примерок за ревизорот

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

Universal Investment Bank AD, Skopje

Skopje, April 2026

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Universal Investment Bank AD Skopje

Report on the Financial Statement

Opinion

We have audited the financial statements of Universal Investment Bank AD Skopje (the Bank) which comprise the Balance Sheet as of 31 December 2025 and the Income statement, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In accordance with our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, and its financial performance and its cash flows for the year then ended, in accordance with the regulations of the National Bank of the Republic of North Macedonia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable in the Republic of North Macedonia, together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of North Macedonia, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code applicable in the Republic of North Macedonia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period.
These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment Allowance for Loans and Classification of Credit Exposure in Accordance with the Methodology of the National Bank

Key Audit Matter

The impairment allowance for the loan portfolio represents a key audit area due to the significance of loans in the Bank's total assets and due to the application of significant estimates by management.

The Bank classifies credit exposure in accordance with the regulations and methodology of the National Bank of the Republic of North Macedonia, based on criteria such as:

- timeliness in servicing obligations, i.e. days past due;
- the financial position of the debtor;
- the quality and value of the collateral
- other factors affecting the debtor's ability to service its obligations.

Based on the classification performed, the Bank calculates the impairment allowance for loans.

Given the significance of the loan portfolio and the application of estimates in the classification of credit exposure and the calculation of the impairment allowance, we identified this area as a key audit matter.

How Our Audit Addressed the Matter

Our audit procedures included, among others:

- obtaining an understanding of and testing the controls related to the credit exposure classification process;
- testing a sample of loans in order to confirm the accuracy of their classification into the appropriate risk category;
- verifying days past due and compliance with the regulatory criteria of the National Bank;
- recalculating the impairment allowance for a selected sample of loans.

2. Information Systems and IT Controls Relevant to Financial Reporting

Key Audit Matter

The Bank's financial reporting relies significantly on information systems that process a large number of transactions related to the loan portfolio and other financial instruments.

Due to the complexity of the IT systems and the significance of automated controls that ensure the accuracy and completeness of financial data, the information systems and related IT controls were identified as a key audit matter.

How Our Audit Addressed the Matter

Our audit procedures included, among others:

- testing general IT controls related to system access, change management and IT operations processes;
- testing automated application controls used in transaction processing;
- analysing controls over access to critical systems and data;
- verifying the integrity and completeness of data used in the preparation of the financial statements.

Other Information
Management is responsible for the other information. The other information comprises the annual report on operations and the annual account prepared by management in accordance with the Law on trade companies, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except to the extent explicitly stated in the Report on Other Legal and Regulatory Requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management responsibilities and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulative of the National Bank of the Republic of North Macedonia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the business decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Annex 1 to this auditor's report. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

As stated in the Other Information paragraph, the Bank's management is responsible for preparing the annual report on the operations of the Bank for 2025 in accordance with Article 384 of the Law on trade companies.

Our responsibility is to express an opinion on the consistency of the separate annual report with the historical financial information disclosed in the annual account and the audited financial statements of the Bank as at and for the year ended 31 December 2025, in accordance with International Standards on Auditing, as well as in accordance with the requirements of Article 34, paragraph 1, item (d) of the Law on audit.

In our opinion, the historical financial information disclosed in the annual report on the operations of the Bank as at and for the year ended 31 December 2025 is consistent, in all material respects, with the information disclosed in the annual account and the audited financial statements of the Bank as at and for the year ended 31 December 2025.

Skopje, 17.04.2026

Certified Auditor
Jaglika Jordanova Andrijeska

Audit Company
RSM MAKEDONIJA DOOEL Skopje

RSM
Друштво за ревизија РСМ МАКЕДОНИЈА ДООЕЛ Скопје

Statement of comprehensive income

(In 000 MKD)

	Notes	For the year ending 31 December 2025	2024
Interest income		1,581,014	1,530,474
Interest (expense)		(361,057)	(325,004)
Net interest income	5	**1,219,957**	**1,205,470**
Fee and commission income		618,822	620,320
Fee and commission (expense)		(378,467)	(338,655)
Net fee and commission income	6	**240,355**	**281,665**
Net foreign exchange gains		39,056	45,011
Other operating income	7	158,955	103,717
Operating income		**1,658,323**	**1,635,863**
(Additional) / Release of impairment provision on financial assets and special reserve, net	8,24	(222,648)	(248,857)
Personnel expenses	9	(524,452)	(468,169)
Amortization and depreciation	18,19	(77,513)	(55,349)
Other operating expenses	10	(370,124)	(363,615)
Operating (expenses)		**(1,194,737)**	**(1,135,990)**
Profit before tax		**463,586**	**499,873**
Income tax (expense)	11	(47,668)	(51,353)
Net profit for the year		**415,918**	**448,520**
Other comprehensive income			
Other comprehensive income for the year			
Total comprehensive income for the year		**415,918**	**448,520**
Earnings per share			
Basic and diluted earnings per share (in Denars)	12	762	821

Statement of financial position

(In 000 MKD)

	Notes	2025	As at 31 December 2024
Assets			
Cash and cash equivalents	13	6,338,402	5,419,234
Loans and advances to banks	14	-	-
Loans and advances to customers	15	20,841,632	18,950,760
Investment securities	16	3,315,082	2,892,554
Foreclosed assets	17	2,533	115,241
Intangible assets	18	85,981	78,564
Property and equipment	19	433,729	448,597
Current tax receivables		-	-
Other receivables	20	233,904	203,360
Total assets		**31,251,263**	**28,108,310**
Liabilities			
Due to banks	21	1,960,155	2,446,435
Due to customers	22	23,664,585	21,011,106
Borrowings	23	1,161,606	610,356
Provisions and special reserve	24	9,134	10,439
Current tax liabilities		3,603	7,497
Deferred tax liabilities	11	-	8,157
Other liabilities	25	173,471	238,335
Total liabilities		**26,972,554**	**24,332,325**
Equity and reserves			
Share capital	26	545,987	545,987
Share premium		510,387	510,387
Other ownership instruments		540,983	235,325
Reserves		1,904,898	1,687,983
Retained earnings		776,454	796,303
Total equity and reserves		**4,278,709**	**3,775,985**
Total liabilities, equity and reserves		**31,251,263**	**28,108,310**
Commitments and contingencies	27	2,004,035	1,995,534

These financial statements have been authorized by the Bank's Supervisory Board on 17 April 2026.

Signed on behalf of the Board of Directors by:

Universal Investment Bank AD SKOPJE

Milka Todorova
Chairman of the Managing Board

Delcho Krastev
Member of the Managing Board

Orlin Georgiev Vatashki
Member of the Managing Board

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 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**
At 01 January 2025	**545,987**	**510,387**	**235,325**	**1,687,983**	**796,303**	**3,775,985**
Other ownership instruments	-	-	- 305,658		-	**305,658**
Transactions with owners						-
Distribution to reserves	-	-		211,785	(211,785)	-
Total transactions with owners	-	-		211,785	(211,785)	-
Profit for the year	-	-		-	415,918	**415,918**
Payment of interest on a perpetual bond					(12,685)	**(12,685)**
Dividends					(211,297)	**(211,297)**
Other comprehensive income	-	-		5,130	-	**5,130**
Total comprehensive income	-	-	-	5,130	191,936	**197,066**
At 31 December 2025	**545,987**	**510,387**	**540,983**	**1,904,898**	**776,454**	**4,278,709**

Financial statements
31 December 2025

Statement of cash flows

(In 000 MKD)

	Notes	Year ended 31 December 2025	2024
Operating activities			
Profit before taxation		463,586	499,873
Adjustment for:			
Amortization and depreciation		77,513	55,349
Additional / (Release of) impairment provision on financial assets, net		222,648	248,857
Impairment losses on foreclosed assets		(31,721)	(55,144)
Additional / (Release of) impairment provision and special reserve, net		-	-
Dividend income		(1,339)	-
(Gain) / loss from foreclosed assets sold		(20,617)	(14,775)
(Gain) from property and equipment sold		(7,208)	(5,748)
Interest income		(1,581,014)	(1,530,474)
Interest expense		361,057	325,004
Other corrections		(84,123)	(42,707)
(Loss) before changes in operating assets and liabilities		**(601,218)**	**(519,765)**
Changes in operating assets and liabilities			
Loans and advances to banks		-	-
Obligatory reserves in foreign currency		(267,744)	(62,188)
Loans and advances to customers		(2,114,493)	(1,890,511)
Foreclosed assets		204,258	247,900
Other receivables		(37,470)	(35,689)
Due to banks		(521,060)	564,916
Due to customers		2,615,663	(389,657)
Other liabilities		(64,885)	(101,180)
Profit/ (Loss) after changes in operating assets and liabilities		**(786,949)**	**(2,186,174)**
Proceeds from interest		1,597,712	1,504,225
Interests (paid)		(288,397)	(260,404)
Income tax (paid)		(59,719)	(68,094)
Net cash (used in) / from operating activities		**462,647**	**(1,010,447)**
Investment activities			
Investments in securities		(421,520)	1,523,700
(Purchase) of property, plant and equipment and intangible assets, net		(12,554)	(49,870)
Sale of investment securities, net		-	-
Other inflows from investment activities		1,339	-
Net cash from investments activities		**(432,735)**	**1,473,830**
Financial activities			
Inflows from issued shares / ownership instruments during the period		305,658	-
Outflows from issued shares / ownership instruments during the period		-	(301,461)
Proceeds from borrowings		1,981,044	330,998
(Repayment of) borrowings		(1,430,045)	(401,496)
(Repayment of) subordinated liabilities		-	-
Payment of dividends		(211,297)	(200,923)
Payment of interest on a perpetual bond		(12,685)	(42,351)
Net cash from / (used in) financial activities		**632,675**	**(615,233)**
Net change in cash and cash equivalents		**662,587**	**(151,850)**
Cash and cash equivalents, beginning of the year		**3,968,468**	**4,120,318**
Cash and cash equivalents, end of the year	**13**	**4,631,055**	**3,968,468**

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 2025 and 2024 is 378 and 366 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 2025 and 2024. 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 2025

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 2025:

- Amendments to IAS 21 – Lack of Exchangeability

Amendments to IAS 21 – Lack of Exchangeability

The amendments clarify: when a currency is exchangeable into another currency; how an entity determines the exchange rate when exchangeability is lacking; and the disclosures an entity should provide when a currency is not exchangeable.
The amendments introduce guidance for estimating a spot exchange rate in situations where a currency cannot be exchanged into another currency and require additional disclosures to enable users of the financial statements to understand the financial effects and risks arising from a lack of exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted.

The adoption of these amendments did not have a material impact on the Bank's financial statements.

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 2025:

- IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 – Climate-related Disclosures
- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments (effective 1 January 2026)
- IFRS 18 – Presentation and Disclosure in Financial Statements (effective 1 January 2027)
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures (effective 1 January 2027)
- 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)

The Bank is currently assessing the impact of these standards and amendments on its financial statements.

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 2025 and 2024 were as follows:

	2025 MKD	2024 MKD
1 EUR	61.4950	61.4950
1 USD	52.3050	58.8807

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.

Starting from 01 January 2025, the Bank leases real estate under operating leases and records right-of-use assets and lease liabilities in its books.

Right-of-use assets are initially recognized at their cost at the inception date of the lease, which is equal to the initial value of the lease liabilities, increased by lease payments made before or on the inception date of the lease and any directly attributable lease costs. Subsequently, right-of-use assets are measured at their initial carrying amount, less accumulated depreciation and impairment losses and adjusted for certain lease liability adjustments. The assets are depreciated according to the normal depreciation policy applied to other property and equipment and depreciation is recognized as an expense in the income statement. A right-of-use asset is depreciated over the shorter of the lease term and the useful life of the asset.

The lease liability is recognized at the lease commencement date, at the present value of the lease payments, discounted using the contractual lease rate. If it is not specified in the contract, an incremental rate is used, which is determined based on the annual interest rate at which the bank could be charged for a period approximately equal to the contractual lease term. Subsequently, the lease liability is measured at amortized cost using the effective interest rate, i.e. it is increased by the interest expense on the lease, decreased by the payments made on the lease liability and adjusted when the amount expected to be paid or when future lease payments change. The interest expense on the lease liability is allocated and recognized in the income statement over the lease term.

The bank may choose not to record leased assets in the balance sheet as right-of-use assets, nor to record a lease liability, if at least one of the following criteria is met:

- the lease agreement is short-term, i.e. at the commencement date, it has a lease term of 12 months or less,

- the leased asset is of low value, usually below MKD 300,000 taking into account the value of the leased asset as a new asset, regardless of its age at the date of taking out the lease.

If the bank decides to use these exceptions, it will recognize the lease payments as an expense in the income statement over the lease term.

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:

	2025	2024
Buildings	2,5%	2,5%
Equipment	10-25%	10-25%
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:

	2025	2024
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	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Neither, past due nor impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Past due, but not impaired:														
- Up to 30 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Up to 90 days	-	-	-	-			-	-	-	-	-	-	-	-
- Over 90 days	-	-	-	-			-	-	-	-	-	-	-	-
Individually impaired	4,071,947	3,327,428	-	-	21,256,923	19,456,693	3,301,994	2,879,456	188,006	165,578	2,113,852	2,219,665	30,932,722	28,048,820
Net carrying value before provision for impairment	4,071,947	3,327,428	-	-	21,256,923	19,456,693	3,301,994	2,879,456	188,006	165,578	2,113,852	2,219,665	30,932,722	28,048,820
(Provision for impairment)	-	-	-	-	(415,291)	(505,933)	(18)	(8)	(19,066)	(20,227)	(9,134)	(10,439)	(443,509)	(536,607)
Net carrying value less provision for impairment	4,071,947	3,327,428	-	-	20,841,632	18,950,759	3,301,976	2,879,448	168,940	145,351	2,104,718	2,209,226	30,489,213	27,512,213

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 2025	Loans and advances to customers Gross	 Impairment provision
Credit risk exposure classified in Group 1	20,236,929	(69,212)
Credit risk exposure classified in Group 2	464,098	(32,549)
Credit risk exposure classified in Group 3	555,896	(313,531)
	21,256,923	(415,291)
2024		
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)

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

2025	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)	1,222,352	74,836	1,297,188
-bank guarantees	-	-	-
-corporate guarantees	-	-	-
Property and equipment under pledge	27,038,648	1,069,802	28,108,451
Pledge of movable property	691,619	114,732	806,351
Other types of security	816,172	9,715	825,887
	29,768,791	**1,269,086**	**31,037,877**

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**

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 2025 and 2024:

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	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Republic of Macedonia	2,460,444	2,715,876	-	-	20,623,061	18,489,998	-	-	3,301,976	2,879,448	159,101	130,039	2,103,418	2,158,111	28,648,001	26,373,473
EU members	1,025,826	68,416	-	-	218,571	460,761	-	-	-	-	9,706	12,924	1,300	51,115	1,255,403	593,216
Other European countries	585,677	543,136	-	-	-	-	-	-	-	-	133	2,388	-	-	585,810	545,524
OECD member countries (without European countries members of OECD)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	4,071,947	3,327,428	-	-	20,841,632	18,950,759	-	-	3,301,976	2,879,448	168,940	145,351	2,104,718	2,209,226	30,489,213	27,512,213

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 2025 and 2024:

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	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Non residents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture, forestry and fishery	283,882	247,659	-	-	-	-	-	-	-	-	436	3,890	28,736	22,463	313,054	274,012
Mining	3,397	2,308	-	-	-	-	-	-	-	-	5	30	35	59	3,437	2,397
Food industry	440,399	221,118	-	-	-	-	-	-	-	-	40,537	106	67,927	26,537	548,863	247,761
Textile industry clothing and footwear manufacturing	87,491	61,792	-	-	-	-	-	-	-	-	802	644	52,519	84,954	140,812	147,390
Chemical industry, production of building materials, production and processing of fuel, pharmaceutical industry	40,956	54,630	-	-	-	-	-	-	-	-	41	83	19,416	12,040	60,413	66,753

	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	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Production of metals, machinery, tools and equipment	199,668	165,296	-	-	-	-	-	-	-	-	593	606	27,386	13,113	227,647	179,015
Other manufacturing Industry	150,374	129,693	-	-	-	-	-	-	-	-	1,829	2,025	29,503	50,416	181,706	182,134
Supply of electricity, gas, steam and air conditioning	734,539	752,042	-	-	-	-	-	-	-	-	20	25	3,127	4,497	737,686	756,564
Water supply, waste water disposal, waste management and environment sanitation	91,437	95,747	-	-	-	-	-	-	-	-	631	404	11,026	5,789	103,094	101,940
Construction	763,971	632,486	-	-	-	-	-	-	-	-	688	1,110	305,199	449,603	1,069,858	1,083,199
Wholesale and retail trade, repair of motor vehicles and motor-cycles	1,744,650	1,204,637	-	-	-	-	-	-	-	-	1,152	1,037	377,496	320,182	2,123,298	1,525,856
Transport and storage	548,807	441,175	-	-	-	-	-	-	-	-	1,481	912	211,857	229,998	762,145	672,085
Facilities for lodging and food service activities	273,143	315,772	-	-	-	-	-	-	-	-	1,342	979	19,000	13,319	293,485	330,070
Information and communication	325,477	485,045	-	-	-	-	-	-	-	-	2,864	6,285	65,322	66,608	393,663	557,938
Financial and insurance activities	233,705	262,185	-	-	-	-	3,301,976	2,879,448	4,071,947	3,327,428	12,461	11,775	23,943	15,968	7,644,032	6,496,804
Activities related to real estate	56,442	172,840	-	-	-	-	-	-	-	-	20	58	4,495	24,761	60,957	197,659
Technical and scientific activities	88,325	80,720	-	-	-	-	-	-	-	-	1,196	968	15,276	12,275	104,797	93,963
Administrative and auxiliary service activities	286,524	270,780	-	-	-	-	-	-	-	-	881	522	18,462	21,265	305,867	292,567
Public administration and defense, compulsory social insurance	-	-	-	-	-	-	-	-	-	-	6	5	-	-	6	5
Education	2,206	1,321	-	-	-	-	-	-	-	-	30	39	540	851	2,776	2,211
Health and social care activities	43,936	48,637	-	-	-	-	-	-	-	-	79	78	5,542	3,027	49,557	51,742
Art, entertainment, recreation	7,295	9,110	-	-	-	-	-	-	-	-	117	156	26,720	23,665	34,132	32,931
Other service activities	12,419	13,194	-	-	-	-	-	-	-	-	274	337	844	2,978	13,537	16,509
Individuals	14,422,589	13,282,572	-	-	-	-	-	-	-	-	101,455	113,278	790,347	804,858	15,314,391	14,200,708
Total	**20,841,632**	**18,950,759**	**-**	**-**	**-**	**-**	**3,301,976**	**2,879,448**	**4,071,947**	**3,327,428**	168,940	145,351	**2,104,718**	**2,209,226**	**30,489,213**	**27,512,212**

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 2025 and 2024. 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 2025	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	849,513	0	1,110,642	0	0	1,960,155
Due to customers	11,981,440	1,787,298	5,995,069	3,798,899	101,880	23,664,586
Borrowings	34,559	0	92,324	422,455	612,268	1,161,606
Other liabilities	117,420	5,042	12558.41	16456.269	14,716	166,193
	12,982,932	**1,792,340**	**7,210,594**	**4,237,810**	**728,864**	**26,952,541**
Total assets (contractual maturities)	**6,751,239**	**1,483,746**	**5,455,586**	**9,819,424**	**7,636,700**	**31,146,695**

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	25,573	85,191	229,058	173,548	61,506	574,876
Letter of credits	-	-	-	-	-	0
Other	126,080	234,889	1,054,693	25,323	-	1,440,986
	151,653	**320,081**	**1,283,751**	**198,871**	**61,506**	**2,015,862**

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**

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 2025 and 2024. 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 2025	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	3,265,337	0	0	-	-	3,265,337
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	6,917,478	544,485	2,317,784	6,154,391	4,453,392	20,387,530
Investments in securities	1,198,618	597,217	1,158,209	343,989	-	3,298,032
Other receivables	-	-	-	-	-	-
	11,381,432	1,141,702	3,475,993	6,498,380	4,453,392	26,950,899
Liabilities						
Due to banks	849,180	0	1,045,415	-	-	1,894,595
Due to customers	13,194,979	1,549,948	5,272,638	3,295,063	101,620	23,414,248
Borrowings	33,561	0	103,945	410,834	612,268	1,160,608
Other liabilities	0	0	0	-	540,983	540,983
	14,077,720	1,549,948	6,421,998	3,705,897	1,254,870	27,010,434
Net interest rate gap position	**(2,696,288)**	**(408,246)**	**(2,946,005)**	**2,792,483**	**3,198,521**	**(59,535)**
As at 31 December 2024						
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)**

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 2025, 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 2025 would respectively increase/decrease by approximately Denar 1.191 thousand (2024: decrease/increase by Denar 861 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 2025 and 2024:

in Denar thousand	MKD	EUR	USD	Other currencies	Total
As at 31 December 2025					
Assets					
Cash and cash equivalents	3,647,059	1,876,866	621,999	192,478	6,338,402
Loans and advances to customers	13,042,516	7,644,869	154,247	-	20,841,632
Investment securities	3,121,093	193,989	-	-	3,315,082
Current tax receivable	-	-	-	-	-
Other receivables	150,303	81,487	1,585	529	233,904
Total Assets	19,960,971	9,797,211	777,831	193,007	30,729,020
Liabilities					
Due to banks	8,295	1,899,480	52,380	-	1,960,155
Due to customers	15,347,620	7,402,504	735,446	179,015	23,664,585
Tax liabilities	3,603	-	-	-	3,603
Borrowings	767,661	393,945	-	-	1,161,606
Other liabilities	99,891	68,847	3,987	746	173,471
Total Liabilities	16,227,070	9,764,776	791,813	179,761	26,963,420
Net foreign currency position	**3,733,901**	**32,435**	**(13,982)**	**13,246**	**3,765,600**
As at 31 December 2024					
Total Assets	16,357,836	10,278,848	650,066	179,158	27,465,908
Total Liabilities	13,270,086	10,225,002	643,768	174,873	24,313,729
Net foreign currency position	**3,087,750**	**53,846**	**6,298**	**4,285**	**3,152,179**

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 2025	Change in 2024	Profit or loss 2024	Profit or loss 2023
EUR	1%	1%	324	538
USD	5%	5%	(699)	315
Other currencies	1%	1%	132	43

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	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Income and expenses												
Net interest income /(expenses)	63,877	239,524	950,591	756,694	205,489	209,252	0	0	0	0	1,219,957	1,205,470
Net fee and commission income	0	(339)	74,743	106,319	18,186	59,732	147,426	115,953	-	-	240,355	281,665
Other operating income	96,803	69,643	69,515	55,246	12,543	2,496	18,941	21,343	209	0	198,011	148,728
Release of imp.prov. /Impairment (losses), net	0	0	(215,984)	(248,810)	(6,664)	(47)	0	0	0	0	(222,648)	(248,857)
Depreciation and amortization	(7,510)	(10,449)	(51,175)	(31,069)	(11,041)	(9,185)	(7,776)	(4,646)	(10)	0	(77,512)	(55,349)
Impairment losses on non-financial assets, net	0	0	0	55,144	31,721	0	0	0	0	0	31,721	55,144
Investment costs for property and equipment	(6,588)	(12,421)	(44,887)	(36,932)	(9,685)	(10,919)	(6,821)	(5,522)	(9)	0	(67,990)	(65,794)
Other expenses	(74,952)	(137,482)	(595,466)	(501,677)	(110,188)	(120,855)	(77,605)	(61,120)	(97)	0	(858,308)	(821,134)
Profit before tax per segment	71,630	**148,476**	187,337	**154,915**	130,361	**130,474**	74,165	**66,008**	93	**0**	463,586	499,873
Income tax											(47,668)	(51,353)
Profit for the year											415,918	**448,520**
Total assets per segment	5,351,851	4,784,072	17,551,888	17,305,072	3,187,774	1,532,718	1,601,219	1,199,192	0	0	27,692,732	24,821,054
Non-allocated assets per segment	0	0	0	0	0	0	0	0	3,558,531	3,287,256	3,558,531	3,287,256
Total assets	5,351,851	**4,784,072**	17,551,888	**17,305,072**	3,187,774	**1,532,718**	1,601,219	**1,199,192**	3,558,531	**3,287,256**	31,251,263	**28,108,310**
Total liabilities per segment	2,602,492	2,456,780	10,764,822	11,558,523	2,511,117	1,037,923	11,004,111	9,191,902	0	0	26,882,542	24,245,128
Non-allocated liabilities per segment	0	0	0	0	0	0	0	0	90,012	87,197	90,012	87,197
Total liabilities	2,602,492	**2,456,780**	10,764,822	**11,558,523**	2,511,117	**1,037,923**	11,004,111	**9,191,902**	90,012	**87,197**	26,972,554	**24,332,325**

Geographic segments

Denar thousand	Republic of Macedonia	EU member countries	Other countries	Non-allocated	**Total**
2025					
Total income	1,750,568	(31,876)	26,055	(86,425)	1,658,323
Total assets	29,724,011	1,397,430	45,389	84,434	31,251,263
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

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 2025	Level 1	Level 2	Level 3	Total
Assets				
Securities available for sale	13,106	-	-	13,106

31 December 2024	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 2025		31 December 2024	
	Net Carrying Amount	Fair Value	Net Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	6,338,402	6,338,402	5,419,234	5,419,234
Loans and advances to banks				
Loans and advances to customers	20,841,632	20,841,632	18,950,760	18,950,760
Investment securities	3,315,082	3,315,082	2,892,554	2,892,554
Other receivables	168,940	168,940	145,351	145,351
Financial liabilities				
Due to banks	1,960,155	1,960,155	2,446,435	2,446,435
Due to customers	23,664,585	23,664,585	21,011,106	21,011,106
Borrowings	1,161,606	1,161,606	610,356	610,356
Other liabilities	166,193	166,193	229,534	229,534

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 2025
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	6,338,402	0	0	6,338,402
Loans and advances to banks	0		0	0	0
Loans and advances to customers	0	20,841,632	0	0	20,841,632
Investment securities	3,301,976	0	13,106	0	3,315,082
Other receivables	0	168,940	0	0	168,940
	3,301,976	**27,348,974**	**13,106**	**0**	**30,664,056**

Financial liabilities

	Other financial liabilities at amortized cost	Total
Due to banks	1,960,155	1,960,155
Due to customers	23,664,585	23,664,585
Borrowings	1,161,606	1,161,606
Other liabilities	166,193	166,193
31 December 2025	26,952,539	26,952,539

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

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 2025 and 2024 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

	2025	2024
Interest income		
Loans and advances to customers	1,364,175	1,280,320
Investment securities	144,255	190,899
Cash and cash equivalents	70,892	59,250
Loans and advances to banks	1,692	5
	1,581,014	***1,530,474***
Interest expense		
Due to customers	303,211	272,987
Borrowings	4,906	4,770
Due to banks	51,271	47,026
Other	1,669	221
	361,057	***325,004***
Net interest income	**1,219,957**	**1,205,470**

6 Net fee and commission income

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

	2025	2024
Fee and commission income		
Loans and credit cards	174,094	169,127
Payment operations		
- Domestic	264,598	255,582
- International	42,316	45,010
Visa and MasterCard	81,613	114,482
Letters of credit and guarantees	16,478	22,463
Money transfer	0	0
Other	39,723	13,656
	618,822	*620,320*
Fee and commission expenses		
Credit cards	324,450	289,483
Payment operations		
- Domestic	28,774	26,856
- International	20,150	17,469
Other	5,093	4,847
	378,467	*338,655*
Net fee and commission income	**240,355**	**281,665**

7 Other operating income

	2025	2024
Rent income	346	457
Gains form equipment sold	27,853	32,004
Dividends received	1,339	0
Release of impairment provisions and special reserve, net (Note 24)	0	0
Other income from payment operations	11,025	11,937
SWIFT	2,930	3,317
Collected written-off receivables	16,602	9,518
Revenue from the sale of receivables	34,872	13,772
Revenue from the sale of gold	52,591	23,515
Other	11,397	9,197
	158,955	**103,717**

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

	2025	2024
(Charge) / recovery for:		
Cash and cash equivalent (Note 13)	(39)	19
Loans and advances to customers (Note 15)	(205,794)	(227,759)
Investment securities (Note 16)	(10)	0
Other receivables (Note 20)	(18,089)	(16,579)
	(223,932)	**(244,319)**

9 Personnel expenses

	2025	2024
Net salaries and contributions	331,899	295,394
Social and health contributions	171,360	150,339
Other employee benefits	21,193	22,436
	524,452	**468,169**

10 Other operating expenses

	2025	2024
Materials and services	141,255	134,613
Rent expenses	26,114	42,822
Deposit insurance premiums	39,949	37,801
Impairment losses on foreclosed assets	31,721	(55,144)
Administrative and marketing expenses	59,153	58,034
Software license expenses	24,982	21,590
Property and employee insurance premiums	11,766	11,596
Impairment provisions and special reserve, net (Note 25)	-	-
Losses from sold foreclosed assets		
Litigation expenses	2,749	789
Losses from sold equipment		
Other expenses	32,435	111,514
Other	-	-
	370,124	**363,615**

11 Income tax expense

	2025	2024
Current income tax expense	55,825	55,492
Deferred income tax (income) / expense	-8,157	(4,139)
	47,668	**51,353**

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 %	2025	In %	2024
Profit before taxation		463,586		499,873
Income tax calculated at rate of 10% (2023: 10%)	*10*	*46,359*	*10*	*49,987*
Non-deductible expenses for tax purposes	1.06	4,909	0.93	4,662
Tax-exempt income	-0.78	-3,600	-0.66	(3,296)
		47,668		**51,353**
Effective tax rate	**10.28**		**10.27**	

11. Income tax expense (continues)

Deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
Loans and advances to customers	-	-	-	-	-	-
Other	-	-	(8,157)	(4,139)	(8,157)	(4,139)
	-	-	(8,157)	(4,139)	(8,157)	(4,139)

Movement of temporary differences during the years is as follows:

	Loans and advances to customers
At 31 December 2023	**12,296**
Recognized in profit or loss during 2024	(4,139)
At 31 December 2024	**8,157**
Recognized in profit or loss during 2025	(8,157)
At 31 December 2025	-

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.

	2025	2024
Net-profit attributable to shareholders	415,918	448,520
Net-profit attributable to holders of ordinary shares	415,918	448,520
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)	**762**	**821**

13 Cash and cash equivalents

	2025	2024
Current accounts and deposits with foreign banks	581,685	191,413
Account and balances with the NBRM, except for obligatory foreign currency reserves	1,316,950	1,151,655
Placement with banks with maturity up to 3 months	405,286	1,855,320
Cash in hand	264,310	283,945
Current accounts and deposits with domestic banks	24,291	44,547
Treasury bills which can be traded on the secondary market		
Treasury bills held to maturity	2,038,628	441,644
Less: provision for impairment	-95	-56
Included in cash and cash equivalents for the purpose of the Statement of cash flows	**4,631,055**	**3,968,468**
Obligatory foreign currency reserves	1,644,848	1,377,104
Restricted deposits	62,499	73,662
	6,338,402	**5,419,234**

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

	2025	2024
Movements of provision for impairment		
Balance at 01 January	56	75
Charge/ (Release) of provision for impairment, net (Note 16)	**39**	**(19)**
Balance at 31 December	**95**	**56**

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 (9%), in domestic currency with FX clause (100%) and in foreign currency (22%). 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 9% for liabilities in domestic currency plus 10% (calculated sum of 22% from liabilities in foreign currency up to two year plus 10% from liabilities in foreign currency with contractual maturity over two year)
By way of derogation from the above, the reserve requirement rate shall equal 0% for :
-liabilities to individuals in domestic currency with contractual maturity of over one to two years;
-liabilities based on repo-transactions in domestic currency.

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 90% (of the amount calculated as a sum of 22% for liabilities in foreign currency up to two years plus 10% from liabilities in foreign currency with contractual maturity over two years), all of that plus 100% for liabilities in domestic currency with FX clause.

The bank shall fulfill the reserve requirement in euros if the daily outstanding amount of bank's funds allocated to the foreign exchange account of the National Bank abroad is at least equal to 85% of the reserve requirement calculated in euros and the average daily outstanding amount of bank's funds allocated to the foreign exchange account in euros in MIPS for the maintenance period is at least equal to 15% of the of the reserve requirement calculated in euros
On a daily basis, the bank may fully use the portion of the reserve requirement that is fulfilled through the foreign exchange account in euros in MIPS.

As at 31 December 2025, treasury bills issued by the National Bank of the Republic of Macedonia mature within 8 days (2024: 49 days) and bear interest of 4 % p.a. (2024: 5.5%), and are classified as held-to-maturity.

14 Loans and advances to banks

	2025	2024
Loans and advances to banks at amortized cost	-	-
	-	-

15 Loans and advances to customers

	2025	2024
Loans and advances to customers at amortized cost	20,841,632	18,950,760
	20,841,632	**18,950,760**

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

	2025		2024	
	Short-term	Short-term	Short-term	Short-term
Corporate customers	1,457,630	4,608,928	1,365,669	3,693,718
Public sector	0	0	0	0
Financial institution other than banks	27,793	196,172	35,890	217,834
Retail customers:				
Principal				
Housing	48,447	3,959,115	46,249	3,776,265
Consumer	485,048	8,856,400	587,211	7,797,226
Vehicle	0	0	17	47
Credit cards	448,251	0	465,459	0
Other	670,484	279,222	646,966	357,193
Nonresident customers	214,680	4,460	459,082	7,625
Other	293	0	242	0
	3,352,626	17,904,297	3,606,785	15,849,908
Current maturity	2,438,383	-2,438,383	2,185,753	-2,185,753
	5,791,009	15,465,914	5,792,538	13,664,155
Less: provision for impairment	-372,758	-42,533	(458,231)	(47,702)
	5,418,251	**15,423,381**	**5,334,307**	**13,616,453**

At 31 December 2025 non-performing loans amounted to Denar 556,320 thousand (2024: Denar 672,139 thousands). Unrecognized interest relating to such loans amounted to Denar 22,996 thousand (2024: Denar 29,070 thousand).

As at 31 December 2025 loans and advances to customers in amount of 1,058,896 Denar thousand (2024: Denar 247,951 thousand) are mortgaged as collateral for borrowings from MBDP (Note 24).

Movements of provision for impairment	2025	2024
Balance at 01 January	505,933	398,032
Charge/ (Release) of provision for impairment, net (Note 8)	205,794	279,267
Foreclosed assets from non-collectable receivables	0	(40,260)
Effect from foreign exchange differences	(79)	59
Write-off	(58,379)	(86,431)
Sold receivables	(237,978)	(44,734)
Balance as at 31 December	**415,291**	**505,933**

16 Investment securities

	2025	2024
Held-to-maturity investment securities	3,301,976	2,879,448
Available-for-sale investment securities	13,106	13,106
	3,315,082	**2,892,554**

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

	2025	2024
Movements of provision for impairment		
Balance at 01 January	8	8
Charge/ (Release) of provision for impairment, net(Note 16)	10	-
Balance at 31 December	**18**	**8**

17 Foreclosed assets

	2025	2024
Land	-	-
Buildings	0	94,868
Equipment	0	0
Residential facilities and apartments	1,477	15,501
Other	1,056	4,842
	2,533	**115,241**

As at 31 December 2025, the net carrying value of Bank's foreclosed assets amount to Denar 2,533 thousand (2024: Denar 115,241 thousand). As at 31 December 2025 their fair value less cost to sell is in the amount of Denar 31,241 thousand (2024: Denar 115,241 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.

18 Intangible assets

Cost	Software	Rights and licenses	Assets under development	Total
At 31 December 2023 / 01 January 2024	**225,133**	**101,439**	**169**	**326,741**
Additions during the year	10,925	1,427	653	13,005
(Disposals and write offs)	-	-	-	-
Transfers	-	-	-	-
At 31 December 2024	**236,058**	**102,866**	**822**	**339,746**
Additions during the year	15,964	592	5,090	21,646
(Disposals and write offs)	(7,738)	(14,943)	(24)	(22,705)
Transfers	-	-	-	-
At 31 December 2025	**244,284**	**88,515**	**5,888**	**338,687**
Accumulated amortization				
At 31 December 2023/01 January 2024	**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**
Amortization for the year	10,314	3,891	-	14,205
(Disposals and write offs)	(7,738)	(14,943)	-	(22,681)
At 31 December 2025	**181,028**	**71,678**	**-**	**252,706**
Net carrying value				
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 2025	**63,256**	**16,837**	**5,888**	**85,981**

At 31 December 2025 and 2024, 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	Right-of-use asset	Total
Cost					
At 01 January 2024	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)
Transfer	-	1,840	(1,840)		-
At 31 December 2024/01 January 2025	**493,487**	**578,402**	**1,614**		**1,073,503**
Additions during the year	994	19,630	-	51,607	72,231
(Disposals and write offs)	(27,565)	(272,829)	-	(1,307)	(301,701)
Transfers	-	742	(742)		-
At 31 December 2025	**466,916**	**325,945**	**872**	**50,300**	**844,033**
At 01 January 2024	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 2024/01 January 2025	**180,325**	**444,581**	**-**		**624,906**
Depreciation for the year	11,758	34,708	-	16,842	63,308
(Disposals and write offs)	(5,772)	(271,412)	-	(726)	(277,910)
At 31 December 2025	**186,311**	**207,877**	**-**	**16,116**	**410,304**
Net carrying value					
At 01 January 2024	325,547	120,279	2,413	-	448,239
At 31 December 2024	313,162	133,821	1,614	-	448,597
At 31 December 2025	**280,605**	**118,068**	**872**	**34,184**	**433,729**

At 31 December 2025 and 2024, 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

	2025	2024
Fee and commission receivables	44,617	44,847
Prepaid expenses	47,509	44,165
Credit card receivables	119,874	92,702
Receivables for court cases	2,049	6,374
Advances for intangible assets	6,305	7,354
Advances for property and equipment	71	71
Inventories	4,859	5,867
Other receivables from litigations	0	0
Receivables from leased assets	0	0
Money transfer	119	121
Trade receivables	4,317	2,915
Employee receivables	125	384
Other	23,125	18,787
	252,970	**223,587**
Less: provision for impairment	(19,066)	(20,227)
	233,904	**203,360**

20 Other receivables

	2025	2024
Movements of provision for impairment		
Balance at 01 January	20,227	20,367
Additional provision for impairment / (Release) of provision for impairment, net (Note 8)	18,089	16,579
Foreclosed assets from non-collectable receivables	0	(2,037)
Effect from foreign exchange differences	(20	(37)
Write-off	(14,548)	(14,347)
Sold receivables	(4,700)	(298)
Balance at 31 December	**19,066**	**20,227**

21 Due to banks

	2025		2024	
	Short-term	Long-term	Short-term	Long-term
Current accounts of domestic banks	10,587	-	8,452	-
Current accounts of foreign banks	115,262	-	87,583	-
Term deposits of domestic banks	230,748	-	474,460	-
Term deposits of foreign banks	557,393	1,045,415	30,340	1,844,850
Restricted deposits of domestic banks	750	-	750	-
Other deposits	0	-	-	-
Current maturity	1,045,415	(1,045,415)	1,844,850	(1,844,850)
	1,960,155	**0**	**2,446,435**	**-**

22 Due to customers

	2025		2024	
	Short-term	Long-term	Short-term	Long-term
Non-financial institutions				
Current accounts	3,698,506		2,634,892	0
Term deposits	1,034,732	209,761	633,026	399,040
Restricted deposits	7,747	194,823	96,609	185,006
Other deposits	46,301		96,482	0
	4,787,286	**404,584**	**3,461,009**	**584,046**
State				
Current accounts	2,490		2,237	0
Demand deposits	0	0	0	0
Term deposits	0	0	0	0
Other deposits	5,086		3,748	0
	7,576	**0**	**5,985**	**0**
Not-for-profit institutions				
Current accounts	171,806		176,785	0
Term deposits	39,072	5,454	25,317	5,279
Restricted deposits	0	746	0	0
Other deposits	61		94	0
	210,939	**6,200**	**202,196**	**5,279**
Financial institutions, other than banks				
Current accounts	218,356		287,967	
Term deposits	379,560	524,490	441,603	302,071
Restricted deposits	0	25,553	0	40,806
Other deposits	0		129	0
	597,916	**550,043**	**729,699**	**342,877**
Citizens				
Current accounts	6,201,483		5,345,398	
Demand deposits	1,035,824		1,048,978	
Term deposits	3,726,680	4,813,897	3,336,598	4,662,763
Restricted deposits	44,897	280,672	34,158	257,259
Other deposits	50,053		57,248	
	11,058,937	**5,094,569**	**9,822,380**	**4,920,022**
Nonresidents				
Current accounts	397,126		380,730	
Demand deposits	432,758		474,665	
Term deposits	3,184	89,302	2,336	53,020
Restricted deposits	220	3,710	220	3,710
Other deposits	20,235		22,932	
	853,523	**93,012**	**880,883**	**56,730**
Current maturity	2,935,057	-2,935,057	2,545,113	-2,545,113
	20,451,234	**3,213,351**	**17,647,265**	**3,363,841**

23 Borrowings

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

	2025		2024	
	Short-term	Long-term	Short-term	Long-term
Banks	*997*	*1,159,186*	*933*	*607,644*
State	*2*	*1,421*	*2*	*1,777*
Current maturity	126,880	(126,880)	161,998	(161,998)
	127,879	**1,033,727**	**162,933**	**447,423**

Borrowings by creditors

	2025		2024	
	Short-term	Long-term	Short-term	Long-term
Domestic sources:				
Macedonian Bank for Development Promotion in foreign currency	997	391,524	933	525,275
Macedonian Bank for Development Promotion in domestic currency	-	767,662	-	82,369
Ministry of Finance of RM	2	1,421	2	1,777
	999	**1,160,607**	**935**	**609,421**
Current maturity	126,880	(126,880)	161,998	(161,998)
	127,879	**1,033,727**	**162,933**	**447,423**

As at 31 December 2025, the Bank has outstanding liabilities on credit lines from the Development Bank of the Republic of North Macedonia in amount of Denar 1,160,183 thousand (2024: Denar 608,577 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, 2025, 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 1,423 thousand (2024: Denar 1,779 thousand)

24 Provision and special reserve

	Commitments and contingencies
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 (Note 25)	**10,439**
Balance at 01 January 2025	10,439
(Release) provision for impairment, net (Note 7)	3,278
Foreign exchange gain	(4,583)
Balance at 31 December 2025	**9,134**

25 Other liabilities

	2025	2024
Non allocated inflows	183	183
Trade payables	14,692	71,115
Fee and commission	14,496	16,447
Other taxes and contributions	32,073	22,212
Accrued expenses	10,831	7,704
Payments for initial investment	1,177	1,484
Subscriptions	24,428	35,046
Lease Liability	34,557	-
Other	41,034	84,144
	173,471	**238,335**

26 Share capital

At 31 December 2025 the authorized share capital comprised ordinary shares 545,987 (2024: 545,987). Ordinary shares have a par value of MKD 1,000 (2024: 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. (2024: 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	2025	2024	2025	2024	2025	2024
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 2025 and 2024, the following shareholders have ownership exceeding 5% of the total issued shares with a voting right:

	Share capital in Denar thousand		Voting right	
	2025	2024	2025	2024
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:

	2025	2024
Guarantees		
in MKD	493,829	614,022
in foreign currency	81,047	79,742
Letters of credit in foreign currency	0	1,396
Unused overdrafts on current accounts	1,105,016	976,138
Unused credit limits non- cancellable	333,277	334,675
	2,013,169	**2,005,973**
Provision for impairment (Note 24)	(9,134)	(10,439)
	2,004,035	**1,995,534**

Litigations

At 31 December 2025, legal proceedings raised against the Bank amount in total Denar 7,817 thousand (2024: Denar 1,619 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 2025, these assets amount to Denar 788,936 thousand (2024: Denar 669,818 thousand).

29 Pension plans

The Bank does not operate any defined contribution plans or share-based remuneration options as at 31 December 2025 and 2024. 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 2025 and 2024.

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 2025 and 2024, the balances and volume of transactions with related entities and Key management personnel are as follows:

	Other related parties		Key management personnel		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current accounts	65,345	217,829	0	0	65,345	217,829
Other assets	2,377	4,150	58	293	2,435	4,443
Loans and other receivables	72	109,290	127,574	84,632	127,646	193,922
Investment securities	183,339	81,078	0	0	183,339	81,078
	251,132	**412,347**	**127,632**	**84,925**	**378,764**	**497,272**
Liabilities						
Deposits	2,554,536	2,825,193	178,828	170,005	2,733,364	2,995,198
Subordinated liabilities	0	0	0	0	0	0
Other liabilities	10,950	10,065	2	2	10,952	10,067
	2,565,486	**2,835,258**	**178,830**	**170,007**	**2,744,316**	**3,005,265**
Income						
Interest income	14,186	14,727	4,283	2,511	18,468	17,238
Fee and commission income	6,061	8,254	441	251	6,502	8,504
Other income	4,069	1,837	104	258	4,173	2,095
	24,316	**24,818**	**4,828**	**3,020**	**29,143**	**27,838**
Expenses						
Interest expenses	48,898	49,666	3,419	2,751	52,317	52,417
Fee and commission expenses	117,626	109,379	0	0	117,626	109,379
Other expenses	3,572	14,059	16,854	14,439	20,426	28,498
Short term benefits	0	0	162,400	156,716	162,400	156,716
	170,096	**173,104**	**182,673**	**173,906**	**352,770**	**347,010**

31 Events after the reporting period

After December 31, 2025 - 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.

APPENDIX 1 AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.