STOPANSKA BANKA AD – Skopje

Financial Statements
Year Ended December 31, 2021 and
Independent Auditors' Report

CONTENTS

RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management of STOPANSKA BANKA AD – Skopje (the "Bank") is responsible for ensuring that the financial statements as at and for the year ended December 31, 2021, have been prepared in accordance with International Financial Reporting Standards ("IFRS") , which give a true and fair view of the financial position and the results of the Bank for the year.

After making enquiries, the Management of the Bank has a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management of the Bank continues to adopt the going concern basis in preparing the financial statements.

In preparing these financial statements, the responsibilities of the Management of the Bank, include ensuring that:

- Suitable accounting policies are selected and then applied consistently;
- Judgments and estimates are reasonable and prudent;
- Applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

Management of the Bank is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Bank and must ensure that the financial statements comply with IFRS. Management of the Bank is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of STOPANSKA BANKA AD – Skopje:

Mr. Diomidis Nikoletopoulos

Chief Executive Officer,
Chairman of the Board of Directors

Mr. Toni Stojanovski

Chief Corporate Officer,
Member of the Board of Directors

Стопанска банка А.Д. СКОПЈЕ 01 СКОПЈЕ

Mrs. Milica Chaparovska - Jovanovska

Chief Retail Officer,
Member of the Board of Directors

Mr. Bojan Stojanoski

Chief Risk Officer,
Member of the Board of Directors

Independent auditor's report

To the Shareholders and Supervisory Board of Stopanska Banka AD Skopje

We have audited the accompanying financial statements of Stopanska Banka AD Skopje (the "Bank"), which comprise the statement of financial position as of 31 December 2021 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on auditing applicable in the Republic of North Macedonia (the "Standards"). The Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Stopanska Banka AD Skopje as of 31 December 2021, and of its financial performance and its cash flows for the year than ended in accordance with International Financial Reporting Standards.

Dragan Davitkov
General Manager

Sime Jovanovski
Certified Auditor

PricewaterhouseCoopers Revizija DOO Skopje

09 August 2022
Skopje, Republic of North Macedonia

STATEMENT OF COMPREHENSIVE INCOME
Year Ended December 31, 2021
(In thousands of Denars)

	Notes	2021	2020
Interest income		3,979,965	3,985,453
Interest expense		(243,788)	(393,228)
Net interest income	6	**3,736,177**	**3,592,225**
Fee and commission income		1,439,240	1,219,782
Fee and commission expense		(607,750)	(481,156)
Net fee and commission income	7	**831,490**	**738,626**
Trading income, net	8	(696)	(1,077)
Foreign exchange gains, net	9	110,078	101,630
Other operating income	10	51,574	83,795
Impairment, net	11	(799,399)	(418,854)
Personnel expenses	12	(889,942)	(871,309)
Depreciation and amortization	13	(170,779)	(181,331)
Other operating expenses	14	(736,436)	(713,166)
Profit before tax		**2,132,067**	**2,330,539**
Income tax expense	15	(221,245)	(198,604)
Profit for the year		**1,910,822**	**2,131,935**
Other comprehensive income/(expense)			
Gains less losses on investments in Debt securities at fair value through other comprehensive income ("FVTOCI"), net of tax		240	3,242
Total of items that may be reclassified subsequently to profit or loss		**240**	**3,242**
Gains less losses on investments in equity securities at fair value through other comprehensive income, net of tax		3,966	(180)
Remeasurement of the defined benefits liabilities, net of tax	31	(819)	(5,039)
Total of items that will not be reclassified subsequently to profit or loss		**3,147**	**(5,219)**
Other comprehensive income / (expense) for the year, net of tax		**3,387**	**(1,977)**
Total comprehensive income for the year		**1,914,209**	**2,129,958**
Profit attributable to:			
Owners of the Bank		1,910,822	2,131,935
Total comprehensive income attributable to:			
Owners of the Bank		1,914,209	2,129,958
Earnings per share	32		
Basic (in Denars)		109.4	122.1
Diluted (in Denars)		109.4	122.1

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

The financial statements have been approved by the management of the Bank on July 28, 2022 and accepted by the Bank's Supervisory Board.

Signed on behalf of STOPANSKA BANKA AD – Skopje:

Mr. Diomidis Nikoletopoulos
Chief Executive Officer,
Chairman of the Board of Directors

Mrs. Milica Chaparovska – Jovanovska
Chief Retail Officer,
Member of the Board of Directors

Mr. Toni Stojanovski
Chief Corporate Officer,
Member of the Board of Directors

Mr. Bojan Stojanoski
Chief Risk Officer,
Member of the Board of Directors

Стопанска банка А.Д. СКОПЈЕ 01 СКОПЈЕ

STATEMENT OF FINANCIAL POSITION
At December 31, 2021
(In thousands of Denars)

	Notes	31 December 2021	31 December 2020
ASSETS			
Cash and balances with the central bank	16	20,867,795	17,377,563
Financial assets at fair value through profit and loss	17	1,999	2,698
Securities measured at FVTOCI	18	2,146,529	2,292,859
Securities measured at amortized cost	19	10,131,180	12,399,581
Placement with, and loans to banks	20	278,118	224,193
Loans to customers	21	79,096,640	72,581,502
Other assets	22	1,837,317	1,850,702
Income tax receivable		-	63,912
Investment property	23	9,038	9,600
Intangible assets	24	125,429	150,787
Property and equipment	25	907,561	893,043
Total assets		**115,401,606**	**107,846,440**
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from banks	26	1,425,336	237,804
Deposits from customers	27	89,673,431	86,622,677
Loans payable	28	1,686,298	529,540
Other liabilities	29	1,457,896	1,237,941
Income tax payable		72,595	-
Deferred tax liabilities	15.1	120,874	176,609
Provisions	30	83,441	74,343
Total liabilities		**94,519,871**	**88,878,914**
EQUITY			
Share capital	31	3,511,242	3,511,242
Reserves		844,062	840,675
Retained earnings		16,526,431	14,615,609
Total equity		**20,881,735**	**18,967,526**
Total liabilities and equity		**115,401,606**	**107,846,440**
Commitments and contingencies	34	**17,561,271**	**15,696,749**

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

STATEMENT OF CHANGES IN EQUITY
Year Ended December 31, 2021
(In thousands of Denars)

	Share capital	Revaluation reserve	Statutory reserve	Special fund	Retained earnings	Total
Balance, January 1, 2020	3,511,242	11,279	830,290	1,083	12,483,674	16,837,568
Other comprehensive income for the year, net of tax	-	(1,977)	-	-	-	(1,977)
Profit for the year	-	-	-	-	2,131,935	2,131,935
Total comprehensive income for the year	-	(1,977)	-	-	2,131,935	2,129,958
Balance, December 31, 2020	**3,511,242**	**9,302**	**830,290**	**1,083**	**14,615,609**	**18,967,526**
Balance, January 1, 2021	3,511,242	9,302	830,290	1,083	14,615,609	18,967,526
Other comprehensive income for the year, net of tax	-	3,387	-	-	-	3,387
Profit for the year	-	-	-	-	1,910,822	1,910,822
Total comprehensive income for the year	-	3,387	-	-	1,910,822	1,914,209
Balance, December 31, 2021	**3,511,242**	**12,689**	**830,290**	**1,083**	**16,526,431**	**20,881,735**

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

STATEMENT OF CASH FLOWS
Year Ended December 31, 2021
(In thousands of Denars)

	2021	2020
Profit before tax	2,132,067	2,330,539
Adjustments for:		
Non-cash items included in income statement and other adjustments:		
Depreciation of property and equipment	69,671	74,714
Depreciation of investment property	562	832
Amortization of intangible assets	53,139	56,217
Depreciation of RoU Assets	47,407	49,568
Gain on sale of property and equipment, net	(27)	(37,844)
Gain on sale of foreclosure assets, net	(15,099)	(2,234)
Gain on sale of investment property, net	-	(3,124)
Interest income	(3,979,965)	(3,985,453)
Interest expense	243,788	393,228
Net trading income	696	1,077
Impairment losses on financial assets, net	799,399	418,854
Dividend income from investment securities	(831)	(5,494)
Provision for employee benefits, net	2,967	8,570
Provision for litigation, net	354	360
Interest receipts	4,295,815	3,130,784
Interest paid	(262,134)	(425,685)
Operating profit before changes in operating assets and liabilities:	**3,387,809**	**2,004,909**
Net (increase)/decrease of operating assets:		
Financial assets through profit and loss	3	(12)
Due from banks	(54,206)	28,241
Loans to customers	(7,661,650)	(4,140,022)
Mandatory reserves and restricted deposits according NBRNM regulations	(141,891)	(265,957)
Other receivables	60,161	(277,445)
Net increase/(decrease) of operating liabilities:		
Deposits from banks	1,187,530	(20,356)
Deposits from customers	3,069,110	3,797,518
Other liabilities	210,435	105,106
Net cash flows generated from operating activities before income tax	**57,301**	**1,231,982**
Income tax paid	(126,370)	(228,394)
Net cash flows (used in)/generated from operating activities	**(69,069)**	**1,003,588**

STATEMENT OF CASH FLOWS (Continued)
Year Ended December 31, 2021
(In thousands of Denars)

	2021	2020
Cash flows from investing activities		
Acquisition of property and equipment	(117,051)	(86,438)
Acquisition of intangible assets	(27,811)	(44,479)
Investments in securities	(5,002,251)	(12,443,456)
Inflows from sale of investments in securities	7,421,452	6,485,403
Proceeds from sale of property and equipment	(14,518)	8,587
Proceeds from sale of investment property	-	19,976
Dividend received	831	5,494
Net cash flows generated from/(used in) investing activities	**2,260,652**	**(6,054,913)**
Cash flows from financing activities		
Proceeds from loan payables	1,189,514	315,196
Repayment of loan payables	(32,756)	-
Net cash flows generated from financing activities	**1,156,758**	**315,196**
Net increase/(decrease) of cash and cash equivalents	**3,348,341**	**(4,736,129)**
Cash and cash equivalents, beginning of the year	13,702,528	18,438,657
Cash and cash equivalents at the end of the year	**17,050,869**	**13,702,528**

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

1. GENERAL INFORMATION

STOPANSKA BANKA AD – Skopje was established as a shareholding bank on December 29, 1989. The address of its registered office and principal place of business is St. 11 Oktomvri 7, 1000 Skopje. The Bank operates in the RNM with a network of 64 branches (2020: 64 branches).

The Bank is registered as a universal type of commercial bank in accordance with the Republic of North Macedonia Laws.

The Bank may perform the following activities:

- accept deposits and other repayable sources of funds,
- lend in the country, including factoring and financing commercial transactions,
- lend abroad, including factoring and financing commercial transactions,
- issuance and administration of means of payment (payment cards, checks, traveler's checks, bills of exchange),
- financial leasing,
- currency exchange operations,
- domestic and international payment operations, including purchase and sale of foreign currency,
- fast money transfer,
- issuance of payment guarantees, backing guarantees and other forms of collateral,
- lease of safe deposit boxes, depositories and depots,
- trade in instruments on the money market (bill of exchange, checks, deposit certificates),
- trade in foreign assets, including trade in precious metals,
- trade in securities,
- trade in financial derivatives,
- asset and securities portfolio management for clients and/or investment advising for clients,
- provides custodian services for investment and pension funds,
- purchase and sale, underwriting or placement of securities issue,
- custody of clients' securities,
- giving advices to legal entities in relation to the structure of capital, business strategy or other related issues, or providing services related to merging or acquisition of legal entities,
- sale of insurance policies,
- intermediation in concluding credit and loan agreements,
- process and analyze information on the legal entities' creditworthiness,
- economic and financial consulting, and
- other financial services specified by law allowed to be performed exclusively by a bank.

The Bank is controlled by National Bank of Greece, incorporated in Greece, which has 94.64% (2020: 94.64%) shareholding in the Bank and represents its ultimate parent company.

The shares of the Bank are not listed on the Regular Market on the Macedonian Stock Exchange (MSE), but are listed on MSE on the Market of publicly held companies with the special disclosure requirements and the ID quotation code is the following:

Symbol	ISIN code
STB (common shares)	MKSTBS101014
STBP (preference shares)	MKSTBS120014

The Bank's financial statements for the year ended December 31, 2021 have been approved by the management of the Bank on June xx, 2022 and accepted by the Bank's Supervisory Board.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement on compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the International Accounting Standards Board (the "IASB").
The IFRS accounting policies set below have been consistently applied by the Bank to all periods presented in these financial statements. The accompanying financial statements are the Bank's stand-alone financial statements. The Bank has no subsidiaries and therefore do not prepare consolidated financial statements.

(b) Basis of measurement

These financial statements have been prepared under the historical cost convention, except for fair value through other comprehensive income financial assets, financial assets (included derivative financial instruments) held at fair value through profit or loss which have been measured at fair value. These financial statements have been also prepared under the going concern assumption.

(c) Functional and reporting currency

The financial statements are presented in Denars which is the Bank's functional currency. All financial information is presented in Denars rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical estimates in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in Note 3.22 to the financial statements.

A summary of the principal accounting policies applied in preparing the IFRS financial statements are set out within Note 3 to the financial statements.

(e) Standards and Interpretations effective in the current period

The following new amendments to the existing standards issued by the International Accounting Standards Board are effective for current financial period, but did not have any material impact on the Bank:

- **IFRS 16 (Amendment): COVID-19-Related Rent Concessions** (effective for annual periods beginning on or after 1 June 2020 and effective for the separate and consolidated Financial Statements from 1 January 2021). The amendment provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would for changes which are not considered lease modifications. The amendment is mandatory for annual reporting periods beginning on or after 1 June 2020 and thus for the consolidated and separate interim and annual financial statements from 1 January 2021. The adoption of this amendment did not have a material impact on the Financial Statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

(e) Standards and Interpretations effective in the current period (Continued)

- **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendment)**: Interest Rate Benchmark Reform — Phase 2 (effective for annual periods beginning on 1 January 2021). The amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the InterBank Offered Rate ("IBOR") reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition. The impact of this amendment on the consolidated and separate Annual Financial Statements is disclosed in sections 2.8.9 "IBOR reform-Treatment of changes in the basis used for determining the contractual cash flows of the component of a hedge", 2.11.1 "Derecognition of financial assets" and 2.12 "IBOR Reform" below.
- **IFRS 4 (Amendment)**: Extension of the Temporary Exemption from Applying IFRS 9 (effective for annual periods beginning on or after 1 January 2021). The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023..

  The amendments to existing standards effective from 1 January 2021 have been endorsed by the EU.

(f) New Standards and amendments effective after 2021

At the date of authorization of these financial statements the following new standards and amendments to existing standards were in issue:

- **IFRS 17 Insurance Contracts** (effective for annual periods beginning on or after 1 January 2023, as issued by the IASB). IFRS 17 was issued in May 2017, including amendments issued in June 2020 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost.

- **IFRS 16 (Amendment): COVID-19-Related Rent Concessions** (effective for annual periods beginning on or after 1 April 2021 and effective for the consolidated and separate financial statements from 1 January 2022). The amendment extends the application period of the practical expedient in relation to rent concessions by one year to cover rental concessions that reduce leases due only on or before 30 June 2022. The adoption of this amendment had no effect on the Financial Statements of the Bank.

- **IFRS 3 (Amendments): Reference to the Conceptual Framework** (effective for annual periods beginning on 1 January 2022). The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

(f) New Standards and amendments effective after 2021 (Continued)

- **IAS 16 (Amendments): Property, Plant and Equipment: Proceeds before Intended Use** (effective for annual periods beginning on 1 January 2022). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in the Income Statement. The adoption of this amendment had no effect on the Financial Statements of the Bank.

- **IAS 37 (Amendments): Onerous Contracts: Cost of Fulfilling a Contract** (effective for annual periods beginning on 1 January 2022). The amendments specify which costs a company includes when assessing whether a contract will be loss-making. The adoption of this amendment had no effect on the Financial Statements of the Bank.

- **IAS 1 (Amendment): Classification of liabilities as current or non-current** (effective for annual periods beginning on or after 1 January 2023). The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment Classification of liabilities as current or non-current was issued in January 2020 and was effective for annual reporting periods beginning on or after 1 January 2022. However, in response to the COVID-19 pandemic, the IASB has deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from those amendments. Classification of Liabilities as Current or Non-current is now effective for annual reporting periods beginning on or after 1 January 2023. Although the consolidated and separate Statement of Financial Position is presented on a liquidity basis, this amendment makes clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- **IAS 1 and IFRS Practice Statement 2 (Amendments): Disclosure of Accounting Policies** (effective for annual reporting periods beginning on or after 1 January 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'Four-Step Materiality Process'.

- **IAS 8 (Amendment): Definition of Accounting Estimates** (effective for annual reporting periods beginning on or after 1 January 2023). The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

- **IAS 12 (Amendments): Deferred Tax related to Assets and Liabilities arising from a Single Transaction** (effective for annual reporting periods beginning on or after 1 January 2023). The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This will typically apply to transactions such as leases for the lessee and decommissioning obligations.

- **IFRS 17 (Amendment): Initial Application of IFRS 17 and IFRS 9 – Comparative Information** (effective for annual periods beginning on or after 1 January 2023) The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for the users of financial statements.

The Bank expects that the above new standrds amendments would not have material impact on its Financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Interest income and expense

Interest income and expense are recognized in the statement of comprehensive income for all instruments measured at amortized cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation takes into account the contractual interest rate, along with any fees or incremental costs that are directly attributable to the instrument and all other premiums or discounts

3.2 Fee and commission income

Fees and commissions, except the fees on approval of loans, are generally recognized on an accrual basis when the customer simultaneously receives and consumes the benefits provided by the Bank's performance. Fee and commission income includes asset management fees, commission fees and credit card fees. Asset management fees are recognized based on time elapsed, which depicts the rendering of investment management services over time. Commission income includes sales and brokerage commissions, which are recognized at a point in time when the transaction is executed.

Other fees relating to the acquisition and origination of loans are deferred over the life of the loan on a straight-line basis.

3.3 Dividend income

Dividend income is recognized when the right to receive payment is established for all shareholders who participate in income distribution.

3.4 Foreign exchange translation

Transactions denominated in foreign currencies have been translated into Denars at rates set by the National Bank of the RNM ("NBRNM") at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Denars at the balance sheet date using official rates of exchange ruling on that date. Foreign exchange gains or losses arising upon the translation of transactions, and the assets and liabilities denominated in foreign currencies are credited or charged to the statement of comprehensive income. Commitments and contingent liabilities denominated in foreign currencies are translated into Denars by applying the official exchange rates at the balance sheet date.

3.5 Financial assets

(a) Classification and Measurement of financial instruments

Classification of financial assets

The Bank uses the following measurement categories for financial assets:

- Debt instruments at amortised cost.
- Debt instruments at fair value through other comprehensive income (FVTOCI) with cumulative gains and losses reclassified to profit and loss on derecognition.
- Equity instruments designated as measured at FVTOCI with gains and losses remaining in other comprehensive income (OCI) without recycling to profit or loss on derecognition.
- Debt instruments, derivatives, equity instruments at fair value through the profit and loss (FVTPL).

Except for debt instruments that are designated at initial recognition as at FVTPL, such assets are classified at amortised cost or FVTOCI on the basis of:

  - the Bank's business model for managing the financial asset and
  - the contractual cash flow characteristics of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial assets (Continued)

(a) Classification and Measurement of financial instruments (Continued)

Business model assessment

The business models reflect how the Bank manages its debt financial assets in order to generate cash flows. This assessment is performed on the basis of scenarios that the Bank reasonably expects to occur. The assessment is based on all relevant and objective information that is available at the time of the business model assessment. The Bank has identified the following business models for debt financial assets:

- Held to collect contractual cash flows ("HTC"): The Bank's objective is to hold the financial assets and collect the contractual cash flows. All the assets in this business model give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Debt instruments classified in this business model are measured at amortised cost.
- Held to collect contractual cash flows and sell ("HTCS"): The objective of this business model is to meet everyday liquidity needs and such objective is achieved by both collecting contractual cash flows and selling debt instruments. Assets within this business model are not sold with the intention of short-term profit taking, however frequent sales may occur and such sales may be significant in value. All the assets in this business model give rise to cash flows that are SPPI. The debt instruments in this business model are accounted for at FVTOCI.
- Held for trading ("HFT"): Under this business model, the Bank actively manages the instruments in order to realise fair value gains arising from changes in credit spreads and yield curves. The assets in this business model are accounted for at FVTPL.

Contractual cash flow characteristics

The Bank assesses the characteristics of its financial assets' contractual cash flows at initial recognition in order to determine whether they are SPPI. This is referred to as the "SPPI test". Interest amount within a basic lending arrangement, is typically the consideration for the time value of money and the credit risk. Interest may also include consideration for other basic lending risks such as liquidity and costs (e.g. administration associated with holding the financial asset for a particular period of time), as well as a profit margin

Measurement of financial assets

- **Financial assets measured at amortised cost**

A debt financial asset is measured at amortised cost if it is held in a business model that has an objective to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that pass the SPPI test.
The financial assets classified within this category, mainly include the following asset classes:

- Cash and balances with central banks
- Sight and time deposits with banks
- Securities purchased under agreements to resell
- Deposits in margin accounts
- Other receivables due from banks
- Loans and advances to customers
- Debt securities
- Other receivables included in line item "other assets"

Subsequent to initial recognition, the debt financial asset is measured at amortised cost using the effective interest rate ("EIR") method for the allocation and recognition of interest revenue in line item "interest income" of the income statement over the relevant period. The amortised cost is the amount at which the financial asset is measured at initial recognition minus any principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount is the amortised cost of a financial asset before adjusting for any loss allowance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial assets (Continued)

(a) Classification and Measurement of financial instruments (Continued)

Measurement of financial assets (Continued)

- **Debt instruments measured at FVTOCI**

A debt financial asset is measured at FVTOCI if it is held in a business model that has an objective to hold financial assets to collect contractual cash flows and sell the assets and the contractual terms of the financial asset result in cash flows that pass the SPPI test.
After initial recognition, investments in debt financial assets are measured at fair value in the statement of financial position (with no deduction for sale or disposal costs) with unrealised gains and losses reported in OCI, net of applicable income taxes, until such investments are derecognised (i.e. when sold or collected). Upon derecognition, the cumulative gains or losses previously recognised in OCI are reclassified from equity to "Other operating income" of the income statement, as a reclassification adjustment.

- **Equity instruments designated at FVTOCI**

After initial recognition, investments in equity instruments designated at FVTOCI are measured at fair value, with no deduction for sale or disposal costs. Except for dividends received, the associated gains and losses (including any related foreign exchange component) is recognised in OCI. Amounts presented in OCI are not subsequently recycled to the income statement, instead the cumulative gain or loss is transferred within equity from accumulated OCI to retained earnings.

- **Financial assets and financial liabilities measured at FVTPL**

After initial recognition, financial assets and financial liabilities that are classified as at FVTPL are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from fair value remeasurement are recognised in their entirety in "Trading income, net".

Financial assets – modification

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Bank compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Bank recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

Payment holidays (moratoria) granted by the Bank in response to COVID-19 pandemic are treated as contractual modifications of the respective loans and advances. The modification impact of the moratoria has been assessed by the Bank and was not material for the year ended 31 December 2020.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Bank derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Bank also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial assets (Continued)

(b) Impairment - Expected Credit Losses

Expected Credit Loss ("ECL") are recognised for all financial assets measured at amortised cost, debt financial assets measured at FVTOCI, financial guarantees and certain loan commitments. ECL represent the difference between contractual cash flows and those that the Bank expects to receive, discounted at the EIR. For loan commitments and other credit facilities in scope of ECL, the expected cash shortfalls are determined by considering expected future draw downs.

Recognition of expected credit losses

At initial recognition, an impairment allowance is required for ECL resulting from default events that are possible within the next 12 months (12-month ECL), weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in Stage 1. For instruments with a remaining maturity of less than 12 months, ECL are determined for this shorter period.
In the event of a significant increase in credit risk ("SICR"), an ECL allowance is required, reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of the financial instrument ("lifetime ECL"), weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in Stage 2.

Lifetime ECL are always recognised on financial assets for which there is objective evidence of impairment, that is they are considered to be in default or otherwise credit-impaired. Such instruments are referred to as instruments in Stage 3.

Purchased or originated financial assets that are credit Impaired (POCIs) are classified as credit impaired. An instrument is POCI if it has been purchased with a material discount to its par value that reflects the incurred credit losses or is originated with a defaulted counterparty.

For POCI financial assets, the Bank recognises adverse changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the income statement. POCI are initially recognised at fair value with interest income subsequently being recognised based on a credit-adjusted EIR. POCI may also include financial instruments that are newly recognised following a substantial modification and remain a separate category until maturity. Any favorable changes for POCI assets are impairment gain even if the resulting expected cash flows exceed the estimated cash flows on initial recognition.

ECL are recognised in the income statement with a corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at amortised cost on the statement of financial position. For financial assets measured at FVTOCI, the carrying value is not reduced, but the ECL allowance is recognised in OCI. For off-balance sheet financial instruments, the ECL allowance is reported as a provision in "other liabilities". ECL are recognised within the income statement in "(Impairment)/reversal, net".

Write-off

A write-off is made when the Bank does not have a reasonable expectation to recover all or part of a financial asset. Write-offs reduce the principal amount of a claim and are charged against previously established allowances for credit losses. Recoveries, in part or in full, of amounts previously written off are generally credited to "Impairment on financial assets". Write-offs and partial write-offs represent derecognition or partial derecognition events.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Financial liabilities

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

Deposits from banks and other financial institutions and customers

These financial liabilities are initially recognized at fair value net of transaction costs incurred. Subsequently are measured at amortized cost.

Financial liabilities through profit and loss

These financial liabilities include derivative financial instruments of foreign exchange contracts and initially and subsequently are measured/re-measured at fair value. These contracts do not qualify for hedge accounting under the specific rules of IFRS 9 and are therefore treated in the same way as derivative instruments held-for-trading, i.e. fair value gains and losses are recognized in net-trading income.

Loans payable

Loans payable are initially recognized at fair value net of transaction costs incurred. Subsequent measurement is at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of comprehensive income over the period of the loan using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Other payables

Other payables are stated at their nominal amounts. Preferred shares which carry a mandatory fixed dividend are classified as financial liabilities and are presented in other liabilities. The dividends from these preference shares are recognized in profit or loss.

Derecognition of financial liabilities

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

3.7 Property and equipment

Property and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in the statement of comprehensive income as an expense as incurred.

Depreciation is charged at estimated rates so as to write off the cost of assets over their estimated useful lives, using the straight-line method. No depreciation is provided on construction in progress until the constructed assets are put into use. The annual depreciation rates for 2019 and 2018 are as follows:

Buildings	2.5%
Furniture and equipment	10% - 25%
Right of use assets	Straight-line basis over the lease term

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit and loss. The Bank annually reviewed its property and equipment for impairment. Where the carrying amount on an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Intangible assets

Intangible assets are assets acquired separately and are reported at cost less accumulated amortization and accumulated impairment losses, Intangible assets include:

- Computer software and software that was acquired apart from hardware;
- Leasehold improvements; and
- Other intangibles.

Expenditure on software is amortized on a straight-line basis over the estimated useful life, which is five years. The leasehold improvements and other intangible assets are amortized on a straight-line basis over the relevant contract period. The Bank annually reviewed its intangible assets and assess whether there is any indication for impairment. If such indications exist, an estimate is performed to assess whether the carrying amount is recoverable. If the carrying amount exceeds the recoverable amount, a write down is made.

3.9 Impairment of tangible and intangible assets

The Bank's management reviews regularly the carrying amounts of the Bank's tangible and intangible assets. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense of the current period. A reversal of an impairment loss is recognized as income immediately.

3.10 Investment property

Investment property includes buildings owned by the Bank with the intention of earning rentals or for capital appreciation or both, and is initially recorded at cost, which includes transaction costs. The classification of the investment property is based on the criteria that the property is mostly held to earn rentals when compared to the property used by the Bank for its own needs.

Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation of investment property is calculated on straight-line basis in a way to write off the cost value of assets over their estimated useful lives, which approximates the useful life of similar assets included in property and equipment.

Investment property is annually reviewed for impairment. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense of the current period.

3.11 Assets acquired through foreclosure proceedings

Foreclosed assets include property and equipment acquired through foreclosure proceedings in full or partial satisfaction of a related loan and are reported in other assets as non-current assets held for sale. Initially, these assets are measured at the lower of the cost of the loan, including transaction costs (usually the cost value of the loan stated in an enactment passed by a competent body from where the legal grounds for acquiring of ownership arises) and the fair value less estimated cost to sell, as determined by local certified appraisers on the date of asset foreclosure. After initial recognition, foreclosed assets are reviewed for impairment at least annually and are measured at the lower of their carrying amount less estimated costs to sell and accumulated impairments.

3.12 Cash and balances with the central bank

Cash and balances with the central bank include cash on hand and nostro accounts, unrestricted demand deposits and placements with other banks and financial institutions, unrestricted account balances with the NBRNM and other financial assets such as treasury and other eligible bills, as highly liquid assets with maturity up to three months and insignificant changes to fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Managed funds

The Bank provides fiduciary and trust services to legal entities and citizens, whereby it holds and manages assets or invests funds received in various financial instruments at the direction of the customer. The Bank receives fee income for providing these services. Managed funds are not assets of the Bank and are not recognized in the financial statements. The Bank is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

3.14 Provisions

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

Employment benefits

Health, pension and social insurance contributions from gross wages and salaries are being paid by the Bank during the year to the national organizations at the statutory rates. Such contributions represent defined contribution benefit plans and are recognized as an expense when employees have rendered services entitling them to the contributions. There is no additional liability to these plans.

In accordance with the statutory requirements, the collective agreement, and the internal rules and regulation, the Bank is obliged to pay to its employees a termination lump sum upon retirement equal to two monthly average salaries. These benefits are considered defined pension benefit plans. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets (there are currently no plan assets recognized), together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3.15 Income tax

The current income tax payable is calculated based on the local tax regulation by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is to be settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Leases

Bank is the lessee
The Bank applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets for which the payments are recognized as operating expense on straight line basis over the lease term. The Bank recognizes liabilities representing the obligation to make lease payments and Right of Use (RoU) assets representing the right to use the underlying assets.

RoU assets The Bank recognizes RoU assets at the commencement date of the lease (i.e. the date of the underlying assets is available for use) RoU assets are measures at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of RoU assets includes the amount of lease liabilities recognized, initial directs costs incurred, restoration costs and lease payments made before the commencement date less any lease incentive received. RoU assets are depreciated on a straight-line basis over the lease term. The RoU assets are presented in the property and equipment.

Lease liabilities the bank recognizes liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Short term leases and leases of low-value assets The Bank has elected not to recognize RoU assets and liabilities for short-term leases that have a lease term of 12 months of less and leases of low-value assets. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Bank is the lessor
Operating lease: Assets leased out under operating lease are included in the statement of financial position as investment property. Rental income from investment property is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of the Bank. The Bank has determined the Management Board as its chief operating decision-maker.

All transactions between business segments are conducted on an arm's length basis, with inter-segment revenue and costs being eliminated. Income and expenses directly associated with each segment are included in determining business segment performance.

Geographical areas include income from assets that are either located or are managed in the respective geographical area.

3.18 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when there is there is a legally enforceable right to offset the recognized amounts and there is an intention to realize the asset and settle the liability simultaneously or on a net basis. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy.

3.19 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract, other than those assessed as insurance contracts, is recognized initially at their fair value and subsequently measured at the higher of: a) the unamortized balance of the related fees received and deferred, and b) the best estimate of the amount required to settle the guarantee at the reporting date.

3.20 Related party transactions

Related parties are related to the Bank if directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Bank (this includes parent and fellow subsidiaries in the NBG Group) and has an interest in the Bank that gives it significant influence over the Bank, or the party is a member of the key management personnel of the Bank or its parent or is a close member of the family of any individual which is described above. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. All banking transactions entered into which related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and do not involve more than a normal amount of risk.

3.21 Earnings per share

Basic earnings per share (EPS) ratio is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

Diluted earnings per share ration is computed using the same method as for basic EPS, but the determinants are adjusted to reflect the potential dilution that could occur if convertible debt securities, options, warrants or other contracts to issue ordinary shares were converted or exercised into ordinary shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Critical accounting judgments and estimates

The most significant areas, for which judgments, estimates and assumptions are required, are:

Expected Credit Loss ("ECL")

The calculation of ECL requires management to apply significant judgment and make estimates and assumptions that involve significant uncertainty at the time they are determined. Changes to these estimates and assumptions can result in significant changes to the amount and timing of ECL to be recognized. The most significant sources of measurement uncertainty relate to the following ECL factors:

Determination of a significant increase of credit risk (SICR)

The Bank assesses whether a SICR has occurred since initial recognition based on qualitative and quantitative criteria. A non-credit impaired asset is classified in stage 2 if it has suffered a SICR, otherwise it is classified in stage 1. An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment compares the risk of default occurring at the reporting date compared with that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions.
The Bank assesses SICR based on three main components:

- a quantitative element, i.e. reflecting a quantitative comparison of PD or credit rating at the reporting date versus the respective metric at initial recognition.
- a qualitative element, that is all Forborne Performing Exposures (FPE) and internal watch list for corporate obligors; and
- "Backstop" indicators. The Bank applies on all lending exposures the IFRS 9 presumption that a SICR has occurred when the financial asset is more than 30 days past due.

Model risk inherent in the IFRS 9 models

Compliance with the IFRS 9 impairment model requires the use of a variety of models. The complexity of the models as well as dependency to other model-based inputs is high therefore any changes in inputs and data, as well as new or revised models, may significantly affect ECL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Critical accounting judgments and estimates (Continued)

Forward looking information

FLI is incorporated in the ECL measurement of collectively assessed loans and debt securities through the PD and LGD models. The expected recoveries (cash flow recoveries or liquidation of collateral) used in the ECL calculation of corporate lending exposures individually assessed, takes into account FLI based on the Bank's forecasts of the relevant macroeconomic factors. Each of the scenarios is based on Management's assumptions around future economic conditions in the form of macroeconomic, market and other factors. Changes in the scenarios and weights, the relevant macroeconomic variables and the assumptions made under those variables for the forecast horizon would have a significant effect on the ECL.

The Bank incorporates forward-looking information in the ECL measurement through the PD models. In order to capture the FLI in the credit risk parameters models, the Bank initially selects potential drivers of each target risk metric that are likely to be the most important based on economic intuition, experience with similar models, and historical data analysis . A customized variable selection algorithm is then applied to choose the optimal combination of macroeconomic drivers. Through widely accepted econometric models, the Bank develops FLI for credit risk parameters models in form of three macroeconomic scenarios using official sources for future macroeconomic projections (for three respective years).

More specifically, the Bank uses three macroeconomic scenarios (i.e. baseline, optimistic, pessimistic) applying weights of 40% for baseline and 30% for optimistic and pessimistic scenario respectively.

The scenarios are developed using official projections from recognized international sources (such as the country's Central Bank, IMF, World Bank etc.) along with projections by NBG Economic Research Division. The main purpose is achieving the objective of measuring ECL in a way that reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes.

The macroeconomic scenarios used for incorporating FLI into the ECL measurement, as well as the scenario weights, are approved by the Bank's Risk Management Committee.

Further, the projections are assessed against the actual parameters on quarterly bases, and in case the actual values vary significantly from the incorporated projections, the projections are amended and incorporated in the PD curves.

From the period implementation of the IFRS 9 ECL PD models, the Bank has been performing a regular validation of the models in order to their performance is kept at satisfactory levels. During 2021, in cooperation with an external vendor, SB Model Validation Unit and Risk Management Division have performed an extensive and comprehensive validation of 12mPD and LT PD models. The validation has concluded that the models have in general a satisfactory performance, including their stability, accuracy and ability to rank risk appropriately. A re-fit of the PD model for consumer unsecured portfolio was proposed and implemented during the regular yearly update of the PD models.

COVID 19 impact

After a significant downturn of the economy in 2020 due to the COVID –19 pandemics, 2021 was recognized as a year of economic recovery.

Within the established Macro Model for incorporating the Forward Looking Information (FLI) in the risk parameters used in the ECL calculation, the Bank has incorporated the overall impact of the COVID 19 pandemic in the process of ECL calculation through the regular update of actual variables but also the positive economic expectations, based on projections from official sources. The update of PD and LGD models, including their empirical data as well as forward looking information was performed in August 2021.

The following macro projections were applied:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Critical accounting judgments and estimates (Continued)

COVID 19 impact (Continued)

Variable	Scenario		2021	2022	2023
GDP growth rate	Baseline	40%	3.9%	3.6%	4.0%
	Optimistic	30%	4.8%	4.5%	5.0%
	Adverse	30%	0.0%	2.0%	3.0%
Gross expenses on fixed assets	Baseline	40%	8.1%	9.1%	9.1%
	Optimistic	30%	10.0%	11.4%	11.4%
	Adverse	30%	0.0%	5.1%	5.1%
Personal consumption	Baseline	40%	3.4%	3.3%	3.6%
	Optimistic	30%	4.2%	4.1%	4.5%
	Adverse	30%	0.0%	1.8%	2.7%
Average gross real salary	Baseline	40%	4.0%	4.3%	4.6%
	Optimistic	30%	5.0%	5.3%	5.6%
	Adverse	30%	3.0%	3.3%	3.6%
Employment rate	Baseline	40%	48.2%	49.2%	50.1%
	Optimistic	30%	49.2%	50.2%	51.1%
	Adverse	30%	47.2%	48.2%	49.1%
Unemployment rate	Baseline	40%	16.4%	15.4%	14.5%
	Optimistic	30%	15.4%	14.4%	13.5%
	Adverse	30%	17.4%	16.4%	15.5%
Inflation	Baseline	40%	1.5%	2.0%	2.0%
	Optimistic	30%	1.7%	2.0%	2.0%
	Adverse	30%	0.5%	1.0%	1.0%
Main interest rate in economy – average in period	Baseline	40%	1.8%	2.0%	2.5%
	Optimistic	30%	1.5%	1.5%	2.0%
	Adverse	30%	3.0%	3.0%	2.5%
Interbank offered rate 3M – average in period	Baseline	40%	1.4%	1.5%	1.5%
	Optimistic	30%	1.0%	1.0%	1.3%
	Adverse	30%	1.7%	1.6%	1.5%
Exchange rate (EUR/MKD)	Baseline	40%	61.69	61.50	61.50
	Optimistic	30%	61.50	61.50	61.50
	Adverse	30%	61.50	61.50	61.50
Industrial production	Baseline	40%	4.0%	3.7%	4.0%
	Optimistic	30%	7.8%	5.6%	5.9%
	Adverse	30%	0.2%	1.8%	2.1%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Critical accounting judgments and estimates (Continued)

COVID 19 impact (Continued)

In addition to the incorporation of the deteriorated Forward-Looking Information (FLI), within the intense COVID-19 credit assessment efforts, comprehensive analysis of the corporate and SBB portfolio was performed by the responsible credit committees. The overall portfolios of legal clients were assessed on case by case basis in order to identify the COVID-19 impact on the particular obligor and implement the most appropriate relief measures. All identified deteriorations were included in the impairment calculation process through the SICR (Significant Increase of Credit Risk)/UTP (Unlikely to Pay) assessment and the loan exposures were classified in the appropriate risk category within the prescribed level of provision.

For the retail portfolio, the Bank has undertaken COVID 19 relief measures in line with the common approach of the overall banking sector in the country, and supported by the amendments in the regulation performed by the Central Bank. The first 6-month payment moratoria was provided in March 2020, under conditions of severe uncertainty, and was applicable for all credit exposures with performing status (over-the-board approach). During the first moratoria, the levels of provisions for the participants in the relief program remained at pre- COVID minimum level, i.e no provisions were released. Loans to individuals who applied for the relief and for whom, significant increase in credit risk occurred, amounted to MKD 6,532,691 thousands as of 31 December 2020. Loans to legal entities who applied for the relief and for whom significant increase in credit risk occurred, amounted to MKD 3,123,697 thousands as of 31 December 2020.

The second COVID19 relief measures (additional 6-month payment moratoria), in line with the banking sector approach, was applicable to retail credit contracts with more severe documented impact from the pandemic. A significantly lower portion of the retail portfolio was eligible for these measures (approximately 5% of the overall retail portfolio). The retail obligors of the Bank that applied for the second COVID-19 relief measures as a result of loss of job (as main income source) were prudently assigned a minimum Stage 2 treatment and adequate levels of provisions.

Fair value of financial instruments

The fair value of the financial instruments that are not quoted in active markets are determined using internal valuation techniques. These include present value methods, models based on observable input parameters. All valuation models are validated before they are used as a basis for financial reporting, and periodically reviewed by qualified personnel independent of the area that created the model. Wherever possible, the Bank compares valuations derived from models with quoted prices of similar instruments, and with actual values when realized, in order to further validate and standardized models. A variety of factors are incorporated into the models, including actual or estimated market prices and rates, such as time value and volatility, market conditions and liquidity.

The Bank applies its models consistently from one period to the next, ensuring comparability and continuity of valuations over time, but estimating fair value inherently involves a significant degree of judgment. In the RNM sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables and other financial assets or liabilities, for which published market prices are presently not readily available.

The Management assesses its overall risk exposure and in instances in which it estimates that the value in the books may not be realized, it recognizes a provision. In the opinion of management, the reported carrying amounts for the assets that are not quoted in an active market represent the most valid and useful reporting values under the present market conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Operating environment of the Bank

The COVID-19 pandemic continued to have an impact on the global and local economy in 2021. The effects of the vaccination process were not as strong as expected since new variants of the virus emerged. On a positive note, new lockdowns were avoided which enabled gradual recovery of the global economy. However, the disrupted supply chains resulted in significantly higher prices worldwide, especially in the energy and food component. Having in mind the current political tensions, the uncertainty is about to continue.

After a 6.1% decline in 2020, the domestic economy showed signs of recovery with an increase of 4.0% in 2021, mostly driven by private consumption and investment. Diaspora travel boosted remittances, contributing to higher demand. The largest GDP rebound was evident in the second quarter (13.4%), not forgetting the lower comparative basis. However, the current global political instability is not giving a positive outlook for 2022.

The disrupted global supply chains and the mismatch of supply and demand caused by the pandemic, resulted in high inflation worldwide that hasn't been recorded in the last two decades. Many countries registered inflation rates of above 5% mostly driven by energy and food prices. The average CPI in the domestic economy for 2021 increased by 3.2%, having in mind that the annual rate was 4.9%. Considering the ongoing political tensions globally, the upward risks are in place. The fiscal balance has improved in 2021 due to a rebound in revenues. The sizeable support to the economy in the wake of the pandemic, brought a deficit of 8.2% of GDP in 2020. Driven by a strong revenue performance (15.3% increase), the budget deficit in 2021 has narrowed to 5.4% of GDP. As of end of 2021 the public debt amounted to EUR 7,135.3 million or 60.9% of GDP. In March, Republic of North Macedonia has issued the eighth Eurobond so far in amount of EUR 700 million with a 7-year maturity period and at historically lowest interest rate of 1.625%. Its aim was to refinance the third Eurobond issued in 2014, amounting to EUR 500 million. In line with the Public Debt Management Strategy, it remains the endeavor to reduce the public debt well below the Maastricht criterion of 60% until 2026.
The external position in 2021 remained steady resulting with current account deficit of EUR 415.7 million or 3.5% of GDP, slightly higher than 2020. Private transfers significantly rebounded reaching EUR 1,889.9 million, which is 43.9% higher than the previous year, covering 100.8% of the trade deficit. With regards to the financial account, foreign direct investment also expanded reaching EUR 512 million, compared to EUR 201.4 million in 2020. The adequate level of gross foreign reserves (EUR 3,643.3 million or 4.5-months import coverage) enabled sufficient buffers against potential unforeseen shocks.
According to the NBRNM, the current monetary policy stance is appropriate as it supports solid credit growth and inflation is in line with the euro area. Foreign reserves are at a comfortable level and foreign currency liquidity in the banking system remains suitable. In March 2021, the Central bank reduced the key interest rate on CB bills to a historic low of 1.25%. However, given the uncertainty regarding the future path of inflation and the tensions in Ukraine, the NBRNM states that it will continue to closely monitor developments and potential risks, emphasizing its readiness to act as needed to support the currency peg. During the COVID 19 pandemic the banking system succeeded to remain well capitalized, liquid and profitable. It showed an ability to support the economy in complex conditions and further meet the requirements of its clients. At the end of 2021, total deposit growth reached 7.8% on annual level.

Here in, corporate deposits recorded a stronger growth of 11.6%, while retail deposits increased by 7.1%. The credit growth at the end of the year reached 8.3%. The retail loans grew by 7.8%, while corporate loans were higher by 8.7%. NPE level continued its downward trend reaching 3.2% as of 31.12.2021. The loans to deposits ratio at the end of the year stood at 82.6%. The capital adequacy ratio of the banking sector as of 31.12.2021 was 17.3%. The profitability ratios ROA and ROE were somewhat higher than the previous year, reaching 1.5% and 12.9% respectively. Overall, the banking system continues to be healthy, however risks need to be closely monitored.

The Bank accounts 18% of the total banking sector assets and almost 1/5th of both deposits and loans. In 2021, the realized growth rate of loans was 8.9% and 3.4% of deposits. During 2021, the performance of the Bank was in many aspects higher compared to the total banking sector as shown above. Namely, ROA 2.2% vs. 1.5%, ROE 13.3% vs. 12.9%, NIM 4.1% vs. 2.6% and the cost-to income ratio well below the banking sector with remarkable 34.5% vs. 47.4%. The capital adequacy ratio was 16.5%.

4. FINANCIAL INSTRUMENTS

4.1 Financial risk management

Taking risk is core to the business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Bank's risk management organization structure ensures existence of clear lines of responsibility, efficient segregation of duties and prevention of conflicts of interest at all levels, including the Supervisory Board, Board of Directors, Senior Management, as well as between the Bank and the NBG Group, its customers and any other stakeholders. Within the Bank, risk management activities broadly take place at the following levels:

- Strategic level encompasses risk management functions performed by the Supervisory Board. These include the approval of risk and capital strategy, ascertaining the Bank's risk definitions, profile and appetite, as well as, the risk reward profile and other high-level risk related policies and internal guidelines.
- Tactical level encompasses risk management functions performed by the Board of Directors and the Senior Management. These include the establishment of risk policies and procedure manuals for managing specific risks and establishing adequate systems and controls to ensure that the overall risk and reward relationship remains within acceptable levels. Generally, the risk management activities performed by the Risk Management Division of the Bank, as well as, other critical support functions fall into this category
- Operational (business line) level – It involves management of risks at the point where they are actually created. The relevant activities are performed by individuals who undertake risk on the organization's behalf. Risk management at this level is implemented by means of appropriate controls incorporated into the relevant operational procedures and guidelines set by management.

The most important types of risk are credit risk, liquidity risk, market risk and operational risk.

Credit risk is the most important risk for the Bank's business defined as current or future risk on the financial result and capital arising from a counter party's failure to meet the terms of any contract with the Bank or otherwise fail to perform as agreed. The exposure to this risk arises principally from retail and corporate lending activities, as well as activities related to off-balance sheet financial instruments (loan commitments, L/G and L/C).

4.2 Credit risk

4.2.1 Credit risk measurement, limits and mitigation policies

Initially, when approving loans and loan commitments, the authorized Credit Approval Committees assess creditworthiness of the clients depending on the type and size of the exposure and based on defined criteria. The Bank credit risk management, which encompasses identification, measurement, monitoring and control of credit risk, is performed by the Risk Management Committee and Committee for classification of assets and provisioning for potential losses, commitments and contingencies and it is mainly based on reports and analyses prepared by relevant organization units of the Bank. The Risk Management Committee, Board of Directors and Supervisory Board are regularly informed of the credit risk that the Bank is exposed to.

The Bank has an internal system of classification of customers whose main aim is determining their creditworthiness and evaluation of the acceptable level of credit risk in starting lending. Classification of customers to which the Bank is exposed is reviewed at least annually. The Bank has implemented a system of early warning signals in order to timely identify any deterioration in the creditworthiness of the client and take appropriate action to mitigate credit risk.

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.1 Credit risk measurement, limits and mitigation policies (Continued)

The Bank employs a range of practices to mitigate credit risk. Common practice is accepting suitable collateral for approved loans. The main collateral types for loans and other credit exposures are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities;
- Pledges over movables, such as cars, equipment and other,

The Bank monitors compliance with the legally and internally established limits and controls concentrations of credit risk. Credit risk limits towards different types of borrowers, industry sectors, geographic location and type of collateral, also limit of the exposure to Bank internal persons, and large exposures, exposure by sector of activity are set in the Risk Strategy and the Risk Appetite Framework of the Bank and further detailed in the Bank's credit risk management policies and procedures. The Bank structures the levels of credit risk that undertakes towards domestic and foreign banks by placing limits on the amount of risk accepted subject to at least an annual review. In addition, the exposure concentration risk by sectors and activities is regularly monitored on the basis of set limits.

The loan portfolio of the Bank remains widely dispersed across different types of borrowers, asset categories and number of industries, thus preventing excessive concentration risks. For that purpose, the Bank has introduced a set of limits that control the exposure of the Bank towards different types of borrowers, industry sectors, geographic location and type of collateral.

The COVID-19 pandemic and its material impact on the overall economy and the creditworthiness of the Bank's obligors intensified the credit assessment processes performed by the Bank, including more frequent credit analysis of the customer's behavior, financial situation and needed measures for relief. The Bank introduced new monitoring tools and processes for early identification and appropriate mitigation of any COVID related impact on the credit portfolio, supported by relevant internal acts.

4.2.2 Impairment and provisioning policies – IFRS 9

The impairment requirements of IFRS 9 are based on an ECL model. The impairment model of IFRS 9 recognizes impairment losses before they are realized. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

IFRS 9 requires the classification of all financial assets into three stages. The amount of ECL recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECL (stage 1), which apply to all items as long as there is no significant deterioration in credit risk; and
- Lifetime ECL ("LT ECL") for stages 2 and 3, which apply when a significant increase in credit risk, compared to the credit risk at initial recognition, has occurred on an individual or collective basis.

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month ECL	LT ECL	LT ECL

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.2 Impairment and provisioning policies – IFRS 9 (Continued)

In order to assess SICR and calculate ECL on a collective basis, the Bank allocates financial assets into groups on the basis of shared credit risk characteristics, such that risk exposures within a group are homogeneous. The frequency of ECL measurement on a collective basis is monthly. The Bank groups exposures if there is sufficient information for the group to be statistically credible. The characteristics used to determine groupings are outlined below:

Retail loans:

- Product type (e.g. mortgages, credit cards, overdraft, term loans, retail SME)
- Origination vintage (Months on Book at time of assessment)
- Delinquency Bucket at time of assessment (current, 1-30 DPD, 31-60 DPD, 61 to 90 DPD, default)

Wholesale corporate loans: Industry

- Business segment (large corporates, SME, small banking business)
- Internal credit rating band

The ECL calculations are based on the following factors ("the ECL Factors"):

- **Exposure at Default ("EAD"):** This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.
- **Credit Conversion Factor ("CCF"):** The *CCF* converts the amount of a credit line and other off-balance sheet amounts to an EAD amount.
- **Probability of Default ("PD"):** Represents the likelihood of a borrower/issuer defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), assessed on the prevailing economic conditions at the reporting date (PiT), adjusted to take into account estimates of future economic conditions that are likely to impact the risk of default either over the next 12 months (12M PD) for Stage 1 financial assets, or over the remaining lifetime (lifetime PD) of the obligation, for Stage 2 and 3 financial assets.
- **Loss given default ("LGD"):** Represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of EAD.
- **Discount Rate**: The implied discount factor based on the original EIR of the financial asset or an approximation thereof.
- **Survival rate**: Is the cumulative probability of non-default at time t-1, further adjusted by the annual prepayment rate, PRt.

The use of the parameters in the ECL calculation depends on the Stage the credit exposure is in.

The scope of the exposures subject to individual assessment, is the following:

- Exposures classified into Stage 1 or Stage 2 & 3, irrespective of their balance, for which an individual assessment is deemed necessary by the relevant Units, based on current facts and circumstances at the reporting date,
- Exposures in Stage 3 for which the enforcement procedure has been initiated and collection is expected based on collateral liquidation, can be optionally subject to individual assessment.

The Divisions/Units responsible for conducting the individual assessment take into consideration both qualitative and quantitative factors in order to calculate the ECL allowance.

Apart from the aforementioned thresholds set for determining the Individually Significant Loans, additional exposures may be individually assessed, irrespectively of their total exposure, based on the knowledge of the Relationship Managers and Business Units.

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.3 Maximum exposure to credit risk before collateral held or other credit enhancements

	In thousands of Denars	
	31 December 2021	31 December 2020
Credit risk exposure relating to on balance sheet assets		
Cash and balances with the central bank	20,867,795	17,377,563
Financial assets through profit and loss	1,999	2,698
Securities measured at FVTOCI	2,146,529	2,292,859
Securities measured at amortized cost	10,131,180	12,399,581
Placement with, and loans to banks	278,118	224,193
Loans to customers	79,096,640	72,581,502
Other financial receivables (less foreclosure assets)	1,560,413	1,480,798
	114,082,674	106,359,194
Credit risk relating to off-balance sheet assets/liabilities		
Financial guarantees	3,380,330	3,601,240
Standby letters of credits	820,176	384,742
Commitments to extend credits	13,367,429	11,730,110
Other off-balance sheet commitments	21,654	2,776
Gross exposure	17,589,589	15,718,868
Less: ECL allowance	(28,318)	(22,119)
	17,561,271	15,696,749
Total credit risk exposure	131,643,945	122,055,943

Deposits, property, cars, government bonds, pledges over machines and other movables are accepted as collateral in order to secure the credit exposures.

Mortgages are secured by property (residential and business premises) or deposits with a loan to value ratio up to 85%. Consumer loans in the amounts over EUR 25,000 are secured by property (only residential premises) or deposits with a loan to value ratio up to 70%.

Auto loans (included in category-consumer loans) are secured by vehicles.

The corporate loans and small business lines are secured with different types of collaterals: residential mortgage, commercial premises, cars, pledge over machines and other movables, L/Gs from first-class banks, corporate L/Gs and personal bills of exchange taking into consideration the quality of the collateral and the loan to value ratio.

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers

a) Loans to customers are summarized below:

	Stage 1	Stage 2	Stage 3	Total gross	ECL allowance for Stage 1	ECL allowance for Stage 2	ECL allowance for Stage 3	Total ECL allowance	Total net
December 31,2021									
Cards	2,204,186	820,742	180,988	3,205,916	(11,064)	(9,624)	(90,062)	(110,750)	3,095,166
Consumer	31,616,804	2,730,041	2,181,158	36,528,003	(271,015)	(147,537)	(1,166,758)	(1,585,310)	34,942,693
Mortgage	8,434,092	5,027,504	220,604	13,682,200	(7,094)	(41,055)	(56,991)	(105,140)	13,577,060
Small business loans	3,053,814	1,645,430	148,701	4,847,945	(14,719)	(41,337)	(50,052)	(106,108)	4,741,837
Corporate loans	16,225,983	5,663,912	2,972,098	24,861,993	(221,694)	(372,613)	(1,527,802)	(2,122,109)	22,739,884
Total	61,534,879	15,887,629	5,703,549	83,126,057	(525,586)	(612,166)	(2,891,665)	(4,029,417)	79,096,640

	Stage 1	Stage 2	Stage 3	Total gross	ECL allowance for Stage 1	ECL allowance for Stage 2	ECL allowance for Stage 3	Total ECL allowance	Total net
December 31,2020									
Cards	1,542,667	2,032,065	224,885	3,799,617	(8,828)	(19,174)	(104,577)	(132,579)	3,667,038
Consumer	29,407,862	3,641,846	2,292,334	35,342,042	(435,011)	(470,216)	(1,090,802)	(1,996,029)	33,346,013
Mortgage	7,213,711	4,590,936	232,792	12,037,439	(4,907)	(33,401)	(43,376)	(81,684)	11,955,755
Small business loans	3,018,349	1,044,063	119,104	4,181,516	(14,816)	(32,041)	(43,264)	(90,121)	4,091,395
Corporate loans	14,573,174	4,027,431	2,999,713	21,600,318	(225,265)	(320,990)	(1,532,762)	(2,079,017)	19,521,301
Total	55,755,763	15,336,341	5,868,828	76,960,932	(688,827)	(875,822)	(2,814,781)	(4,379,430)	72,581,502

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

b) A breakdown by range of probability of default summarized below:

	31.12.2021				31.12.2020			
Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
12 month PD								
0,01% - 0,6%	14,274,423	58,812	-	14,333,235	10,486,781	23,642	-	10,510,423
0,6% - 2%	31,501,082	1,038,801	-	32,539,883	16,764,841	737,679	-	17,502,520
2,01% - 5%	10,554,250	3,855,366	-	14,409,616	22,256,728	5,595,487	-	27,852,215
5,01% - 10%	3,519,011	4,137,228	-	7,656,239	3,032,334	3,589,337	-	6,621,671
10,01% - 20%	1,667,376	2,058,755	-	3,726,131	3,091,997	832,552	-	3,924,549
20,01% - 36 %	214	1,686,792	-	1,687,006	123,082	1,708,421	-	1,831,503
36,01% and above	18,523	3,051,875	5,703,549	8,773,947	-	2,849,223	5,868,828	8,718,051
Total	61,534,879	15,887,629	5,703,549	83,126,057	55,755,763	15,336,341	5,868,828	76,960,932

	Mortgage				Consumer			
December 31,2021	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
12 month PD								
0,01% - 0,6%	7,937,656	9,581	-	7,947,237	4,929,634	10,914	-	4,940,548
0,6% - 2%	916	142,200	-	143,116	24,304,953	73,426	-	24,378,379
2,01% - 5%	495,520	2,136,621	-	2,632,141	600,882	531,802	-	1,132,684
5,01% - 10%	-	2,611,085	-	2,611,085	1,781,121	875,709	-	2,656,830
10,01% - 20%	-	-	-	-	-	776,786	-	776,786
20,01% - 36 %	-	4,789	-	4,789	214	91,742	-	91,956
36,01% and above	-	123,228	220,604	343,832	-	369,662	2,181,158	2,550,820
Total	8,434,092	5,027,504	220,604	13,682,200	31,616,804	2,730,041	2,181,158	36,528,003

	Mortgage				Consumer			
December 31,2020	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
12 month PD								
0,01% - 0,6%	6,682,819	8,139	-	6,690,958	3,147,003	8614	-	3,155,617
0,6% - 2%	187,054	157,360	-	344,414	9,946,288	49,839	-	9,996,127
2,01% - 5%	343838	2,247,084	-	2,590,922	13,367,438	788,303	-	14,155,741
5,01% - 10%	-	1,994,742	-	1,994,742	783,971	727,022	-	1,510,993
10,01% - 20%	-	67,406	-	67,406	2,051,977	255,916	-	2,307,893
20,01% - 36 %	-	46,096	-	46,096	111,185	653,407	-	764,592
36,01% and above	-	70,109	232,792	302,901	-	1,158,745	2,292,334	3,451,079
Total	7,213,711	4,590,936	232,792	12,037,439	29,407,862	3,641,846	2,292,334	35,342,042

FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

b) A breakdown by range of probability of default summarized below: (Continued)

December 31,2021	Credit Cards				Small Business			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
12 month PD								
0,01% - 0,6%	501	-	-	501	375,134	28,300	-	403,434
0,6% - 2%	2,172,003	626,285	-	2,798,288	1,177,196	149,304	-	1,326,500
2,01% - 5%	31,682	104,398	-	136,080	1,439,870	171,487	-	1,611,357
5,01% - 10%	-	68,419	-	68,419	59,779	45,742	-	105,521
10,01% - 20%	-	528	-	528	1,835	242,542	-	244,377
20,01% - 36 %	-	15,578	-	15,578	-	496,351	-	496,351
36,01% and above	-	5,534	180,988	186,522	-	511,704	148,701	660,405
Total	2,204,186	820,742	180,988	3,205,916	3,053,814	1,645,430	148,701	4,847,945

December 31,2020	Credit Cards				Small Business			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
12 month PD								
0,01% - 0,6%	6,290	-	-	6,290	408,690	6,889	-	415,579
0,6% - 2%	1,441,464	105,376	-	1,546,840	1,362,189	47,785	-	1,409,974
2,01% - 5%	94,913	1,719,465	-	1,814,378	928,869	99,848	-	1,028,717
5,01% - 10%	-	142,954	-	142,954	287,090	77,884	-	364,974
10,01% - 20%	-	19,249	-	19,249	23,739	146,465	-	170,204
20,01% - 36 %	-	44,810	-	44,810	7,772	295,795	-	303,567
36,01% and above	-	211	224,885	225,096	-	369,397	119,104	488,501
Total	1,542,667	2,032,065	224,885	3,799,617	3,018,349	1,044,063	119,104	4,181,516

December 31,2021	Large				SME			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
12 month PD								
0,01% - 0,6%	595,780	-	-	595,780	435,718	10,017	-	445,735
0,6% - 2%	2,548,005	28,774	-	2,576,779	1,298,009	18,812	-	1,316,821
2,01% - 5%	4,620,663	477,120	-	5,097,783	3,365,633	433,938	-	3,799,571
5,01% - 10%	350,686	347,663	-	698,349	1,327,425	188,610	-	1,516,035
10,01% - 20%	211,674	161,585	-	373,259	1,453,867	877,314	-	2,331,181
20,01% - 36 %	-	138,852	-	138,852	-	939,480	-	939,480
36,01% and above	-	117,683	478,781	596,464	18,523	1,924,064	2,493,317	4,435,904
Total	8,326,808	1,271,677	478,781	10,077,266	7,899,175	4,392,235	2,493,317	14,784,727

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

b) A breakdown by range of probability of default summarized below: (Continued)

	Large				SME			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
December 31,2020	12 month ECL	Lifetime ECL	Credit Impaired	Total	12 month ECL	Lifetime ECL	Credit Impaired	Total
12 month PD								
0,01% - 0,6%	220,391	-	-	220,391	21,588	-	-	21,588
0,6% - 2%	1,862,640	144,699	-	2,007,339	1,965,206	232,620	-	2,197,826
2,01% - 5%	4,410,090	300,532	-	4,710,622	3,111,580	440,255	-	3,551,835
5,01% - 10%	603,814	62,948	-	666,762	1,357,459	583,787	-	1,941,246
10,01% - 20%	146,465	15,735	-	162,200	869,816	327,781	-	1,197,597
20,01% - 36 %	-	72,556	-	72,556	4,125	595,757	-	599,882
36,01% and above	-	-	915,654	915,654	-	1,250,761	2,084,059	3,334,820
Total	7,243,400	596,470	915,654	8,755,524	7,329,774	3,430,961	2,084,059	12,844,794

c) Ageing analysis of loans and advances to customers net of allowance for impairment

	Past due up to 30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-180 days	Past due 181-365 days	Past due 1-2 years	Past due over 2 years	Total
December 31,2021								
Cards	2,987,181	14,702	3,198	7,616	20,311	25,970	36,188	3,095,166
Consumer	33,638,652	315,786	116,039	126,845	194,038	243,649	307,684	34,942,693
Mortgage	13,305,595	97,606	41,495	11,416	20,902	12,801	87,245	13,577,060
Small-business loans	4,624,163	46,711	16,802	7,397	15,610	6,988	24,166	4,741,837
Corporate loans	21,860,817	98,967	548	5,434	183,053	67,459	523,606	22,739,884
Total	76,416,408	573,772	178,082	158,708	433,914	356,867	978,889	79,096,640

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

c) Ageing analysis of loans and advances to customers net of allowance for impairment (continued)

	Past due up to 30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-180 days	Past due 181-365 days	Past due 1-2 years	Past due over 2 years	Total
December 31,2020								
Cards	3,487,115	59,502	113	2,407	-	28,916	88,985	3,667,038
Consumer	31,320,086	589,644	247,538	44,574	90,035	273,997	780,139	33,346,013
Mortgage	11,597,506	112,283	64,883	3,641	40,423	18,979	118,040	11,955,755
Small-business loans	3,959,586	63,158	20,747	9,350	8,370	24,512	5,672	4,091,395
Corporate loans	18,166,869	165,294	6,032	15,684	160,007	187,272	820,143	19,521,301
Total	68,531,162	989,881	339,313	75,656	298,835	533,676	1,812,979	72,581,502

d) Movement in Gross carrying amount of loans and advances to customers at amortized cost

	31.12.2021				31.12.2020			
Total Loans	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Balance at beginning of period	55,755,763	15,336,341	5,868,828	76,960,932	58,678,982	7,466,925	6,227,032	72,372,939
Transfer from Stage 1 to Stage 2	(7,132,313)	7,132,313	-	-	(10,426,120)	10,426,120	-	-
Transfer from Stage 1 to Stage 3	(590,558)	-	590,557	(1)	(47,813)	-	47,813	-
Transfer from Stage 2 to Stage 1	3,317,517	(3,317,516)	-	1	2,558,631	(2,558,631)	-	-
Transfer from Stage 2 to Stage 3	-	(1,235,132)	1,235,132	-	-	(485,757)	485,757	-
Transfer from Stage 3 to Stage 2	-	62,963	(62,963)	-	-	41,167	(41,167)	-
New financial assets originated or purchased	27,514,674	1,789,551	356,713	29,660,938	17,348,955	1,926,451	-	19,275,406
Write-offs	-	-	(1,377,192)	(1,377,192)	-	-	(575,144)	(575,144)
Other movements including repayments	(17,330,204)	(3,880,891)	(907,526)	(22,118,621)	(12,356,872)	(1,479,934)	(275,463)	(14,112,269)
Ending balance	61,534,879	15,887,629	5,703,549	83,126,057	55,755,763	15,336,341	5,868,828	76,960,932

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

d) Movement in Gross carrying amount of loans and advances to customers at amortized cost (Continued)

	Mortgage				Consumer			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2021								
Balance at beginning of period	7,213,711	4,590,936	232,792	12,037,439	29,407,862	3,641,846	2,292,334	35,342,042
Transfer from Stage 1 to Stage 2	(1,166,652)	1,166,652	-	-	(1,408,245)	1,408,245	-	-
Transfer from Stage 1 to Stage 3	(24,557)	-	24,557	-	(406,288)	-	406,287	(1)
Transfer from Stage 2 to Stage 1	153,189	(153,189)	-	-	1,565,475	(1,565,475)	-	-
Transfer from Stage 2 to Stage 3	-	(20,156)	20,156	-	-	(599,477)	599,477	-
Transfer from Stage 3 to Stage 2	-	24,541	(24,541)	-	-	37,588	(37,588)	-
New financial assets originated or purchased	3,540,977	164,475	-	3,705,452	14,894,079	766,838	236,537	15,897,454
Write-offs	-	-	(2,413)	(2,413)	-	-	(1,090,003)	(1,090,003)
Other movements including repayments	(1,282,576)	(745,755)	(29,947)	(2,058,278)	(12,436,079)	(959,524)	(225,886)	(13,621,489)
Ending balance	8,434,092	5,027,504	220,604	13,682,200	31,616,804	2,730,041	2,181,158	36,528,003

	Mortgage				Consumer			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2020								
Balance at beginning of period	9,982,245	1,023,942	215,371	11,221,558	28,420,874	2,959,984	2,450,269	33,831,127
Transfer from Stage 1 to Stage 2	(3,454,946)	3,454,946	-	-	(2,658,995)	2,658,995	-	-
Transfer from Stage 1 to Stage 3	(5,592)	-	5,592	-	(35,896)	-	35,896	-
Transfer from Stage 2 to Stage 1	242,000	(242,000)	-	-	1,510,181	(1,510,181)	-	-
Transfer from Stage 2 to Stage 3	-	(44,578)	44,578	-	-	(191,905)	191,905	-
Transfer from Stage 3 to Stage 2	-	16,901	(16,901)	-	-	23,032	(23,032)	-
New financial assets originated or purchased	1,576,892	714,818	-	2,291,710	9,533,043	401,709	-	9,934,752
Write-offs	-	-	(9,064)	(9,064)	-	-	(339,299)	(339,299)
Other movements including repayments	(1,126,888)	(333,093)	(6,784)	(1,466,765)	(7,361,345)	(699,788)	(23,405)	(8,084,538)
Ending balance	7,213,711	4,590,936	232,792	12,037,439	29,407,862	3,641,846	2,292,334	35,342,042

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

d) Movement in Gross carrying amount of loans and advances to customers at amortized cost (Continued)

	Credit Cards				Small Business			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2021								
Balance at beginning of period	1,542,667	2,032,065	224,885	3,799,617	3,018,349	1,044,063	119,104	4,181,516
Transfer from Stage 1 to Stage 2	(81,596)	81,596	-	-	(730,834)	730,834	-	-
Transfer from Stage 1 to Stage 3	(806)	-	806	-	(37,759)	-	37,759	-
Transfer from Stage 2 to Stage 1	957,025	(957,024)	-	1	199,418	(199,418)	-	-
Transfer from Stage 2 to Stage 3	-	(1,492)	1,492	-	-	(26,975)	26,975	-
Transfer from Stage 3 to Stage 2	-	184	(184)	-	-	650	(650)	-
New financial assets originated or purchased	147,756	10,380	100,303	258,439	1,491,243	476,295	2,680	1,970,218
Write-offs	-	-	(128,526)	(128,526)	-	-	-	-
Other movements including repayments	(360,860)	(344,967)	(17,788)	(723,615)	(886,603)	(380,019)	(37,167)	(1,303,789)
Ending balance	2,204,186	820,742	180,988	3,205,916	3,053,814	1,645,430	148,701	4,847,945

	Credit Cards				Small Business			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2020								
Balance at beginning of period	3,724,398	82,929	250,785	4,058,112	3,213,675	698,898	129,772	4,042,345
Transfer from Stage 1 to Stage 2	(1,915,772)	1,915,772	-	-	(756,994)	756,994	-	-
Transfer from Stage 1 to Stage 3	(173)	-	173	-	(6,152)	-	6,152	-
Transfer from Stage 2 to Stage 1	5,246	(5,246)	-	-	170,637	(170,637)	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-	(28,305)	28,305	-
Transfer from Stage 3 to Stage 2	-	1,234	(1,234)	-	-	-	-	-
New financial assets originated or purchased	44,671	70,496	-	115,167	929,670	77,491	-	1,007,161
Write-offs	-	-	(19,205)	(19,205)	-	-	(14,111)	(14,111)
Other movements including repayments	(315,703)	(33,120)	(5,634)	(354,457)	(532,487)	(290,378)	(31,014)	(853,879)
Ending balance	1,542,667	2,032,065	224,885	3,799,617	3,018,349	1,044,063	119,104	4,181,516

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

d) Movement in Gross carrying amount of loans and advances to customers at amortized cost (Continued)

	Large				SME			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2021								
Balance at beginning of period	7,243,400	596,470	915,654	8,755,524	7,329,774	3,430,961	2,084,059	12,844,794
Transfer from Stage 1 to Stage 2	(1,004,076)	1,004,076	-	-	(2,740,910)	2,740,910	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	(121,148)	-	121,148	-
Transfer from Stage 2 to Stage 1	141,504	(141,504)	-	-	300,906	(300,906)	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-	(587,032)	587,032	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
New financial assets originated or purchased	3,162,060	120,490	-	3,282,550	4,278,559	251,073	17,193	4,546,825
Write(offs	-	-	(153,501)	(153,501)	-	-	(2,749)	(2,749)
Other movements including repayments	(1,216,080)	(307,855)	(283,372)	(1,807,307)	(1,148,006)	(1,142,771)	(313,366)	(2,604,143)
Ending balance	8,326,808	1,271,677	478,781	10,077,266	7,899,175	4,392,235	2,493,317	14,784,727

	Large				SME			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2020								
Balance at beginning of period	7,172,396	497,024	1,269,011	8,938,431	6,165,394	2,204,148	1,911,824	10,281,366
Transfer from Stage 1 to Stage 2	(124,342)	124,342	-	-	(1,515,071)	1,515,071	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-	-	-	-
Transfer from Stage 2 to Stage 1	135,354	(135,354)	-	-	495,213	(495,213)	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-	(220,969)	220,969	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
New financial assets originated or purchased	2,176,311	228,094	-	2,404,405	3,088,368	433,843	-	3,522,211
Write-offs	-	-	(84,379)	(84,379)	-	-	(109,086)	(109,086)
Other movements including repayments	(2,116,319)	(117,636)	(268,978)	(2,502,933)	(904,130)	(5,919)	60,352	(849,697)
Ending balance	7,243,400	596,470	915,654	8,755,524	7,329,774	3,430,961	2,084,059	12,844,794

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

e) Movement in allowance for impairment:

	Stage 1 12 - month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2021				
Balance at beginning of period	(688,827)	(875,822)	(2,814,781)	(4,379,430)
Transfer from Stage 1 to Stage 2	99,175	(99,175)	-	-
Transfer from Stage 1 to Stage 3	14,921	(37)	(14,884)	-
Transfer from Stage 2 to Stage 1	(201,592)	201,592	-	-
Transfer from Stage 2 to Stage 3	-	268,857	(268,857)	-
Transfer from Stage 3 to Stage 2	-	(17,055)	17,055	-
New financial assets, net of Recoveries	(265,576)	(78,147)	(113,461)	(457,184)
Write-offs	-	(12,379)	1,377,192	1,364,813
Other movements	516,313	-	(1,073,929)	(557,616)
Ending balance	(525,586)	(612,166)	(2,891,665)	(4,029,417)

	Stage 1 12 - month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2020				
Balance at beginning of period	(545,541)	(443,046)	(3,306,135)	(4,294,722)
Transfer from Stage 1 to Stage 2	68,051	(68,051)	-	-
Transfer from Stage 1 to Stage 3	1,039	(6)	(1,033)	-
Transfer from Stage 2 to Stage 1	(143,336)	143,336	-	-
Transfer from Stage 2 to Stage 3	-	72,174	(72,174)	-
Transfer from Stage 3 to Stage 2	-	(12,663)	12,663	-
New financial assets, net of Recoveries	(188,442)	(91,849)	-	(280,291)
Write-offs	-	-	575,144	575,144
Other movements	119,402	(475,717)	(23,246)	(379,561)
Ending balance	(688,827)	(875,822)	(2,814,781)	(4,379,430)

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

e) Movement in allowance for impairment: (Continued)

	Mortgage				Consumer			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2021								
Balance at beginning of period	(4,907)	(33,401)	(43,376)	(81,684)	(435,011)	(470,216)	(1,090,80	(1,996,029)
Transfer from Stage 1 to Stage 2	190	(190)	-	-	14,105	(14,105)	-	-
Transfer from Stage 1 to Stage 3	37	(37)	-	-	12,769	-	(12,769)	-
Transfer from Stage 2 to Stage 1	(3,994)	3,994	-	-	(164,672)	164,672	-	-
Transfer from Stage 2 to Stage 3	-	1,216	(1,216)	-	-	199,584	(199,584)	-
Transfer from Stage 3 to Stage 2	-	(4,573)	4,573	-	-	(12,261)	12,261	-
New financial assets, net of Recoveries	(925)	(1,968)	-	(2,893)	(133,015)	(42,132)	(69,755)	(244,902)
Write-offs	-	-	2,413	2,413	-	-	1,090,003	1,090,003
Other movements	2,505	(6,096)	(19,385)	(22,976)	434,809	26,921	(896,112)	(434,382)
Ending balance	(7,094)	(41,055)	(56,991)	(105,140)	(271,015)	(147,537)	(1,166,758)	(1,585,310)

	Mortgage				Consumer			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2020								
Balance at beginning of period	(3,383)	(12,696)	(48,648)	(64,727)	(386,723)	(256,792)	(1,324,548)	(1,968,063)
Transfer from Stage 1 to Stage 2	523	(523)	-	-	36,032	(36,032)	-	-
Transfer from Stage 1 to Stage 3	6	(6)	-	-	997	-	(997)	-
Transfer from Stage 2 to Stage 1	(4,347)	4,347	-	-	(108,154)	108,154	-	-
Transfer from Stage 2 to Stage 3	-	3,020	(3,020)	-	-	58,913	(58,913)	-
Transfer from Stage 3 to Stage 2	-	(2,989)	2,989	-	-	(9,125)	9,125	-
New financial assets, net of Recoveries	(375)	(3,530)	-	(3,905)	(116,893)	(71,371)	-	(188,264)
Write-offs	-	-	9,064	9,064	-	-	339,299	339,299
Other movements	2,669	(21,024)	(3,761)	(22,116)	139,730	(263,963)	(54,768)	(179,001)
Ending balance	(4,907)	(33,401)	(43,376)	(81,684)	(435,011)	(470,216)	(1,090,802)	(1,996,029)

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

e) Movement in allowance for impairment: (Continued)

	Credit Cards				Small Business			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2021								
Balance at beginning of period	(8,828)	(19,174)	(104,577)	(132,579)	(14,816)	(32,041)	(43,264)	(90,121)
Transfer from Stage 1 to Stage 2	589	(589)	-	-	2,055	(2,055)	-	-
Transfer from Stage 1 to Stage 3	5	-	(5)	-	203	-	(203)	-
Transfer from Stage 2 to Stage 1	(7,945)	7,945	-	-	(6,482)	6,482	-	-
Transfer from Stage 2 to Stage 3	-	15	(15)	-	-	1,485	(1,485)	-
Transfer from Stage 3 to Stage 2	-	(85)	85	-	-	(136)	136	-
New financial assets, net of Recoveries	(773)	(446)	(40,725)	(41,944)	(6,614)	(10,810)	(546)	(17,970)
Write-offs	-	-	128,526	128,526	-	-	-	-
Other movements	5,888	2,710	(73,351)	(64,753)	10,935	(4,262)	(4,690)	1,983
Ending balance	(11,064)	(9,624)	(90,062)	(110,750)	(14,719)	(41,337)	(50,052)	(106,108)

	Credit Cards				Small Business			
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2020								
Balance at beginning of period	(13,139)	(1,588)	(117,851)	(132,578)	(11,342)	(17,461)	(47,842)	(76,645)
Transfer from Stage 1 to Stage 2	6,437	(6,437)	-	-	1,559	(1,559)	-	-
Transfer from Stage 1 to Stage 3	1	-	(1)	-	35	-	(35)	-
Transfer from Stage 2 to Stage 1	(251)	251	-	-	(4,557)	4,557	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-	752	(752)	-
Transfer from Stage 3 to Stage 2	-	(549)	549	-	-	-	-	-
New financial assets, net of Recoveries	(198)	(736)	-	(934)	(4,185)	(1,795)	-	(5,980)
Write-offs	-	-	19,205	19,205	-	-	14,111	14,111
Other movements	(1,678)	(10,115)	(6,479)	(18,272)	3,674	(16,535)	(8,746)	(21,607)
Ending balance	(8,828)	(19,174)	(104,577)	(132,579)	(14,816)	(32,041)	(43,264)	(90,121)

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

e) Movement in allowance for impairment: (continued)

	Large				SME			
	Stage 1 12 month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired**	**Total**	**Stage 1 12 month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired**	**Total**
December 31,2021								
Balance at beginning of period	(68,561)	(12,244)	(539,034)	(619,839)	(156,704)	(308,746)	(993,728)	(1,459,178)
Transfer from Stage 1 to Stage 2	12,056	(12,056)	-	-	70,180	(70,180)	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	1,907	-	(1,907)	-
Transfer from Stage 2 to Stage 1	(5,503)	5,503	-	-	(12,996)	12,996	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-	66,557	(66,557)	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
New financial assets, net of Recoveries	(30,643)	(3,796)	-	(34,439)	(93,606)	(18,995)	(2,435)	(115,036)
Write-offs	-	-	153,501	153,501	-	-	2,749	2,749
Other movements	22,569	(20,061)	61,643	64,151	39,607	(11,591)	(142,034)	(114,018)
Ending balance	(70,082)	(42,654)	(323,890)	(436,626)	(151,612)	(329,959)	(1,203,912)	(1,685,483)

	Large				SME			
	Stage 1 12 month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired**	**Total**	**Stage 1 12 month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired**	**Total**
December 31,2020								
Balance at beginning of period	(39,059)	(21,009)	(681,707)	(741,775)	(91,895)	(133,500)	(1,085,539)	(1,310,934)
Transfer from Stage 1 to Stage 2	903	(903)	-	-	22,597	(22,597)	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-	-	-	-
Transfer from Stage 2 to Stage 1	(3,334)	3,334	-	-	(22,693)	22,693	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-	9,489	(9,489)	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
New financial assets, net of Recoveries	(20,062)	(2,554)	-	(22,616)	(46,729)	(11,863)	-	(58,592)
Write-offs	-	-	84,379	84,379	-	-	109,086	109,086
Other movements	(7,009)	8,888	58,294	60,173	(17,984)	(172,968)	(7,786)	(198,738)
Ending balance	(68,561)	(12,244)	(539,034)	(619,839)	(156,704)	(308,746)	(993,728)	(1,459,178)

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.4 Loans to customers (Continued)

The fair value of collateral is based on valuation techniques that are used for similar assets.

The fair value of collateral for retail portfolio is as follows:

	2021	2020
Cash and cash equivalents or restricted accounts held in Bank	1,206,429	1,158,453
Movable property	46,064	83,623
Residential property	40,451,436	37,226,252
Other real estate	1,697,146	1,716,318
Total	43,401,075	40,184,646

The fair value of collateral for corporate portfolio is summarized below:

	2021	2020
Cash and cash equivalents or restricted accounts held in Bank	954,508	1,163,184
Financial and corporate guarantees	8,728,726	8,257,628
Movable property	20,287,378	15,287,595
Real estate	36,183,853	32,314,278
Total	66,154,465	57,022,685

The value of collateral for retail and corporate loans is above their carrying value.

f) Loan forbearance to customers

The Bank performs Forbearance of loans to customers as prescribed in the SB NPE and Forbearance Policy. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties"). The concessions may include the following:

- prolongation of maturity date;
- amendments of the instalment amount and/or frequency of repayments, including granting a new or prolongation of the existing grace period;
- reduction of the interest rate;
- consolidating more loans into one by changing the contractual terms including interest capitalization;
- write-off of principle, interest and/or fees;
- reduction of the credit exposure through enforcement of collateral.

Upon forbearance of the loan, the Bank performs a financial analysis of the borrower to identify occurrence of financial difficulty and assesses its capacities to realize cash flows necessary for the repayment of the loan principal, as well as the corresponding interest once the loan is renegotiated.

As per the COVID19 related EBA guidelines, the undertaken relief measures provided to the Bank's obligors as a direct response to the impact of the crisis were treated under a different classification. However, the process of forbearance continued to be implemented throughout the year for the obligors with financial difficulties not related to the pandemics.

As of 31.12.2021 the Bank has renegotiated loans at a total amount of Denar 1,795,307 thousand (2020: Denar 1,010,340 thousand).

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.5 Cash and balances with the central bank, investment in securities and placement with, and loans to banks

Cash and balances with the central bank are classified in Stage 1 Issuer of the treasury bills is the National Bank of the Republic of North Macedonia. S&P assigned to the RNM sovereign foreign and local currency long term ratings of BB+ and short term ratings of B-, with stable outlook. Accounts and deposits with foreign banks are placed in the banks that have S&P bank or sovereign rating from AAA to A- in amount of Denar 4,552,194 thousands (2020: Denar 2,464,521 thousands) rating from BBB+ to B- in amount of Denar 28,928 thousands (2020: Denar 711,003 thousands). Deposits in NBG have changed rating to B+, in amount of Denar 9,372 thousands (2020: CCC+ rating, Denar 2,124 thousands). Time deposits up to three months are also in first class banks with S&P bank or sovereign rating from AAA to A-.

Securities measured at FVOCI consists of equity securities and Government bills.

Securities measured at amortized cost, classified as Stage 1, consists of debt securities issued by the Government of the RNM classified as neither past due nor impaired, with S&P BB+/B- rating.

Placement with, and loans to banks, classified as Stage 1, in amount of Denar 269,256 thousands (2020: Denar 215,678 thousands), has S&P bank or sovereign rating from AAA to A- and the part of loans in foreign banks, are classified as Stage 3, in net amount of Denar 8,862 thousand (2020: Denar 8,515 thousands).

4.2.6 Foreclosed assets

During 2021, the Bank conducted appraisals on the total foreclosed assets portfolio in order to determine the fair value of the assets.

In this period, the Bank sold 25 assets (2020: 6 assets) at a total value of Denar 118,654 thousand (2020: Denar 47,666 thousand), whereas it foreclosed 13 facilities (2020: 6 facilities) at a total value of Denar 25,261 thousand (2020: Denar 195,452 thousand). The general policy of the Bank is to sell these facilities within a period of 3 years, based on which the Bank is undertaking appropriate activities to release it.

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.7 Concentration of risks of financial assets with credit risk exposure

Geographical sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by geographical region as of December 31, 2021 and 2020. In this table, the Bank has allocated exposures to regions based on the country of domicile of the counterparties.

	Cash and balances with the central bank		Financial assets through profit and loss		Investment in securities		Placements with and loans to banks		Loans to customers		Other financial receivables		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Geographical region														
RNM	15,597,524	11,902,899	-	-	12,277,678	14,692,409	-	-	79,096,640	72,581,502	1,560,413	1,480,798	108,532,255	100,657,608
EU member countries	3,316,222	3,415,351	-	-	31	31	86,010	74,039	-	-	-	-	3,402,263	3,489,421
Europe (other)	-	-	1,999	2,698	-	-	8,862	8,515	-	-	-	-	10,861	11,213
OECD member countries (less European OECD member countries)	1,954,049	2,059,313	-	-	-	-	-	-	-	-	-	-	1,954,049	2,059,313
Other	-	-	-	-	-	-	183,246	141,639	-	-	-	-	183,246	141,639
Total	20,867,795	17,377,563	1,999	2,698	12,277,709	14,692,440	278,118	224,193	79,096,640	72,581,502	1,560,413	1,480,798	114,082,674	106,359,194

Credit risk exposure relating to net to off-balance sheet items entirely relates to the geographical region of the Republic of North Macedonia.

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.7 Concentration of risks of financial assets with credit risk exposure (Continued)

Industry sector

The table breaks down the Bank's main credit exposure of the on balance sheet financial assets at their carrying amounts, as summarized by the industry sectors of the counterparties

	Cash and balances with the central bank		Financial assets through profit and loss		Investment in securities		Placements with and loans to banks		Loans to customers		Other financial receivables		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Industry														
Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	513,828	399,969	22	18	513,850	399,987
Mining and quarrying	-	-	-	-	-	-	-	-	278,707	309,546	-	-	278,707	309,546
Manufacturing	-	-	-	-	-	-	-	-	9,482,393	7,722,833	87,259	78,115	9,569,652	7,800,948
Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	1,911,042	1,717,746	214	64	1,911,256	1,717,810
Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	9,175	6,757	-	-	9,175	6,757
Construction	-	-	-	-	-	-	-	-	2,944,274	2,713,522	332	268	2,944,606	2,713,790
Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	1,895	1,633	-	-	7,550,345	6,121,106	1,152	861	7,553,392	6,123,600
Transportation and storage	-	-	-	-	-	-	-	-	997,738	1,221,823	1,792	371	999,530	1,222,194
Accommodation and food service activities	-	-	-	-	-	-	-	-	825,085	844,335	128	55	825,213	844,390
Information and communication	-	-	-	-	-	-	-	-	312,987	251,196	543	11	313,530	251,207
Financial and insurance activities	20,867,795	17,377,563	1,999	2,698	83,316	79,613	278,118	224,193	78,094	89,100	17	14	21,309,339	17,773,181
Real estate activities	-	-	-	-	-	-	-	-	437,886	487,038	-	-	437,886	487,038
Professional, scientific and technical activities	-	-	-	-	-	-	-	-	470,236	528,712	-	29	470,236	528,741
Administrative and support service activities	-	-	-	-	-	-	-	-	1,136,810	747,135	191	139	1,137,001	747,274
Public administration and defence; compulsory social security	-	-	-	-	12,192,498	14,611,194	-	-	29,973	14,234	1,306,014	1,284,117	13,528,485	15,909,545
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Human health and social work activities	-	-	-	-	-	-	-	-	485,416	409,042	-	-	485,416	409,042
Arts, entertainment and recreation	-	-	-	-	-	-	-	-	3,509	4,165	-	-	3,509	4,165
Other service activities	-	-	-	-	-	-	-	-	14,224	24,437	68	-	14,292	24,437
Individuals	-	-	-	-	-	-	-	-	51,614,918	48,968,806	162,681	116,736	51,777,599	49,085,542
Total	20,867,795	17,377,563	1,999	2,698	12,277,709	14,692,440	278,118	224,193	79,096,640	72,581,502	1,560,413	1,480,798	114,082,674	106,359,194

4. FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

4.2.7 Concentration of risks of financial assets with credit risk exposure (Continued)

Industry sector (Continued)

The table breaks down the Bank's main credit exposure of the off-balance sheet items at their carrying amounts, as summarized by the industry sectors of the counterparties.

	In thousands of Denars 2021	2020
Industry		
Agriculture, forestry and fishing	230,570	198,969
Mining and quarrying	24,682	27,790
Manufacturing	2,905,556	1,871,882
Electricity, gas, steam and air conditioning supply	878,785	149,145
Water supply; sewerage, waste management and remediation activities	6,807	3,496
Construction	2,006,986	2,017,957
Wholesale and retail trade; repair of motor vehicles and motorcycles	3,295,879	2,950,697
Transportation and storage	372,284	494,606
Accommodation and food service activities	52,573	44,084
Information and communication	60,780	108,219
Financial and insurance activities	206,484	96,263
Real estate activities	6,560	5,018
Professional, scientific and technical activities	112,352	110,285
Administrative and support service activities	136,081	140,050
Public administration and defence; compulsory social security	1,982	-
Education	4,254	3,667
Human health and social work activities	22,708	17,316
Arts, entertainment and recreation	-	2,475
Other service activities	16,693	16,028
Individuals	7,219,255	7,438,802
Total	17,561,271	15,696,749

4.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in currency, interest rate, and equity products, all of which are exposed to market movements and changes in the level of volatility of market rates or prices (such as interest rates, credit spreads, foreign exchange rates and equity prices).

4. FINANCIAL INSTRUMENTS (Continued)

4.3 Market risk (Continued)

4.3.1 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank sets limits on the level of exposure by currency and in aggregate for all currencies, which are monitored on a daily basis. The tables below summarize Bank's exposure to foreign exchange risk as at December 31, 2021 and 2020:

In thousands of Denars
December 31, 2021

	EUR	USD	Other currency	Total foreign currency	In reporting currency	Total
ASSETS						
Cash and balances with the central bank	7,387,642	2,534,138	1,674,329	11,596,109	9,271,686	20,867,795
Financial assets through profit and loss	1,999	-	-	1,999	-	1,999
Securities measured at FVTOCI	1,164,841	-	-	1,164,841	981,688	2,146,529
Securities measured at amortized cost	8,957,950	-	-	8,957,950	1,173,230	10,131,180
Placement with, and loans to banks	3,974	271,558	2,586	278,118	-	278,118
Loans to customers	19,512,684	127,945	-	19,640,629	59,456,011	79,096,640
Other financial receivables	8,597	292	150,591	159,480	1,400,933	1,560,413
	-	-	-	-	-	-
Total assets	37,037,687	2,933,933	1,827,506	41,799,126	72,283,548	114,082,674
LIABILITIES						
Deposits from banks	1,239,703	166,649	18,981	1,425,333	3	1,425,336
Deposits from customers	33,585,865	2,760,830	1,649,360	37,996,055	51,677,376	89,673,431
Loans payable	1,686,298	-	-	1,686,298	-	1,686,298
Other financial liabilities	218,284	-	1	218,285	1,126,995	1,345,280
Lease liability	112,616	-	-	112,616	-	112,616
	-	-	-	-	-	-
Total liabilities	36,842,766	2,927,479	1,668,342	41,438,587	52,804,374	94,242,961
	-	-	-	-	-	-
Net currency gap:	194,921	6,454	159,164	360,539	19,479,174	19,839,713

4. FINANCIAL INSTRUMENTS (Continued)

4.3 Market risk (Continued)

4.3.1 Foreign exchange risk (Continued)

In thousands of Denars
December 31, 2020

	EUR	USD	Other currency	Total foreign currency	In reporting currency	Total
ASSETS						
Cash and balances with the central bank	5,778,741	2,122,739	1,705,818	9,607,298	7,770,265	17,377,563
Financial assets through profit and loss	2,698	-	-	2,698	-	2,698
Securities measured at FVTOCI	-	-	-	-	2,292,859	2,292,859
Securities measured at amortized cost	8,762,257	-	-	8,762,257	3,637,324	12,399,581
Placement with, and loans to banks	4,626	217,804	1,763	224,193	-	224,193
Loans to customers	17,923,536	138,950	-	18,062,486	54,519,016	72,581,502
Other financial receivables	6,238	312	277,616	284,166	1,196,632	1,480,798
Total assets	32,478,096	2,479,805	1,985,197	36,943,098	69,416,096	106,359,194
LIABILITIES						
Deposits from banks	9,064	206,745	21,992	237,801	3	237,804
Deposits from customers	30,726,822	2,245,801	1,675,816	34,648,439	51,974,238	86,622,677
Loans payable	529,540	-	-	529,540	-	529,540
Other financial liabilities	346,077	154	1	346,232	793,513	1,139,745
Lease liability	98,196	-	-	98,196	-	98,196
Total liabilities	31,709,699	2,452,700	1,697,809	35,860,208	52,767,754	88,627,962
Net currency gap:	768,397	27,105	287,388	1,082,890	16,648,342	17,731,232

4. FINANCIAL INSTRUMENTS (Continued)

4.3 Market risk (Continued)

4.3.2 Interest rate risk

The Bank is exposed to effects arising from movements at level of interest rates in the market that affect its financial position and cash flows. Taking into account the fact that the trading portfolio of the Bank is inconsiderable, the interest rate risk exposure is assessed from the aspect of Banking Book. The risk of change in interest rates in the Banking Book is the current or possible risk for profit (net interest income) and / or capital that arises from negative movements in interest rates, which affect the positions in the Banking Book. The assuming of this risk is part of banking activities and may be a significant source for profitability and shareholder value. Nonetheless, excessive risk of change in interest rates may represent a significant threat to the profit and capital base of the Bank. The Bank has established a framework for managing this risk in order to minimize the effects of negative changes in future interest rates by establishing and monitoring appropriate limits and utilizing techniques to measure the exposure to risk of changes in interest rates in Banking Book.

The Bank has established a framework for managing this risk in order to minimize the effects of negative changes in future interest rates by establishing and monitoring appropriate limits and utilizing techniques to measure the exposure to risk of changes in interest rates in Banking Book.

The tables below summarize the Bank's interest bearing and non-interest bearing assets and liabilities as of December 31, 2021 and 2020.

In thousands of Denars

December 31, 2021

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Interest bearing	Non-interest bearing	Total
ASSETS									
Cash and balances with the central bank	9,079,214	-	-	-	-	-	9,079,214	11,788,581	20,867,795
Financial assets through profit and loss	-	-	-	-	-	-	-	1,999	1,999
Securities measured at FVTOCI	449,977	146,967	1,461,676	-	-	-	2,058,620	87,909	2,146,529
Securities measured at amortized cost	-	-	349,618	4,182,261	3,803,164	1,686,691	10,021,734	109,446	10,131,180
Placement with, and loans to banks	269,256	-	-	-	-	-	269,256	8,862	278,118
Loans to customers	39,325,030	1,272,287	11,977,726	15,063,694	6,121,319	2,976,988	76,737,044	2,359,596	79,096,640
Other financial receivables	-	-	-	-	-	-	-	1,560,413	1,560,413
Total assets	49,123,477	1,419,254	13,789,020	19,245,955	9,924,483	4,663,679	98,165,868	15,916,806	114,082,674
LIABILITIES									
Deposits from banks	192,788	-	1,232,540	-	-	-	1,425,328	8	1,425,336
Deposits from customers	61,562,524	4,220,600	16,950,708	4,998,231	1,445,177	148,427	89,325,667	347,764	89,673,431
Loans payable	18,519	-	137,993	316,853	592,328	620,577	1,686,270	28	1,686,298
Other financial liabilities	-	-	-	-	-	-	-	1,345,280	1,345,280
Lease liability	7	1,268	3,862	10,191	71,523	25,765	112,616	-	112,616
Total liabilities	61,773,838	4,221,868	18,325,103	5,325,275	2,109,028	794,769	92,549,881	1,693,080	94,242,961
Net interest gap:	(12,650,361)	(2,802,614)	(4,536,083)	13,920,680	7,815,455	3,868,910	5,615,987	14,223,726	19,839,713

4. FINANCIAL INSTRUMENTS (Continued)

4.3 Market risk (Continued)

4.3.2 Interest rate risk (Continued)

In thousands of Denars

December 31, 2020

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Interest bearing	Non-interest bearing	Total
ASSETS									
Cash and balances with the central bank	6,681,856	-	-	-	-	-	6,681,856	10,695,707	17,377,563
Financial assets through profit and loss	-	-	-	-	-	-	-	2,698	2,698
Securities measured at FVTOCI	-	-	2,211,614	-	-	-	2,211,614	81,245	2,292,859
Securities measured at amortized cost	446,675	762,929	4,034,884	349,998	5,449,630	1,244,595	12,288,711	110,870	12,399,581
Placement with, and loans to banks	141,640	-	-	-	-	-	141,640	82,553	224,193
Loans to customers	43,939,965	2,247,317	8,788,919	7,582,222	6,362,169	1,116,042	70,036,634	2,544,868	72,581,502
Other financial receivables	-	-	-	-	-	-	-	1,480,798	1,480,798
Total assets	51,210,136	3,010,246	15,035,417	7,932,220	11,811,799	2,360,637	91,360,455	14,998,739	106,359,194
LIABILITIES									
Deposits from banks	237,799	-	-	-	-	-	237,799	5	237,804
Deposits from customers	56,114,196	4,632,704	17,578,419	6,541,344	1,438,655	110,609	86,415,927	206,750	86,622,677
Loans payable	5,779	-	28,898	67,325	165,880	261,586	529,468	72	529,540
Other financial liabilities	-	-	-	-	-	-	-	1,139,745	1,139,745
Lease liability	105	712	9,421	15,018	72,940	-	98,196	-	98,196
Total liabilities	56,357,879	4,633,416	17,616,738	6,623,687	1,677,475	372,195	87,281,390	1,346,572	88,627,962
Net interest gap:	(5,147,743)	(1,623,170)	(2,581,321)	1,308,533	10,134,324	1,988,442	4,079,065	13,652,167	17,731,232

4. FINANCIAL INSTRUMENTS (Continued)

4.4 Liquidity risk

Liquidity risk represents a risk of Bank's inability to provide sufficient monetary assets to settle its short-term liabilities when they come due, i.e. a risk that the necessary liquid assets will be provided at much higher cost.

4.4.1 Liquidity risk management process

The Bank's liquidity risk management process encompasses:

- Application of operating standards related to the Bank's liquidity risk, including appropriate policies, procedures and resources for controlling and limiting liquidity risk;
- Maintenance of stock of liquid assets appropriate for the cash flow profile of the Bank which can be readily converted into cash without incurring undue capital losses;
- Measurement, control and scenario testing of funding requirements, as well as access to funding sources;
- Preparing contingency plans of the Bank for handling liquidity disruptions by means of the ability to fund some or all activities in a timely manner and at a reasonable cost;
- Monitoring liquidity risk limits and ratios, taking into account the Bank's risk appetite and profile, as well as the regulatory requirements for prescribed minimum level of liquidity rates.

The process of managing liquidity and liquidity risk is implemented through the establishment of adequate daily liquidity management through developing liquidity plans. The plans reflect the liquidity provided by cash flows and liquidity needed to be funding the cash outflows.

During preparation of plans and projections for liquidity on a daily, weekly, monthly and long-term basis, all relevant aspects are taken in consideration - the established limits, maintaining the required currency structure, maturity matching of assets and sources of funds and other regulatory rules.

Monitoring of the Bank's liquidity is performed by the Treasury Division. The Treasury Division reconciles all inflows and/or outflows in all currencies along with money orders, checks, bank transfers and account transfers.

4. FINANCIAL INSTRUMENTS (Continued)

4.4 Liquidity risk (Continued)

4.4.1 Liquidity risk management process (Continued)

In thousands of Denars
December 31, 2021

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
ASSETS							
Cash and balances with the central bank	20,867,608	187	-	-	-	-	20,867,795
Financial assets through profit and loss	1,999	-	-	-	-	-	1,999
Securities measured at FVTOCI	450,166	146,936	1,464,215	-	-	85,212	2,146,529
Securities measured at amortized cost	132,077	-	348,836	4,172,766	3,794,669	1,682,832	10,131,180
Placement with, and loans to banks	-	-	-	-	-	278,118	278,118
Loans to customers	3,292,987	4,139,131	16,371,396	11,303,990	18,934,424	25,054,712	79,096,640
Other financial receivables	1,560,413	-	-	-	-	-	1,560,413
Total assets	26,305,250	4,286,254	18,184,447	15,476,756	22,729,093	27,100,874	114,082,674
LIABILITIES AND EQUITY							
Deposits from banks	192,796	-	1,232,540	-	-	-	1,425,336
Deposits from customers	59,272,901	4,636,218	17,577,455	5,764,230	2,241,738	180,889	89,673,431
Loans payable	18,547	-	137,993	316,853	592,329	620,576	1,686,298
Other financial liabilities	1,254,302	-	-	-	-	90,978	1,345,280
Lease liability	7	1,268	3,862	10,191	71,523	25,765	112,616
Total liabilities and equity	60,738,553	4,637,486	18,951,850	6,091,274	2,905,590	918,208	94,242,961
Net liquidity gap	(34,433,303)	(351,232)	(767,403)	9,385,482	19,823,503	26,182,666	19,839,713

4. FINANCIAL INSTRUMENTS (Continued)

4.4 Liquidity risk (Continued)

4.4.1 Liquidity risk management process (Continued)

In thousands of Denars
December 31, 2020

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
ASSETS							
Cash and balances with the central bank	17,377,252	311	-	-	-	-	17,377,563
Financial assets through profit and loss	2,698	-	-	-	-	-	2,698
Securities measured at FVTOCI	2,201	-	2,209,412	-	-	81,246	2,292,859
Securities measured at amortized cost	545,624	761,741	4,125,722	349,153	5,382,766	1,234,575	12,399,581
Placement with, and loans to banks	-	-	-	-	-	224,193	224,193
Loans to customers	3,765,447	3,679,605	15,864,807	9,867,649	17,340,324	22,063,670	72,581,502
Other financial receivables	1,480,798	-	-	-	-	-	1,480,798
Total assets	23,174,020	4,441,657	22,199,941	10,216,802	22,723,090	23,603,684	106,359,194
LIABILITIES AND EQUITY							
Deposits from banks	237,804	-	-	-	-	-	237,804
Deposits from customers	52,503,652	5,122,641	19,047,285	7,555,201	2,237,581	156,317	86,622,677
Loans payable	5,852	-	28,898	67,325	165,880	261,585	529,540
Other financial liabilities	1,048,767	-	-	-	-	90,978	1,139,745
Lease liability	105	712	9,421	15,018	72,940	-	98,196
Total liabilities and equity	53,796,180	5,123,353	19,085,604	7,637,544	2,476,401	508,880	88,627,962
Net liquidity gap	(30,622,160)	(681,696)	3,114,337	2,579,258	20,246,689	23,094,804	17,731,232

Bank's assets and liabilities are classified according to their relevant maturities as at December 31, 2021 and 2020, except for loans and claims on other clients where the schedule in specific time intervals for loan products that have no defined maturity date (credit cards, overdrafts, etc.) is made by using the historical data on the collection amount in relation to the total on-balance sheet claims under these products. Although the initial analysis reveals that there is no reconciliation between assets and liabilities for the period up to one year, significant part of the Bank's deposits up to one year are stable and considered as core deposits, amounts to Denar 76,625,260 thousand (2020: Denar 76,322,820 thousand) and the Bank does not expect them to be withdrawn based on the contractual maturities, which helps the maturity non-reconciliation to be overcome.

4.4.2 Contractual maturity analysis for non-derivative financial liabilities (undiscounted cash flow)

The table below presents the cash flows payable by the Bank by remaining contractual maturities of non-derivative financial liabilities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

4. FINANCIAL INSTRUMENTS (Continued)

4.4 Liquidity risk (Continued)

4.4.2 Contractual maturity analysis for non-derivative financial liabilities (undiscounted cash flow) (Continued)

In thousands of Denars
December 31, 2021

	Sight	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
LIABILITIES										
Deposits from banks	29,668	163,127	-	1,232,541	-	-	-	-	-	1,425,336
Deposits from customers	56,645,983	2,704,916	4,652,125	17,645,071	5,797,314	2,041,295	119,378	114,446	184,124	89,904,652
Loans payable	2,109	18,619	-	138,167	316,920	316,597	137,869	137,868	618,468	1,686,617
Other financial liabilities	1,252,194	-	-	-	-	-	-	-	93,086	1,345,280
Lease liability	-	7	1,270	3,868	10,208	20,076	38,531	12,963	25,774	112,697
Total	57,929,954	2,886,669	4,653,395	19,019,647	6,124,442	2,377,968	295,778	265,277	921,452	94,474,582

In thousands of Denars
December 31, 2020

	Sight	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
LIABILITIES										
Deposits from banks	31,834	205,970	-	-	-	-	-	-	-	237,804
Deposits from customers	49,154,344	3,449,724	5,153,668	19,169,091	7,625,131	1,932,299	235,667	113,992	161,989	86,995,905
Loans payable	2,509	5,938	-	29,072	67,392	55,539	55,275	55,071	259,079	529,875
Other financial liabilities	1,046,261	-	-	-	-	-	-	-	93,484	1,139,745
Lease liability	-	105	713	9,433	15,041	17,135	26,365	29,530	-	98,322
Total	50,234,948	3,661,737	5,154,381	19,207,596	7,707,564	2,004,973	317,307	198,593	514,552	89,001,651

4. FINANCIAL INSTRUMENTS (Continued)

4.4 Liquidity risk (Continued)

4.4.3 Contractual maturity analysis for off-balance sheet items (undiscounted cash flow)

In thousands of Denars
December 31, 2021

	Sight	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
Commitments to extend Credits	13,367,430	-	-	-	-	-	-	-	-	13,367,430
Financial guarantees and LCs	-	132,787	310,737	1,894,951	1,702,902	96,078	2,131	652	60,264	4,200,502
Total	13,367,430	132,787	310,737	1,894,951	1,702,902	96,078	2,131	652	60,264	17,567,932

In thousands of Denars
December 31, 2020

	Sight	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
Commitments to extend credits	3,687,880	-	-	1,922,884	583,863	-	-	-	5,535,483	11,730,110
Financial guarantees and LCs	-	156,450	499,914	1,870,303	1,033,550	361,789	22,247	89	41,640	3,985,982
Total	3,687,880	156,450	499,914	3,793,187	1,617,413	361,789	22,247	89	5,577,123	15,716,092

4. FINANCIAL INSTRUMENTS (Continued)

4.5 Fair value of financial assets and liabilities

In thousands of Denars

	Carrying amount		Fair value	
	December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Financial assets				
Cash and balances with the central bank	20,867,795	17,377,563	20,867,795	17,377,563
Financial assets through profit and loss	1,999	2,698	1,999	2,698
Securities measured at FVTOCI	2,146,529	2,292,859	2,146,529	2,292,859
Securities measured at amortized cost	10,131,180	12,399,581	10,131,180	12,399,581
Placement with, and loans to Banks	278,118	224,193	278,118	224,193
Loans to customers	79,096,640	72,581,502	79,096,640	72,581,502
Other financial receivables (less foreclosure assets)	1,560,413	1,480,798	1,560,413	1,480,798
	114,082,674	106,359,194	114,082,674	106,359,194
Financial liabilities				
Deposits from banks	1,425,336	237,804	1,425,336	237,804
Deposits from customers	89,673,431	86,622,677	89,673,431	86,622,677
Loans payable	1,686,298	529,540	1,686,298	529,540
Other financial liabilities	1,457,896	1,139,745	1,457,896	1,139,745
	94,242,961	88,529,766	94,242,961	88,529,766

Cash and balances with the central bank

The carrying amount of Cash and balances with the central bank equals their fair values as they include cash and nostro accounts representing unrestricted demand deposits and placements with NBRNM, which mature shortly. Fair value of treasury and other eligible bills is based on discounted cash flows.

Financial assets through profit and loss

Fair value as determined by reference to market prices equal to their carrying amount.

Available-for-sale financial assets

Their fair value is measured based on quoted prices or amounts derived from cash flow models. Consequently, their fair value is their carrying amount.

Placement with, and loans to banks

The majority of the time deposits represent overnight deposits. The fair value of the overnight deposits and sight placements is their carrying amount. The smaller portion of the time deposits are fixed interest bearing deposits, which estimated fair value determined based on discounting cash flow using interest rates for similar placements.

Loans to customers

Loans are net of provisions for impairment. The major part of the loans to customers is with floating interest rate reflecting the current market conditions. The remaining part of the loans with fixed interest rate relates to “teaser loans”, for which the fair value is estimated based on the discounted cash flow.

4. FINANCIAL INSTRUMENTS (Continued)

4.5 Fair value of financial assets and liabilities (Continued)

Other receivables, less foreclosure assets

Other receivables approximate their fair value as they will mature shortly.

Deposits from banks

The fair value of sight and time deposits from banks and other financial institutions is their carrying amount.

Financial liabilities through profit and loss

Fair value as determined by inputs derived from market prices.

Deposits from customers

The fair value of the sight deposits and the deposits with floating interest rate is their carrying amount. The estimated fair value of the deposits with fixed interest rate is based on discounted cash flows using the interest rate for similar deposits with similar maturity.

Loans payable (including subordinated debt)

Subordinated debt represents the major part of this position. This loan is with floating interest rate. The remaining part relates to the loans from specific sources for which the market interest rate cannot be reliably determined, taking into consideration the fact that there are no similar instruments on the market.

Other liabilities

Other liabilities approximate their fair value as they will mature shortly.

Fair value hierarchy

The Bank classifies all financial assets and liabilities at fair value, using fair value hierarchy which reflects the significance of inputs used in determining fair value. The fair value hierarchy includes the following levels:

a) Level 1 - Fair value is determined directly with reference to quoted market prices of the financial instruments in active markets;

b) Level 2 -Fair value is determined using valuation techniques that include active markets inputs, which can be direct, i.e. prices, or indirect, i.e. derived from prices;

c) Level 3- Fair value is determined using valuation techniques that include inputs that cannot be directly or indirectly followed on the active markets, or are not visible.

There were no transfers between Level 1 and 2 in the period.

4. FINANCIAL INSTRUMENTS (Continued)

4.5 Fair value of financial assets and liabilities (Continued)

Fair value hierarchy (Continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

			In thousands of Denars December 31, 2021	
	Fair value	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Financial assets through profit and loss	1,999	1,999	-	-
Securities measured at FVTOCI				
Equity securities	85,212	-	60,805	24,407
Government bills	2,061,317	-	2,061,317	-
Securities measured at amortized cost				
Government bills	-	-	-	-
Government continued coupon bond	4,905,430	-	4,905,430	-
Eurobonds	5,225,750	-	5,225,750	-
Total	12,279,708	1,999	12,253,302	24,407

			In thousands of Denars December 31, 2020	
	Fair value	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Financial assets through profit and loss	2,698	2,698	-	-
Securities measured at FVTOCI				
Equity securities	81,246	-	56,839	24,407
Government bills	2,211,613	-	2,211,613	-
Securities measured at amortized cost				
Government bills	3,093,740	-	3,093,740	-
Government continued coupon bond	3,067,698	-	3,067,698	-
Eurobonds	6,238,143	-	6,238,143	-
Total	14,695,138	2,698	14,668,033	24,407

Level 3 financial instruments at December 31, 2021 and 2020 include available-for sale non-marketable private equity investments where prices are determined by the price of the most recent investments, based on which it is not practical to quote a range of key unobservable inputs.

Reconciliation of the fair value measurement in level 3 is not presented since there was no movement during 2021 (2020: none).

4. FINANCIAL INSTRUMENTS (Continued)

4.6 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' presented in the balance sheet, are:

- to comply with the capital requirements set by NBRNM;
- to safeguard the Bank's ability to continue as a successful company providing positive financial results and benefits for other stakeholders; and
- to maintain a strong capital base to support further successful activity.

Capital adequacy and the use of regulatory capital are monitored regularly by the Bank's management, employing techniques based on the directives set by the regulator, for supervisory purposes. The required information is sent to NBRNM on a quarterly basis.

According to the Decision on the methodology on determining the capital adequacy, the Bank's regulatory capital (own funds) is divided into two tiers:

- Tier 1 capital: consisted of two parts, common equity tier 1 and additional Tier 1 capital. The common equity tier 1 capital is consisting of share capital, retained undistributed profit restricted for distribution to shareholders, reserves created from retained profit, as well as accumulated other comprehensive income. The Bank has no additional tier 1 capital as disposal; and
- Tier 2: In position capital instruments are presented cumulative preferred shares, listed as such in the shareholder book of the Bank which is maintained in the Central Securities Depository, and are presented in Tier 2 as per the Decision on the methodology for determining the capital adequacy

The legally prescribed minimum rate for risk-weighted assets is: 4.5% for the common equity tier 1 capital, 6% for the tier 1 capital and 8% for own funds.

Furthermore, in accordance with the assessment of the whole risk profile of the Bank, NBRNM determines additional capital of 4.0% and the Bank is obliged to maintain capital adequacy rate of at least 12.0%.

The Bank is obliged additionally to maintain capital buffers prescribed by the Law on banks, namely capital conservation buffer of 2.5% and systemically important banks buffer of 1.5%.

The Bank is complied with the prescribed capital adequacy ratio of at least 16% as at 31.12.2021.

The Bank is calculating the capital adequacy rate in accordance with the Decision on the methodology for determining the capital adequacy of NBRNM, according to which the manner is prescribed for calculating the capital required for banks to cover the credit risk, operational risk, market risks and the currency risk.

The calculation of the capital required for covering the credit risk is based on the so-called standardized approach according to Basel II. The Bank is obliged to distribute the on-balance sheet and off-balance sheet claims in appropriate categories of exposure and to provide them with a risk weight depending on the credit quality degree of the debtor or the claim. Capital to cover the operational risk is also calculated according standardized approach. The calculation of the capital for currency risk is to the net amount of aggregate foreign currency position taking into consideration the impairment. The Bank is not obliged to determine and dispose of the capital required for covering the market risks.

The table below summarizes the compositions of regulatory capital and the capital adequacy ratio of the Bank for the years ended December 31, 2021 and 2020 regarding the requirement of regulatory authority. During these two years, the Bank complied with all of the regulatory imposed capital requirements.

4. FINANCIAL INSTRUMENTS (Continued)

4.6 Capital management (Continued)

	In thousands of Denars December 31, 2021
Tier 1 capital	
Ordinary shares	3,511,242
Statutory reserves and retained earnings	11,185,164
Accumulated other comprehensive income	112,832
Total qualifying Tier 1 capital	14,809,238
Tier 2 capital	
Cumulative non-voting shares	90,978
Total qualifying Tier 2 capital	90,978
Total regulatory capital	14,900,216
Credit risk-weighted assets	
On-balance sheet	77,878,104
Off-balance sheet	4,757,459
Total credit risk-weighted assets	82,635,563
FX risk-weighted assets	-
Operational risk-weighted assets	7,665,943
Risk-weighted assets	90,301,506
Capital adequacy ratio	16.50%

	In thousands of Denars December 31, 2020
Tier 1 capital	
Ordinary shares	3,511,242
Statutory reserves and retained earnings	10,139,664
Accumulated other comprehensive income	165,855
Total qualifying Tier 1 capital	13,816,761
Tier 2 capital	
Cumulative non-voting shares	90,978
Total qualifying Tier 2 capital	90,978
Total regulatory capital	13,907,739
Credit risk-weighted assets	
On-balance sheet	69,679,449
Off-balance sheet	4,753,967
Total credit risk-weighted assets	74,433,416
FX risk-weighted assets	349,931
Operational risk-weighted assets	7,782,018
Risk-weighted assets	82,565,365
Capital adequacy ratio	16.84%

4. FINANCIAL INSTRUMENTS (Continued)

4.7 Sensitivity analysis

4.7.1 Sensitivity analysis (foreign currency)

The currency risk management, performed by monitoring the assets and liabilities in foreign currencies, is supplemented by conducting sensitivity analysis of the Bank's foreign currencies assets and liabilities. Therefore, appropriate scenario (change of the exchange rates by +10% i.e. -10%, with respect to the Denar) is used.

		In thousands of Denars	
December 31, 2021		**Change in exchange rate**	
	Total	**10%**	**-10%**
ASSETS			
Cash and balances with the central bank	20,867,795	1,159,611	(1,159,611)
Financial assets through profit and loss	1,999	200	(200)
Securities measured at FVTOCI	2,146,529	116,484	(116,484)
Securities measured at amortized cost	10,131,180	895,795	(895,795)
Placement with, and loans to banks	278,118	27,812	(27,812)
Loans to customers	79,096,640	1,964,063	(1,964,063)
Other financial receivables	1,560,413	15,948	(15,948)
Total assets	114,082,674	4,179,913	(4,179,913)
LIABILITIES			
Deposits from banks	1,425,336	142,533	(142,533)
Deposits from customers	89,673,431	3,799,606	(3,799,606)
Loans payable	1,686,298	168,630	(168,630)
Other financial liabilities	1,345,280	21,829	(21,829)
Lease liability	112,616	11,262	(11,262)
Total liabilities	94,242,961	4,143,860	(4,143,860)
Net currency gap:	19,839,713	36,053	(36,053)

4. FINANCIAL INSTRUMENTS (Continued)

4.7 Sensitivity analysis (Continued)

4.7.1 Sensitivity analysis (foreign currency) (Continued)

December 31, 2020		In thousands of Denars Change in exchange rate	
	Total	+10%	-10%
ASSETS			
Cash and balances with the central bank	17,377,563	960,730	(960,730)
Financial assets through profit and loss	2,698	270	(270)
Securities measured at FVTOCI	2,292,859	-	-
Securities measured at amortized cost	12,399,581	876,226	(876,226)
Placement with, and loans to banks	224,193	22,419	(22,419)
Loans to customers	72,581,502	1,806,249	(1,806,249)
Other financial receivables	1,480,798	28,417	(28,417)
Total assets	106,359,194	3,694,311	(3,694,311)
LIABILITIES			
Deposits from banks	237,804	23,780	(23,780)
Deposits from customers	86,622,677	3,464,844	(3,464,844)
Loans payable	529,540	52,954	(52,954)
Other financial liabilities	1,139,745	34,623	(34,623)
Lease liability	98,196	9,820	(9,820)
Total liabilities	88,627,962	3,586,021	(3,586,021)
Net currency gap:	17,731,232	108,290	(108,290)

At December 31, 2021, if Denar had weakened 10% against the EUR (and all other currencies) with all other variables held constant, the profit for the year and net equity would have been Denar 36,053 thousand lower (2020: Denar 108,290 thousand higher). Conversely, if the Denar had strengthened 10% against the EUR (and all other currencies) with all other variables held constant, the profit for the year and the net equity would have been Denar 36,053 thousand higher (2020: Denar 108,290 thousand lower).

4. FINANCIAL INSTRUMENTS (Continued)

4.7 Sensitivity analysis (Continued)

4.7.2 Sensitivity analysis (interest rates)

In thousands of Denars
December 31, 2021

	Total	IR change + 200 bp	IR change - 200 bp
ASSETS			
Cash and balances with the central bank	20,867,795	181,584	(181,584)
Financial assets through profit and loss	1,999	-	-
Securities measured at FVTOCI	2,146,529	41,172	(41,172)
Securities measured at amortized cost	10,131,180	200,435	(200,435)
Placement with, and loans to banks	278,118	5,385	(5,385)
Loans to customers	79,096,640	1,534,741	(1,534,741)
Other financial receivables	1,560,413	-	-
Total assets	114,082,674	1,963,317	(1,963,317)
LIABILITIES			
Deposits from banks	1,425,336	(28,507)	28,507
Deposits from customers	89,673,431	(1,786,513)	1,786,513
Loans payable	1,686,298	(33,725)	33,725
Other financial liabilities	1,345,280	-	-
Lease liability	112,616	(2,252)	2,252
Total liabilities	94,242,961	(1,850,997)	1,850,997
Net interest gap:	19,839,713	112,320	(112,320)

4. FINANCIAL INSTRUMENTS (Continued)

4.7 Sensitivity analysis (Continued)

4.7.2 Sensitivity analysis (interest rates) (Continued)

			In thousands of Denars December 31, 2020
	Total	IR change + 200 bp	IR change - 200 bp
ASSETS			
Cash and balances with the central bank	17,377,563	133,637	(133,637)
Financial assets through profit and loss	2,698	-	-
Securities measured at FVTOCI	2,292,859	44,232	(44,232)
Securities measured at amortized cost	12,399,581	245,774	(245,774)
Placement with, and loans to banks	224,193	2,833	(2,833)
Loans to customers	72,581,502	1,400,733	(1,400,733)
Other financial receivables	1,480,798	-	-
Total assets	106,359,194	1,827,209	(1,827,209)
LIABILITIES			
Deposits from banks	237,804	(4,756)	4,756
Deposits from customers	86,622,677	(1,728,319)	1,728,319
Loans payable	529,540	(10,589)	10,589
Other financial liabilities	1,139,745	-	-
Lease liability	98,196	(1,964)	1,964
Total liabilities	88,627,962	(1,745,628)	1,745,628
Net interest gap:	17,731,232	81,581	(81,581)

As a part of interest rate risk management, the Bank analyzes the sensitivity of the balance sheet items. The sensitivity analysis is performed taking into account interest bearing assets and liabilities. Hence, it was tested what would happen, if interest rates decreased/increased by 200 b.p.

If interest rates had been 200 bp higher with all other variables held constant, taking into account the balances of assets and liabilities as of December 31, 2021, profit for the year would have been Denar 112,320 thousand (2020: 81,581 Denar thousand higher) higher. Conversely, if the interest rates had been 200 b.p lower with all other variables held constant, profit for the year would have been Denar 112,320 thousand (2020: Denar 81,581 thousand lower) lower. Such an effect arises due to higher sensitivity of assets compared to the sensitivity of liabilities when experiencing a change of the interest rates.

5. SEGMENT REPORTING

The Bank manages its business through the following business segments:

Retail banking

Retail banking includes all individual customers to whom the Bank, through extended network of branches, offers various types of loan, deposit as well as wide range of other traditional services and products.

Corporate banking

Corporate includes lending to all large, medium-sized and small companies. The Bank offers its corporate customers a wide range of products and services, deposit accounts, loans, foreign exchange and trade service activities.

Investment banking

Investment banking includes safekeeping and administration of financial instruments for clients, including custodianship and related services and own portfolio management bonds investment portfolio (available for sale and held to maturity)

Other

This segment includes all other insignificant operating activities.

Unallocated

The segment unallocated include accrued revenue from activities that cannot be readily mapped into a particular business line such as commissions, income derived from insurance or income from extraordinary or non-regular items.

5.1 Operating segments

In thousands of Denars
Year ended December 31, 2021

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Total
Net interest income	2,798,540	789,115	2,820	145,702	-	3,736,177
Net fee and commission income	798,105	501,084	(263,998)	(203,701)	-	831,490
Net trading income	-	-	(696)	-	-	(696)
Other operating income	136,757	(3,810)	1,670	23,041	3,994	161,652
Total income	3,733,402	1,286,389	(260,204)	(34,958)	3,994	4,728,623
Profit before tax	2,617,317	(155,085)	(260,650)	(73,509)	3,994	2,132,067
Income tax expense						(221,245)
Net profit for the year						1,910,822
Total assets	50,605,694	51,677,117	12,299,666	819,129	-	115,401,606
Total liabilities	66,872,411	27,524,474	2,100	-	120,886	94,519,871
Impairment of financial assets, net	(313,712)	(446,690)	(446)	(38,551)	-	(799,399)
Impairment of non-financial assets	-	-	-	-	-	-
Depreciation and amortization	-	(170,779)	-	-	-	(170,779)
Property and equipment purchases	(88,214)	(42,133)	-	-	(1,316)	(131,663)
Other expenses	(802,373)	(824,005)	-	-	-	(1,626,378)

5. SEGMENT REPORTING (Continued)

5.1 Operating segments (Continued)

In thousands of Denars
Year ended December 31, 2020

	Retail banking	Corporate banking	Investment banking	Other	Unallocated	Total
Net interest income	2,714,980	754,899	14,864	107,482	-	3,592,225
Net fee and commission income	678,055	411,995	(207,535)	(143,889)	-	738,626
Net trading income	-	-	(1,077)	-	-	(1,077)
Other operating income	117,646	43,992	5,496	17,935	356	185,425
Total income	3,510,681	1,210,886	(188,252)	(18,472)	356	4,515,199
Profit before tax	3,078,356	(503,304)	(198,539)	(46,053)	79	2,330,539
Income tax expense						(198,604)
Net profit for the year						2,131,935
Total assets	47,204,439	47,305,965	12,507,121	828,915	-	107,846,440
Total liabilities	66,520,650	22,179,150	2,499	-	176,615	88,878,914
Impairment of financial assets, net	381,912	(762,898)	(10,287)	(27,581)	-	(418,854)
Impairment of non-financial assets	-	-	-	-	-	-
Depreciation and amortization	-	(181,054)	-	-	(277)	(181,331)
Property and equipment purchases	(54,705)	(26,128)	-	-	(816)	(81,649)
Other expenses	(814,237)	(770,238)	-	-	-	(1,584,475)

5.2 Geographical areas

In thousands of Denars
December 31,2021

	RNM	EU countries	Europe - other	OECD countries (less EU OECD countries)	Other and Unalo-cated	Total
Total income, net	4,391,719	203,540	1,050	128,320	3,994	4,728,623
Total assets	109,255,690	3,757,588	19,384	2,368,944	-	115,401,606

In thousands of Denars
December 31,2020

	RNM	EU countries	Europe - other	OECD countries (less EU OECD countries)	Other and Unalo-cated	Total
Total income, net	4,202,320	191,075	986	120,462	356	4,515,199
Total assets	102,136,593	3,490,977	18,009	2,200,861	-	107,846,440

6. INTEREST INCOME AND EXPENSE

Interest income and expense analyzed by category of financial instruments is as follows:

	In thousands of Denars	
	Year ended December 31,	
	2021	**2020**
Interest income calculated using the effective interest method:		
Cash and cash equivalents	(2,487)	23,389
Placement with, and loans to banks	3,075	15,418
Loans to customers	3,816,811	3,836,743
Investment securities	160,138	106,064
Other receivables	2,428	3,839
	3,979,965	3,985,453
Interest expense:		
Deposits from banks and financial institutions	-	645
Deposits from customers	241,351	388,767
Loans payable	323	1,015
Other liabilities	2,114	2,801
	243,788	393,228
Net interest income	3,736,177	3,592,225

The sector analysis of interest income and expense is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020 (In thousands of Denars)	
	Income	**Expense**	**Income**	**Expense**
Enterprises	817,524	21,126	736,139	36,496
State	160,142	71	122,747	581
Not-for-profit institutions	481	608	364	943
Banks	3,201	323	4,598	565
Other non-banking financial entities	8,686	16,078	37,222	28,370
Households	2,999,020	203,367	3,084,281	323,368
Non-residents	(9,089)	2,215	102	2,905
	3,979,965	243,788	3,985,453	393,228
Net interest income	3,736,177		3,592,225	

7. FEE AND COMMISSION INCOME AND EXPENSE

Fee and commission income and expense is analyzed by financial activity as follows:

			In thousands of Denars	
	Year ended December 31, 2021		**Year ended December 31, 2020**	
	Income	**Expense**	**Income**	**Expense**
Loans provided	83,368	-	74,028	-
Domestic payment operations	278,760	101,770	214,376	79,986
Foreign payment operations	219,379	31,633	201,657	29,182
Letters of credit and guaranties	46,403	-	43,024	-
Brokerage	3,297	487	2,633	442
Assets administering	398	-	378	-
Credit cards	582,137	464,094	507,215	370,816
Consumer credit	22,808	-	22,470	-
Mortgage credit	-	-	-	8
Deposits	2,792	-	6,942	-
Safe box	9,878	-	7,917	-
Third party collection	2,637	-	2,348	-
Maintenance fees for transaction accounts	110,168	-	80,287	-
Selling fees on insurance policies	54,587	-	36,501	-
Other	22,628	9,766	20,006	722
	1,439,240	607,750	1,219,782	481,156
Net fee and commission income	831,490		738,626	

The sector analysis of fee and commission income and expense is as follows:

			In thousands of Denars	
	Year ended December 31, 2021		**Year ended December 31, 2020**	
	Income	**Expense**	**Income**	**Expense**
Enterprises	584,548	58,272	491,256	55,076
State	4,410	-	2,938	-
Not-for-profit institutions	112	-	114	-
Banks	28,947	292,945	27,514	235,049
Other non-banking financial entities	-	25,192	-	24,185
Households	798,105	-	678,055	-
Non-residents	23,118	231,341	19,905	166,846
	1,439,240	607,750	1,219,782	481,156
Net fee and commission income	831,490		738,626	

8. TRADING INCOME, NET

	In thousands of Denars Year ended December 31, 2021	2020
Financial assets through profit and loss:		
Net loss on sales and fair valuation of equity securities	(696)	(1,077)
	(696)	(1,077)

9. FOREIGN EXCHANGE GAINS, NET

	In thousands of Denars Year ended December 31, 2021	2020
Realized exchange gains, net	136,119	103,315
Unrealized exchange losses, net	(26,041)	(1,685)
	110,078	101,630

10. OTHER OPERATING INCOME

	In thousands of Denars Year ended December 31, 2021	2020
Early withdrawal of deposits and operations with non-residents	17,564	15,368
Gain on sale of property and equipment and foreclosed assets	15,126	44,777
Court claims collections	7,504	11,998
Dividend from equity securities designated at FVTOCI	831	5,494
Income from mediation at mortgage insurance	64	99
Rental income	1,391	1,564
Income from collected damage from insurance companies	261	232
Other	8,833	4,263
	51,574	83,795

11. IMPAIRMENT, NET

	In thousands of Denars Year ended December 31, 2021	2020
Impairment loss on financial assets, net	(799,399)	(418,854)
Impairment loss on non-financial assets	-	-
	(799,399)	(418,854)

Impairment/Reversal of impairment loss on financial assets, net

In thousands of Denars

	December 31,2021			December 31, 2020		
	Charge	**Release**	**Net**	**Charge**	**Release**	**Net**
Cash and balances with the central bank (Note 16)	-	(21)	(21)	-	(695)	(695)
Placement with, and loans to banks (Note 20)	484	(203)	281	539	(9,606)	(9,067)
Loans to customers (Note 21)	1,860,553	(1,067,124)	793,429	903,929	(492,661)	411,268
Other assets (Note 22)	4,889	(3,153)	1,736	7,168	(2,895)	4,273
Securities measured at FVTOCI (Note 18)	-	(3,670)	(3,670)	4,074	-	4,074
Securities measured at amortized cost (Note 19)	4,503	(3,058)	1,445	10,870	(4,002)	6,868
Off-balance sheet items (Note 30)	9,265	(3,066)	6,199	4,892	(2,759)	2,133
	1,879,694	(1,080,295)	799,399	931,472	(512,618)	418,854

Accrued Interest income on impaired financial assets as at December 31, 2021 amount to nil (2020: Denar nil).

12. PERSONNEL EXPENSES

	In thousands of Denars Year ended December 31, 2021	2020
Wages and salaries	493,861	488,440
Social security cost	239,896	239,518
Other staff costs	154,038	142,203
Pension costs based on defined benefit plans, net	2,147	1,148
	889,942	871,309
Average number of employees during the period	984	1,006
Number of permanent employees at the end of the year	983	1,008

13. DEPRECIATION AND AMORTIZATION

	In thousands of Denars Year ended December 31, 2021	2020
Depreciation of property and equipment (Note 25)	69,671	74,714
Amortization of intangible assets (Note 24)	53,139	56,217
Depreciation of investment property (Note 23)	562	832
Depreciation of RoU Assets (Note 25)	47,407	49,568
	170,779	181,331

14. OTHER OPERATING EXPENSES

	In thousands of Denars Year ended December 31, 2021	2020
Insurance premiums for deposits	164,048	160,464
Other service costs	117,397	111,852
Administrative and marketing costs	111,600	80,067
Materials	77,262	62,802
Telecommunication and postage costs	66,699	61,638
Service fee (Legal fees, audit fees)	66,545	70,892
Maintenance and other related expenses	52,859	49,231
Collection costs	39,829	27,946
Expense for Variable lease payments not in Lease Liability	11,384	8,610
Insurance premiums for property and employees	11,118	11,682
Other expenses	8,885	62,875
Other taxes and contributions	4,155	2,064
Travel expenses	2,132	1,349
Court claims	1,973	1,000
Operating expense relating to Short-term & low value leases	550	694
	736,436	713,166

15. INCOME TAX EXPENSE

The major components of income taxes in the statement of comprehensive income are as follows:

	In thousands of Denars Year ended December 31, 2021	 2020
Current income tax expense	276,980	197,605
Deferred income tax expense	(55,735)	999
	221,245	198,604

The total charge for the year can be reconciled to the accounting profit as follows:

	In thousands of Denars Year ended December 31, 2021	 2020
Profit before tax	2,132,067	2,330,539
Income tax at the statutory income tax rate of 10%	213,207	233,054
Tax on expenses not allowed for tax purposes	12,196	12,089
Other	(4,158)	(46,539)
At effective rate of 10.38% (2020: 8.52%)	221,245	198,604

In accordance with the Income Tax Law which is in appliance for the fiscal 2021 and 2020, basis for taxation represents the realized gross profit (difference between the total income and expenditures) increased by certain costs that are not subject to taxation, or decreased by certain income, investments and similar which are not subject to taxation.

15.1 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Recognized deferred income tax (assets)/liabilities are attributable to the following items

In thousands of Denars

	31 December 2021			31 December 2020		
	Deferred tax assets	**Deferred tax liabilities**	**Net basis**	**Deferred tax assets**	**Deferred tax liabilities**	**Net basis**
Placement with, and loans to banks	-	-	-	-	96	96
Loans and advances to customers	-	105,622	105,622	-	157,457	157,457
Foreclosed collateral	-	15,118	15,118	-	18,849	18,850
Provisions - Off-balance sheet items	-	2,399	2,399	-	2,328	2,328
Impairment securities	-	(2,265)	(2,265)	-	(2,121)	(2,122)
Total recognized deferred tax assets / liabilities	**-**	**120,874**	**120,874**	**-**	**176,609**	**176,609**

Movement in temporary differences during the year are as follows:

In thousands of Denars

	31 December 2021			31 December 2020		
	1 January	**Recognised in income**	**31 December**	**1 January**	**Recognised in income**	**31 December**
Placement with, and loans to banks	96	(96)	-	167	(71)	96
Loans and advances to customers	157,457	(51,835)	105,622	157,147	310	157,457
Foreclosed collateral	18,850	(3,732)	15,118	18,333	517	18,850
Provisions - Off-balance sheet items	2,328	71	2,399	1,398	930	2,328
Impairment securities	(2,122)	(143)	(2,265)	(1,435)	(687)	(2,122)
	176,609	**(55,735)**	**120,874**	**175,610**	**999**	**176,609**

The temporary differences relate to different carrying amount of the above presented items in accordance with statutory requirements.

16. CASH AND BALANCES WITH THE CENTRAL BANK

	In thousands of Denars	
	December 31, 2021	December 31, 2020
Cash on hand	1,830,600	1,594,826
Accounts and deposits with NBRNM, except mandatory reserves in foreign currency	6,171,463	4,772,382
Accounts and deposits with foreign banks	4,581,122	3,177,648
Accounts and deposits with domestic banks	-	33
Treasury bills which can be traded on the secondary market	1,838,661	1,889,623
Time deposits up to three months	2,629,101	2,268,140
Other short-term highly liquid assets	326	301
Less: ECL allowance	(404)	(425)
Included in Statement of Cash Flows	17,050,869	13,702,528
Mandatory reserves in foreign currency	3,515,576	3,395,554
Restricted deposits	301,350	279,481
	20,867,795	17,377,563

Accounts and deposits with NBRNM, except mandatory reserves in foreign currency in the amount of Denar 6,171,463 thousand (2020: Denar 4,772,382 thousand) represent mandatory reserves in Denars. These reserves are non-interest bearing.

Treasury bills which can be traded on the secondary market in the amount of Denar 1,838,661 thousand (2020: Denar 1,889,623 thousand) represent bills issued by the Central Bank with a maturity of 28 - 35 days and interest rate of 1.25.% p.a. (2020: 1.50.% to 2.25% p.a.). Treasury Bills are classified as FVOCI.

Mandatory reserves in foreign currency represent non-interest-bearing mandatory deposit with NBRNM amounting to Denar 3,515,576 thousand (2020: Denar 3,395,554 thousand) calculated as an average amount of deposits in foreign currencies during the last calendar month.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	In thousands of Denars December 31, 2021	December 31, 2020
Equity securities issued by banks	1,999	2,698
	1,999	2,698

The Bank trades with the trading securities in order to generate profit from the short-term fluctuations in their stock price. The Bank is not able to exert significant influence over the banks in which it holds equity securities due to the insignificant percentage it has in the ordinary share capital in these entities.

18. SECURITIES MEASURED AT FVTOCI

	In thousands of Denars December 31, 2021	December 31, 2020
Equity securities issued by other entities	85,212	81,246
Government bills	2,061,721	2,215,687
	2,146,933	2,296,933
Less: ECL	(404)	(4,074)
	2,146,529	2,292,859

The movement of Equity securities is as follows:

	In thousands of Denars December 31, 2021	December 31, 2020
Balance at the beginning of the year	2,292,859	81,425
Additions within the period	2,056,037	2,565,719
Maturities within the period	(2,207,241)	(356,306)
Gains / (losses) from changes in fair value	1,204	6,095
Impairment charge net	3,670	(4,074)
Balance at the end of the year	2,146,529	2,292,859

The movement in the ECL allowance is as follows:

	In thousands of Denars December 31, 2021	December 31, 2020
Balance at the beginning of the year	4,074	-
Addition for the year (Note 11)	-	4,074
Release for the year (Note 11)	(3,670)	-
Balance at the end of the year	404	4,074

19. SECURITIES MEASURED AT AMORTIZED COST

	In thousands of Denars	
	December 31, 2021	December 31, 2020
Debt securities		
Government bills	-	3,095,888
Government bonds	10,153,835	9,324,903
	10,153,835	12,420,791
Less: ECL	(22,655)	(21,210)
	10,131,180	12,399,581

	In thousands of Denars	
	December 31, 2021	December 31, 2020
Balance at the beginning of the year	12,399,581	8,596,403
Additions within the period	3,037,385	9,822,567
Maturities within the period	(5,211,986)	(6,140,039)
Amortization of premiums / discounts	(77,810)	117,378
Foreign exchange differences	(14,545)	10,140
Impairment charge	(1,445)	(6,868)
Balance at the end of the year	10,131,180	12,399,581

The movement in the ECL allowance is as follows:

	In thousands of Denars	
	December 31, 2021	December 31, 2020
Balance at the beginning of the year	21,210	14,342
Addition for the year (Note 11)	4,503	10,870
Release (Note 11)	(3,058)	(4,002)
Balance at the end of the year	22,655	21,210

The ECL movement in the table above relates to Stage 1.

Debt securities issued by the Government in the amount of Denar 10,131,180 thousand, net, include the amount of Denar null (2020: Denar 3,093,744 thousand) relating to eligible bills issued by the Ministry of Finance of the RNM (2020: from 0.50% p.a. to 0.60% p.a.). As well as amount of Denar 4,905,430 thousand, net, (2020: Denar 3,067,697 thousand) which relate to continued coupon government bonds issued by the state of RNM with maturity from December 2022 till April 2028 and fixed interest rate from 0.35% p.a. to 1.63% p.a.(2020: from 0.35% p.a. to 1.50% p.a.) being repayable in annual coupons. Starting from 2019 Eurobond issued by the Ministry of Finance of the RNM is part of investment securities, in amount of Denar 5,225,750 thousand, net (2020: Denar 6,238,140) with maturity from July 2023 till March 2028 and fixed interest rate from 1.63% p.a. to 5.63% p.a.(2020: from 2.75% p.a. to 5.63% p.a)

20. PLACEMENTS WITH, AND LOANS TO BANKS

In thousands of Denars

	Year ended December 31, 2021		Year ended December 31, 2020	
	Short-term	Long-term	Short-term	Long-term
Loans to foreign banks	18,637	-	18,009	-
Other placements due from foreign banks	-	269,256	-	215,678
Interest receivable	-	-	-	-
	18,637	269,256	18,009	215,678
Less: ECL allowance	(9,775)	-	(9,494)	-
	8,862	269,256	8,515	215,678
	278,118		224,193	

The movement in the ECL allowance is as follows:

In thousands of Denars

	December 31, 2021	December 31, 2020
Balance at the beginning of the year	9,494	9,659
Charge for the year (Note 11)	484	539
Release (Note 11)	(203)	(9,606)
Recoveries	-	8,902
Balance at the end of the year	9,775	9,494

Part of the loans to foreign banks amounting to Denar 18,637 thousand (2020: Denar 18,009 thousand) are restricted and represent accounts held with banks in the Republic of Serbia, which went into bankruptcy in January 2002 (Note 26). The ECL movement above relates to Stage 3.

Other placement due from foreign banks relate to restricted accounts of Denar 269,256 thousand (2020: Denar 215,678 thousand) which represent deposits held with United Overseas Bank Limited Singapore and HSBC Bank PLC, London, Great Britain as a collateral for the transactions performed with VISA and MASTER payment cards. These funds are not available for the Bank's daily operations.

21. LOANS TO CUSTOMERS

a) Analysis of loans by type of customer

In thousands of Denars

	Year ended December 31, 2021 Short-term	Year ended December 31, 2021 Long-term	Year ended December 31, 2020 Short-term	Year ended December 31, 2020 Long-term
Non-financial entities				
principal amount	12,480,936	17,140,613	11,096,406	14,527,398
interest receivable	50,438	-	100,670	-
State				
principal amount	-	-	-	562
interest receivable	-	-	3	-
Not-for-profit organizations				
principal amount	21	21,616	-	8,064
interest receivable	19	-	22	-
Households				
principal amount:				
- housing loans	235,361	13,326,699	252,988	11,652,368
- consumer loans	1,946,321	31,032,962	2,149,268	28,947,134
- auto loans	11,427	19,648	19,565	24,636
- credit cards	295,959	4,412,751	320,679	5,355,268
- other loans	177,919	1,390,567	228,040	1,428,823
interest receivable	581,560	-	847,197	-
Non-residents, except banks				
principal amount	51	1,181	1,030	807
interest receivable	8	-	4	-
Current maturity	11,505,794	(11,505,794)	11,272,617	(11,272,617)
	27,285,814	55,840,243	26,288,489	50,672,443
Total gross loans	83,126,057		76,960,932	
Provision for impairment	(4,029,417)		(4,379,430)	
	79,096,640		72,581,502	

The ECL allowance presented represents total provision and relate to both, short-term and long-term loans to customers.

The movement in the ECL allowance is as follows:

In thousands of Denars

	December 31, 2021	December 31, 2020
Balance at the beginning of the year	4,379,430	4,294,722
Charge for the year (Note 11)	1,860,553	903,929
Release (Note 11)	(1,067,124)	(492,661)
Recoveries	233,750	248,584
Write off	(1,377,192)	(575,144)
Balance at the end of the year	4,029,417	4,379,430

21. LOANS TO CUSTOMERS (Continued)

b) Analysis of loans by sectors

	In thousands of Denars December 31, 2021	December 31, 2020
Agriculture and forestry	513,828	399,969
Mining and quarrying	278,707	309,546
Manufacturing	9,482,393	7,722,833
Electricity, gas, steam and air conditioning supply	1,911,042	1,717,746
Water supply; sewerage, waste management and remediation activities	9,175	6,757
Construction	2,944,274	2,713,522
Wholesale and retail trade; repair of motor vehicles and motorcycles	7,550,345	6,121,106
Transportation and storage	997,738	1,221,823
Accommodation and food service activities	825,085	844,335
Information and communication	312,987	251,196
Financial and insurance activities	78,094	89,100
Real estate activities	437,886	487,038
Professional, scientific and technical activities	470,236	528,712
Administrative and support service activities	1,136,810	747,135
Public administration and defence; compulsory social security	29,973	14,234
Education	-	-
Human health and social work activities	485,416	409,042
Arts, entertainment and recreation	3,509	4,165
Other service activities	14,224	24,437
Individuals	51,614,918	48,968,806
	79,096,640	72,581,502

c) Analysis of loans by type of security

	In thousands of Denars December 31, 2021	December 31, 2020
Cash and cash equivalents or restricted accounts held in Bank	1,265,775	1,473,007
Government guarantees	462,203	588,898
Bank guarantees	248,143	254,182
Corporate guarantees	768,371	319,842
Property	34,736,147	31,243,824
Equipment and other movable assets	2,366,118	1,696,634
Other securities	1,598,416	1,132,301
Non-secured	37,651,467	35,872,814
	79,096,640	72,581,502

22. OTHER ASSETS

a) Non-current assets held for sale

	In thousands of Denars December 31, 2021	December 31, 2020
Foreclosed collateral		
Land	19,087	17,710
Buildings	510,915	635,001
Other	37,633	29,095
	567,635	681,806
Less: Allowance for impairment	(290,731)	(311,902)
	276,904	369,904

The movement in the allowance for impairment in non-current assets held for sale is as follows:

	In thousands of Denars December 31, 2021	December 31, 2020
Balance at the beginning of the year	311,902	328,778
Disposals	(21,171)	(16,876)
Balance at the end of the year	290,731	311,902

b) Other receivables and prepaid expenses

	In thousands of Denars December 31, 2021	December 31, 2020
State pension receivable	1,305,179	1,284,012
Receivables upon payments on credit cards	131,902	103,833
Trade receivables from contracts with customers	69,087	41,947
Short term settlements of operations with credit cards	34,904	13,161
Stock of material, plastic cards, coins and numismatic collection	22,682	45,657
Prepaid expenses	5,456	20,375
Receivables for commission and fees	4,498	4,401
Advances to suppliers	1,235	6,531
Treasury shortage	440	731
Other receivables	40,149	25,775
	1,615,532	1,546,423
Less: ECL allowance	(55,119)	(65,625)
	1,560,413	1,480,798

State pension receivable in amount of Denar 1,305,179 thousand refers to pension for December 2021 prepaid from bank's funds (2020: Denar 1,284,012 thousand), offset by the Pension and disability insurance fund of North Macedonia on 5[td] of January 2022.

22. OTHER ASSETS (Continued)

b) Other receivables and prepaid expenses (continued)

The movement in the ECL allowance in other receivables and prepaid expenses is as follows:

In thousands of Denars

	Stage 1 12 - month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2021				
Balance at beginning of period	(141)	(9,322)	(56,162)	(65,625)
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	(270)	270	-	-
Transfer from Stage 2 to Stage 3	-	3,016	(3,016)	-
Transfer from Stage 3 to Stage 2	-	(209)	209	-
New financial assets	-	(1,598)	-	(1,598)
Write-offs	-	-	12,242	12,242
Other movements including repayments	224	715	(1,077)	(138)
Ending balance	(187)	(7,128)	(47,804)	(55,119)

In thousands of Denars

	Stage 1 12 - month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
December 31,2020				
Balance at beginning of period	(4)	(1,547)	(62,686)	(64,237)
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	(29)	29	-	-
Transfer from Stage 2 to Stage 3	-	196	(196)	-
Transfer from Stage 3 to Stage 2	-	(8,715)	8,715	-
New financial assets	(108)	-	-	(108)
Write-offs	-	-	2,885	2,885
Other movements including repayments	-	715	(4,880)	(4,165)
Ending balance	(141)	(9,322)	(56,162)	(65,625)

23. INVESTMENT PROPERTY

	In thousands of Denars
Cost	
Balance at January 1, 2020	114,414
Additions	-
Transfer from assets acquired through foreclosure procedure	-
Disposals	(35,795)
Balance at December 31, 2020	78,619
Balance at January 1, 2021	78,619
Additions	-
Disposals	-
Balance at December 31, 2021	78,619
Accumulated depreciation	
Balance at January 1, 2020	(18,234)
Charge for the year	832
Disposals	(18,943)
Balance at December 31, 2020	(36,345)
Balance at January 1, 2021	(36,345)
Charge for the year	562
Disposals	-
Balance at December 31, 2021	(35,783)
Impairment	
Balance at January 1, 2020	105,364
Charge for the year (Note 11)	-
Balance at December 31, 2020	105,364
Balance at January 1, 2021	105,364
Charge for the year (Note 11)	-
Balance at December 31, 2021	105,364
Carrying amount	
Balance at December 31, 2020	9,600
Balance at December 31, 2021	9,038

As of December 31, 2021, the fair value of the investment property corresponds to the carrying amount presented in these financial statements.

24. INTANGIBLE ASSETS

In thousands of Denars

	Software	Other intangibles	Total
Cost			
Balance at January 1, 2020	832,998	182,126	1,015,124
Additions	43,843	636	44,479
Disposals	(339,233)	-	(339,233)
Balance at December 31, 2020	537,608	182,762	720,370
Balance at January 1, 2021	537,608	182,762	720,370
Additions	26,372	1,439	27,811
Transfers	8,758	(8,683)	75
Disposals	-	(3,081)	(3,081)
Balance at December 31, 2021	572,738	172,437	745,175
Accumulated amortization			
Balance at January 1, 2020	716,292	136,307	852,599
Charge for the year	41,636	14,581	56,217
Disposal	(339,233)	-	(339,233)
Balance at December 31, 2020	418,695	150,888	569,583
Balance at January 1, 2021	418,695	150,888	569,583
Transfers	-	8	8
Charge for the year	42,606	10,533	53,139
Disposal	-	(2,984)	(2,984)
Balance at December 31, 2021	461,301	158,445	619,746
Carrying amount			
Balance at December 31, 2020	118,913	31,874	150,787
Balance at December 31, 2021	111,437	13,992	125,429

25. PROPERTY AND EQUIPMENT

In thousands of Denars

	Buildings	Furniture and equipment	Construction in progress	RoU assets Buildings and vehicles	Total
Cost					
Balance at January 1, 2020	1,258,914	1,001,269	8,340	144,040	2,412,563
Additions	32,852	44,695	6,886	45,028	129,461
Transfer	8,607	216	(8,823)	-	-
Disposals	(30,936)	(35,587)	-	-	(66,523)
Balance at December 31, 2020	1,269,437	1,010,593	6,403	189,068	2,475,501
Balance at January 1, 2021	1,269,437	1,010,593	6,403	189,068	2,475,501
Additions	36,681	23,415	9,545	62,022	131,663
Transfer	(75)	-	-	-	(75)
Disposals	-	(27)	-		(27)
Balance at December 31, 2021	1,306,043	1,033,981	15,948	251,090	2,607,062
Accumulated depreciation					
Balance at January 1, 2020	589,118	874,931	-	42,657	1,506,706
Transfer	-	-	-	-	-
Charge for the year	31,149	43,565	-	49,568	124,282
Disposals	(17,274)	(35,483)	-	-	(52,757)
Balance at December 31, 2020	602,993	883,013	-	92,225	1,578,231
Balance at January 1, 2021	602,993	883,013	-	92,225	1,578,231
Transfer	(8)	-	-		(8)
Charge for the year	31,398	38,273	-	47,407	117,078
Disposals	-	(27)	-	-	(27)
Balance at December 31, 2021	634,383	921,259	-	139,632	1,695,274
Impairment					
Balance at January 1, 2020	4,227	-	-	-	4,227
Charge for the year (Note 11)	-	-	-	-	-
Balance at December 31, 2020	4,227	-	-	-	4,227
Balance at January 1, 2021	4,227	-	-	-	4,227
Charge for the year (Note 11)	-	-	-	-	-
Balance at December 31, 2021	4,227	-	-	-	4,227
Carrying amount					
Balance at December 31, 2020	662,217	127,580	6,403	96,843	893,043
Balance at December 31, 2021	667,433	112,722	15,948	111,458	907,561

The Bank's buildings as of December 31, 2021 include property with a net carrying amount of Denar 2,481 thousand (2020: Denar 2,638 thousand), for which the Bank does not possess appropriate ownership title deeds due to incomplete cadastral records.

As of December 31, 2021 and 2020 the Bank's property and equipment are free of any pledges and mortgages.

26. DEPOSITS FROM BANKS

In thousands of Denars

	December 31, 2021		December 31, 2020	
	Up to one year	Over one Year	Up to one year	Over one year
Current accounts				
domestic banks	10,275	-	4,938	-
foreign banks	387	-	8,410	-
	10,662	-	13,348	-
Time deposits				
foreign banks	1,395,662	-	205,965	-
	1,395,662	-	205,965	-
Restricted deposits				
foreign banks	19,005	-	18,486	-
	19,005	-	18,486	-
Interest payable on deposits				
foreign banks	7	-	5	-
	7	-	5	-
Total deposits from banks	1,425,336		237,804	

The restricted deposits held with foreign banks amounting to Denar 19,005 thousand (2020: Denar 18,486 thousand) represent deposits from banks in the Republic of Serbia which went into bankruptcy in January 2002 (Note 20).

27. DEPOSITS FROM CUSTOMERS

In thousands of Denars

	December 31, 2021		December 31, 2020	
	Up to one year	Over one year	Up to one year	Over one year
Non-financial entities				
Current accounts	17,855,354	-	14,896,313	-
Sight deposits	138,837	-	73,807	-
Time deposits	822,413	835,163	1,437,052	855,524
Restricted deposits	333,025	511,193	418,273	693,823
Other deposits	10,261	-	8,508	-
Interest payable on deposits	12,372	-	12,832	-
	19,172,262	1,346,356	16,846,785	1,549,347
State				
Current accounts	160,341	-	195,479	-
Time deposits	20,000	-	10,000	-
Restricted deposits	35	650	35	650
Interest payable on deposits	67	-	36	-
	180,443	650	205,550	650
Not-for-profit organizations				
Current accounts	644,528	-	566,025	-
Sight deposits	-	-	-	-
Time deposits	117,672	16,099	142,921	11,599
Restricted deposits	2,149	1,042	3,846	1,842
Interest payable on deposits	209	-	227	-
	764,558	17,141	713,019	13,441
Financial institutions, except banks				
Current accounts	71,280	-	61,342	-
Sight deposits	-	-	-	-
Time deposits	192,000	776,814	68,000	864,856
Restricted deposits	7,457	1,672	7,567	32,089
Interest payable on deposits	15,124	-	21,062	-
	285,861	778,486	157,971	896,945
Households				
Current accounts	34,569,904	-	30,844,886	-
Sight deposits	132,965	-	37,578	-
Time deposits	13,800,954	15,144,634	15,485,375	16,816,992
Restricted deposits	1,649,648	491,736	1,572,553	645,572
Interest payable on deposits	47,855	-	59,742	-
	50,201,326	15,636,370	48,000,134	17,462,564
Non-residents, except banks				
Current accounts	988,771	-	439,491	-
Sight deposits	765	-	452	-
Time deposits	111,472	142,317	122,485	177,070
Restricted deposits	46,018	455	36,132	385
Interest payable on deposits	180	-	256	-
	1,147,206	142,772	598,816	177,455
Current maturity	9,756,013	(9,756,013)	10,181,565	(10,181,565)
	81,507,669	8,165,762	76,703,840	9,918,837
Total deposits from customers	89,673,431		86,622,677	

28. LOANS PAYABLE

In thousands of Denars

	December 31, 2021		December 31, 2020	
	Up to one year	Over one year	Up to one year	Over one year
Domestic sources:				
DBNM				
- Matures in 2024 and interest rate is equal to 1.0% p.a. annually (2020: 1% p.a.)	28	12,908	72	33,832
- Matures in 2031 and interest rate is equal to 0% p.a. (2020 0% p.a.)	-	1,673,362	-	495,636
	28	1,686,270	72	529,468
Current maturity of long-term loans	156,512	(156,512)	-	-
	156,540	1,529,758	72	529,468
Total loans payable	**1,686,298**		**529,540**	

a) FINANCIAL LIABILITIES RECONCILIATION

The table below sets out an analysis of our debt and the movements in our debt for each of the periods presented. The debt items are those that are reported as financing in the statement of cash flows:

In thousands of Denars

	December 31, 2021	December 31, 2020
Balance at the beginning of the year	529,540	214,344
Cash flows	1,156,802	315,043
Foreign exchange adjustments	-	220
Other non-cash movements	(44)	(67)
Balance at the end of the year	1,686,298	529,540

29. OTHER LIABILITIES

	In thousands of Denars	
	December 31, 2021	**December 31, 2020**
Trade payables	4,892	13,675
Received advances		
Fee and commissions liabilities	150	207
Accrued expenses	137,676	165,951
Deferred income from previous year	190,036	67,121
Other		
Preferred cumulative shares	90,978	90,978
Liabilities for dividend on preferred shares	2,110	2,509
Disputed VISA cards transactions	1,858	4,573
Unallocated inflows upon deposits and other inflows	771,792	637,496
Obligations to merchants for outstanding payments on credit cards	13,515	15,236
Overpaid fees of credit cards	33,110	28,721
Commitments for closing current accounts – bankruptcy	16,480	14,618
Obligations for settlement with VISA	1,721	1,812
Lease liability	112,616	98,196
Premature repayment of loans and other liabilities	80,962	96,848
	1,457,896	**1,237,941**

The Bank has issued 227,444 non-redeemable cumulative preference shares with a nominal value of Denar 400.

The preference shares give preferential rights for dividends and do not have voting rights and participation in equity in the event of a liquidation of the Bank.

As of December 31, 2021, the Bank allocated an amount of Denar 1,285 thousand as a dividend to the holders of these shares for the 2021 (2020: Denar 1,365 thousand).

The movement in the lease liability expenses is as follows

	In thousands of Denars	
	December 31, 2021	**December 31, 2020**
Balance at beginning of the year	98,196	102,553
Additions	54,952	250
Repayments	(40,532)	(4,607)
Balance at the end of the year	112,616	98,196

30. PROVISIONS

In thousands of Denars

	Off-balance sheet items	Litigation	Employees benefits	Total
Balance at beginning of the year	19,986	10,031	35,920	65,937
Additions	4,892	1,112	8,570	14,574
Used	-	-	(2,657)	(2,657)
Release	(2,759)	(752)	-	(3,511)
Balance at the end of the year	22,119	10,391	41,833	74,343

In thousands of Denars

	Off-balance sheet items	Litigation	Employees benefits	Total
Balance at beginning of the year	22,119	10,391	41,833	74,343
Additions	9,265	601	3,886	13,752
Used	-	(52)	(370)	(422)
Release	(3,066)	(247)	(919)	(4,232)
Balance at the end of the year	28,318	10,693	44,430	83,441

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows.

The principal actuarial assumptions used were as follows:

	2021	2020
Interest rate	2.20%	2.20%
Average salary increase	4.00%	4.00%
Inflation rate	2.00%	2.00%

Mortality rate:
By the study of mortality rates in the past years, we have established the representation of the expected rate of mortality in the country. We used a mortality table which is a reasonable approximation of long-term mortality rate in the country.

31. EQUITY

a) Share capital

The share capital of the Bank as of December 31, 2021 and 2020 consists of 17,460,180 fully paid up ordinary shares with a nominal value of Denar 201.1. 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 the Bank's General Assembly meetings, as well as the right to participate equally in the event of the liquidation of the Bank.

The structure of shareholders exceeding 5% of the issued voting capital as of December 31, 2021 and 2020 officially announced and accepted by the Central Securities Depository of the RNM is as follows:

	December 31, 2021		December 31, 2020	
	% of participation	In thousands of Denars	% of participation	In thousands of Denars
National Bank of Greece	94.64%	3,323,094	94.64%	3,323,094
Others	5.36%	188,148	5.36%	188,148
	100%	3,511,242	100%	3,511,242

b) Revaluation reserves

Revaluation reserves include unrealized gains and losses arising from changes in the fair value of available-for-sale investments.

Components of other comprehensive income

	In thousands of Denars	
	December 31, 2021	December 31, 2020
Reserves-Other comprehensive income-Items that will be reclassified to P&L		
Revaluation reserve - FVTOCI Debt securities	240	3,242
Reserves-Other comprehensive income-Items that will not be reclassified to P&L		
Gains less losses on investments in equity securities at fair value through other comprehensive income	3,966	(180)
Service & interest income/(cost) related to defined benefits obligation	(819)	(5,039)
Other comprehensive income	3,387	(1,977)
Less: Income tax relating to components of other comprehensive Income	-	-
Other comprehensive income for the year, net of tax	3,387	(1,977)

c) Statutory reserve

In accordance with the local regulations, the Bank is required to set aside 5 percent of its net profit for the previous year in a statutory reserve until the level of the reserve reaches 1/10 of the court-registered share capital. Until the minimum required level is reached, the statutory reserve could be used only for loss recovery. When the statutory reserve exceeds the minimum level, after recovery of all losses, it can be used for distribution of dividends, based on a decision of the Shareholder's Assembly, but only if, for the current year, it has not reached the minimum for distribution as prescribed by the Law on Trade Companies or by the Bank's Statute.

d) Special fund

Special fund represents a fund set up based on the internal Bank's policy for various purposes broadly classified as restrictive.

32. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data in the earnings per share computations:

	December 31, 2021	December 31, 2020
Net profit attributable to shareholders for basic and diluted earnings per share (in thousands of Denars)	1,910,822	2,131,935
Weighted average number of shares for basic and diluted earnings per share	17,460,180	17,460,180
Basic earnings per share (in Denars)	109.4	122.1
Diluted earnings per share (in Denars)	109.4	122.1

33. RELATED PARTY TRANSACTIONS

Related parties include major shareholders, affiliates and jointly controlled entities, control/management with the Bank, or whose activities the Bank has an ability to control. Key management personnel include members of Management and Supervisory Board. All transactions with related parties arise in the normal course of business and their value is not materially different from the terms and conditions that would prevail in arms-length transactions.

The significant related party balances and transactions are presented as follows:

Statement of financial position

In thousands of Denars

	Parent company	Key management personnel	Other related parties	Total
December 31, 2021				
Assets				
Current accounts	9,372	-	-	9,372
Loans	-	944	2,824	3,768
Other assets	-	-	-	-
	9,372	944	2,824	13,140
Liabilities				
Deposits	1,232,543	55,090	173,990	1,461,623
Other liabilities	55,289	1	-	55,290
	1,287,832	55,091	173,990	1,516,913
December 31, 2020				
Assets				
Current accounts	2,124	-	-	2,124
Loans	-	1,285	2,800	4,085
Other assets	-	-	-	-
	2,124	1,285	2,800	6,209
Liabilities				
Deposits	3	50,461	205,970	256,434
Other liabilities	57,014	-	-	57,014
	57,017	50,461	205,970	313,448

33. RELATED PARTY TRANSACTIONS (Continued)

Statement of comprehensive income (continued)

In thousands of Denars

	Parent company	Key management personnel	Other related parties	Total
December 31, 2021				
Income				
Interest income	-	55	119	174
Fee and commission income	-	13	11	24
Other income	-	1	3	4
	-	69	133	202
Expenses				
Interest expense	111	468	63	642
Fee and commission expense	1,311	-	-	1,311
Other expenses	101,586	33,738	1,553	136,877
	103,008	34,206	1,616	138,830
December 31, 2020				
Income				
Interest income	1	67	135	203
Fee and commission income	-	24	12	36
Other income	-	7	2	9
	1	98	149	248
Expenses				
Interest expense	-	422	631	1,053
Fee and commission expense	704	-	-	704
Other expenses	116,146	28,800	6	144,952
	116,850	29,222	637	146,709

National Bank of Greece, Athens represents the parent and the ultimate parent company of the Bank. Other related party transactions relate mostly to NBG Cairo branch, fellow subsidiaries of the NBG Group, entity under common control and related parties to key management personnel.

The total compensation and other transactions with key management personnel as follows:

In thousands of Denars

	December 31, 2021	December 31, 2020
Short-term compensation and benefits	33,716	28,785
	33,716	28,785

The Bank entered into banking transactions with key management personnel in the normal course of business.

34. COMMITMENTS AND CONTINGENCIES

a) Off-balance sheet items

	In thousands of Denars December 31, 2021	December 31, 2020
Payment guarantees:		
in Denars	1,099,582	1,113,069
in foreign currency	252,403	458,167
in Denars with foreign currency clause	18,926	12,114
Performance guarantees:		
in Denars	597,443	573,481
in foreign currency	34,905	40,311
in Denars with foreign currency clause	1,036,358	1,150,839
Letters of credit in foreign currency	810,449	375,696
Cash covered letter of credit	9,727	9,046
Cash covered letter of guarantees	340,709	253,258
Unused current account overdrafts	7,964,050	6,194,628
Credit cards commitments	5,403,380	5,535,483
Other	21,657	2,776
	17,589,589	15,718,868
Less: provision for off-balance sheet items (Note 30)	(28,318)	(22,119)
	17,561,271	15,696,749

b) Managed funds

The Bank administrates assets on a fee basis on behalf of customers. Such managed funds are not Bank's assets and are not recognized in the statement of financial position.

In thousands of Denars

	December 31, 2021			December 31, 2020		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Loans in Denars	264,792	264,740	52	266,551	266,499	52
Loans in foreign currency	117,967	117,967	-	128,998	128,998	-
Other receivables in Denars	1,337,121	1,337,121	-	1,200,403	1,200,403	-
Other receivables in foreign currency	425,214	425,214	-	411,667	411,667	-
Custodian accounts	19,943	19,943	-	19,832	19,832	-
	2,165,037	2,164,985	52	2,027,451	2,027,399	52

The Bank is not exposed to any credit risk in respect of the above placements, as it does not guarantee placements.

34. COMMITMENTS AND CONTINGENCIES (Continued)

c) Litigations

The Bank is involved in litigation from its regular operations. The provision of litigation cases against the Bank as of December 31, 2021, for which additional analyses were made on the basis of which the Bank's management believes that the final outcome of these disputes will be resolved to the detriment of the Bank for that material losses could result in respect of these disputes amounted to Denar 10,693 thousand (2020: Denar 10,391 thousand). This amount includes the penalty interests, and other court expenses as well. Accordingly, during 2021, the Bank made additional provisions for litigations in the amount of Denar 601 thousand (2020: Denar 1,112 thousand). See note 30.

In reference to the three court proceedings initiated during 2019 by the holders of preferred shares against Stopanska banka – AD Skopje, in each of the court cases the lawsuits have been rejected as legally groundless. In that respect, one court case has been finalized in favor of the Bank in all court instances and in the other two cases the first instance court has ruled in favor of the Bank. All the facts and evidence show that it can be reasonably expected the higher courts to reject all legal remedies submitted by the holders of preferred shares and to confirm the verdicts of first instance where it is stated that the Bank acts fully in compliance with the laws, its Statute and the Decisions on issuance of shares and that the priority shares are only cumulative without voting right, as registered in the Central Securities Depositary. The Bank does not expect any material impact on the financial statements and its operations.

d) Lease commitments

The Bank as lessor

Operating leases relate to the investment property owned by the Bank, which comprises a number of commercial real estate leased to third parties. All operating lease contracts contain market review clause in the event that the lessee exercise its option to renew. The expiration of the lease period range up to one year. Rental income earned by the Bank from its investment property, all of which is leased out under operating leases, amounting to Denar 1,391 thousand (2020: Denar 1,564 thousand).

The Bank as lessee

The Bank applied IFRS 16 to contracts that were identified as leases and presented as Banks's Right of Use Assets and Lease liability. The lease liabilities were discounted at the Bank's incremental borrowing rate as of 1 January 2019.

The Bank has elected to take a recognition exemption for short-term leases and leases of low-value items, for which lease payments are recognized as operating expenses on a straight-line basis over the lease term.

35. TAXATION RISK

The tax authorities may at any time inspect the books and records within 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 additional circumstances, which may give rise to a potential material liability in this respect.

36. EVENTS AFTER THE REPORTING PERIOD

On May 31, 2022, the Shareholders Assembly of the Bank adopted decisions to distribute part of the profit for 2021 in the amount of 1,543,456 thousand Denars and part of the retained earnings from 2019 in the amount of 307,500 thousand Denars to retained earnings limited for distributions to shareholders. This is in order to ensure a capital adequacy ratio determined in accordance with the requirements of the NBRNM above the level of 16%, and to support the Bank's Business Plan in the next period.

Apart from the events presented above, there are no material events after the balance sheet date that would be reported in the financial statements.

37. EXCHANGE RATES

Official exchange rates used in the translation of the balance sheet items denominated in foreign currencies were as follows:

		In Denars
	2021	**2020**
1 USD	54.3736	50.2353
1 EUR	61.6270	61.6940