held to maturity	441,644	470,973
Less: provision for impairment	-56	-75
Included in cash and cash equivalents for the purpose of the Statement of cash flows	**3,968,468**	**4,120,318**
Obligatory foreign currency reserves	1,377,104	1,314,916
Restricted deposits	73,662	67,999
	5,419,234	**5,503,233**

The movement of the impairment provision for cash and cash equivalent is as follows:

	2024	2023
Movements of provision for impairment		
Balance at 01 January	75	96
Charge/ (Release) of provision for impairment, net (Note 16)	**(19)**	**(21)**
Balance at 31 December	**56**	**75**

13 Cash and cash equivalents (continued)

Pursuant to Article 47 paragraph 1 item 6 and in accordance with Article 20 paragraph 2 of the Law on the National Bank of the Republic of North Macedonia (Official Gazette of the Republic of Macedonia No. 158/10, 123/12, 43/14, 153/15, 6/16 and 83/18, Official Gazette of the Republic of North Macedonia No. 110/21 and Official Gazette of the Republic of North Macedonia No. 171/23 and 197/23, the National Bank of the Republic of North Macedonia shall regulate the calculation and fulfillment of the reserve requirement for banks.

The basis for calculating the reserve requirement are the banks' obligations in domestic currency (5%), in domestic currency with FX clause (100%) and in foreign currency (21%). Banks' reserve requirement base is determined as an average of the liabilities for each day of the calendar month that precedes the fulfillment period.

The reserve requirement for banks in Denars shall be calculated as a sum of 5% for liabilities in domestic currency plus 19% from (calculated sum of 21% from liabilities in in foreign currency plus 13% for liabilities to non-resident financial companies in foreign currency with contractual maturity up to one year)

The reserve requirement base from the banks' liabilities in domestic currency from this decision is reduced by the amount of claims based on:
- newly approved loans to legal entities intended for financing projects for the construction of new facilities or for increasing the installed capacity of existing facilities for the domestic production of electricity from renewable sources.

Banks meet the reserve requirement in denars at an average level. The bank shall fulfill the reserve requirement in Denars if the average daily outstanding amount on bank's account with the National Bank and the bank's balance on the account for the reserve guarantee fund of Clearing house Clearing Interbank Systems AD Skopje for the fulfillment period is at least equal to the calculated reserve requirement.
On a daily basis, the bank may fully use the portion of the reserve requirement in Denars that is fulfilled through the bank's account with the National Bank.

The banks' reserve requirement in foreign currency is set at 81% of the amount calculated as a sum of 21% for liabilities in foreign currency , 100% for liabilities in dosmestic currency with FX clause and 13% for liabilities to non-resident financial companies in foreign currency with contractual maturity up to one year). The daily balance of the bank's allocated funds on the foreign currency account of the National Bank abroad is at least equal to 90% of the calculated obligatory reserve in euros.

The average daily balance of the bank's allocated funds on the Euro account in the MIPS, for the fulfillment period, is at least equal to 10% of the calculated obligatory reserve in euros.

The base from the foreign currency liabilities shall be presented in Euros and in Denars, as well, by applying the middle exchange rate of the National Bank valid on the last day of the calendar month.

As at 31 December 2024, treasury bills issued by the National Bank of the Republic of Macedonia mature within 49 days (2023: 35 days) and bear interest of 5.5% p.a. (2023: 6.3%), and are classified as held-to-maturity.

14 Loans and advances to banks

	2024	2023
Loans and advances to banks at amortized cost	-	-
	-	-

15 Loans and advances to customers

	2024	2023
Loans and advances to customers at amortized cost	18,950,760	17,365,306
	18,950,760	**17,365,306**

The structure of loans and advances to customers by type of debtor is as follows:

	2024		2023	
	Short-term	Short-term	Short-term	Short-term
Corporate customers	1,365,669	3,693,718	1,050,456	3,003,012
Public sector	0	0	1	0
Financial institution other than banks	35,890	217,834	36,416	250,325
Retail customers:				
Principal				
Housing	46,249	3,776,265	32,637	3,515,795
Consumer	587,211	7,797,226	372,390	7,428,140
Vehicle	17	47	25	135
Credit cards	465,459	0	515,853	0
Other	646,966	357,193	640,655	444,001
Nonresident customers	459,082	7,625	473,439	0
Other	242	0	0	58
	3,606,785	15,849,908	3,121,872	14,641,466
Current maturity	2,185,753	-2,185,753	2,215,365	-2,215,365
	5,792,538	13,664,155	5,337,237	12,426,101
Less: provision for impairment	(458,231)	(47,702)	(334,312)	(63,720)
	5,334,307	**13,616,453**	**5,002,925**	**12,362,381**

At 31 December 2024 non-performing loans amounted to Denar 672,139 thousand (2023: Denar 380,164 thousands). Unrecognized interest relating to such loans amounted to Denar 29,070 thousand (2023: Denar 19,363 thousand).

As at 31 December 2024 loans and advances to customers in amount of 247,951 Denar thousand (2023: Denar 386,392 thousand) are mortgaged as collateral for borrowings from MBDP (Note 24).

Movements of provision for impairment	2024	2023
Balance at 01 January	398,032	322,047
Charge/ (Release) of provision for impairment, net (Note 8)	279,267	273,243
Foreclosed assets from non-collectable receivables	(40,260)	(96,809)
Effect from foreign exchange differences	59	(59)
Write-off	(86,431)	(42,870)
Sold receivables	(44,734)	(57,520)
Balance as at 31 December	**505,933**	**398,032**

16 Investment securities

	2024	2023
Held-to-maturity investment securities	2,879,448	4,351,091
Available-for-sale investment securities	13,106	13,106
	2,892,554	**4,364,197**

The movement of the impairment provision for investment securities is as follows:

	2024	2023
Movements of provision for impairment		
Balance at 01 January	8	12
Charge/ (Release) of provision for impairment, net(Note 16)	-	(4)
Balance at 31 December	**8**	**8**

17 Foreclosed assets

	2024	2023
Land	-	-
Buildings	94,868	157,286
Equipment	0	0
Residential facilities and apartments	15,501	34,532
Other	4,842	7,103
	115,241	**198,921**

As at 31 December 2024, the net carrying value of Bank's foreclosed assets amount to Denar 115,241 thousand (2023: Denar 198,921 thousand). As at 31 December 2024 their fair value less cost to sell is in the amount of Denar 115,241 thousand (2023: Denar 276,334 thousand).

The valuation of foreclosed assets was performed by independent appraisers using Level 2 inputs to market approach. The market approach reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the assets in question, including plot size, location, encumbrances, current use, etc.

Notes to the financial statements (continued)
As at and for the year ended 31 December 2024
(All amounts expressed in Denar thousand, unless otherwise stated)

18 Intangible assets

	Software	Rights and licenses	Assets under development	Total
Cost				
At 31 December 2022 / 01 January 2023	**212,425**	**101,195**	**969**	**314,589**
Additions during the year	11,908	244	-	12,152
(Disposals and write offs)	-	-	-	-
Transfers	800	-	(800)	-
At 31 December 2023	**225,133**	**101,439**	**169**	**326,741**
Additions during the year	10,935	1,427	653	13,005
(Disposals and write offs)	-	-	-	-
Transfers	-	-	-	-
At 31 December 2024	**236,058**	**102,866**	**822**	**339,746**
Accumulated amortization				
At 31 December 2022/01 January 2023	**160,462**	**75,112**	**-**	**235,574**
Amortization for the year	8,666	3,848	-	12,514
(Disposals and write offs)	-	-	-	-
At 31 December 2023	**169,128**	**78,960**	**-**	**248,088**
Amortization for the year	9,324	3,770	-	13,094
(Disposals and write offs)	-	-	-	-
At 31 December 2024	**178,452**	**82,730**	**-**	**261,182**
Net carrying value				
At 31 December 2022	**51,963**	**26,083**	**969**	**79,015**
At 31 December 2023	**56,005**	**22,479**	**169**	**78,653**
At 31 December 2024	**57,606**	**20,136**	**822**	**78,564**

At 31 December 2024 and 2023, all intangible assets are owned by the Bank. The Bank has no encumbrances over its intangible assets.

19 Property and equipment

	Buildings	Equipment	Construction in progress	Total
Cost				
At 31 December 2022/01 January 2023	**494,350**	**498,547**	**1,369**	**994,266**
Additions during the year	-	23,802	42,244	66,046
(Disposals and write offs)	-	(16,494)	-	(16,494)
Transfer	-	41,200	(41,200)	-
At 31 December 2023	**494,350**	**547,055**	**2,413**	**1,043,818**
Additions during the year	3,046	41,603	1,041	45,690
(Disposals and write offs)	(3,909)	(12,096)	-	(16,005)
Transfers	-	1,840	(1,840)	-
At 31 December 2024	**493,487**	**578,402**	**1,614**	**1,073,503**
Accumulated depreciation				
At 31 December 2022/01 January 2023	**156,444**	**416,820**	**-**	**573,264**
Depreciation for the year	12,359	26,316	-	38,675
(Disposals and write offs)	-	(16,360)	-	(16,360)
At 31 December 2023	**168,803**	**426,776**	**-**	**595,579**
Depreciation for the year	**12,377**	29,878	-	42,255
(Disposals and write offs)	(855)	(12,073)	-	(12,928)
At 31 December 2024	**180,325**	**444,581**	**-**	**624,906**
Net carrying value				
At 31 December 2022	**337,906**	**81,727**	**1,369**	**421,002**
At 31 December 2023	**325,547**	**120,279**	**2,413**	**448,239**
At 31 December 2024	**313,162**	**133,821**	**1,614**	**448,597**

At 31 December 2024 and 2023, all property and equipment are owned by the Bank. The Bank has no mortgages or other encumbrances over its property, plant and equipment.

20 Other receivables

	2024	2023
Fee and commission receivables	44,847	44,030
Prepaid expenses	44,165	41,845
Credit card receivables	92,702	78,225
Receivables for court cases	6,374	5,256
Advances for intangible assets	7,354	2,759
Advances for property and equipment	71	71
Inventories	5,867	6,134
Other receivables from litigations	0	0
Receivables from leased assets	0	0
Money transfer	121	120
Trade receivables	2,915	5,063
Employee receivables	384	230
Other	18,787	26,547
	223,587	**210,280**
Less: provision for impairment	(20,227)	(20,367)
	203,360	**189,913**

20 Other receivables

	2024	2023
Movements of provision for impairment		
Balance at 01 January	20,367	15,798
Additional provision for impairment / (Release) of provision for impairment, net (Note 8)	16,579	19,489
Foreclosed assets from non-collectable receivables	(2,037)	(1,400)
Effect from foreign exchange differences	(37)	40
Write-off	(14,347)	(12,220)
Sold receivables	(298)	(1,340)
Balance at 31 December	**20,227**	**20,367**

21 Due to banks

	2024		2023	
	Short-term	Long-term	Short-term	Long-term
Current accounts of domestic banks	8,452	-	36,319	-
Current accounts of foreign banks	87,583	-	90,633	-
Term deposits of domestic banks	474,460	-	247,444	-
Term deposits of foreign banks	30,340	1,844,850	269,798	1,229,900
Restricted deposits of domestic banks	750	-	750	-
Other deposits	0	-	0	-
Current maturity	1,844,850	-1,844,850	1,229,900	(1,229,900)
	2,446,435	**0**	**1,874,844**	**0**

22 Due to customers

	2024		2023	
	Short-term	Long-term	Short-term	Long-term
Non-financial institutions				
Current accounts	2,634,892	0	3,044,880	-
Term deposits	633,026	399,040	1,005,129	370,604
Restricted deposits	96,609	185,006	20,629	201,413
Other deposits	96,482	0	50,299	-
	3,461,009	**584,046**	**4,120,937**	**572,017**
State				
Current accounts	2,237	0	3,481	-
Demand deposits	0	0	0	-
Term deposits	0	0	0	-
Other deposits	3,748	0	2,250	-
	5,985	**0**	**5,731**	**-**
Not-for-profit institutions				
Current accounts	176,785	0	161,878	0
Term deposits	25,317	5,279	8,675	5,104
Restricted deposits	0	0	-	-
Other deposits	94	0	237	-
	202,196	**5,279**	**170,790**	**5,104**
Financial institutions, other than banks				
Current accounts	287,967		272,295	
Term deposits	441,603	302,071	652,808	331,680
Restricted deposits	0	40,806	6,200	32,648
Other deposits	129	0	-	-
	729,699	**342,877**	**931,303**	**364,328**
Citizens				
Current accounts	5,345,398		4,937,646	-
Demand deposits	1,048,978		1,305,126	-
Term deposits	3,336,598	4,662,763	3,288,450	4,099,461
Restricted deposits	34,158	257,259	33,083	215,049
Other deposits	57,248		46,162	-
	9,822,380	**4,920,022**	**9,610,467**	**4,314,510**
Nonresidents				
Current accounts	380,730		487,589	-
Demand deposits	474,665		679,655	-
Term deposits	2,336	53,020	33,614	16,442
Restricted deposits	220	3,710	220	3,710
Other deposits	22,932		26,135	-
	880,883	**56,730**	**1,227,213**	**20,152**
Current maturity	2,545,113	-2,545,113	1,704,635	(1,704,635)
	17,647,265	**3,363,841**	**17,771,076**	**3,571,476**

23 Borrowings

Structure of borrowings by type of borrowing and creditor's sector

	2024		2023	
	Short-term	Long-term	Short-term	Long-term
Banks	*933*	*607,644*	*7,368*	*671,552*
State	*2*	*1,777*	*3*	*2,132*
Current maturity	161,998	-161,998	222,307	(222,307)
	162,933	**447,423**	**229,678**	**451,377**

Borrowings by creditors

	2024		2023	
	Short-term	Long-term	Short-term	Long-term
Domestic sources:				
Macedonian Bank for Development Promotion in foreign currency	933	525,275	7,368	557,532
Macedonian Bank for Development Promotion in domestic currency	-	82,369	-	114,020
Ministry of Finance of RM	2	1,777	3	2,132
	935	**609,421**	**7,371**	**673,684**
Current maturity	161,998	-161,998	222,307	(222,307)
	162,933	**447,423**	**229,678**	**451,377**

As at 31 December 2024, the Bank has outstanding liabilities on credit lines from the Development Bank of the Republic of North Macedonia in amount of Denar 608,577 thousand (2023: Denar 678,920 thousand. As collateral for these obligations the Bank has issued bills of exchange with promissory notes and pledge of its claims and rights acquired from the beneficiary in favor of the Development Bank of the Republic of North Macedonia.

As of December 31, 2024, the Bank has liabilities in Denar loans with fx clause to the Ministry of Finance of RNM - Agricultural credit discount fund in amount of Denar 1,779 thousand (2023: Denar 2,135 thousand)

24 Provision and special reserve

	Commitments and contingencies
Balance at 01 January 2023	11,028
(Release) provision for impairment, net (Note 7)	(5,127)
Foreign exchange gain	-
Balance at 31 December 2023 (Note 25)	**5,901**
Balance at 01 January 2024	5,901
(Release) provision for impairment, net (Note 7)	7,159
Foreign exchange gain	(2,621)
Balance at 31 December 2024	**10,439**

25 Other liabilities

	2024	2023
Non allocated inflows	183	153
Trade payables	71,115	63,988
Fee and commission	16,447	15,108
Other taxes and contributions	22,212	20,459
Accrued expenses	7,704	3,854
Payments for initial investment	1,484	1,828
Subscriptions	35,046	37,437
Other	84,144	196,688
	238,335	**339,515**

26 Share capital

At 31 December 2024 the authorized share capital comprised ordinary shares 545,987 (2023: 545,987). Ordinary shares have a par value of MKD 1,000 (2023: MKD 1,000). All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Bank. (2023: one vote per share). All shares rank equally with regard to the Bank's residual assets.

	In Denars		*Number of issued shares*					
	Nominal value per share		ordinary shares		preference shares		Total subscribed capital	
	ordinary shares	preference shares not for sale	2024	2023	2024	2023	2024	2023
At 1 January – fully paid	1,000	1,000	545,987	545,987	-	-	545,987	545,987
Changes during the year (conversion from preference to ordinary shares)	-	-	-	-	-	-	-	-
At 31 December – fully paid	**1,000**	**1,000**	**545,987**	**545,987**	**-**	**-**	**545,987**	**545,987**

At 31 December 2024 and 2023, the following shareholders have ownership exceeding 5% of the total issued shares with a voting right:

	Share capital in Denar thousand		Voting right	
	2024	2023	2024	2023
Ivaylo Moutaftchiev, Republic of Bulgaria	198,994	198,994	36.45	36.45
Tzeko Minev, Republic of Bulgaria	198,994	198,994	36.45	36.45
	397,988	**397,988**	**72.90**	**72.90**

27 Commitments and contingencies

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to one year. Expirations are not concentrated in any period.
The contractual amounts of commitments and contingent liabilities are set out in the following table by category:

	2024	2023
Guarantees		
in MKD	614,022	699,064
in foreign currency	79,742	69,563
Letters of credit in foreign currency	1,396	5,334
Unused overdrafts on current accounts	976,138	895,582
Unused credit limits non- cancellable	334,675	334,246
	2,005,973	**2,003,789**
Provision for impairment (Note 24)	(10,439)	(5,901)
	1,995,534	**1,997,888**

Litigations

At 31 December 2024, legal proceedings raised against the Bank amount in total Denar 1,619 thousand (2023: Denar 1,372 thousand). As at the Statement of financial position date, the Bank did not recognize provision, since professional legal advice show that there is no possibility of significant losses. In addition, various legal actions and claims may be asserted in the future against the Bank from litigations and claims incident to the ordinary course of business. Related risks have been analyzed as to likelihood of occurrence. Although the outcome of these matters cannot always be ascertained with precision, the management of the Bank believes that no material liabilities are likely to result.

Taxation

The tax authorities may at any time inspect the books and records up to 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Bank's management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

Capital commitments

As at the Statement of financial position date, there are no capital commitments that have not been recognized in the financial reports.

28 Fiduciary activities

The Bank manages assets for the benefit of third parties mainly intended for concluding loan agreements with legal entities. These assets are not owned by the Bank and have not been recognized in the Statement of financial position. The Bank is not exposed to credit risk from these placements. As at 31 December 2024, these assets amount to Denar 669,818 thousand (2023: Denar 667,314 thousand).

29 Pension plans

The Bank does not operate any defined contribution plans or share-based remuneration options as at 31 December 2024 and 2023. The management believes that the present value of the future obligations to employees with respect to retirement and other benefits and awards are not material to these financial statements as at 31 December 2024 and 2023.

30 Related party transactions

According to the Banking Law, related parties are considered: persons with special rights and responsibilities in the Bank and persons related to them; shareholders with a qualified contribution to the Bank (direct or indirect ownership of at least 5% of the total number of shares, or voting right shares), affiliates and entities under common ownership, control and management with the Bank, or whose activities the Bank has an ability to control.

The Bank grants loans, performs payment transfers and deposits funds of related enterprises and financial institutions. It is the opinion of the Bank's management that these transactions are carried out on normal commercial terms and conditions and during the regular course of business activities.

As at 31 December 2024 and 2023, the balances and volume of transactions with related entities and Key management personnel are as follows:

	Other related parties		Key management personnel		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current accounts	217,829	329,708	0	0	217,829	329,708
Other assets	4,150	2,671	293	350	4,443	3,021
Loans and other receivables	109,290	154,462	84,632	55,457	193,922	209,919
Investment securities	81,078	81,079	0	0	81,078	81,079
	412,347	**567,920**	**84,925**	**55,807**	**497,272**	**623,727**
Liabilities						
Deposits	2,825,193	2,666,534	170,005	148,484	2,995,198	2,815,018
Subordinated liabilities	0	0	0	0	0	0
Other liabilities	10,065	8,291	2	2	10,067	8,293
	2,835,258	**2,674,825**	**170,007**	**148,486**	**3,005,265**	**2,823,311**
Income						
Interest income	14,727	12,169	2,511	1,936	17,238	14,105
Fee and commission income	8,254	6,250	251	208	8,504	6,458
Other income	1,837	1,058	258	229	2,095	1,287
	24,818	**19,477**	**3,020**	**2,373**	**27,838**	**21,850**
Expenses						
Interest expenses	49,666	30,081	2,751	1,791	52,417	31,872
Fee and commission expenses	109,379	97,410	0	0	109,379	97,410
Other expenses	14,059	7,868	14,439	2,829	28,498	10,697
Short term benefits	0	0	156,716	139,631	156,716	139,631
	173,104	**135,359**	**173,906**	**144,251**	347,010	**279,610**

31 Events after the reporting period

After December 31, 2024 - the reporting date, until the date of approval of these financial statements, there are no events that would cause a correction in the financial statements, nor events that are materially significant for publication in those financial statements reports.