

STOPANSKA BANKA AD - Skopje

**Draft consolidated audited financial statements
For the year ended December 31, 2024**

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RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Management of STOPANSKA BANKA AD - Skopje (the “Bank”) is responsible for ensuring that the Consolidated financial statements are prepared for the year that ends on 31 December 2024 in accordance with the Methodology for recording and evaluating the accounting items provided by the Central Bank and for preparing the Consolidated financial statements on 31 December 2024 And there results of the bank operations and cash flows for the year that ended.

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 Consolidated financial statements.

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

- Suitable accounting policies are selected and then applied consistently;
- Judgements and estimates are reasonable and prudent;
- Applicable accounting standards are followed, subject to any material departures disclosed and explained in the Consolidated financial statements; and
- The Consolidated 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 also ensure that the Consolidated financial statements comply with accounting standards applied in the country. 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.

By Decision of the Supervisory Board of the Bank No. 93/24 of 11.06.2024 and Decision No. 15-254/2 of the National Bank of the Republic of North Macedonia, Evangelia Kalouptsi has been appointed as a new member of the Board of Directors of the Bank and Chief Transformation and Strategy Officer.

Signed on behalf of STOPANSKA BANKA AD - Skopje:

Mr. Diomidis Nikolettopoulos

Mrs. Milica Chaparovska - Jovanovska

Chief Executive Officer
Chairman of the Board of Directors

Chief Retail Officer
Member of the Board of Directors

Mr. Bojan Stojanoski

Mrs.Evangelia Kalouptsi

Chief Risk Officer
Member of the Board of Directors

Chief Transformation and Strategy Officer
Member of the Board of Directors

Mrs. Julijana Proshev

Chartered Accountant – License Number 0101038



Independent auditor's report - DRAFT

To the Supervisory Board and Shareholders of Stopanska Banka AD Skopje

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Stopanska Banka AD Skopje and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of 31 December 2024 and the consolidated income statement and the consolidated statement of other comprehensive income, consolidated statement of changes in equity and reserves and consolidated 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 consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with 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 consolidated financial statements are free from material misstatement.

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

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

PricewaterhouseCoopers Revizija DOO 16, 8 Septemvri Blvd. Hyperium Business Center, 2nd floor, 1000 Skopje, Republic of North Macedonia, VAT No. MK4030008022586, T: +389 2 3140 900, F: +389 2 3116 525,
www.pwc.com/mk

This version of our report is a translation from the original, which was prepared in Macedonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the regulations of the National Bank of the Republic of North Macedonia.

Report on other legal and regulatory requirements

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

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

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

Dragan Davitkov
General Manager

Sime Jovanovski
Certified Auditor

PricewaterhouseCoopers Revizija DOO Skopje

__ April 2025
Skopje, Republic of North Macedonia

This version of our report is a translation from the original, which was prepared in Macedonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

CONSOLIDATED INCOME STATEMENT
for the period from January 1, 2024 to December 31, 2024
(In thousands of Denars)

	<u>Notes</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Interest income		6,958,484	6,214,613
Interest expense		(773,866)	(470,605)
Net interest income (expense)	6	6,184,618	5,744,008
Fee and commission income		1,660,690	1,568,551
Fee and commission expense		(794,738)	(755,935)
Net fee and commission income (expense)	7	865,952	812,616
Trading income/(losses), net	8	-	100
Trading income from other financial instruments recorded at fair value, net	9	-	-
Foreign exchange gains/(losses), net	10	179,584	145,061
Other operating income	11	510,772	614,274
Share in the profit of associates	24	-	-
Impairment losses on financial assets, net	12	(1,175,092)	(1,375,923)
Impairment losses on non-financial assets, net	13	34,557	94,650
Personnel expenses	14	(1,171,665)	(1,071,536)
Depreciation and amortization	15	(213,837)	(160,910)
Other operating expenses	16	(1,066,959)	(948,210)
Share in the loss of associated companies	24	-	-
Profit before tax		4,147,930	3,854,130
Income tax	17	(594,383)	(383,331)
Net profit for the year		3,553,547	3,470,799
Earnings per share	41		
Basic earnings per share (in MKD)		203,52	198.78
Diluted earnings per share (in MKD)		203,52	198.78

The accompanying notes from page 9 to 133 are an integral part of these Consolidated financial statements.

The Consolidated financial statements were approved by the Banks's Board of Directors on April 28, 2025 and adopted by the Bank's Supervisory Board on April 29, 2025.

Signed on behalf of STOPANSKA BANKA AD - Skopje:

Mr. Diomidis Nikolettopoulos

Chief Executive Officer
Chairman of the Board of Directors

Mr. Bojan Stojanoski

Chief Risk Officer
Member of the Board of Directors

Mrs. Julijana Proshev
Chartered Accountant - License Number 0101038

Mrs. Milica Chaparovska - Jovanovska

Chief Retail Officer
Member of the Board of Directors

Mrs. Evangelia Kalouptsi

Chief Transformation and Strategy Officer
Member of the Board of Directors

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the period from January 1, 2024 to December 31, 2024
(In thousands of Denars)

	<u>Note</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Profit / (loss) for the financial year		3,553,547	3,470,799
Other profit/(losses) for the financial year (before taxation)			
Other profit/(losses) in the period not shown in the Income Statement (before taxation)			
Revaluation reserve for equity assets available-for- sale		-	-
- unrealized net changes in fair value of equity assets available for sale		128	189
- realized net-profit/(losses) from equity assets available for sale, reclassified in the Other reserves		-	-
Changes in the bank's creditworthiness, for financial liabilities that are measured at fair value		-	-
Income tax from other gains / (losses) not shown in the Income Statement	17	(1,408)	-
Total other gains / (losses) in the period not shown in the Income Statement		(1,280)	189
Other gains / (losses) in the period which are or could reclassified in the Income Statement (before taxation)			
Revaluation reserve for debt assets available-for- sale		-	-
- unrealized net changes in fair value of debt assets available for sale		4,990	40,628
- realized net-profit/(losses) from equity assets available for sale, reclassified in the Income Statement		-	-
- additional impairment losses of debt assets available for sale		-	-
- Release of impairment losses of debt assets available for sale		-	-
Revaluation reserve foreclosed assets taken on the basis of outstanding claims		-	-
- revaluation reserve recognized during the period		53,804	108,894
- reduction in the revaluation reserve reclassified in the Income Statement		(75,657)	(100,703)
Reserves for cash flow risk protection instruments		-	-
- unrealized net changes in fair value of cash flow risk protection instruments		-	-
- realized net-profit/(losses) from cash flow risk protection instruments, reclassified in the Income Statement		-	-
Reserve for instruments to protect against the risk of net investments in foreign operations		-	-
Reserve of foreign exchange differences from investment in foreign operations		-	-
Share in other gains / (losses) of affiliated companies not shown in the Income Statement	24	-	-
Other gains / (losses) not shown in the Income Statement		(5,065)	7,657
Income tax from other gains / (losses) which are or could reclassified in the Income Statement	17	(18,011)	-
Total other gains / (losses) in the period which are or could reclassified in the Income Statement		(39,939)	56,476
Total other gains / (losses) in the period		(41,219)	56,665
Comprehensive income /(loss) for the financial year		3,512,328	3,527,464

The accompanying notes from page 9 to 133 are an integral part of these Consolidated financial statements.

The Consolidated financial statements were approved by the Bank's Board of Directors on April 28, 2025 and adopted by the Bank's Supervisory Board on April 29, 2025.

Signed on behalf of STOPANSKA BANKA AD - Skopje:

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Mrs. Julijana Proshev
Chartered Accountant – License Number 0101038

CONSOLIDATED BALANCE SHEET
for the period from January 1, 2024 to December 31, 2024
(In thousands of Denars)

	<u>Notes</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
ASSETS			
Cash and cash equivalents	18	24,514,815	24,657,005
Trading financial assets	19	-	-
Financial assets at fair value through Income Statement determined as such at initial recognition	20	-	-
Derivative assets held for risk management	21	-	-
Placements with, and loans to banks	22.1	406,945	326,561
Loans to customers	22.2	98,810,256	92,309,131
Investments in securities	23	16,585,375	11,408,416
Investments in associates	24	-	-
Income tax receivable (current)	30.1	-	-
Other receivables	25	2,281,303	1,382,944
Collateralized assets	26	-	-
Assets acquired through foreclosure proceedings	27	88,432	132,324
Intangible assets	28	255,751	192,505
Property and equipment	29	1,078,701	957,600
Deferred tax assets	30.2	-	-
Non-current assets held for sale and disposal group	31	-	-
Total assets		<u>144,021,578</u>	<u>131,366,486</u>
LIABILITIES			
Trading financial liabilities	32	-	-
Financial liabilities at fair value through Income Statement determined as such at initial recognition	33	-	-
Derivative obligations held for risk management	21	-	-
Deposits from banks and financial institutions	34.1	1,693,960	996,050
Deposits from customers	34.2	108,524,202	100,058,171
Issued debt securities	35	-	-
Borrowings	36	2,447,363	2,739,776
Subordinated debt	37	-	-
Special reserve and provisions	38	139,449	184,953
Income tax payable (current)	30.1	245,482	143,984
Deferred tax liabilities	30.2	19,420	-
Other liabilities	39	1,713,570	1,517,748
Liabilities directly related to disposal group of assets	31	-	-
Total liabilities		<u>114,783,446</u>	<u>105,640,682</u>

CONSOLIDATED BALANCE SHEET (continued)
for the period from January 1, 2024 to December 31, 2024
(In thousands of Denars)

	<u>Notes</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
EQUITY AND RESERVES			
Subscribed capital	40	3,511,242	3,511,242
Share premium		-	-
Treasury shares		-	-
Other equity instruments		-	-
Revaluation reserves	40	164,837	203,820
Other reserves	40	831,373	831,373
Retained earnings		24,730,680	21,179,369
Total equity and reserves		29,238,132	25,725,804
Total liabilities and equity and reserves		144,021,578	131,366,486
Contingent liabilities	42.1	19,701,232	20,388,699
Contingent assets	42.2	-	-

The accompanying notes from page 9 to 133
are an integral part of these Consolidated financial statements.

Signed on behalf of STOPANSKA BANKA AD - Skopje:

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Chief Executive Officer
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Member of the Board of Directors

Mrs. Julijana Proshev

Chartered Accountant – License Number 0101038

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND RESERVES
for the period from January 1, 2023 to December 31, 2023
(In thousands of Denars)

	Equity				Revaluation reserves					Other reserves			Retained earnings		(Accumulated losses)	Total equity and reserves
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revaluation reserve for assets available for sale	Revaluation reserve for foreclosed assets	Reserve for protection against risk	Foreign exchange gains/losses reserves	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders	Limited for distribution to shareholders		
As at January 1, 2023 (previous period)	3,511,242	-	-	-	(9,409)	147,352	-	-	9,213	830,290	-	1,083	5,503,822	12,204,748	-	21,198,341
Restatement of opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at January 1, 2023 Restated	3,511,242	-	-	-	(9,409)	147,352	-	-	9,213	830,290	-	1,083	5,503,822	12,204,748	-	21,198,341
Comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit /(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	3,470,799	-	-	3,470,799
Other income /(loss) in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value for assets available-for-sale <i>debt securities</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-unrealized changes in the fair value, net	-	-	-	-	40,628	-	-	-	-	-	-	-	-	-	-	40,628
-realized changes in the fair value, net reclassified in Income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-additional impairment on debt securities available-for-sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-impairment release of debt securities available-for-sale <i>equity securities</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-unrealized changes in the fair value, net	-	-	-	-	189	-	-	-	-	-	-	-	-	-	-	189
-realized changes in the fair value, net reclassified in Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value for protection against cash flow risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value for protection against net-investment risk in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate differences of investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets/(liabilities) recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in bank's creditworthiness for financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other profit/(loss) not shown in the Income Statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-foreclosed assets	-	-	-	-	-	8,191	-	-	7,657	-	-	-	-	-	-	15,848
Total unrealized profit /(loss) recognized in the equity	-	-	-	-	40,817	8,191	-	-	7,657	-	-	-	-	-	-	56,665
Total comprehensive profit /(loss) for the financial year	-	-	-	-	40,817	8,191	-	-	7,657	-	-	-	3,470,799	-	-	3,527,464
Transactions with shareholders, recognized in the equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued shares within the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sold treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	(1,540,000)	1,540,000	-	-
Transactions with shareholders, recognized in the equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	(1,540,000)	1,540,000	-	-
On December 31, 2023	3,511,242	-	-	-	31,408	155,543	-	-	16,870	830,290	-	1,083	7,436,624	13,744,748	-	25,725,804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND RESERVES (continued)
for the period from January 1, 2024 to December 31, 2024
(In thousands of Denars)

	Equity				Revaluation reserves					Other reserves			Retained earnings			
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revaluation reserve for assets available for sale	Revaluation reserve for foreclosed assets	Reserve for protection against risk	Foreign exchange gains/losses reserves	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders	Limited for distribution to shareholders	(Accumulated losses)	Total equity and reserves
As at December 31, 2023 / January 1, 2024 (current period)	3,511,242	-	-	-	31,408	155,542	-	-	16,870	830,290	-	1,083	7,434,621	13,744,748	-	25,25,804
Corection in initial balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at January 1, 2024 corrected	3,511,242	-	-	-	31,408	155,542	-	-	16,870	830,290	-	1,083	7,434,621	13,744,748	-	25,725,804
Comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	3,553,547	-	-	3,553,547
Profit /(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income /(loss) in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value for assets available-for-sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>debt securities</i>																
-unrealized changes in the fair value, net	-	-	-	-	4,990	-	-	-	-	-	-	-	-	-	-	4,990
-realized changes in the fair value, net reclassified in Income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-additional impairment on debt securities available-for-sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-impairment release of debt securities available-for-sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>equity securities</i>																
-unrealized changes in the fair value, net	-	-	-	-	128	-	-	-	-	-	-	-	-	-	-	128
-realized changes in the fair value, net reclassified in Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value for protection against cash flow risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value for protection against net-investment risk in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate differences of investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets/(liabilities) recognized in equity	-	-	-	-	(6,050)	(13,369)	-	-	-	-	-	-	-	-	-	(19,419)
Changes in bank's creditworthiness for financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other profit/(loss) not shown in the Income Statement	-	-	-	-	-	-	-	-	-	-	-	-	(2,234)	-	-	(2,234)
-foreclosed assets	-	-	-	-	-	(21,853)	-	-	(2,831)	-	-	-	-	-	-	(24,684)
Total unrealized profit /(loss) recognized in the equity	-	-	-	-	(932)	(35,222)	-	-	(2,831)	-	-	-	(2,234)	-	-	(41,219)
Total comprehensive profit /(loss) for the financial year	-	-	-	-	(932)	(35,222)	-	-	(2,831)	-	-	-	3,551,313	-	-	3,512,328
-Transactions with shareholders, recognized in the equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued shares within the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sold treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-distribution of accumulated earnings	-	-	-	-	-	-	-	-	-	-	-	-	(2,460,000)	2,460,000	-	-
Transactions with shareholders, recognized in the equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	(2,460,000)	2,460,000	-	-
On December 31, 2024	3,511,242	-	-	-	30,476	120,321	-	-	14,039	830,290	-	1,083	8,525,934	16,204,748	-	29,238,132

The accompanying notes from page 9 to 133 are an integral part of these Consolidated financial statements.

Signed on behalf of STOPANSKA BANKA AD - Skopje:

Mr. Diomidis Nikolettopoulos

Mrs. Milica Chaparovska - Jovanovska

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Chief Transformation and Strategy
Officer
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Chartered Accountant
License Number 0101038

CONSOLIDATED STATEMENT OF CASH FLOW
for the period from January 1, 2024 to December 31, 2024
(In thousands of Denars)

	Note	31 December 2024	31 December 2023
Cash flow generated from operating activities			
Profit before taxation		4,147,930	3,854,130
<i>Adjustments for:</i>		-	-
Depreciation of:		-	-
- intangible assets	15/28	68,603	53,160
- property and equipment	15/29	145,234	107,750
Capital gain on sale of:		-	-
- intangible assets		-	-
- property and equipment	11	(3,109)	(20)
- assets acquired through foreclosures	11	(31,239)	(88,995)
Capital loss on sale of:		-	-
- intangible assets		-	-
- property and equipment		-	-
- assets acquired through foreclosures	16	-	-
Interest income	6	(6,958,484)	(6,218,370)
Interest expense	6	773,866	476,352
Net trading expense / (income)	8	-	(100)
Impairment losses of financial assets, on a net basis		-	-
- Additional impairment losses	12	1,942,539	2,152,407
- Release of impairment losses	12	(767,447)	(776,484)
Impairment loss of non-financial assets, on a net basis:		-	-
- Additional impairment loss	13	25,887	6,053
- Release of impairment loss		(60,444)	(100,703)
Special reserves:		-	-
- additional provisions	38	14,343	5,255
- release of provisions	38	(1,999)	(2,833)
Dividend income	11	-	(2,465)
Share in profit/(loss) of associates		-	-
Other adjustments		-	-
Interest received		6,946,359	6,123,167
Interest paid		(518,083)	(448,492)
Operating profit before changes in operating assets		5,724,047	5,139,812
<i>(Increase)/decrease of operating assets:</i>			
Trading assets		-	2,121
Derivative assets held for risk management		-	-
Due from banks and financial institutions		(80,477)	(29,416)
Loans to customers		(7,787,160)	(7,628,866)
Pledged assets		-	-
Assets acquired through foreclosure proceedings		74,462	152,920
Reserve requirements in foreign currency		231,183	(1,093,088)
Obligatory deposit with Central Bank in accordance with special legislation		370,000	(1)
Other receivables		(923,975)	788,603
Deferred tax assets		-	-
Non-current assets held for sale and disposal group		-	-
<i>Increase/(decrease) of operating liabilities:</i>		-	-
Trading liabilities		-	-
Derivative liabilities held for risk management		-	-
Deposits from banks and financial institutions		700,477	(1,907,225)
Deposits from customers		8,210,226	6,038,482
Other liabilities		197,569	239,774
Liabilities directly related to group of assets for disposal		-	-
Net cash flows (used in)/ from operating activities before tax		6,716,352	1,703,116
(Paid)/Received on income tax		(473,466)	(240,237)
Net cash flows (used in)/ from operating activities		6,242,886	1,462,879

CONSOLIDATED STATEMENT OF CASH FLOW (continued)
for the period from January 1, 2024 to December 31, 2024
(In thousands of Denars)

	Note	31 December 2024	31 December 2023
Cash flows from investing activities			
(Investments in securities)		(9,815,840)	(3,943,305)
Inflows from sale of investments in securities		4,721,955	3,031,260
(Outflows for investments in subsidiaries and affiliates)		-	-
Inflows from sale of investments in subsidiaries and affiliates		-	-
(Acquisition of intangible assets)		(131,849)	(108,795)
Inflows from sale of intangible assets		-	-
(Acquisition of property and equipment)		(263,226)	(157,598)
Inflows from sale of property and equipment		-	-
(Outflows for non-current assets held for sale)		-	-
Inflows from non-current assets held for sale		-	-
(Other outflows from investing activities)		-	-
Other inflows from investing activities		-	2,465
Net cash flows from/(used in) investing activities		(5,488,960)	(1,175,973)
Cash flows from financing activities			
(Repayment of issued debt securities)		-	-
Inflows from issued debt securities		-	-
(Repayment of loan payables)		(646,399)	(448,998)
Increase in loan payables		351,443	1,256,329
(Repayment of issued subordinated debt)		-	-
Inflows from issued subordinated debt		-	-
Inflows from issued shares/equity instruments within the period		-	-
Acquisition of treasury shares)		-	-
Disposal of treasury shares		-	-
(Paid dividends)		-	-
(Other outflows from financing activities)		-	-
Other inflows from financing activities		-	-
Net cash flows from financing activities		(294,956)	807,331
Effects from allowance for impairment of cash and cash equivalents		23	237
Effects from foreign exchange gains/losses of cash and cash equivalents		-	-
Net increase /(decrease) of cash and cash equivalents		458,993	1,094,474
Cash and cash equivalents as at January 1		18,326,513	17,232,039
Cash and cash equivalents as at December 31		18,785,506	18,326,513

The accompanying notes from page 9 to 133 are an integral part of these Consolidated financial statements.

Signed on behalf of STOPANSKA BANKA AD - Skopje:

Mr. Diomidis Nikolettopoulos

Mrs. Milica Chaparovska – Jovanovska

Chief Executive Officer

Chief Retail Officer

Chairman of the Board of Directors

Member of the Board of Directors

Mr. Bojan Stojanoski

Mrs. Evangelia Kalouptsi

Chief Risk Officer

Chief Transformation and Strategy Officer

Member of the Board of Directors

Member of the Board of Directors

Mrs. Julijana Proshev

Chartered Accountant– License Number 0101038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION

a) General Information

These consolidated financial statements include the Bank and its subsidiary, The Leasing Company STOPANSKA LIZING DOOEL SKOPJE (Stopanska Leasing)(collectively referred as the Group). 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 11 Oktomvri 7, 1000 Skopje. The Bank operates in the RNM with 57 branches (2023: 59 branches). The Bank is registered as a universal type of commercial bank in accordance with local laws. The principal activities of the Bank are as follows:

- 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, traveller'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,
- insurance representation,
- marketing of mandatory/voluntary pension fund,
- intermediation in concluding credit and loan agreements,
- process and analyse 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 Leasing Company STOPANSKA LIZING DOOEL SKOPJE has a license for establishment and work of a provider of financial leasing and operational leasing of vehicles (passenger, commercial and freight vehicles), equipment (industrial, medical, agricultural) real estate etc.

The Group is controlled by National Bank of Greece, headquartered in Greece, which owns 94.64% (2023: 94.64%) of the capital of the Bank and represents its ultimate parent company.

The shares of the Bank quote at the Official market of the Stock Exchange, sub segment Mandatory Listing, and the code under which they are quoted is:

<u>Code of the security</u>	<u>ISIN number</u>
STB (common share)	MKSTBS101014
STBP (preferred share)	MKSTBS120014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

a) General Information (continued)

The Consolidated financial statements of the Bank for the period ended December 31, 2024 were approved by the Bank's Board of Directors on April 28, 2025 and adopted by the Bank's Supervisory Board on April 29, 2025.

b) Basis of preparation of the Consolidated financial statements

Accounting standards for preparation of the Consolidated financial statements

The Consolidated financial statements of the Group have been prepared in accordance with the Company Law ("Official Gazette of RNM" no. 28/04, 84/05, 25/07, 87/08, 42/10, 48/10, 24/11, 166/12, 70/13, 119/13, 120/13, 187/13, 38/14, 41/14, 138/14, 88/15, 192/15, 6/16, 30/16, 61/16, 64/18, 120/18 and "Official Gazette of RNM" no. 290/20, 215/21, 99/22), Law on Banks ("Official Gazette of RNM" no. 67/07, 90/09, 67/10, 26/13, 15/15, 153/15, 190/16, 7/19 and "Official Gazette of RNM" no. 101/19 and 122/21), the bylaws issued by the Central Bank of the Republic of North Macedonia (hereinafter referred to as "Central Bank"), and in accordance with the Decision on the methodology for recording and valuation of accounting items and preparation of Consolidated financial statements (hereinafter referred to as "Methodology") ("Official Gazette of RNM" no. 83/2017 and 275/24) and the Decision on the types and contents of Consolidated financial statements of banks ("Official Gazette of RNM" no. 83/2017, 149/18 and 275/24), as prescribed by the Central Bank.

Within the Methodology, the liability for calculating the impairment for credit risk is prescribed by the Bank, which is obliged to determine, evaluate and recognize allowance for impairment/impairment for expected credit losses of financial assets in accordance with the Decision on the methodology for credit risk management as prescribed by the Central Bank.

On March 15, 2023, a new Decision on the Credit Risk Management Methodology was adopted ("Official Gazette of the Republic of North Macedonia" No. 57/23, and amendments 27/24) which is applicable from January 1, 2024, thus repealing the Decision on the Credit Risk Management Methodology ("Official Gazette of the Republic of North Macedonia" No. 149/18, and amendments 76/20, 116/20, 83/22). In accordance with the amendments to the Decision on the Methodology for Recording and Valuing Accounting Items and Preparing Financial Statements ("Official Gazette of the Republic of Macedonia" No. 275/24), from January 1, 2025, banks in North Macedonia will begin applying the International Financial Reporting Standard 16 - Leasing (IFRS 16), in accordance with the decision of the regulatory authorities. IFRS 16 introduces significant changes in the way leasing agreements are recognized, measured, presented and disclosed.

Basics of Consolidation

Business combinations

Business combinations are accounted for using the purchase method at the date of acquisition i.e. on the date when the Group acquires control. The amount transferred on acquisition is measured at fair value, as are the identified net assets being acquired. The resulting goodwill is tested annually for impairment. Transaction costs are recognized as an expense immediately, unless they relate to the issuance of debt or equity instruments. The amount transferred on acquisition does not include amounts relating to the settlement of any pre-existing relationships. Such amounts are generally recognized in the income statement.

Uncontrolled participations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

b) Basis of preparation of the Consolidated financial statements(continued)

Presentation of Consolidated financial statements (continued)

Subsidiaries

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

Loss of control

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

Investments recorded using the "equity method"

The Group's investments accounted for using the "equity method" include investments in associated companies. Associated companies are those companies over which the Group has a significant participation, but does not have control or joint control over the operational and financial policies.

Investments in associated companies are measured according to the equity method. They are initially recognized at their cost, including transaction costs. Subsequently, the Group's participation in the profit or loss of the associated company is included in the consolidated financial statements, until the date on which the significant participation ceases. Distributions from associated companies reduce the accounting value of the investment.

Transactions eliminated on consolidation

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

Presentation of Consolidated financial statements

The accompanying Consolidated financial statements of the Group have been presented in accordance with the prescribed form and contents of the balance sheet schemes prescribed in the Decision on the types and contents of banks' Consolidated financial statements ("Official Gazette of RNM" no. 83/17 and 275/24), (hereinafter referred to as "Decision").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

b) Basis of preparation of the Consolidated financial statements(continued)

Presentation of Consolidated financial statements (continued)

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

These Consolidated financial statements have been prepared under the historical cost principle, except for the valuation of investment in financial assets available for sale which have been stated at fair value, as well as other financial assets which have been stated at fair value through the profit and loss under the going concern assumption.

The presentation of the Consolidated financial statements in conformity with the accounting standards applied in the country requires the Group management to make the best possible estimates and reasonable assumptions that affects the presented values of assets and liabilities, as well as the revenues and expenses arising within the reporting period. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for estimation of the carrying amounts of assets and liabilities for which no other data is available. Actual results may differ from these estimates.

The presented Consolidated financial statements are expressed in thousands of Denars. The Denar represents functional and reporting currency of the Group for reporting purposes to Central Bank.

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

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

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

The accompanying Consolidated financial statements are the Bank's separated financial statements. The Bank will prepare consolidated financial statements.

c) Significant accounting policies

Interest income and expense

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

c) Significant accounting policies (continued)

Interest income and expense (continued)

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 includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fee and commission income

Fees and commissions, except the fees on approval of loans, are generally recognized on an accrual basis over the period of service rendering. Other fees relating to the acquisition and origination of loans are deferred over the life of the loan and amortized using the effective interest rate method.

Dividend income

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

Foreign exchange translation

Transactions denominated in foreign currencies have been translated into Denars at exchange rates set by the Central Bank at dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Denars at the end of reporting period 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 profit and loss in the period in which they occur.

Commitments and contingent liabilities denominated in foreign currencies are translated into Denars by applying the official exchange rates at the end of reporting period.

Financial assets

The Bank recognizes the financial assets and liabilities in books just if it is a party to the contractual provisions of the instrument. Financial assets are recognized and derecognized on the trade date where the purchase or sale of an investment is under a contract which terms require delivery of the investment within the agreed timeframe. Financial assets are initially recognized at fair value, which is the transaction price of the instrument. The classification depends on the nature and the purposes of the financial assets and is determined at the time of initial recognition. The classification of financial assets depends on the bank business model and characteristics of the agreed cash flows. In the Bank are determined three business models: HTC (hold to collect) comprises the financial assets that are measured at amortized cost, HTCS (held to collect and sale) comprises the financial assets that are measured at fair value through other comprehensive income and HFT (held for trading) comprises the assets that are measured at fair value through Income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

c) Significant accounting policies (continued)

Securities held-for-trading

Securities held-for-trading, which comprise bonds issued in local currency by the Ministry of Finance and equity securities issued by banks, are securities included in a portfolio in which a pattern of short-term profit making exists. Securities held-for-trading are covered by business model (HFT) and respectively to the model on these instruments initially are recognized at fair value, and transaction cost are not included in the amount that are initially measured. These securities are held by the Bank with intention to trade and receive gains from changes in fair value of the security. This is a residual category i.e. the Bank classifies in this category also all those financial assets which did not meet the criteria of other two categories described below. These instruments are subsequently measured at their fair value, without reducing the transaction costs, through the income statement on the basis of their market price, for trading assets as net trading income, and financial assets at fair value through profit or loss determined as such upon initial recognition as net income from other financial instruments recorded at fair value. Foreign exchange gains or losses are recognized in the income statement as net income / expense from exchange differences. Interest, if realized during the held-for-trading securities, is recorded as interest income. Gains or losses incurred when disposal or writing off an asset are recorded as other income / expenses. The disposal of securities held-for-trading is recognized on the trading date, which is the date when the Bank is obliged to buy or sell the asset.

Available-for-sale financial assets

Available-for-sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are initially recognized at fair value without reducing the transaction costs which could occurred when selling and disposal, and subsequently measured at fair value, based on quoted prices in active markets or amounts derived from cash flow models for unquoted equity investments.

The Bank classifies assets in this category if they meet following criteria:

- bank held financial assets with intention of collect contractual cash flows and/or for sale
- the criteria for only collection of principal and interest (SPPI) is met

Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets are equal to the difference between amortized cost and fair value and are recognized in equity and reserve in position revaluation reserves. In the debt securities through derecognized when the assets will be sold or matured, cumulative non-realized gain or loss previously recognized in equity are included in the net profit or loss for the period in the position of revenue/ expense. In the equity securities through their derecognition, the Bank will be rewriting the amount of the revaluation reserves to the Accumulated / Retained earnings position.

However, interest calculated using the effective interest rate method, as well as contingent impairment losses and foreign exchange gains and losses are recognized in the profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

c) Significant accounting policies (continued)

Held-to-maturity financial assets

Held-to-maturity financial assets are financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity. If the Bank determines to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale. These securities are measured at HTC model and are presented at amortized cost using the effective interest rate method.

The Group classifies assets in this category if they meet following criteria:

- bank held financial assets with intention of collect contractual cash flows
- The criteria for only collection of principal and interest (SPPI) is met

The Group as financial assets measured at amortized cost will also classifies cash, receivables from customers, receivables for rent, receivables for commissions and fees and all other financial assets that represent exposure to credit risk in accordance with the decision on credit risk and for which SPPI criteria is inapplicable. These funds do not require the fulfilment of SPPI criteria.

Gains or losses on exchange differences are recognized in the income statement as net income / exchange rate differentials. Gains or losses incurred when selling or writing off an asset are recorded as other income / expenses. Gains and losses when the asset is impaired or derecognised are recognized through the Income Statement.

Loans originated by the Bank

Loans are classified in accordance with business model HTC (held to collect) and are measured at amortized cost with the application of effective interest rate method. The classification is made in accordance with the banks business model and the characteristics of the related cash flows. Two criteria are satisfied for classification and measurement of loans at amortized costs:

- group is managing the assets to receive the contractual cash flow
- the financial assets passes the contractual cash flow test Solely Payments of Principal and Interest (SPPI) test

Loans originated by the Bank include loans where cash is provided directly to the customer. Loans are initially recognized at fair value, including any transaction costs, and are subsequently measured at amortized cost by using the effective interest rate method. Interest on loans originated by the Bank is included in interest income and is recognized on an accrual basis. Loans to customers and financial institutions are stated at their net amount reduced by allowance for impairment.

Impairment of financial assets

The Bank assesses at each end of reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost, is considered in determining whether the assets are impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

c) Significant accounting policies (continued)
Impairment of financial assets (continued)

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less from revaluation reserves and are recognized in Income Statement in position - impairment. Impairment is not calculated to equity securities. Impairment losses recognized in the profit and loss on equity instruments are not reversed through the profit and loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, as impairment loss, the impairment loss are annulled. The amount of release will be included in impairment loss, net. The rest of the amount of the new fair value are recognized in revaluation reserves.

The amount of the impairment loss for financial assets carried at amortized cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate and are recognized in the Income statement.

Provisions for impairment losses on loans and receivables

Allowances for impairment and uncollectability are determined if there is objective evidence that the Bank cannot collect all amounts due on a claim according to the original contractual terms. A "claim" means a loan, a commitment such as a letter of credit, guarantee or commitment to increase the credit limit. A provision for loan impairment is reported as a reduction of the carrying amount of the loan, whereas for off-balance sheet items it is presented within the provisions. Additions to provisions are made through impairment losses on financial assets in the profit and loss.

The allowances for impairment and uncollectability of loans and advances and for other active on-balance sheet and off-balance sheet items, are determined in accordance with the regulations prescribed by the Central Bank ruling on each end of reporting period, according to which the Bank is obliged to classify the active on-balance sheet and off-balance sheet items into groups on the basis of the degree (size) of the risk and assess the amount of potential impairment losses which are calculated by applying objective and subjective metrics, as of December 31, 2024 and December 31, 2023 by applying the following percentages:

<u>Risk category</u>	<u>Percentage</u>
A	0.01%-5%
B	5.01%-20%
C	20.01%-45%
D	45.01%-70%
E	70.01%-100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

c) Significant accounting policies (continued)

Provisions for impairment losses on loans and advances (continued)

The allowances for impairment and uncollectibility are determined on the basis of the degree (size) of the risk of uncollectibility or specific country risk on the basis of the following principles:

- Separate loan exposures (risks) are assessed on the basis of the type of loan applicant, his/her/its overall financial position, resources and payment records and recoverable value of collaterals. Allowances for losses on impairment and uncollectibility are measured and determined by the difference between the carrying value of the loan and its estimated recoverable amount, which is, in fact, the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted by effective loan interest rate.
- If there is objective proof of uncollectibility in the loan portfolio that may not be identified on a specific basis, the allowances for impairment and uncollectibility are determined at level of risk for the overall loan portfolio. These losses are determined at historical principle for the loan classification of customers and express the current economic environment of the customers.
- Losses on impairment and uncollectibility is termination of the calculation of interest income as per agreed terms and conditions, while the loan is classified as non-performing, due to exceeding the significance threshold for more than 90 consecutive days, classification in G or D risk category, exceeding 60 current days in restructured claims or criteria for inability to collect have been identified. All allowances for losses on impairment and uncollectibility are reviewed and tested at least once a quarter, and any further changes in the amount and timing of expected future cash flows in comparison with previous assessments result in changes in allowances for losses on impairment and uncollectibility recorded as credit or debit of impairment losses in the profit and loss.
- The loan which is believed that is impossible to be collected is written off against the relevant allowance for losses on impairment and uncollectibility. Bank writes off the credit exposure if passed one year from the date when the bank was obliged to impairment or allocate special reserve of 100%." Further collections are recorded as reduction of losses on impairment and uncollectibility in the profit and loss.
- In case of loans granted to borrowers in countries with increased risk of difficulties for servicing external debt, the political and economic circumstances are assessed and additional allowances for sovereign risk are allocated.

Derecognition of financial assets

The Group derecognizes financial assets when the rights to receive cash from the financial asset have expired or have been transferred to another entity, thus transferring as well substantially all the risks and rewards of ownership of the assets.

Financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

c) Significant accounting policies (continued)

Deposits from banks and other financial institutions and clients

These financial liabilities are initially recognized at fair value net of transaction costs incurred, and they are subsequently measured at amortized cost.

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 profit and loss 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 recognised in profit or loss.

Derivative financial instruments

The derivative financial instruments include contractual agreements subject to exchange rate fluctuations and are initially and subsequently valued at fair value. These contracts are not qualified for hedging accounting in accordance with the specific criteria set out in the Methodology and are accordingly treated as derivative instruments held for trading, i.e. gains and losses are recognized in net trading income.

Derecognition of financial liabilities

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

Offsetting of assets and liabilities

Financial assets and liabilities are offset and the net amount is stated in the Statement of financial position when there is a current legally enforceable right to offset them recognized amounts and intends to realize the asset and settle the liability simultaneously or on a net basis.

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 profit and loss 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 are as follows:

Land	without depreciation
Buildings used in operations	not more than 50 years
Buildings (other than buildings used in operations)	not more than 50 years
Investments in leased property	until the end of the lease, but not more than 12 years
Furniture and related equipment	not more than 12 years
Motor vehicles	not more than 10 years
Hardware and other equipment	Not more than 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

c) Significant accounting policies (continued)

Property and equipment (continued)

The depreciation method, useful life and residual value are revised at each reporting date.

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 Group annually reviews its property and equipment for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Intangible assets

Intangible assets are assets acquired separately and are recorded at cost less accumulated amortization and accumulated impairment losses, if such exists. Intangible assets include computer software acquired apart from hardware. Expenditure on software is amortized on a straight-line basis over the estimated useful life, which is five years. The Bank annually reviews the carrying amounts of its intangible assets and assesses 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, it is written down to the recoverable amount.

The Group's management regularly reviews the carrying amounts of its 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. The impairment loss is recognized as an expense in the current period. The reversal of an impairment loss is immediately recognized as income.

Loss due to impairment of non-financial assets

The Group should assess, at each balance sheet date, whether there is any objective evidence that the non-financial asset or group of non-financial assets is impaired.

If there is such proof, the bank should estimate the recoverable amount of the asset. An impairment loss is equal to the amount by which the carrying amount of the asset (the cash – generating unit) exceed its recoverable amount. Non-financial assets, whose losses due to impairment are included in the position, are real estate and equipment, intangible assets, acquired property, non-current assets held for sale and the disposal group and other assets.

Assets acquired through foreclosure proceedings

Foreclosed assets include property and equipment acquired through foreclosure proceedings in full or partial recovery of a related loan and is disclosed in foreclosed assets. Initially, these assets are measured at the initial carrying amount i.e. lower value than the carrying amount 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 appraiser on the date of asset foreclosure. For all assets undertaken after April 6, 2013 the Bank recorded at initial recognition and impairment of at least 20% of the lower of cost and estimated value of the foreclosed asset. If the impairment of loan that is paid by foreclosing assets is higher than 20% of the initial value of the foreclosed asset, the difference is recognized in the revaluation reserves of the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

c) Significant accounting policies (continued)

Assets acquired through foreclosure proceedings (continued)

After the initial recognition, the assets undertaken are analyzed at least once a year for losses due to damages and the same are measured at the lower value than the previous one book value and estimated value less estimated costs for sale. Impairments are recognized in the Group's income statement. When asset is sold, the amount of impairment recognised in revaluation reserve is release and the same is recognised in the Income Statement in position Impairment losses on financial assets, net.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and nostro accounts, which represent demand deposits and placements with other banks and financial institutions, account balances with the Central Bank, 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.

For the purposes of preparing the report on cash flow from cash and cash equivalents, the mandatory reserve in foreign currency and restricted deposits are excluded.

Managed funds

The Group 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 customers. The Group receives fee income for providing these services. Managed funds are not assets of the Group and are not recognized in the Consolidated financial statements. The Group is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

Off -balance sheet record

The Group maintains off -balance sheet records for events for which the criteria for recognition of an asset or liability are not met at the moment of the event, but which may create inflows or outflows of funds in the future. Off-balance sheet items represent a source of information about the operation, for determining risk of the operation or possible future obligations. This position includes : open unsecured letter of credit, issued unsecured payment and performance guarantees , undertaken irrevocable and revocable credit commitments, unused part of approved framework loans, unused credit card limits, unused and allowed overdrafts on current accounts, and other forms of events on the basis of which may arise an obligation to pay of claim funds from the Group. In this position, there are records of the Group that do guarantees. This position also includes records that are directly related to the relevant regulation, such as written -off claim.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

c) Significant accounting policies (continued)

Assets acquired through foreclosure proceedings (continued)

Capital and reserves

The capital of the Group consists of:

- the basic capital, which is equal to the nominal value of all shares (subscribed and paid-in capital);
- increase of the capital based on the realized difference between the nominal value of the shares and the amounts for which they were sold (share premiums);
- revaluation reserve;
- remaining reserves; and
- retained profit / accumulated losses from previous years.

Provisions

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

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employment benefits

Health, pension and social insurance contributions from gross and net wages and salaries are being paid by the Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

INTRODUCTION (continued)

c) Significant accounting policies (continued)

Employment benefits (continued)

In accordance with the statutory requirements, the collective agreement, and the internal rules and regulation, the Group is obliged to pay its employees a severance pay upon retirement in the amount of two monthly average salaries. These benefits are considered defined pension benefit plans. The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of reporting period less the fair value of previously recognized assets (there are currently no previous assets recognized), together with adjustments for unrecognized actuarial gains or losses less past service costs which are not recognized yet. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method.

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 Consolidated 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.

Related parts

Related parts include entities that the Group is able to control or have significant influence in making financial and operational decisions. Related parts include managers their close relatives, companies they own or control and companies in which they can influence financial and operation decisions. All transactions concluded with the related persons are conducted under substantially the same terms, including interest rate and collateral, as those prevailing at the same time for the comparable transaction with unrelated persons, and involved no more than a normal amount of risk.

Leases

Financial leases

The leases by which the Company transfers all risks and benefits arising from ownership of the leased asset are recognized as finance leases. When they are given assets under finance lease, the present value of future lease payments are recognized as a claim. The difference between the gross rental claim and the current one the value of the claim is recognized as unearned financial income.

Operating leases

Leases where a significant portion of the risks and benefits derive from ownership are retained by the lessor, are classified as operating leases. Payments for rent in case of operating rent are reported in the income statement on an even basis for the duration of the lease.

Lessors present assets that are subject to operating leases in the balance sheet of condition as assets for leasing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2024****INTRODUCTION (continued)****d) Critical accounting judgments and estimates**

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

Fair value of financial instruments

The fair value of the financial instruments that are not quoted in active markets is determined by 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 standardize models. A variety of factors are incorporated into the models, including actual or estimated market prices and rates, such as time value and volatility, and 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.

There is no sufficient market experience, stability and liquidity in the country for the purchase and sale of receivables and other financial assets or liabilities, for which published market prices are at present not readily available.

The Management assesses the 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.

Allowance for loan losses

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2024****INTRODUCTION (continued)****d) Critical accounting judgments and estimates (continued)**

After credit relationship is established, the Group applies an intensive monitoring process that allows early identification of any deterioration of the risk profile of a customer or group of customers. The monitoring process consists of regular credit reviews throughout the life cycle of the product facility, internal risk classification and Early Warning Systems, system for assessment of Significant Increase of Credit Risk (SICR) and Unlikeliness To Pay (UTP), that all together aim to ensure timely undertaking of necessary actions in order to minimize the credit loss. The credit exposure is also continuously monitored against the established concentration limits based of sector, collateral type, obligor rating, etc. in line with Risk Appetite Framework of the Bank.

In line with the international best practices, following the enhanced impairment methodology and process, the Group provides adequate level of provisions for potential credit losses. Despite the impact that pandemics had over the world and local economy, throughout 2023 the Group continued the current prudent credit policy and a balanced growth of the credit portfolio that suits its strategy and reputation. All its credit risk objectives, tools and a clear governance structure of the risk management process is incorporated in the Bank's Credit Policies and the Risk Appetite Framework of the Bank, approved by the Supervisory Board of the Bank

Useful lifetime of tangible and intangible assets

The Group management determines estimated useful lives and related depreciation and amortization charges for its tangible and intangible assets. The appropriateness of the estimated useful lives is reviewed annually or whenever there is an indication of significant changes in the underlying assumptions, such as anticipated technological developments and changes in the broad economic and industry factors.

e) Compliance with legislation

The accompanying Consolidated financial statements are compliance with the regulations prescribed by the Central Bank which is in force.

During 2024, the Group received a Report from the National Bank of the Republic of North Macedonia regarding the partial field supervision carried out for the fulfillment of the Group obligations regarding the issuance of payment instruments via remote communication and the provision of user security features to payment service users. The partial field supervision was carried out during September 2024. The Report contains two findings, for which the Group prepared an Action Plan with planned activities and deadlines for their fulfillment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024**INTRODUCTION (continued)****f) Risk management disclosure**

Qualitative and quantitative information in respect of the separate types of risks are provided in Notes 2 and 3.

g) Operating environment

Previous year, 2024, was marked by continued global economic and geopolitical challenges, but also by signs of stabilization in the business environment. Following significant inflation growth and tight monetary policy in recent years, central banks, including the Central Bank, kept interest rates at higher levels in order to ensure price stability.

In the domestic economy, foreign exchange reserves remained in the safe zone, while macroeconomic conditions showed signs of improvement, accompanied by moderate growth in economic activity. The bank sector continued to play its key role in supporting the economy, offering financial products and services aimed at maintaining business continuity for clients and the economy.

Despite the still present uncertainty at the global level, 2024 was accompanied by gradual adaptation of markets and increased attention to digitalization and sustainable economic solutions. This created opportunities for companies that were ready to adapt to the new conditions. In such an environment, the Group remained committed to its strategic objectives, with a particular focus on:

- Improving the digital infrastructure for greater efficiency and accessibility.
- Maintaining close relationships with customers by understanding their needs and offering reasonable and sustainable solutions.
- Monitoring local and global developments to proactively adapt business activities. The Group remains committed to providing stability, trust and support for the economy and society as a whole, while adapting its activities to current challenges and opportunities.

The Group remains committed to providing stability, trust and support for the economy and society as a whole, while adapting its activities to current challenges and opportunities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

1. Classification of the financial assets and liabilities

A Classification of the financial assets and liabilities

In thousands of Denars

	at fair value through the Income Statement		at fair value through other comprehensive income		at amortized cost	Total
	for trading	at fair value as such at initial recognition	debt instruments	equity instruments		
31.12.2024 (current period)						
Financial assets						
Cash and cash equivalents	-	-	1,807,069	-	22,707,746	24,514,815
Trading assets	-	-	-	-	-	-
Financial assets at fair value through the Income Statement determined as such at initial recognition	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-
Loans and receivables from banks	-	-	-	-	406,945	406,945
Loans and receivables from other customers	-	-	-	-	98,810,256	98,810,256
Investments in securities	-	-	11,429,911	92,901	5,062,563	16,585,375
Other receivables	-	-	-	-	2,281,303	2,281,303
Total financial assets		-	13,236,980	92,901	129,323,260	142,598,694
Financial liabilities						
Trading liabilities	-	-	-	-	-	-
Financial liabilities at fair value through the Income Statement determined as such at initial recognition	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Deposits from banks	-	-	-	-	1,693,960	1,693,960
Deposits from customers	-	-	-	-	108,524,202	108,524,202
Issued debt securities	-	-	-	-	-	-
Loans payable	-	-	-	-	2,447,363	2,447,363
Subordinated liabilities and hybrid instruments	-	-	-	-	-	-
Other liabilities	-	-	-	-	1,713,570	1,713,570
Total financial liabilities	-	-	-	-	114,371,614	114,379,095

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

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

A Classification of the financial assets and liabilities (continued)

In thousands of Denars

	at fair value through the Income Statement		at fair value through other comprehensive income		at amortized cost	Total
	for trading	at fair value as such at initial recognition	debt instruments	equity instruments		
31.12.2023 (previous year)						
<i>Financial assets</i>						
Cash and cash equivalents	-	-	1,827,385	-	22,829,620	24,657,005
Trading assets	-	-	-	-	-	-
Financial assets at fair value through the Income Statement determined as such at initial recognition	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-
Loans and receivables from banks	-	-	-	-	326,561	326,561
Loans and receivables from other customers	-	-	-	-	92,309,131	92,309,131
Investments in securities	-	-	3,894,842	92,773	7,420,801	11,408,416
Other receivables	-	-	-	-	1,382,944	1,382,944
<i>Total financial assets</i>	-	-	5,722,227	92,773	124,269,057	130,084,057
<i>Financial liabilities</i>						
Trading liabilities	-	-	-	-	-	-
Financial liabilities at fair value through the Income Statement determined as such at initial recognition	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Deposits from banks	-	-	-	-	996,050	996,050
Deposits from customers	-	-	-	-	100,058,171	100,058,171
Issued debt securities	-	-	-	-	-	-
Loans payable	-	-	-	-	2,739,776	2,739,776
Subordinated liabilities and hybrid instruments	-	-	-	-	-	-
Other liabilities	-	-	-	-	1,517,748	1,517,748
<i>Total financial liabilities</i>	-	-	-	-	105,311,745	105,311,745

2. RISK MANAGEMENT

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

The Group's risk management policies are designed to identify and analyse 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 Group regularly reviews its risk management policies and systems in order to reflect the changes in markets, products and the best practices.

The Group'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, Executive and Senior Management, as well as between the Group and NBG Group, its clients and all other related parties.

The Group, risk and control structure is based on the "three lines of defense" management model. Each line has a specific role and defines responsibilities, whereby the execution of tasks differs from the control of them. The three lines work closely together to identify, assess and reduce risks. First and foremost, the business (including support functions) owns, manages and takes responsibility for the risks (first line).

The Group's risk management framework is provided by the Risk Management and Regulatory Compliance function, which supervises, monitors, controls and quantifying the risks. (second line).

Internal audit (third line) provides independent control, advice and insight into the quality and effectiveness of internal controls, risk management, regulatory compliance and Group management. The most important types of risks are credit risk, liquidity risk and market risk.

In today's complex business environment, the Group is also exposed to non-financial risks such as operational, IT and regulatory non-compliance risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

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

Credit risk is the most important risk for the Group's business defined as current or future risk on the financial result and capital arising from a customer's failure to meet the terms of any contract with the Group 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).

2.1.1 Credit risk measurement, limits and mitigation policies

Initially, when approving loans and loan commitments, different Credit Committees assess creditworthiness of the clients depending on the type and size of the exposure based on defined criteria. The Group 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 impairment for potential losses, commitments and contingencies and it is mainly based on reports and analysis prepared by relevant organization units of the Group. The Risk Management Committee, Board of Directors and Supervisory Board are regularly informed of the credit risk that the Group is exposed to.

The Group has internal system of client classification the main purpose of which is to determine their creditworthiness and assess the acceptable level of credit risk at the start of lending. Classification of corporate clients to which the Group is exposed to is reviewed at least on semi-annual basis. The Group has implemented a system of early warning signals for the purpose of identifying timely possible downward trends in the client's creditworthiness and for mitigating the credit risk.

The Group 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 and business properties;
- Charges over business assets such as inventory and accounts receivable;
- Charges over financial instruments such as debt and equity securities;
- Pledges over movables such as automobiles and equipment and other.

The Group monitors compliance with the legally and internally established limits and controls concentrations of credit risk. Credit risk limits regarding an individual borrower, related parties, exposure to Group internal persons, and large exposures, exposures by business sectors as well as other internal limits are set in the Risk Strategy, as well as in the Policies and Procedures regulating the credit risk management. The Group structures the levels of credit risk that undertakes towards domestic and foreign banks by placing limits on the amount of risk accepted which are 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

2. RISK MANAGEMENT (continued)**2.1 Credit risk (continued)****2.1.2 Impairment Loss Calculation/Value Adjustment Policies**

The calculation of the impairment loss and the special provision for credit exposure is based on the determined expected loss per individual contract, at least on a monthly basis.

The Group classifies credit exposure by individual contract in the appropriate risk category.

The classification is made according to the following criteria:

- the creditworthiness of the client, i.e. the quality of the project;
- timeliness of the client in the settlement of obligations and
- quality assurances

From the point of view of the further classification of the credit exposure, the Group takes consideration of :

- changes in the customer's creditworthiness , i.e. of project financing,
- timeliness of repayment of obligations

In accordance with the Group 's policies, the determination of damages and provisions is done on an individual basis.

Impairment of individually assessed items on an individual basis is determined through an evaluation of expected loss at the balance sheet date, which represents the difference between the accounting value and the present value of the estimated future cash flows. When calculating the present value of the estimated future cash flows, the effective interest rate is used to discount future expected cash flows, taking into account the value of the collateral.

All non-performing loans are also covered by the impairment on an individual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

2. RISK MANAGEMENT (continued)**2.1 Credit risk (continued)****2.1.2 Impairment and provisioning policies (continued)**

Calculated impairment provision in 2024 moves within the following limits:

- 0.01-5% of credit risk exposure classified into A risk category;
- 5-20% of credit risk exposure classified into B risk category;
- 20-45% of credit risk exposure classified into C risk category;
- 45-70% of credit risk exposure classified into D risk category;
- 70-100% of credit risk exposure classified into E risk category.

Stage 1 category includes credit exposures for which no significant increase of credit risk was identified in comparison to the period of origin. These loans are classified in risk category A, according to the requirements of the NBRNM regulation.

Stage 2 category includes credit exposures with identified significant increase of credit risk according to the criteria prescribed in the NPE and Forbearance Policy, including the 31 dpd backstop. These category includes the loans from risk categories B and part of the loans from category C (the exposures with performing status).

Stage 3 category includes all the defaulted exposures, including the UTP and FNPE category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

2. RISK MANAGEMENT (continued)

2.1 Credit risk (continued)

A. Analysis of maximum exposure to credit risk

In thousands of Denars

	Placements with and loans to banks		Placements with and loans to other clients		Investment in financial assets available for sale		Investment in financial assets held to maturity		Cash and cash equivalents		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023
Credit risk exposure classified in Stage 1																		
Accounting value, before impairment / special reserve (Impairment and special reserve)	398,135	317,805	93,695,817	89,121,074	11,429,911	3,894,842	5,061,027	7,420,809	18,668,426	19,197,529	3,294	4,672	1,619,929	1,100,448	11,424,627	11,825,832	142,301,166	132,883,011
	-	-	(874,461)	(933,382)	-	-	-	(8)	(81)	(104)	(2)	(4)	(13,769)	(5,072)	(48,658)	(62,336)	(936,971)	(1,000,906)
Reduced book value for impairment and special reserve	398,135	317,805	92,821,356	88,187,692	11,429,911	3,894,842	5,061,027	7,420,801	18,668,345	19,197,425	3,292	4,668	1,606,160	1,095,376	11,375,969	11,763,496	141,364,195	131,882,105
Credit risk exposure classified in Stage 2																		
Accounting value, before impairment / special reserve (Impairment and special reserve)	-	-	5,730,014	3,732,048	-	-	1,575	-	-	-	267	544	956	2,277	253,107	477,182	5,985,919	4,212,051
	-	-	(777,461)	(508,216)	-	-	(39)	-	-	-	(29)	(82)	(385)	(695)	(26,796)	(66,937)	(804,710)	(575,930)
Reduced book value for impairment and special reserve	-	-	4,952,553	3,223,832	-	-	1,536	-	-	-	238	462	571	1,582	226,311	410,245	5,181,209	3,636,121
Credit risk exposure classified in Stage 3																		
Accounting value, before impairment / special reserve (Impairment and special reserve)	19,266	19,119	3,143,732	2,945,902	-	-	-	-	-	-	31,802	27,776	5,904	2,891	9,000	16,046	3,209,704	3,011,734
	(10,456)	(10,363)	(2,107,385)	(2,048,295)	-	-	-	-	-	-	(27,529)	(20,777)	(5,180)	(2,518)	(4,059)	(10,280)	(2,154,609)	(2,092,233)
Reduced book value for impairment and special reserve	8,810	8,756	1,036,347	897,607	-	-	-	-	-	-	4,273	6,999	724	373	4,941	5,766	1,055,095	919,501
Total carrying amount of credit risk claims before impairment and special reserve	417,401	336,924	102,569,563	95,799,024	11,429,911	3,894,842	5,062,602	7,420,809	18,668,426	19,197,529	35,363	32,992	1,626,789	1,105,616	11,686,734	12,319,060	151,496,789	140,106,796
(Total impairment and special reserve)	(10,456)	(10,363)	(3,759,307)	(3,489,893)	-	-	(39)	(8)	(81)	(104)	(27,560)	(20,863)	(19,334)	(8,285)	(79,513)	(139,553)	(3,896,290)	(3,669,069)
Total carrying amount of receivables with credit risk less impairment and special reserve	406,945	326,561	98,810,256	92,309,131	11,429,911	3,894,842	5,062,563	7,420,801	18,668,345	19,197,425	7,803	12,129	1,607,455	1,097,331	11,607,221	12,179,507	147,600,499	136,437,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

2. RISK MANAGEMENT (continued)

2.1 Credit risk (continued)

B. Value of collateral (fair value) for mitigating of credit risk

In thousands of Denars

	Placements with and loans to banks		Placements with and loans to other clients		Investment in financial assets available for sale		Investment in financial assets held to maturity		Cash and cash equivalents		Other receivables		Off-balance sheet exposure		Total	
	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
<i>Value of collateral of the credit exposure assessed for impairment</i>																
First-class collateral instruments:																
cash deposits (in depot and/or restricted in accounts with the Bank)	-	-	3,292,429	3,196,421	-	-	-	-	-	-	-	-	68,415	91,000	3,360,844	3,287,421
government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
government unconditional guarantees	-	-	1,250,000	1,844,850	-	-	-	-	-	-	-	-	-	-	1,250,000	1,844,850
bank guarantees	-	-	262,584	259,928	-	-	-	-	-	-	-	-	172,923	98,360	435,507	358,288
Guarantees from insurance companies and insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees (except for bank and insurance company guarantees)	-	-	8,997,720	7,578,727	-	-	-	-	-	-	-	-	866,692	680,665	9,864,412	8,259,392
Guarantees from individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property pledge:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
private property (flats, houses)	-	-	75,330,903	58,424,295	-	-	-	-	-	-	-	-	334,807	338,958	75,665,710	58,763,253
commercial property	-	-	35,615,112	32,281,261	-	-	-	-	-	-	-	-	3,950,505	4,572,703	39,565,617	36,853,964
Pledge over movables	-	-	16,584,879	16,012,289	-	-	-	-	-	-	-	-	3,167,368	3,580,682	19,752,247	19,592,971
Other types of security	-	-	13,210,792	11,841,129	-	-	-	-	-	-	-	-	399,539	943,262	13,610,331	12,784,391
Total value of collateral of credit exposure assessed for impairment	-	-	154,544,419	131,438,900	-	-	-	-	-	-	-	-	8,960,249	10,305,630	163,504,668	141,744,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

2. RISK MANAGEMENT (continued)

2.1 Credit risk (continued)

C. Concentration of credit risk by industries and activities

In thousands of Denars																		
	Placements with and loans to banks		Placements with and loans to other clients		Investment in financial assets available for sale		Investment in financial assets held to maturity		Cash and cash equivalents		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Non-residents											1,619	1,542					1,619	1,542
Agriculture, Forestry and Fishing	-	-	745,641	683,209	-	-	-	-	-	-	-	-	-	4	26,013	91,597	771,654	774,810
Mining and quarrying	-	-	555,310	480,737	-	-	-	-	-	-	101	9	-	-	16,230	20,179	571,641	500,925
Food industry	-	-	5,231,138	4,690,244	-	-	-	-	-	-	-	21	-	57	18,314	24,679	5,249,452	4,715,001
Textile industry and clothing and footwear production	-	-	933,338	1,022,556	-	-	-	-	-	-	13	2	-	-	38,616	39,680	971,967	1,062,238
Chemical industry, production of construction materials, production and processing of fuels, pharmaceutical industry	-	-	1,581,519	1,580,226	-	-	-	-	-	-	6	68	434	186	112,930	118,098	1,694,889	1,698,578
Production of metals, machinery, tools and equipment	-	-	3,087,100	3,059,384	-	-	-	-	-	-	169	384	435	186	561,622	774,719	3,649,326	3,834,673
Other manufacturing industries	-	-	576,247	570,524	-	-	-	-	-	-	-	-	444	444	297	2,662	576,988	573,630
Electricity, gas, steam and air conditioning supply	-	-	4,196,316	2,464,649	-	-	-	-	-	-	-	237	29	32	894,209	1,205,827	5,090,554	3,670,745
Water supply, wastewater disposal, waste management and activities on remediation of the environment	-	-	43,614	54,213	-	-	-	-	-	-	33	33	72	72	141	1,884	43,862	56,202
Construction, Wholesale and retail trade, repair of motor vehicles and motorcycles	-	-	5,353,037	4,251,369	-	-	-	-	-	-	-	2,879	204	292	209,390	1,042,169	5,562,631	5,296,709
	-	-	11,529,581	10,487,450	-	-	-	-	-	-	112	367	1,597,899	1,081,951	1,542,508	1,690,552	14,670,100	13,260,320
Transportation and storage	-	-	1,079,789	1,161,161	-	-	-	-	-	-	-	-	13	13	449,039	511,610	1,528,841	1,672,784
Facilities for accommodation and food service activities	-	-	908,825	758,681	-	-	-	-	-	-	-	-	37	31	21,964	51,466	930,826	810,178
Information and Communications	-	-	537,359	474,150	-	-	-	-	-	-	45	13	32	238	10,014	21,394	547,450	495,795
Financial and insurance activities	406,945	326,562	104,058	238,538	-	-	-	-	18,668,345	19,197,425	1,244	1,896	1,079	23	173,093	170,121	19,354,764	19,934,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

2. RISK MANAGEMENT (continued)

2.1 Credit risk (continued)

C. Concentration of credit risk by industries and activities (continued)

	In thousands of Denars																	
	Placements with and loans to banks		Placements with and loans to other clients		Investment in financial assets available for sale		Investment in financial assets held to maturity		Cash and cash equivalents		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023
Activities related to real estate	-	-	536,729	1,214,131	-	-	-	-	-	-	32	3	96	-	-	-	536,857	1,214,134
Professional, scientific and technical activities	-	-	1,262,893	1,104,227	-	-	-	-	-	-	85	71	178	3,603	1,356,006	118,387	2,619,162	1,226,288
Administrative and support service activities	-	-	739,020	188,513	-	-	-	-	-	-	35	113	229	4	1,305	1,391	740,589	190,021
Public administration and defence, compulsory social security	-	-	-	-	11,429,910	3,894,842	5,061,026	7,420,801	-	-	-	-	-	-	-	-	16,490,936	11,315,643
Education	-	-	38,566	21,976	-	-	-	-	-	-	-	-	14	11	307	633	38,887	22,620
Activities of Health and Social Care	-	-	335,580	475,205	-	-	-	-	-	-	76	1,095	-	-	10,532	10,423	346,188	486,723
Arts, entertainment and recreation	-	-	3,204	3,499	-	-	-	-	-	-	-	-	-	-	-	-	3,204	3,499
Other service activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activities of households as employers; activities of households that produce goods and perform a diverse range of services for own needs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activities of extraterritorial organizations and bodies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Individuals	-	-	59,431,392	57,324,489	-	-	-	-	-	-	4,233	3,396	6,258	10,184	6,164,689	6,282,036	65,606,572	63,620,105
Proprietors and individuals who are not considered as merchants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	406,945	326,562	98,810,256	92,309,131	11,429,910	3,894,842	5,061,026	7,420,801	18,668,345	19,197,425	7,803	12,129	1,607,455	1,097,331	11,607,219	12,179,507	147,598,959	136,437,728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

2. RISK MANAGEMENT (continued)

2.1 Credit risk (continued)

D. Concentration of credit risk by geographical location

In thousands of Denars

	Placements with and loans to banks		Placements with and loans to other clients		Investment in financial assets available for sale		Investment in financial assets held to maturity		Cash and cash equivalents		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
<i>Geographical location</i>																		
NRM	-	-	98,810,256	92,309,131	11,429,910	3,894,842	5,062,563	7,420,801	13,717,725	14,091,849	7,803	12,129	1,607,455	1,089,956	11,607,221	12,179,507	142,242,933	130,998,215
EU member countries	-	-	-	-	-	-	-	-	2,906,010	2,737,249	-	-	-	-	-	-	2,906,010	2,737,249
Europe (other)	406,945	326,561	-	-	-	-	-	-	1,951,234	2,225,285	-	-	-	-	-	-	2,538,179	2,551,846
OECD member countries (less European OECD member countries)	-	-	-	-	-	-	-	-	93,376	143,043	-	-	-	-	-	-	93,376	143,043
Other (more than 10% of total credit risk exposure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	406,945	326,561	98,810,256	92,309,131	11,429,910	3,894,842	5,062,563	7,420,801	18,668,345	19,197,426	7,803	12,129	1,607,455	1,089,956	11,607,221	12,179,507	147,600,498	136,430,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

2. RISK MANAGEMENT (continued)

2.1 Credit risk (continued)

E. Credit risk analysis of assets measured at fair value through profit or loss

	Trading assets				Financial assets at fair value through profit or loss designated as such at initial recognition															
	Debt securities for trading		Equity Trading Securities		Debt securities for trading		Equity Trading Securities		Placements with and loans to banks		Placements with and loans to other clients				Total					
	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023	current year 2024	previous year 2023
Accounting value of financial assets measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
risk category	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
risk category	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
risk category	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
risk category	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
risk category	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
risk category	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
risk category	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
risk category	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
risk category	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
risk category	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total accounting value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

2. RISK MANAGEMENT (continued)

2.2 Liquidity risk

Liquidity risk represents a risk of Group'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.

2.2.1 Liquidity risk management process

The Bank's liquidity risk management process encompasses:

- Application of operating standards related to the Group's liquidity risk, including appropriate policies, procedures and resources for controlling and limiting the liquidity risk.
- Maintenance of stock of liquid assets appropriate for the cash flow profile of the Group 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 Group 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 Group'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 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 Group'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

2. RISK MANAGEMENT (continued)

2.2 Liquidity risk (continued)

2.2.1 Liquidity risk management process (continued)

Analysis according to the maturity of financial assets and liabilities (remaining maturity)

In thousands of Denars

December 31, 2024

	Up to 1 month	From 1 to 3 months	From 3 months to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
FINANCIAL ASSETS							
Cash and cash equivalents	17,811,305	-	-	6,703,510	-	-	24,514,815
Trading assets	-	-	-	-	-	-	-
Financial assets at fair value through the income statement determined as such at initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Placements with, and loans to banks	-	-	-	-	-	406,945	406,945
Loans to customers	3,233,422	5,114,628	23,756,357	13,573,178	24,060,296	31,816,736	101,554,617
Investment securities	2,731,805	2,441,519	4,048,902	2,723,847	4,547,121	92,901	16,585,375
Investments in affiliates	-	-	-	-	-	-	-
Income Tax receivable (current)	-	-	-	-	-	-	-
Other receivables	2,281,303	-	-	-	-	-	2,281,303
Collateralized assets	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total financial assets	26,057,115	7,556,147	27,805,259	23,000,535	28,607,417	32,316,582	145,343,055
FINANCIAL LIABILITIES							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value through the income statement determined as such at initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Deposits from banks	1,693,960	-	-	-	-	-	1,693,960
Deposits from customers	71,546,595	3,174,586	17,499,545	14,170,630	2,082,803	231,948	108,706,108
Loans payable	146,704	-	427,177	532,250	752,132	589,100	2,447,363
Subordinated debt	-	-	-	-	-	-	-
Income tax liabilities (current)	245,482	-	-	-	-	-	245,482
Differed tax liabilities	19,420	-	-	-	-	-	19,420
Other liabilities	1,713,570	-	-	-	-	-	1,713,570
Total financial liabilities	75,365,731	3,174,586	17,926,722	14,702,880	2,834,935	821,049	114,825,903
Off balance items							
Off balance assets							
Off balance liabilities	7,679,707	780,244	2,438,251	448,080	282,222	75,760	11,704,264
Net liquidity gap	(56,988,242)	3,601,317	7,440,286	7,849,575	25,490,260	31,419,773	18,812,969

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

2. RISK MANAGEMENT (continued)

2.2 Liquidity risk (continued)

2.2.1 Liquidity risk management process (continued)

Analysis according to the maturity of financial assets and liabilities (remaining maturity)
(continued)

In thousands of Denars

December 31, 2023

	Up to 1 month	From 1 to 3 months	From 3 months to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
FINANCIAL ASSETS							
Cash and cash equivalents	18,065,911	-	-	6,591,198	-	-	24,657,109
Trading assets	-	-	-	-	-	-	-
Financial assets at fair value through the income statement determined as such at initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Placements with, and loans to banks	-	-	-	-	-	326,561	326,561
Loans to customers	3,177,235	4,534,536	22,012,149	11,889,714	22,198,253	31,200,420	95,012,307
Investment securities	2,361,051	-	2,048,904	2,703,064	4,201,124	94,273	11,408,416
Investments in affiliates	-	-	-	-	-	-	-
Income Tax receivable (current)	-	-	-	-	-	-	-
Other receivables	1,382,944	-	-	-	-	-	1,382,944
Collateralized assets	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total financial assets	24,987,141	4,534,536	24,061,053	21,183,976	26,399,377	31,621,254	132,787,337
FINANCIAL LIABILITIES							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value through the income statement determined as such at initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Deposits from banks	378,335	617,715	-	-	-	-	996,050
Deposits from customers	68,043,492	3,213,098	13,389,222	9,113,867	6,474,102	223,606	100,457,387
Loans payable	115,996	-	531,387	562,504	956,494	573,396	2,739,777
Subordinated debt	-	-	-	-	-	-	-
Income tax liabilities (current)	143,984	-	-	-	-	-	143,984
Differed tax liabilities	-	-	-	-	-	-	-
Other liabilities	1,517,748	-	-	-	-	-	1,517,748
Total financial liabilities	70,199,555	3,830,813	13,920,609	9,676,371	7,430,596	797,001	105,854,945
Off balance items							
Off balance assets	-	-	-	-	-	-	-
Off balance liabilities	7,784,893	531,401	2,832,320	737,892	372,716	75,760	12,334,982
Net liquidity gap	(52,997,307)	172,322	7,308,124	10,769,713	18,596,065	30,748,493	14,597,410

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

2. RISK MANAGEMENT (continued)**2.2 Liquidity risk (continued)****2.2.1 Liquidity risk management process (continued)****Analysis according to the maturity of financial assets and liabilities (remaining maturity) (continued)**

Group's assets and liabilities are classified according to their relevant maturities, 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 Groups's deposits up to one year are stable and considered as core deposits, amounts to Denar 93,470,817 thousand (2023: Denar 85,692,488 thousand) and the Group does not expect them to be withdrawn based on the contractual maturities, which helps the maturity non-reconciliation to be overcome.

The Group continuously maintains a high liquidity position, which enables the execution of all business activities and regulatory requirements. The Groups's liquidity largely comes from its own funding, customer deposits, of which at the end of the year, 62% are transaction accounts and sight accounts, which are characterized by daily fluctuations. In dynamic operating conditions, liquidity management requires the existence of an adequate set of liquid instruments in terms of maturity and currency structure. The Groups's liquidity position consists of: cash in branches and treasury 6.3% (2023: 4%), accounts in domestic and foreign banks including the mandatory reserve in the NBRSM - 40.6% (2023: 64.7%) and securities - 53.1% (2023: 31.3%).

Maintaining liquidity is based on preparing several different scenarios and cash flow projections and aligning such movements with the maturity of liabilities. Liquidity planning and management is done on a daily basis with real-time monitoring of the positions that have the greatest impact. In conditions of global uncertainty and existing geopolitical tensions, the Group successfully copes with all shocks, thus proving its competence and capacity to manage uncontrollable events.

The Group continuously reviews and improves the internal control system and the entire infrastructure, which consists of policies, procedures and defense mechanisms set at three levels - the first operational level managed by the Liquidity Management Department, the second level of monitoring is performed by the Risk Management Department and the third level of defense, which is in charge of Internal Audit.

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2. RISK MANAGEMENT (continued)**2.3 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).

Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The system for identification, measurement, monitoring and control of the currency risk refers to all recorded activities and transactions of the Group, including balance and off-balance sheet items that are registered in foreign currency or in Denars that have a foreign exchange clause and that are in accordance with the regulation for recording in accounting are valued through their coursework on a regular basis. The Group manages the currency risk for the entire portfolio on a daily basis based on calculations of the aggregate foreign exchange position and indicators of its exposure to the foreign exchange risk following the defined limits.

The tables below summarize Group's exposure to foreign exchange risk as at December 31, 2024 and 2023.

Risk from changes in interest rates

The group is exposed to the effects of movements in the level of interest rates in the market which have an impact on its financial position and cash flows. Given that the Bank's trading portfolio is insignificant and it refers mainly to government securities, the exposure to interest rate risk is evaluated from the perspective of the portfolio of banking activities. Interest rate risk in the banking portfolio is the current or potential risk to profit (net interest income) and/or capital resulting from negative interest rate movements affecting the banking portfolio positions. Taking this risk is part of banking and can be a significant source of profitability and shareholder value. However, excessive risk of changes in interest rates can represent a significant threat to the profit and capital base of the Group.

Operational risk

The operational risk is defined as risk of loss that arises from inappropriate or unsuccessful internal processes and systems, human factor or external events. The bank has a comprehensive and high-quality Operational Risk Management Framework (ORMF) which includes the Internal Event Management Policy, Key Risk Indicators Policy and Risk and Control Self-Assessment Policy that provide the tools needed to identify, measure and evaluate the qualitative and quantitative aspects of operational risk.

This framework is aimed at keeping the operational risks in the moderate / low risk profile in accordance with the risk appetite of the NBG Group and the Group and allows, that there are identified risks originating from these processes, that they are measured and that there is an undertake of corrective actions in order to avoid potential negative effect over the financial result and capital position of the Group.

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2. RISK MANAGEMENT (continued)

2.3.1 Sensitivity Analysis of assets and liabilities on change in market risk

A. Sensitivity Analysis on the changes of market risk on assets and liabilities

	Profit/loss	Own funds	Risk weighted assets	Capital adequacy ratio
December 31, 2024				
Amount prior to the sensitivity analysis /stress tests (as of 31.12.2024)	-	20,803,177	116,630,135	17.84%
Effects from application of scenarios				
Risk from foreign exchange rate change				
Denar to depreciate by 10% in relation of all other F/X	391,301	21,194,478	117,021,436	18.11%
Denar to appreciate by 10% in relation of all other F/X	(391,301)	20,411,877	116,238,835	17.56%
Denar to depreciate by 20% in relation of all other F/X	782,601	21,585,778	117,412,736	18.38%
Denar to appreciate by 20% in relation of all other F/X	(782,601)	20,020,576	115,847,534	17.28%
Risk from interest rate change				
Increasing of interest rates by 250 b.p.	(786,839)	20,016,338	116,630,135	17.16%
Decreasing of interest rates by 250 b.p.	(582,446)	20,220,732	116,630,135	17.34%
Increasing of interest rates by 500 b.p.	(1,573,678)	19,229,499	116,630,135	16.49%
Decreasing of interest rates by 500 b.p.	(1,164,891)	19,638,286	116,630,135	16.84%

2. RISK MANAGEMENT (continued)

2.3 Market risk (continued)

2.3.1 Sensitivity Analysis of assets and liabilities on change in market risk (continued)

A. Sensitivity Analysis on the changes of market risk on assets and liabilities (continued)

	Profit/loss	Own funds	Risk weighted assets	Capital adequacy ratio
December 31, 2023				
Amount prior to the sensitivity analysis /stress tests (as of 31.12.2023)	-	18,382,152	110,855,885	16.58%
Effects from application of scenarios				
Risk from foreign exchange rate change				
Denar to depreciate by 10% in relation of all other F/X	432,891	18,815,043	111,290,301	16.91%
Denar to appreciate by 10% in relation of all other F/X	(432,891)	17,949,262	110,421,469	16.26%
Denar to depreciate by 20% in relation of all other F/X	865,781	19,247,934	111,724,716	17.23%
Denar to appreciate by 20% in relation of all other F/X	(865,781)	17,516,371	109,987,053	15.93%
Risk from interest rate change				
Increasing of interest rates by 250 b.p.	(637,577)	17,744,575	110,855,885	16.01%
Decreasing of interest rates by 250 b.p.	(419,643)	17,962,509	110,855,885	16.20%
Increasing of interest rates by 500 b.p.	(1,275,155)	17,106,997	110,855,885	15.43%
Decreasing of interest rates by 500 b.p.	(839,287)	17,542,866	110,855,885	15.82%

The Group has established a frame for establishing stress test on the basis of which stress testing is made at least once a year in order to analyze the sensitivity of the Group to a set of extreme but realistic shocks, which also takes into consideration analysis of the assets and liabilities sensitivity to changes in the foreign exchange rate and in the interest rates from the aspect of the banking activities portfolio. In due course, the scenarios which take into consideration the risk from the change of the foreign exchange rate estimate the effect of the possible appreciation and depreciation of the Denar foreign exchange rate in relation to other currencies, and at all other factors unchanged, the effect is observable through the realized foreign exchange gain/loss. On the other hand, the purpose of the stress test analysis of the interest rate risk in the Group's portfolio of activities is to examine the sensitivity of the Group balance sheets to the interest rate changes, by examining the influence of interest shocks in the assumed scenarios on the net interest income.

In both sensitivity analyses, the change in capital adequacy is assessed through the effect of the scenarios on the amount of own funds, and thus on the Group capital adequacy.

The table presents analysis of assets and liabilities sensitivity to market risk changes as at December 31, 2023 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

2. RISK MANAGEMENT (continued)

2.3 Market risk (continued)

2.3.1 Sensitivity Analysis of assets and liabilities on change in market risk(continued)

B. Analysis of value exposed to market risk in trading portfolio

	2024				2023			
	Balance on December 31	Average value	Highest value (maximum)	Lowest value (minimum)	Balance on December 31	Average value	Highest value (maximum)	Lowest value (minimum)
Amount exposed to risk at interest- bearing instruments	-	-	-	-	-	-	-	-
Amount exposed to risk at instruments in foreign currency	-	-	-	-	-	-	-	-
Amount exposed to risk at equity instruments	-	-	-	-	-	-	-	-
Amount (effects on netting)	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

The Group does not make analysis of the risk exposed value according to the above disclosure in Table B due to the fact that the Bank does not determine the capital required for covering the market risks for the trading portfolio according to the “Decision on the methodology for determining the capital adequacy”, and consequently the table referred to in this Note is not filled in.

2. RISK MANAGEMENT (continued)

2.3 Market risk (continued)

2.3.2 Sensitivity analysis of changes in interest rates of financial assets and liabilities (excluding trading assets)

A. Interest rate sensitivity analysis

	Currency	31.12.2024	31.12.2023
NET WEIGHTED POSITION FOR CURRENCY EUR (FKS+VKS+PKS)	EUR	(290,015)	(228,886)
NET WEIGHTED POSITION FOR CURRENCY MKD (FKS+VKS+PKS)	MKD	384,353	362,085
NET WEIGHTED POSITION FOR CURRENCY MKDclEUR (FKS+VKS+PKS)	MKDclEUR	1,562,177	1,212,850
NET WEIGHTED POSITION FOR other CURRENCIES (FKS+VKS+PKS)	Other	(8,900)	(13,403)
TOTAL WEIGHTED VALUE – CHANGE IN THE ECONOMIC VALUE OF BANK’S ACTIVITY PORTFOLIO		1,647,615	1,332,646
OWN FUNDS		20,803,177	18,382,152
TOTAL WEIGHTED VALUE / OWN FUNDS		7.92%	7.25%

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December 31, 2024

2. RISK MANAGEMENT (continued)

2.3 Market risk (continued)

2.3.2 Sensitivity analysis of changes in interest rates of financial assets and liabilities (excluding trading assets) (continued)

B. Analysis of reconciliation of interest rates

In thousands of Denars December 31, 2024	up to 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 2 years	from 2 to 5 years	over 5 years	Total interest bearing assets /liabilities
ASSETS							
Cash and cash equivalents	10,147,508	1,807,069	-	-	-	-	11,954,577
Financial assets at fair value through profit and loss account designated as such at initial recognition	-	-	-	-	-	-	-
Loans and receivables from banks	398,135	-	-	-	-	-	398,135
Loans and receivables from other customers	51,730,273	5,014,015	9,418,671	12,908,056	7,183,490	9,999,387	86,253,893
Investments in securities	2,668,565	2,391,801	4,049,618	2,633,884	4,464,024	-	16,207,892
Other interest-sensitive unstated assets							
Total interest-sensitive financial assets	64,944,480	9,212,885	13,468,289	15,541,940	11,647,514	9,999,387	124,814,495
LIABILITIES							
Financial liabilities at fair value through profit and loss account designated as such at initial recognition	-	-	-	-	-	-	-
Deposits of banks	1,674,964	-	-	-	-	-	1,674,964
Deposits of other customers	70,931,979	3,174,586	18,818,193	13,127,512	1,789,141	222,783	108,064,194
Issued debt securities							-
Loans payable	142,410	-	427,177	532,250	752,133	589,099	2,443,069
Subordinated liabilities and hybrid instruments	-	-	-	-	-	-	-
Other unspecified interest-sensitive liabilities	-	-	-	-	-	-	-
Total interest-sensitive financial liabilities	72,749,353	3,174,586	19,245,370	13,659,762	2,541,274	811,882	112,182,227
Net - balance position							
Off-balance sheet interest-sensitive assets positions	-	-	-	-	-	-	-
Off-balance sheet interest-sensitive liabilities positions	-	-	-	-	-	-	-
Net positions - off-balance sheet position	-	-	-	-	-	-	-
Total net-position	(7,804,874)	6,038,299	(5,777,081)	1,882,178	9,106,240	9,187,505	12,632,267

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

2. RISK MANAGEMENT (continued)

2.3 Market risk (continued)

2.3.2 Sensitivity analysis of changes in interest rates of financial assets and liabilities (excluding trading assets) (continued)

B. Analysis of reconciliation of interest rates (continued)

	up to 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 2 years	from 2 to 5 years	over 5 years	Total interest bearing assets /liabilities
In thousands of Denars							
December 31, 2023							
ASSETS							
Cash and cash equivalents	12,227,945	-	-	-	-	-	12,227,945
Financial assets at fair value through the income statement determined as such at initial recognition	-	-	-	-	-	-	-
Loans and receivables from banks	317,805	-	-	-	-	-	317,805
Loans and receivables from other customers	46,690,215	5,609,977	10,219,805	13,579,974	6,388,873	7,743,891	90,232,734
Investments in securities	2,336,147	-	2,052,975	2,710,895	1,944,160	2,070,920	11,115,097
Other interest-sensitive unstated assets	-	-	-	-	-	-	-
Total interest-sensitive financial assets	61,572,112	5,609,977	12,272,780	16,290,869	8,333,032	9,814,811	113,893,581
LIABILITIES							
Financial liabilities at fair value through the income statement determined as such at initial recognition	-	-	-	-	-	-	-
Deposits of banks	377,579	614,950	-	-	-	-	992,529
Deposits of other customers	67,737,824	3,179,220	13,128,563	9,217,197	6,192,888	212,571	99,668,263
Issued debt securities	-	-	-	-	-	-	-
Loans payable	114,243	-	531,387	562,504	956,494	573,397	2,738,025
Subordinated liabilities and hybrid instruments	-	-	-	-	-	-	-
Other unspecified interest-sensitive liabilities	-	-	-	-	-	-	-
Total interest-sensitive financial liabilities	68,229,646	3,794,170	13,659,950	9,779,701	7,149,382	785,968	103,398,817
Net - balance position							
Off-balance sheet interest-sensitive assets positions	-	-	-	-	-	-	-
Off-balance sheet interest-sensitive liabilities positions	-	-	-	-	-	-	-
Net positions - off-balance sheet position	-	-	-	-	-	-	-
Total net-position	(6,657,534)	1,815,807	(1,387,170)	6,511,169	1,183,351	9,028,843	10,494,764

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2. RISK MANAGEMENT (continued)

2.3 Market risk (continued)

2.3.3 Currency risk

In thousands of Denars

December 31, 2024

	MKD	EUR	USD	Other currency	Total
MONETARY ASSETS					
Cash and cash equivalents	12,296,943	7,870,948	2,868,255	1,478,669	24,514,815
Trading assets	-	-	-	-	-
Financial assets at fair value through the income statement determined as such at initial recognition	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-
Placement with, and loans to banks	-	4,630	400,627	1,688	406,945
Placement with and loans to customers	66,172,038	32,541,747	96,470	-	98,810,256
Investment securities	10,544,416	6,040,959	-	-	16,585,375
Investments in affiliated companies	-	-	-	-	-
Income tax receivables (current)	-	-	-	-	-
Other receivables	2,262,876	18,277	30	120	2,281,303
Real estate and equipment	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
	91,276,273	46,476,561	3,365,382	1,480,477	142,598,694
Total monetary assets					
MONETARY LIABILITIES					
Trading liabilities	-	-	-	-	-
Financial liabilities at fair value through the income statement determined as such at initial recognition	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-
Deposits from banks	3	1,236,115	443,525	14,317	1,693,960
Deposits from customers	65,460,463	38,705,090	2,918,074	1,440,575	108,524,202
Issued Debt Securities	-	-	-	-	-
Borrowings	81,879	2,365,484	-	-	2,447,363
Subordinated debt	-	-	-	-	-
Special reserve and reservations	139,449	-	-	-	139,449
Income tax liabilities (current)	245,482	-	-	-	245,482
Deferred tax liabilities	19,420	-	-	-	19,420
Other liabilities	1,567,364	146,206	-	-	1,713,570
	67,514,060	42,452,895	3,361,599	1,454,892	114,783,446
Total monetary liabilities					
Net – position	23,762,213	4,023,666	3,783	25,585	27,815,248

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December 31, 2024

2. RISK MANAGEMENT (continued)

2.3 Market risk (continued)

2.3.3 Currency risk (continued)

	In thousands of Denars December 31, 2023				
	MKD	EUR	USD	Other currency	Total
MONETARY ASSETS					
Cash and cash equivalents	12,486,471	7,901,670	2,701,687	1,567,177	24,657,005
Trading assets	-	-	-	-	-
Financial assets at fair value through the income statement determined as such at initial recognition	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-
Placement with, and loans to banks	-	4,630	320,161	1,770	326,561
Placement with and loans to customers	62,270,341	30,006,335	32,455	-	92,309,131
Investment securities	3,975,779	7,432,637	-	-	11,408,416
Investments in affiliated companies	-	-	-	-	-
Income tax receivables (current)	-	-	-	-	-
Other receivables	1,380,361	2,139	295	149	1,382,944
Real estate and equipment	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
Total monetary assets	80,112,952	45,347,411	3,054,598	1,569,096	130,084,057
MONETARY LIABILITIES					
Trading liabilities	-	-	-	-	-
Financial liabilities at fair value through the income statement determined as such at initial recognition	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-
Deposits from banks	3	644,737	335,989	15,322	996,050
Deposits from customers	57,864,508	37,926,113	2,728,537	1,539,013	100,058,171
Issued Debt Securities	-	-	-	-	-
Borrowings	114,672	2,625,104	-	-	2,739,777
Subordinated debt	-	-	-	-	-
Special reserve and reservations	184,953	-	-	-	184,953
Income tax payable (current)	143,984	-	-	-	143,984
Deferred tax liabilities	-	-	-	-	-
Other liabilities	1,340,187	177,533	28	-	1,517,748
Total monetary liabilities	59,648,307	41,373,487	3,064,554	1,554,334	105,640,682
Net – position	20,464,645	3,973,924	(9,956)	14,762	24,443,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2024****3. CAPITAL ADEQUACY****Capital management**

The Group'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 the Central Bank;
- to safeguard the Group'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 Group's management, employing techniques based on the directives set by the regulator, for supervisory purposes.

According to Decision on the methodology on determining the capital adequacy, which starts from March 2017 year, 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 consist 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 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, the Central Bank determines additional capital of 4.25% and the Bank is obliged to maintain capital adequacy rate of at least 12.25%.

The Group is also obliged to maintain the protective layers of capital prescribed by the Law on Bank, namely a protective layer for capital preservation of 2.5%, a protective layer for a systemically important bank of 1.5% and a countercyclical protective layer of 1.25%. As of December 31, 2024 The bank already meets the prescribed adequacy rate of 17.5%.

The Bank is calculating the capital adequacy rate in accordance with the Decision on the methodology for determining the capital adequacy of the Central Bank, 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 was amended and is made to the net amount of aggregate foreign currency position taking into consideration of the calculation of the impairment. Furthermore, as was previously the case, in accordance with the new regulations, the Bank is not obliged to determine and dispose of the capital required for covering the market risks.

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December 31, 2024

3. CAPITAL ADEQUACY (continued)

Own assets

The table below presents a survey of the Statement of own assets (Form OA) prepared in accordance with the Instructions on implementing the Decision on the methodology of determining the capital adequacy according to the applicable prescribed regulations of the Central Bank on December 31, 2024 and 2023.

	In thousand Denars	
	2024	2023
Own funds	20,803,177	18,382,152
Tier 1 capital	20,712,200	18,291,175
Common Equity Tier 1 capital (CET)	20,712,200	18,291,175
<i>Positions in CET</i>	<i>20,712,200</i>	<i>18,291,175</i>
Capital instruments of CET	3,511,242	3,511,242
Premium of capital instruments of CET	-	-
Mandatory general reserve (general reserve fund)	831,373	831,373
Retained undistributed profit	16,204,747	13,744,748
(-) Accumulated loss from previous years	-	-
Current profit or year-end profit	-	-
Accumulated other profit loss	164,837	203,812
<i>(-) Deductions of CET</i>		
(-) Loss at the year-end or current loss	-	-
(-) Intangible assets	-	-
(-) Deferred tax assets that rely on the bank's future profit	-	-
(-) Investments in own capital instruments of CET	-	-
(-) Direct investments in own capital instruments of CET	-	-
(-) Indirect investments in own capital instruments of CET	-	-
(-) Synthetic investments in own capital instruments of CET	-	-
(-) Investments in own capital instruments of CET for which the bank has contractual obligations for purchasing	-	-
(-) Direct, indirect and synthetic investments in capital instruments of CET of persons from the financial sector, with investments in the bank	-	-
(-) Direct, indirect and synthetic investments in capital instruments of CET of persons from the financial sector, the bank has no significant investment	-	-
(-) Direct, indirect and synthetic investments in capital instruments of CET of persons from the financial sector, with significant investments in the bank	-	-
(-) Amount of deduction items of AT exceeding the total AT amount	-	-
(-) Amount of exceeded limits for investment in non-financial institutions	-	-
(-) Tax costs	-	-
(-) Difference between the required and conducted impairment/ special reserve	-	-

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December 31, 2024

3. CAPITAL ADEQUACY (continued)

Own assets (continued)

	In thousand Denars	
	2024	2023
<i>Regulatory reconciliations of CET</i>	-	-
(-) Increase of CET arising from securitization positions	-	-
(-) Profit or (+) loss from cash-flow risk protection	-	-
(-) Profit or (+) loss from liabilities of the bank measures by fair value	-	-
(-) Profit or (+) loss related to liabilities based on derivatives, measured by fair value	-	-
<i>Positions as result of consolidation</i>	-	-
Non-controlling (minority) participation acknowledged in CET at consolidated basis	-	-
Other	-	-
<i>Other positions of CET</i>	-	-
Additional Tier capital (AT)	-	-
<i>Positions in AT</i>	-	-
Capital instruments of AT	-	-
Premium of capital instruments of AT	-	-
<i>(-) Deductions of AT</i>	-	-
(-) Investments in own capital instruments of AT	-	-
(-) Direct investments in own capital instruments of AT	-	-
(-) Indirect investments in own capital instruments of AT	-	-
(-) Synthetic investments in own capital instruments of AT	-	-
(-) Investments in own capital instruments of AT for which the bank has contractual obligations for purchasing	-	-
(-) Direct, indirect and synthetic investments in capital instruments of AT of persons from the financial sector, with investments in the bank	-	-
(-) Direct, indirect and synthetic investments in capital instruments of AT of persons from the financial sector, the bank has no significant investment	-	-
(-) Direct, indirect and synthetic investments in capital instruments of AT of persons from the financial sector, with significant investments in the bank	-	-
(-) Amount of deduction items of AT exceeding the total AT amount	-	-
(-) Tax costs	-	-
<i>Regulatory reconciliations of AT</i>	-	-
(-) Increase of AT arising from securitization positions	-	-
(-) Profit or (+) loss from cash-flow risk protection	-	-
(-) Profit or (+) loss from liabilities of the bank measures by fair value	-	-
(-) Profit or (+) loss related to liabilities based on derivatives, measured by fair value	-	-
<i>Positions as result of consolidation</i>	-	-
Acceptable additional Tier 1 capital recognized in AT on consolidated basis	-	-
Other	-	-
<i>Other positions of AT</i>	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. CAPITAL ADEQUACY (continued)

Own assets (continued)

		In thousand Denars	
		2024	2023
Tier 2 capital (T2)		90,978	90,978
<i>Positions in T2</i>		90,978	90,978
Capital instruments in T2		90,978	90,978
Subordinated loans		-	-
Premium of capital instruments in T2		-	-
<i>(-) Deductions of T2</i>		-	-
(-) Investments in own capital instruments of T2		-	-
(-) Direct investments in own capital instruments of T2		-	-
(-) Indirect investments in own capital instruments of T2		-	-
(-) Synthetic investments in own capital instruments of T2		-	-
(-) Investments in own capital instruments of T2 for which the bank has contractual obligations for purchasing		-	-
(-) Direct, indirect and synthetic investments in capital instruments of T2 of persons from the financial sector, with investments in the bank		-	-
(-) Direct, indirect and synthetic investments in capital instruments of T2 of persons from the financial sector, the bank has no significant investment		-	-
(-) Direct, indirect and synthetic investments in capital instruments of T2 of persons from the financial sector, with significant investments in the bank		-	-
<i>Regulatory reconciliations of T2</i>		-	-
(-) Increase of T2 arising from securitization positions		-	-
(-) Profit or (+) loss from cash-flow risk protection		-	-
(-) Profit or (+) loss from liabilities of the bank measures by fair value		-	-
(-) Profit or (+) loss related to liabilities based on derivatives, measured by fair value		-	-
<i>Positions as result of consolidation</i>		-	-
Acceptable additional capital recognized in T2 on consolidated basis		-	-
Other		-	-
<i>Other positions of T2</i>		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

3. CAPITAL ADEQUACY (continued)

Capital adequacy ratio

The table below gives an overview of the Report of the rate of capital adequacy (Form CA) prepared in accordance with the Guidelines for implementation of the Decision on the methodology for determining the capital adequacy according to the applicable prescribed regulations from Central Bank as at December 31, 2024 and 31 December 2023.

	In thousands of Denars	
	2024	2023
Credit risk weighted assets		
Capital required for covering the credit risk	8,191,675	7,804,697
Credit risk weighted assets by applying standardized approach	102,395,932	97,558,716
Currency risk weighted assets		
Aggregate foreign currency position	3,913,005	4,344,159
Net position in gold	-	-
Capital required for covering the currency risk	313,040	347,533
Currency risk weighted assets	3,913,005	4,344,159
Operational risk weighted assets		
Capital required for covering the operational risk by applying the basic indicator approach	-	-
Capital required for covering the operational risk by applying the standardized approach	825,696	716,241
Operational risk weighted assets	10,321,198	8,953,009
Other risk weighted assets		
Capital required for covering the risk of changes in the commodity prices	-	-
Capital required for covering the market risks	-	-
Capital required for covering the positional risks	-	-
Capital required for covering the specific risk of investments in debt instruments	-	-
Capital required for covering the general risk of investments in debt instruments	-	-
Capital required for covering the specific risk of investments in equity instruments	-	-
Capital required for covering the general risk of investments in equity instruments	-	-
Capital required for covering the settlement/delivery risk	-	-
Capital required for covering the counterparty risk	-	-
Capital required for covering the exceeding of exposure limits	-	-
Capital required for covering the market risks of option positions	-	-
Capital required for covering other risks	-	-
Other risk weighted assets	-	-
Risk weighted assets	116,630,135	110,855,885
Capital required for covering the risks	9,330,411	8,868,471
Own assets	20,803,177	18,382,152
Capital adequacy ratio	17.84%	16.58%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

4. SEGMENT REPORTING

A. Operating segments

In thousands of Denars

December 31, 2024

	Retail banking	Corporate banking	Investme nt banking	All other significant operating segments	Unallocat ed	Total
Net interest income /(expense)	3,084,749	2,768,939	319,142	11,788	-	6,184,618
Net fees and commissions income / (expense)	863,107	33,016	-	(30,171)	-	865,952
Net trading income	-	-	-	-	-	-
Net income from other financial instruments recorded at fair value	-	-	-	-	-	-
Other operating income	406,887	127,215	68,600	87,120	534	690,356
Income realized between segments	-	-	-	-	-	-
Total income by segments	4,354,743	2,929,170	387,742	68,737	534	7,740,926
Allowance for impairment of financial assets, on net basis	166,981	(1,257,900)	-	(84,173)	-	(1,175,092)
Impairment loss of non-financial assets, on net-basis	-	34,557	-	-	-	34,557
Depreciation	-	-	-	-	-	-
Restructuring costs	-	-	-	-	(213,837)	(213,837)
Costs for investment in property and equipment	-	-	-	-	-	-
Other expenses	(1,405,951)	(251,196)	-	(522,142)	(59,335)	(2,238,624)
Total expenses by segments	(1,238,970)	(1,474,539)	-	(606,315)	(273,172)	(3,592,996)
Financial result by segment	3,115,773	1,454,631	387,742	(537,578)	(272,638)	4,147,930
Income tax	-	-	-	-	-	(594,383)
Profit/(loss) for the period	3,115,773	1,454,631	387,742	(537,578)	(272,638)	3,553,547
Total assets by segment	59,131,931	65,833,332	18,455,936	600,928	-	144,021,578
Unallocated assets per segment	-	-	-	-	-	-
Total assets	59,131,931	65,833,332	18,455,936	600,928	-	144,021,578
Total liabilities by segment	(84,270,236)	(30,510,799)	(2,411)	-	-	(114,783,446)
Unallocated liabilities by segment	-	-	-	-	-	-
Total liabilities	(84,270,236)	(30,510,799)	(2,411)	-	-	(114,783,446)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

4. SEGMENT REPORTING (continued)

A. Operating segments (continued)

In thousands of Denars
December 31, 2023

	Retail banking	Corporate banking	Investment banking	All other significant operating segments	Unalloca- ted	Total
Net interest income /(expense)	3,109,553	2,362,075	222,590	49,790	-	5,744,008
Net fees and commissions income / (expense)	834,264	2,386		(24,034)		812,616
Net trading income	-	-	100	-	-	100
Net income from other financial instruments recorded at fair value	-	-	-	-	-	-
Other operating income	641,885	219,460	49,217	147,074	1,699	759,335
Income realized between segments	-	-	-	-	-	-
Total income by segments	4,285,702	2,583,921	271,907	172,830	1,699	7,316,059
Allowance for impairment of financial assets, on net basis	94,644	(1,367,517)	-	(103,050)	-	(1,375,923)
Impairment loss of non-financial assets, on net-basis	-	94,650	-	-	-	94,650
Depreciation	-	-	-	-	(160,910)	(160,910)
Restructuring costs	-	-	-	-	-	-
Costs for investment in property and equipment	-	-	-	-	-	-
Other expenses	(1,272,196)	(223,988)	-	(470,186)	(53,376)	(2,019,746)
Total expenses by segments	(1,177,552)	(1,496,855)	-	(573,236)	(214,286)	(3,461,929)
Financial result by segment	3,108,150	1,087,066	271,907	(400,406)	(212,587)	3,854,130
Income tax	-	-	-	-	-	(383,331)
Profit/(loss) for the financial year	3,108,150	1,087,066	271,907	(400,406)	(212,587)	3,470,799
Total assets by segment	56,999,057	61,981,218	11,443,450	942,761	-	131,366,486
Unallocated assets per segment	-	-	-	-	-	-
Total assets	56,999,057	61,981,218	11,443,450	942,761	-	131,366,486
Total liabilities by segment	(74,852,024)	(30,786,276)	(2,382)	-	-	(105,640,682)
Unallocated liabilities by segment	-	-	-	-	-	-
Total liabilities	(74,852,024)	(30,786,276)	(2,382)	-	-	(105,640,682)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

4. SEGMENT REPORTING (continued)

B. Concentration of total revenue and expenses by customers

	In thousands of Denars					
	Retail banking	Corporate banking	Investment banking	All other significant operating segments	Unallocated	Total
Current 2024						
Customer 1						
Income	-	97,291	-	-	-	97,291
(Expenses)	(4,980)	(2,913)	-	-	-	(7,893)
Customer 2						
Income	2	88,902	-	-	-	88,904
(Expenses)	(4,678)	(2,626)	-	-	-	(7,304)
Customer 3						
Income	129	48,776	-	-	-	48,905
(Expenses)	(3,940)	(141)	-	-	-	(4,081)
Customer 4						
Income	5	36,965	-	-	-	36,970
(Expenses)	(3,536)	(241)	-	-	-	(3,777)
Customer 5						
Income	302	32,576	-	-	-	32,878
(Expenses)	(3,172)	(3,475)	-	-	-	(6,647)
Total by segment	(19,868)	295,114	-	-	-	275,246
Previous 2023						
Customer 1						
Income	856	92,633	-	-	-	93,489
(Expenses)	-	(7)	-	-	-	(7)
Customer 2						
Income	1,047	75,014	-	-	-	76,061
(Expenses)	(193)	(9)	-	-	-	(202)
Customer 3						
Income	704	47,582	-	-	-	48,286
(Expenses)	-	(1,395)	-	-	-	1,395)
Customer 4						
Income	656	26,840	-	-	-	27,496
(Expenses)	-	-	-	-	-	(1,180)
Customer 5						
Income	781	21,615	-	-	-	22,396
(Expenses)	(437)	(33)	-	-	-	(470)
Total by segment	3,414	262,240	-	-	-	265,654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

4. SEGMENT REPORTING (continued)

C. Geographic areas

In thousands of Denars

	RNM	Member countries of European Union	Europe (other)	Member- countries of OECD (without European Member- countries of OECD)	Other	Unallocat ed	Total
Current year, 2024							
Total income	7,577,323	607,005	9,412	1,150,347	-	-	9,344,087
Total assets	<u>116,196,967</u>	<u>9,559,663</u>	<u>148,241</u>	<u>18,116,707</u>	<u>-</u>	<u>-</u>	<u>144,021,578</u>
Previous year, 2023							
Total income	7,001,017	562,158	8,717	1,065,357	-	-	8,637,249
Total assets	<u>106,047,061</u>	<u>8,698,960</u>	<u>134,894</u>	<u>16,485,571</u>	<u>-</u>	<u>-</u>	<u>131,366,486</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A. Fair value of financial assets and liabilities

	December 31, 2024		In thousands of Denars December 31, 2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Cash and cash equivalents	24,514,815	24,514,815	24,657,005	24,657,005
Trading assets	-	-	-	-
Financial assets at fair value through income statement, determined as such upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Placement with, and loans to banks	406,945	406,945	326,561	326,561
Placement with, and loans to other customers	98,810,256	98,810,256	92,309,131	92,309,131
Investment securities	16,585,375	16,124,291	11,408,416	10,963,000
Investments in affiliated companies	-	-	-	-
Receivables for income tax (current)	-	-	-	-
Other receivables	2,281,303	2,281,303	1,382,944	1,382,944
Collateralized assets	-	-	-	-
Differed tax assets	-	-	-	-
	142,598,694	142,137,610	130,084,057	129,638,641
Financial liabilities				
Liabilities for trading	-	-	-	-
Financial liabilities at fair value through income statement, determined as such upon initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Deposits from banks	1,693,960	1,693,960	996,050	996,050
Deposits from other customers	108,524,202	108,524,202	100,058,171	100,058,171
Issued debt securities	-	-	-	-
Borrowings	2,447,363	2,447,363	2,739,776	2,739,776
Subordinated debt	-	-	-	-
Income tax liabilities (current)	245,541	245,541	143,984	143,984
Differed tax liabilities	-	-	-	-
Other liabilities	1,713,570	1,713,570	1,517,748	1,517,748
	114,624,636	114,624,636	105,455,729	105,455,729

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

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

B. Levels of fair value of financial assets and liabilities, measured at fair value

B.1 Levels of fair value of financial assets and liabilities, measured at fair value

		In thousands of Denars			
	Note	Level 1	Level 2	Level 3	Total
Current year, 2024					
Financial assets measured at fair value					
Trading assets	19	-	-	-	-
Financial assets at fair value through income statement, determined as such upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in securities available for sale	23.1	68,493	11,429,911	24,408	11,522,812
Total		68,493	11,429,911	24,408	11,522,812
Financial liabilities					
Liabilities for trading	32	-	-	-	-
Financial liabilities at fair value through income statement, determined as such upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
Total		-	-	-	-
Previous year, 2023					
Financial assets measured at fair value					
Trading assets	19	-	-	-	-
Financial assets at fair value through income statement, determined as such upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in securities available for sale	23.1	68,365	3,894,842	24,408	3,987,615
Total		68,365	3,894,842	24,408	3,987,615
Financial liabilities					
Liabilities for trading					
Financial liabilities at fair value through income statement, determined as such upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
Total		-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

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

B. Level of fair value of financial assets and liabilities, measured at fair value (continued)

B.2 Transfers between fair value level 1 and 2

	Current year, 2024		In thousands of Denars Previous year, 2023	
	Transfers from level 1 to level 2	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 1
Financial assets measured at fair value				
Trading assets	-	-	-	-
Financial assets at fair value through income statement, determined as such upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Investments in securities, available for sale	-	-	-	-
Total	-	-	-	-
Financial liabilities				
Liabilities for trading	-	-	-	-
Financial liabilities at fair value through income statement, determined as such upon initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Total	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

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

B. Levels of fair value of financial assets and liabilities, measured at fair value (continued)

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

					In thousands of Denars		
	Assets for trading	Financial assets at fair value through income statement determined as such upon initial recognition	Investments in securities available –for-sale	Total assets	Liabilities for trading	Financial assets at fair value through income statement determined as such upon initial recognition	Total liabilities
Balance at January 1, 2023	-	-	24,408	24,408	-	-	-
Profit/(loss) recognized in:							
- Income Statement	-	-	-	-	-	-	-
- Other profit /(loss) in the period not recognized in the Income Statement	-	-	-	-	-	-	-
Purchased financial assets in the period	-	-	-	-	-	-	-
Sold financial assets in the period	-	-	-	-	-	-	-
Issued financial instruments in the period	-	-	-	-	-	-	-
Paid financial instruments in the period	-	-	-	-	-	-	-
Re-classified financial instruments to/from Level 3	-	-	-	-	-	-	-
Re-classified in loans and claims	-	-	-	-	-	-	-
Balance at December 31, 2023	-	-	24,408	24,408	-	-	-
Total profit /(loss) recognized in the Income Statement for the financial assets and liabilities that are held on December 31, 2023	-	-	-	-	-	-	-
Balance at January 1, 2024	-	-	24,408	24,408	-	-	-
Profit/(loss) recognized in:							
- Income Statement	-	-	-	-	-	-	-
- Other profit /(loss) in the period not shown in the Income Statement	-	-	-	-	-	-	-
Purchased financial assets in the period	-	-	-	-	-	-	-
Sold financial assets in the period	-	-	-	-	-	-	-
Issued financial instruments in the period	-	-	-	-	-	-	-
Paid financial instruments in the period	-	-	-	-	-	-	-
Re-classified financial instruments to/from Level 3	-	-	-	-	-	-	-
Re-classified in loans and claims	-	-	-	-	-	-	-
Balance at December 31, 2024	-	-	24,408	24,408	-	-	-
Total profit /(loss) recognized in the Income Statement for the financial assets and liabilities that are held on December 31, 2024	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**B Levels of fair value of financial assets and financial liabilities, measured at fair value (continued)***a) Cash and cash equivalents*

The carrying amount of cash and cash equivalents equals their fair values as they include cash and nostro accounts representing unrestricted demand deposits and placements with Central Bank, which mature *shortly*. Treasury bills are measured at fair value, at level 2.

b) Held-for-trading financial assets

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

c) Placement with, and loans to banks

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

d) Placements with and loans to customers

Loans are net of provisions for impairment. The major part of the loans to customers is with floating interest rate (over 95%). The remaining part of the loans with fixed interest rate relates to “teaser loans”, for which the fair value is estimated by the Bank based on the discounted cash flow.

e) Investment in securities

The fair value of investments in held-to-maturity financial assets is their carrying amount having regard to the fact that their carrying amount is determined on the basis of discounted cash flows. The fair value of investments in available-for-sale financial assets is determined on the basis of quoted market prices or amounts derived from cash flow models. Consequently, their fair value is their carrying amount.

f) Other receivables

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

g) Deposits from banks

The fair value of demand and time deposits is their carrying amount.

h) Deposits from other customers

The fair value of demand deposits and time 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

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

B Levels of fair value of financial assets and financial liabilities, measured at fair value (continued)

i) Loans payable

The major part of this position 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.

j) Other liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

6. NET INTEREST INCOME/(EXPENSE)

A. Structure of interest income and expenses by category of financial instruments

	In thousands of Denars	
	Current year 2024	Previous year 2023
Interest income		
Cash and cash equivalents	274,327	207,450
Financial assets at fair value through income statement, determined as such upon initial recognition	-	-
Derivative assets held for risk management	-	-
Placements with and loans to banks	235,541	221,147
Placements with and loans to customers	5,815,391	5,333,257
Investments in securities	485,758	263,938
Other receivables	5,089	5,276
(Allowance for impairment of income interest, on net-basis)	(36,111)	(29,624)
Collected previously written-off interest	178,489	213,169
Total interest income	6,958,484	6,214,613
Interest expense		
Financial liabilities at fair value through income statement, determined as such upon initial recognition	-	-
Derivative liabilities held for risk management	-	-
Deposits from banks	1,421	514
Deposits from other customers	742,349	458,117
Issued debt securities	-	-
Borrowings	28,731	10,609
Subordinated debt	-	-
Other liabilities	1,365	1,365
Total interest expense	773,866	470,605
Net interest income / (expense)	6,184,618	5,744,008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

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

B. Sector analysis of interest income and expenses by sector

	In thousands of Denars	
	Current year 2024	Previous year 2023
Interest income		
Non-financial companies	1,804,639	1,506,449
Government	485,700	263,861
Non-profit institutions servicing households	486	483
Banks	235,553	221,199
Other financial companies (non-banking)	286,928	208,609
Households	4,002,599	3,830,261
Non-residents	201	206
(Allowance for impairment of interest income, on net-basis)	(36,111)	(29,624)
Collected previously written-off interest	178,489	213,169
Total interest income	6,958,484	6,214,613
Interest expense		
Non-financial companies	75,112	32,228
Government	1,113	368
Non-profit institutions servicing households	2,222	1,254
Banks	16,774	973
Other financial companies (non-banking)	21,578	13,871
Households	604,935	352,521
Non-residents	52,132	69,390
Total interest expense	773,866	470,605
Net interest income / (expense)	6,184,618	5,744,008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

7. NET FEE AND COMMISSION INCOME/(EXPENSE)

A. Structure of fee and commission income and expenses by financial activity

	In thousands of Denars	
	Current year 2024	Previous year 2023
Fee and commission income		
Financing	73,858	79,526
Payment operations	-	-
domestic	297,966	286,731
international	239,122	240,408
L/Cs and L/Gs	50,086	57,121
Brokerage operations	8,701	4,038
Asset management	435	365
Commission and creditor activities	-	-
Issue of securities	-	-
Other	-	-
Card operations	718,831	657,593
Deposit operations	4,321	5,130
Renting safe-deposit-boxes	10,646	10,857
Third party accounts collection	2,264	2,389
Transaction Account Maintenance Fee	144,716	124,961
Insurance policy sales commissions	69,381	64,297
Digital banking	24,672	19,903
Other fee and commission income	15,691	15,232
Total fee and commission income	1,660,690	1,568,551
Fee and commission expense		
Financing	-	-
Payment operations		
domestic	101,886	88,451
international	42,058	38,587
L/Cs and L/Gs	-	-
Brokerage operations	5,735	486
Asset management	-	-
Commission and creditor activities	-	-
Issue of securities	-	-
Other	-	-
Card operations	635,690	612,700
Other fee and commission expense	9,369	15,711
Total fee and commission expense	794,738	755,935
Net fee and commission income / (expense)	865,952	812,616

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

7. NET FEE AND COMMISSION INCOME/(EXPENSE) (continued)

B. Sector analysis of fee and commission income and expense

	In thousands of Denars	
	Current year 2024	Previous year 2023
Fee and commission income		
Non-financial companies	733,691	676,250
Government	3,885	4,626
Non-profit institutions servicing households	62	81
Banks	35,491	33,199
Other financial companies (non-banking)	-	-
Households	862,318	833,591
Non-residents	25,243	20,804
Total fee and commission income	1,660,690	1,568,551
Fee and commission expense		
Non-financial companies	46,051	33,630
Government	-	-
Non-profit institutions servicing households	-	-
Banks	345,337	350,261
Other financial companies (non-banking)	31,192	29,517
Non-residents	372,158	342,527
Total fee and commission expense	794,738	755,935
Net fee and commission income / (expense)	865,952	812,616

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

8. NET TRADING INCOME

	In thousands of Denars	
	Current	Previous
	year	year
	2024	2023
<i>Trading assets</i>		
Profit /(loss) from the changes in fair value of debt securities, on net-basis		
realized	-	-
unrealized	-	-
Profit /(loss) from the changes in fair value of equity instruments, on net basis		
realized	-	100
unrealized	-	-
Income from dividend from trading assets	-	-
Income from interest from trading assets	-	-
<i>Trading liabilities</i>		
Profit /(loss) from the changes in fair value of debt securities, on net-basis		
realized	-	-
unrealized	-	-
Profit /(loss) from the changes in fair value of trading deposits, on net-basis		
realized	-	-
unrealized	-	-
Profit /(loss) from the changes in fair value of other financial liabilities for trading, on net-basis		
realized	-	-
unrealized	-	-
Expenses for interest from financial liabilities held for trading	-	-
<i>Profit /(loss) from the changes in fair value of derivatives held for trading, on net-basis</i>		
realized	-	-
unrealized	-	-
Net trading income	-	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

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

	In thousands of Denars	
	Current	Previous
	year	year
	2024	2023
<i>Financial assets at fair value through the income statement determined as such at initial recognition</i>		
Profit / (loss) from the changes in fair value of debt securities, on net basis		
realized	-	-
unrealized	-	-
Profit / (loss) from the changes in fair value of equity instruments, on net basis		
realized	-	-
unrealized	-	-
Income from dividend from financial assets at fair value through the income statement	-	-
Profit / (loss) from the changes in fair value of loans and claims at fair value through the income statement, on net basis		
realized	-	-
unrealized	-	-
<i>Financial liabilities at fair value through the income statement determined as such at initial recognition</i>		
Profit / (loss) from the changes in fair value of debt securities, on net basis		
realized	-	-
unrealized	-	-
Profit / (loss) from changes in fair value of deposits at fair value through the income statement, on net-basis		
realized	-	-
unrealized	-	-
Profit / (loss) from the changes in fair value of loan liabilities at fair value through the income statement, on net basis		
realized	-	-
unrealized	-	-
Profit / (loss) from the changes in fair value of other financial liabilities at fair value through the income statement, on net basis		
realized	-	-
unrealized	-	-
<i>Profit / (loss) from changes in fair value of derivative held for risk management at fair value through the income statement, on net-basis</i>		
realized	-	-
unrealized	-	-
Net income from other financial instruments carried at fair value	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

10. NET FOREIGN EXCHANGE GAINS/(LOSSES)

	In thousands of Denars	
	Current year 2024	Previous year 2023
Realized net foreign exchange gains/(losses)	184,105	152,466
Non-realized net foreign exchange gains/(losses)	-	-
foreign exchange gains/(losses) of adjustment of the value of financial assets, on net basis	-	-
foreign exchange gains/(losses) of special reserve for off balance sheet exposure, on net basis	-	-
other foreign exchange gains/(losses), on net basis	(4,521)	(7,405)
Net foreign exchange gains/(losses)	179,584	145,061

11. OTHER OPERATING INCOME

	In thousands of Denars	
	Current year 2024	Previous year 2023
Profit from sales of assets available for sale	-	6
Dividend from equity instruments available for sale	-	2,465
Net income from investments in subsidiaries and affiliates	-	-
Capital gain from sales of:		
property and equipment	3,109	20
intangible assets	-	-
foreclosed assets	31,239	88,995
non-current assets held for sale and group for disposal (sale)	-	-
Income from rent	1,306	1,402
Income from won court disputes	8,225	8,992
Collected previously written-off receivables	399,824	472,922
Release of special reserves and provisions for:		
contingent liabilities based on court disputes	-	-
pensions and other benefits for employees	-	-
restructuring	-	-
unfavourable agreements	-	-
other provisions	-	-
Other:		
early withdrawal of deposits of non-residents	24,679	27,984
revenue from insurance mediation and mortgage bets on movables in process of approving loans to individuals	66	127
other income	42,324	11,361
Total other operating income	510,772	614,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

12. IMPAIRMENT LOSSES OF FINANCIAL ASSETS AND SPECIAL RESERVES FOR OFF BALANCE SHEET EXPOSURE, ON NET-BASIS

In thousands of Denars

	Placeme nts with and loans to banks	Placements with and loans to customers	Investment s in financial assets available for sale	Investme nts in financial assets held to maturity	Cash and cash equivalents	Fees and commissions receivables	Other receivab les	Total allowance for impairment of financial assets	Special reserves for off balance sheet exposures	Total
December 31, 2024 (current year)										
<i>Allowance for impairment and special reserves</i>										
Additional allowance for impairment and special reserves	402	1,809,103	-	31	166	12,458	13,194	1,835,354	107,185	1,942,539
(Release of allowance for impairment and special reserves)	(309)	(597,215)	-	-	(189)	(646)	(1,864)	(600,223)	(167,224)	(767,447)
Total allowance for impairment of financial assets and special reserves for off balance sheet exposures, on net-basis	93	1,211,888	-	31	(23)	11,812	11,330	1,235,131	(60,039)	1,175,092
December 31, 2023 (previous year)										
<i>Allowance for impairment and special reserves</i>										
Additional allowance for impairment and special reserves	692	1,922,283	-	5	596	12,717	11,164	1,947,457	204,950	2,152,407
(Release of allowance for impairment and special reserves)	(400)	(645,037)	-	(4)	(833)	(470)	(3,746)	(650,490)	(125,994)	(776,484)
Total allowance for impairment of financial assets and special reserves for off balance sheet exposures, on net-basis audited	292	1,277,246	-	1	(237)	12,247	7,418	1,296,967	78,956	1,375,923

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

13. IMPAIRMENT LOSSES OF NON-FINANCIAL ASSETS, NET

In thousands of Denars						
	Real estate and equipment	Intangible assets	Foreclosed assets	Non- current assets held for sale and group for sale	Other non- financial assets	Total
December 31, 2024 (current year)						
Additional impairment loss	-	-	25,887	-	-	25,887
(Release of impairment loss)	-	-	(60,444)	-	-	(60,444)
Total impairment loss of non-financial assets, on net-basis	-	-	34,557	-	-	34,557
December 31, 2023 (previous year)						
Additional impairment loss	-	-	6,053	-	-	6,053
(Release of impairment loss)	-	-	(100,703)	-	-	(100,703)
Total impairment loss of non-financial assets, on net-basis audited	-	-	94,650	-	-	94,650

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

14. PERSONNEL EXPENSES

	In thousands of Denars	
	Current	Previous
	year	year
	2024	2023
Short-term personnel benefits		
Salaries	653,906	593,203
Compulsory contributions for social and health insurance	252,518	233,522
Short-term paid leaves		-
Costs for temporary employment	28,845	19,977
Share in profit and remuneration	-	-
Non-monetary benefits	-	-
Other personnel benefits	236,396	24,323
	1,171,665	871,025
Post-retirement benefits		
Defined pension benefit plans	-	-
Retirement benefits	-	-
Increase of liability for defined pension benefit plans	-	-
Increase of liability for other long-term benefits	-	-
Other benefits upon termination of employment	-	-
	-	-
Benefits due to termination of employment	-	-
Payments to employees based on shares, settled with equity instruments	-	-
Payments to employees based on shares, settled with monetary assets	-	-
Other	-	200,511
	-	200,511
Total personnel expenses	1,171,665	1,071,536

The item other employee benefits shows payments to employees based on annual leave entitlement, New Year's compensation, jubilee awards and other short-term benefits.

The amounts referring to provisions for retirement benefits in the amount of Denar 5,774 thousand (2023: Denar 5,623 thousand) are presented in Note 38.

	Current	Previous
	year	year
	2024	2023
Average number of employees for the period	948	945
Number of permanent employees at year-end	948	947
Number of temporary employees at year-end	42	34

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December 31, 2024

15. DEPRECIATION

	In thousands of Denars	
	Current year 2024	Previous year 2023
Amortization of intangible assets		
Internally developed software	-	-
Software acquired from external suppliers	68,603	53,160
Other internally developed intangible assets	-	-
Other intangible assets	-	-
Intangible leasehold improvements	-	-
	68,603	53,160
Depreciation of property and equipment		
Buildings	33,020	32,540
Means of transport	13,108	2,609
Furniture and equipment	90,380	62,547
Other equipment	2,577	2,457
Other items of property and equipment	480	562
Property and equipment leasehold improvements	5,669	7,035
	145,234	107,750
Total depreciation	213,837	160,910

16. OTHER OPERATING EXPENSES

	In thousands of Denars	
	Current year 2024	Previous year 2023
Losses from sale of assets available for sale	-	-
Software licensing expense	-	-
Deposit insurance premium	194,508	179,489
Premium on property and employee insurance	8,744	9,808
Materials and services	563,222	533,349
Administrative and marketing expense	183,934	139,393
Other taxes and contributions	8,534	5,037
Rental expense	61,945	55,851
Court dispute expense	1,911	1,085
Provisions for pension and other employee benefits, on a net basis	-	-
Provisions for contingent liabilities based on court disputes, on a net basis	9,481	396
Other provisions, on a net basis	-	-
Loss from sale of:		
property and equipment	-	-
intangible assets	-	-
foreclosed assets	-	-
non-current assets held for sale and group for sale	-	-
Other:		
business trip expense	8,289	5,475
other costs	26,391	18,327
Total other operating expenses	1,066,959	948,210

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

17. INCOME TAX

A. Expenses/ (income) based on current and deferred income tax

	In thousands of Denars	
	Current year 2024	Previous year 2023
Current income tax		
Expenses/(income) for current income tax for the year	594,383	383,331
Adjustments for previous years	-	-
Benefits from previously unrecognized tax losses, tax loans or temporary differences from previous years	-	-
Changes in accounting policies and errors	-	-
Other	-	-
	594,383	383,331
Deferred income tax		
Deferred income tax that arises from temporary differences for the year	-	-
Recognition of previous unrecognized tax losses	-	-
Changes in tax rate	-	-
Introduction of new taxes	-	-
Benefits from previously unrecognized tax losses, tax loans or temporary differences from previous years	-	-
Other	-	-
	-	-
Total income tax expenses/(returns)	594,383	383,331

	In thousands of Denars	
	Current year 2024	Previous year 2023
Current income tax		
Recognized in income statement	594,383	383,331
Recognized in capital and reserves	-	-
	594,383	383,331
Deferred income tax		
Recognized in income statement	-	-
Recognized in capital and reserves	-	-
	-	-
Total income tax expenses/(returns)	594,383	383,331

In accordance with the Income Tax Law which is in appliance for the fiscal 2024 and 2023, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

17. INCOME TAX (continued)

A. Expenses/(income) based on current and deferred income tax (continued)

As of January 1, 2024, a new Global Minimum Tax law came into force in North Macedonia in accordance with Pillar 2 rules for a minimum global tax of 15%. The current tax position includes the amounts of profit tax calculated in accordance with the law on profit tax and the additional tax calculated according to the provisions of the new law.

In accordance with the previous Law on income tax, the accumulated undistributed profit for the period from 2009 to 2013 shall be subject to taxation at the moment of its distribution.

B. Reconciliation of the effective average tax rate with the applicable tax rate

	in %	In thousands of Denars	in %	In thousands of Denars
	current year 2024		previous year 2023	
Profit/(loss) before taxation	100.00	4,147,930	100.00	3,852,932
Income tax as per applicable tax rate		414,793	-	385,293
Effects from different tax rates in other countries	-	-	-	-
Adjustments for previous years and changes in tax rate	-	-	-	-
Taxed income abroad	-	-	-	-
Expense unrecognized for tax purposes	0.42	17,543	0.34	13,215
Tax-exempted income	-	-	-	-
Tax exemptions unrecognized in income statement	-	-	-	-
Recognition of previous unrecognized tax losses	-	-	-	-
Benefits from previously unrecognized tax losses, tax loans or temporary differences from previous years	-	-	-	-
Changes of deferred tax	-	-	-	-
Other	3.91	162,047	(0.39)	(15,178)
Total expenses/(return) on income tax		594,383		383,331
Average effective tax rate	14.33		9.95	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

17. INCOME TAX (continued)

C. Income tax from other gains / (losses) in the period not disclosed in the Income Statement

	In thousands of Denars					
	Current year 2024			Previous year 2023		
	Before taxation	Expenditure/ return of income tax	Less Income tax	Before taxation	Expenditure/ return of income tax	Less Income tax
Revaluated reserve for assets available for sale	-	-	-	-	-	-
Reserve for instruments for protection against the cash flow risk	-	-	-	-	-	-
Reserve for instruments for protection against the risk of net investments in foreign operations	-	-	-	-	-	-
Reserve of foreign exchange differences from investments in foreign operations	-	-	-	-	-	-
Share in other gains / (losses) of affiliates companies that are not shown in the Income Statement	-	-	-	-	-	-
Other gains / (losses) not shown in the Income Statement	-	-	-	-	-	-
Total other gains / (losses) in the period that are not shown in the Income Statement	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

18. CASH AND CASH EQUIVALENTS

	In thousands of Denars	
	Current year 2024	Previous year 2023
Cash on hand	2,161,347	1,478,881
Accounts and deposits with Central Bank, besides mandatory FC reserves	9,884,595	9,937,583
Current accounts and transaction deposits with foreign banks	493,031	745,751
Current accounts and transaction deposits with local banks	647	182
Treasury bills that may be traded in the secondary market	1,807,069	1,827,385
Government bills that may be traded in the secondary market	-	-
Time deposits up to 3 months	4,422,988	4,323,785
Other short-term highly liquid assets	8,026	5,481
Receivables based on interest (allowance for impairment loss)	7,884 (81)	7,569 (104)
Included in cash and cash equivalents for the needs of the Statement on cash flows	18,785,506	18,326,514
Mandatory FC deposits	5,697,983	5,929,166
Restricted deposits (allowance for impairment loss)	31,326	401,326 -
Total	24,514,815	24,657,005

	In thousands of Denars							
	Current year 2024				Previous year 2023			
	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment
Impairment movement								
As of January 1st	104	-	-	104	341	-	-	341
Impairment for the year	-	-	-	-	-	-	-	-
additional impairment	166	-	-	166	596	-	-	596
(release for impairment)	(189)	-	-	(189)	(833)	-	-	(833)
Transfer to:								
- impairment for Group 1	-	-	-	-	-	-	-	-
- impairment for Group 2	-	-	-	-	-	-	-	-
- impairment for Group 3	-	-	-	-	-	-	-	-
(Receivables based on outstanding receivables)	-	-	-	-	-	-	-	-
Effect of exchange rate differences	-	-	-	-	-	-	-	-
(Written claims)	-	-	-	-	-	-	-	-
As of December 31	81	-	-	81	104	-	-	104

The level of mandatory deposits in foreign currency, which as of December 31, 2024 are in the amount of 5,697,983 thousand denars (2023: 5,929,166 thousand denars) represent the prescribed amount of deposits that are set aside in accordance with the Decision on Mandatory Reserves at NBRSM. Mandatory reserves in foreign currency are calculated based on the average amount of deposits in foreign currency during one calendar month. No interest is calculated on the mandatory reserve in foreign currency for 2024 and 2023. In 2024, a change was made to the rules for the operation of the KIBS payment system. With the change, participants/users of the KIBS-Clearing service no longer keep the funds in the Reserve Guarantee Fund (RGF) permanently on the account with KIBS. Payment is made at the beginning of the working day and, if the settlement is successful, at the end of the day, they are returned to the banks. Therefore, the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

18. CASH AND CASH EQUIVALENTS (continued)

balance of the Bank on the account in the RGF fund as of 31.12.2024 is 0 denars (2023: 370,000 thousand denars).

The accounts and deposits with Central Bank, except for the mandatory deposits in foreign currency in the amount of 9,884,595 thousands of Denars (2023: 9,937,583 thousands of Denars), represent mandatory reserve in Denars, current accounts in foreign currency and funds placed in available deposits. NBRSM does not calculate interest on the mandatory reserve in denars.

Treasury bills that can be traded at the secondary market in the amount of 1,807,069 thousands of Denars (2023: 1,827,385 thousands of Denars) have been purchased from Central Bank and have a maturity period of 35 - 56 days. The interest rate for these notes during 2024 NBRSM reduced it 3 times and it decreased from 6.30% to 5.55% while in 2023 it increased from 4.75% to 6.30% per year.

19. TRADING ASSETS

A Structure of trading assets by type of financial instrument

	In thousands of Denars	
	Current year 2024	Previous year 2023
<i>Trading securities</i>		
<i>Debt securities for trading</i>		
Treasury bills for trading	-	-
Government bills for trading	-	-
Other instruments in the money market	-	-
Government bonds	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Equity instruments for trading</i>		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Trading derivatives</i>		
Agreements dependant on interest rate change	-	-
Agreements dependant on exchange rate change	-	-
Agreements dependant on changes in price of securities	-	-
Other agreements that meet the IFRS criteria	-	-
	-	-
<i>Loans and placements</i>		
Placements with and loans to banks	-	-
Placements with and loans to customers	-	-
	-	-
Total trading assets	-	-

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December 31, 2024

19. TRADING ASSETS (continued)

B. Reclassified trading assets

B.1 Balance of the reclassified trading assets

	In thousands of Denars				
	Reclassified amount (on the date of reclassification)	Current year, 2024		Previous year, 2023	
		Book amount on 31.12.2024	Fair value on 31.12.2024	Book amount on 31.12.2023	Fair value on 31.12.2023
Trading assets, reclassified in 31.12.2024 (current period) in:					
- financial assets available-for-sale	-	-	-	-	-
- loans and receivables from banks	-	-	-	-	-
- loans and receivables from other customers	-	-	-	-	-
	-	-	-	-	-
Trading assets, reclassified in 31.12.2023 (previous year) in:					
- financial assets available-for-sale	-	-	-	-	-
- loans and receivables from banks	-	-	-	-	-
- loans and receivables from other customers	-	-	-	-	-
	-	-	-	-	-

The Bank trades in 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 companies in which it holds equity securities due to the insignificant percentage it has in the ordinary share capital in these companies.

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December 31, 2024

19. TRADING ASSETS (continued)

B. Reclassified trading assets (continued)

B.2 Profit and loss from reclassified trading assets

	In thousands of Denars					
	Reclassified in 2024 (Current period)		Reclassified in 2023 (previous period)			
	Income Statement 2024 (Current period)	Other profit /(loss) 2024 (Current period)	Income Statement 2024 (Current period)	Other profit /(loss) 2023 (Current period)	Income Statement 2023 (Previous period)	Other profit /(loss)2023 (Previous period)
Period before reclassification						
Trading assets, reclassified in financial assets available-for-sale						
- Net income from trading	-	-	-	-	-	-
Trading assets, reclassified in loans and receivables from banks	-	-	-	-	-	-
- Net income from trading	-	-	-	-	-	-
Trading assets, reclassified in loans and receivables from other customers	-	-	-	-	-	-
- Net income from trading	-	-	-	-	-	-
Period after reclassification						
Trading assets, reclassified in financial assets available-for-sale						
- Interest income	-	-	-	-	-	-
- impairment of financial assets on net basis	-	-	-	-	-	-
- changes in the fair value on net basis	-	-	-	-	-	-
Trading assets, reclassified in loans and receivables from banks						
- Interest income	-	-	-	-	-	-
- impairment of financial assets on net basis	-	-	-	-	-	-
Trading assets, reclassified in loans and receivables from other customers						
- Interest income	-	-	-	-	-	-
- impairment of financial assets on net basis	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

19. TRADING ASSETS (continued)

B. Reclassified trading assets (continued)

B.3 Profit or loss recognized in the Income Statement if assets have not been reclassified

	In thousands of Denars		
	Reclassified in 2024 (Current period)	Reclassified during 2023 (previous period)	
	Income Statement 2024 (Current period)	Income Statement 2024 (Current period)	Income Statement 2023(Previous period)
Trading assets, reclassified in financial assets available- for-sale			
- Net income from trading	-	-	-
Trading assets, reclassified in loans and receivables from banks			
- Net income from trading	-	-	-
Trading assets, reclassified in loans and receivables from other customers			
- Net income from trading	-	-	-

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT, DETERMINED AS SUCH AT INITIAL RECOGNITION

	In thousands of Denars	
	Current year 2024	Previous year 2023
<i>Debt securities</i>		
Treasury bills	-	-
Government bills	-	-
Other instruments in the money market	-	-
Government bonds	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Equity instruments</i>		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
Placements with and loans to banks	-	-
Placements with and loans to other clients	-	-
	-	-
Total financial assets at fair value through the income statement determined as such at initial recognition	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

21. DERIVATIVE ASSETS AND LIABILITIES HELD FOR RISK MANAGEMENT

		Current year 2024		In thousands of Denars Previous year 2023	
		derivative assets	(derivative liabilities)	derivative assets	(derivative liabilities)
A.	Derivatives for protection against risk/Derivatives held for risk management				
A.1	<i>by type of variable</i>				
	Derivatives held for risk management				
	Agreements dependant on interest rate change	-	-	-	-
	Agreements dependant on exchange rate change	-	-	-	-
	Agreements dependant on changes in price of securities	-	-	-	-
	Other agreements that meet the IFRS 9 criteria	-	-	-	-
	Total derivatives held for risk management	-	-	-	-
A.2	<i>by type of protection against risk</i>				
	Protection against risk to fair value	-	-	-	-
	Protection against risk to cash flows	-	-	-	-
	Protection against risk to net investment in international operations	-	-	-	-
	Total derivatives held for risk management	-	-	-	-
B.	Inherent derivatives				
	Agreements dependant on interest rate change	-	-	-	-
	Agreements dependant on exchange rate change	-	-	-	-
	Agreements dependant on changes in price of securities	-	-	-	-
	Other agreements that meet the IFRS 9 criteria	-	-	-	-
	Total inherent derivatives	-	-	-	-
	Total derivatives held for risk management	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

22. LOANS AND PLACEMENTS

22.1 PLACEMENTS WITH AND LOANS TO BANKS

	Current year 2024		In thousands of Denars Previous year 2023	
	short-term	long-term	short-term	long-term
Loans to banks				
domestic banks	-	-	-	-
foreign banks	19,266	-	19,119	-
Time deposits at maturity period of				
over 3 months				
domestic banks	-	-	-	-
foreign banks	-	398,135	-	317,805
Repo				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Other receivables				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Receivables based on interests	-	-	-	-
Current maturity	-	-	-	-
Total placements with and loans to banks before allowance for impairment	19,266	398,135	19,119	317,805
(Allowance for impairment)	(10,456)	-	(10,363)	-
Total placements with and loans to banks less allowance for impairment	8,810	398,135	8,756	317,805

	In thousands of Denars							
	Current year 2024				Previous year 2023			
	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment
Impairment movement								
As of January 1 st	-	-	10,363	10,363	-	-	10,071	10,071
Impairment for the year								
additional impairment	-	-	402	402	-	-	692	692
(release for impairment)	-	-	(309)	(309)	-	-	(400)	(400)
Transfer to:								
- impairment for Group 1	-	-	-	-	-	-	-	-
- impairment for Group 2	-	-	-	-	-	-	-	-
- impairment for Group 3	-	-	-	-	-	-	-	-
(Receivables based on outstanding receivables)	-	-	-	-	-	-	-	-
Effect of exchange rate differences	-	-	-	-	-	-	-	-
(Written claims)	-	-	-	-	-	-	-	-
As of December 31	-	-	10,456	10,456	-	-	10,363	10,363

Part of loans and advances with banks amounting to 18,043 thousands of Denars (2023: 18,393 thousands of Denars) are limited and represent funds with banks in Republic of Serbia, for which bankruptcy proceedings were initiated in January 2002. The Bank has accounts in these Banks with exposure in the amount of 18,043 thousand denars (Note 34.1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

22. LOANS AND PLACEMENTS (continued)

22.1 PLACEMENTS WITH AND LOANS TO BANKS (continued)

Part of facilities with foreign banks are as well the restricted accounts totalling 398,135 thousands of Denars (2023: 317,805 thousands of Denars), which represent deposits with United Overseas Bank Limited Singapore and HSBC Bank PLC London, Great Britain, as collateral for VISA and Master credit card transactions. These funds are not available in Bank's daily operations.

22.2 PLACEMENTS WITH AND LOANS TO CUSTOMERS

A. Structure of placements with and loans to customers by type of debtor

	Current year 2024		In thousands of Denars Previous year 2023	
	short-term	long-term	short-term	long-term
Non-finance companies				
receivables upon principal	16,116,030	24,938,026	14,415,247	22,135,474
interest receivables	97,298	-	105,472	-
Government				
receivables upon principal	-	1,133	-	1,479
interest receivables	1	-	2	-
Non-profit institutions that serve households				
receivables upon principal	-	10,799	-	12,495
interest receivables	3	-	3	-
Financial companies, besides banks				
receivables upon principal	-	1,979	-	9,559
interest receivables	1,010	-	413	-
Households				
receivables upon principal				
housing loans	154,598	21,055,619	84,404	18,657,398
consumer loans	1,645,538	33,411,130	1,326,319	33,274,668
auto loans	244	29,044	446	10,473
mortgage loans	-	-	-	-
credit cards	161,381	3,350,391	150,329	3,808,785
other loans	99,025	1,212,408	103,851	1,347,933
interest receivables	278,859	-	343,581	-
Non-residents, besides banks				
receivables upon principal	693	4,238	998	9,680
interest receivables	-	-	15	-
Current maturity	13,127,232	(13,127,232)	14,335,369	(14,335,369)
Total placements with and loans to customers before allowance for impairment	31,682,027	70,887,535	30,866,449	64,932,575
(Allowance for impairment)	(445,153)	(3,314,153)	(404,773)	(3,085,120)
Total placements with and loans to customers less allowance for impairment	31,236,874	67,573,382	30,461,676	61,847,455

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

22. LOANS AND PLACEMENTS (continued)

22.2 PLACEMENTS WITH AND LOANS TO CUSTOMERS (continued)

A. Structure of placements with and loans to customers by type of debtor (continued)

	In thousands of Denars							
	Current year 2024				Previous year 2023			
	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment
Impairment movement								
As of January 1st	707,996	733,602	2,048,295	3,489,893	165,297	677,571	2,370,198	3,213,066
Impairment for the year								
additional impairment	392,288	347,726	1,069,089	1,809,103	455,648	537,638	928,996	1,922,284
(release for impairment)	(322,285)	(141,571)	(133,358)	(597,215)	(201,358)	(207,548)	(236,131)	(645,037)
Transfer to:								
- impairment for Group 1	139,269	(128,871)	(10,398)	-	301,764	(295,107)	(6,657)	1
- impairment for Group 2	(32,638)	66,811	(34,173)	-	(12,105)	94,607	(82,502)	-
- impairment for Group 3	(10,169)	(100,236)	110,405	-	(1,250)	(73,560)	74,810	-
(Foreclosed assets taken on the basis of outstanding claims)	-	-	-	-	-	-	(18,300)	(18,300)
Effect of exchange rate differences (Written off claims)	-	-	(942,475)	(942,475)	-	-	(982,118)	(982,118)
As of December 31	874,461	777,461	2,107,385	3,759,306	707,996	733,601	2,048,296	3,489,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

22. LOANS AND PLACEMENTS (continued)

22.2 PLACEMENTS WITH AND LOANS TO CUSTOMERS (continued)

B. Structure of placements with and loans to customers by type of security

	In thousands of Denars	
	Current year 2024	Previous year 2023
<i>(current carrying amount of placements and loans)</i>		
First-class security instruments:	-	-
cash deposits (in depot and/or restricted in accounts with the Bank)	2,213,270	2,036,353
government securities	-	-
government unconditional guarantees	1,256,222	84,023
bank guarantees	263,562	260,780
Guarantees from insurance companies and insurance policies	-	-
Corporate guarantees (except for bank and insurance company guarantees)	2,031,201	1,456,689
Guarantees from individuals	-	-
Property pledge:	-	-
private property (flats, houses)	30,334,345	26,739,749
commercial property	20,499,992	19,107,474
Pledge over movables	3,045,106	3,337,780
Other types of collateral	2,127,811	2,240,493
Unsecured	37,038,747	37,045,790
Total placements with and loans to customers less allowance for impairment	98,810,256	92,309,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

23. INVESTMENTS IN SECURITIES

23.1 INVESTMENT IN FINANCIAL ASSETS AVAILABLE-FOR-SALE

A. Structure of investments in financial assets available-for-sale by type of financial instrument

		In thousands of Denars	
		As at 2024	As at 2023
<i>Debt securities</i>			
Treasury bills		-	-
Government bills		6,067,386	1,723,556
Other instruments in the money market		-	-
Government bonds		5,362,525	2,171,286
Corporate bonds		-	-
Other debt instruments		-	-
		<u>11,429,911</u>	<u>3,894,842</u>
Quoted		-	-
Unquoted		5,362,525	2,171,286
		6,067,386	1,723,556
<i>Equity instruments</i>			
Equity instruments issued by banks		-	-
Other equity instruments		92,901	92,773
		<u>92,901</u>	<u>92,773</u>
Quoted		68,493	68,365
Unquoted		<u>24,408</u>	<u>24,408</u>
Total investment in financial instruments available for sale		<u>11,522,812</u>	<u>3,987,615</u>

	In thousands of Denars							
	Current year 2024				Previous year 2023			
	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment
Impairment movement								
As of January 1st	-	-	-	-	-	-	-	-
Impairment for the year								
additional impairment	-	-	-	-	-	-	-	-
(release for impairment)	-	-	-	-	-	-	-	-
Transfer to:								
- impairment for Group 1	-	-	-	-	-	-	-	-
- impairment for Group 2	-	-	-	-	-	-	-	-
- impairment for Group 3	-	-	-	-	-	-	-	-
(Foreclosed assets taken on the								
basis of outstanding claims)	-	-	-	-	-	-	-	-
Effect of exchange rate differences	-	-	-	-	-	-	-	-
(Written claims)	-	-	-	-	-	-	-	-
As of December 31	-	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2024****23. INVESTMENTS IN SECURITIES (continued)****23.1 INVESTMENT IN FINANCIAL ASSETS AVAILABLE-FOR-SALE (continued)****Debt securities**

On 31.12.2024, the total balance of investments in debt securities available for sale amounts to 11,429,911 thousand denars (2023: 3,894,842 thousand denars). Investments in treasury bills issued by the Republic of North Macedonia maturing in 2025 amount to 6,067,386 thousand denars (2023: 1,723,556 thousand denars).

Government bonds maturing in 2028 amount to 5,362,525 thousand denars (2023: 2,171,286 thousand denars). They are recorded at fair value through other comprehensive income.

Proprietary instruments

On 31.12.2024, the total amount of other ownership instruments is 92,901 thousand denars (2023: 92,773 thousand denars). These instruments consist of investments in domestic financial institutions (CDHV AD Skopje, Macedonian Stock Exchange AD, Skopje, KIBS AD Skopje, KASIS AD Skopje) in the amount of 90,512 thousand denars (2023: 90,512 thousand denars), foreign financial institutions in the amount of 31 thousand denars (2023: 31 thousand denars) and domestic non-financial entities in the amount of 2,359 thousand denars (2023: 2,041 thousand denars).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

23. INVESTMENTS IN SECURITIES (continued)

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

B. Reclassified financial assets available-for-sale

B.1 Balance of the reclassified financial assets available-for-sale

	Reclassified amount (on the date of reclassification)	Current year 2024		In thousands of Denars Previous year 2023	
		Book value on 31.12.2024	Fair value on 31.12.2024	Book value on 31.12.2023	Fair value on 31.12.2023
Assets available-for-sale reclassified in 2024 (current period) in:					
- loans and receivables from banks	-	-	-	-	-
- loans and receivables from other customers	-	-	-	-	-
	-	-	-	-	-
Assets available-for-sale reclassified in 2023 (previous year) in:					
- loans and receivables from banks	-	-	-	-	-
- loans and receivables from other customers	-	-	-	-	-
	-	-	-	-	-

B.2 Profit and loss from reclassified assets available-for-sale

	Income Statement		In thousands of Denars	
	2024	Other profit /(loss) 2024	Income Statement 2023	Other profit /(loss) 2023
Period before reclassification				
Assets available-for-sale reclassified in loans and receivables from banks				
- interest income	-	-	-	-
- impairment of financial assets on net basis	-	-	-	-
- changes in the fair value on net basis	-	-	-	-
Assets available-for-sale reclassified in loans and receivables from other customers				
- interest income	-	-	-	-
- impairment of financial assets on net basis	-	-	-	-
- changes in the fair value on net basis	-	-	-	-
Period after reclassification				
Assets available-for-sale reclassified in loans and receivables from banks				
- interest income	-	-	-	-
- impairment of financial assets on net basis	-	-	-	-
- amount reposted from Revaluation reserves	-	-	-	-
Assets available-for-sale reclassified in loans and receivables from other customers				
- interest income	-	-	-	-
- impairment of financial assets on net basis	-	-	-	-
- amount reposted from Revaluation reserves	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

23. INVESTMENT IN SECURITIES (continued)

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

B. Reclassified financial assets available-for-sale (continued)

B.3 Profit or loss that would have been recognized if assets were not reclassified

	In thousands of Denars			
	Income Statement 2024 (current period)	Other profit /(loss) 2024	Income Statement 2023 (previous period)	Other profit /(loss) 2023
Assets available-for-sale reclassified in loans and receivables from banks				
- interest income	-	-	-	-
- impairment of financial assets on net basis	-	-	-	-
- change of the fair value on net-basis	-	-	-	-
Assets available-for-sale reclassified in loans and receivables from other customers				
- interest income	-	-	-	-
- impairment of financial assets on net basis	-	-	-	-
- change of the fair value on net-basis	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

23. INVESTMENT IN SECURITIES (continued)

23.2 INVESTMENT IN HOLD-TO-MATURITY SECURITIES

	In thousands of Denars	
	Current year 2024	Previous year 2023
<i>Debt securities</i>		
Treasury bills	-	-
Government bills	-	-
Other instruments in the money market	-	-
Government bonds	5,061,027	7,419,234
Corporate bonds	1,575	1,575
Other debt instruments	-	-
	<u>5,062,602</u>	<u>7,420,809</u>
Quoted	5,062,602	7,420,809
Unquoted	-	-
<i>Total investment in financial instruments hold to maturity before allowance for impairment</i>	5,062,602	7,420,809
(Allowance for impairment)	<u>(39)</u>	<u>(8)</u>
Total investment in financial instruments hold to maturity reduced by the allowance for impairment	<u>5,062,563</u>	<u>7,420,801</u>

	In thousands of Denars							
	Current year 2024				Previous year 2023			
	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment
Impairment movement								
As of January 1st	8	-	-	8	7	-	-	7
Impairment for the year	-	-	-	-	-	-	-	-
additional impairment	31	-	-	31	5	-	-	5
(release for impairment)	-	-	-	-	(4)	-	-	(4)
Transfer to:								
- impairment for Group 1	-	-	-	-	-	-	-	-
- impairment for Group 2	-	-	-	-	-	-	-	-
- impairment for Group 3	-	-	-	-	-	-	-	-
(Receivables based on outstanding receivables)	-	-	-	-	-	-	-	-
Effect of exchange rate differences	-	-	-	-	-	-	-	-
(Written claims)	-	-	-	-	-	-	-	-
As of December 31	39			39	8	-		8

On 31.12.2024, the total balance of investments in debt securities held to maturity amounted to 5,062,564 thousand denars (2023: 7,420,801 thousand denars) and refers to investments in government bonds issued by the Republic of North Macedonia and Eurobonds also issued by the Republic of North Macedonia in the amount of 5,061,027 thousand denars (2023: 7,419,234 thousand denars). Government bonds mature in 2025 and 2028 and have a coupon interest rate of 1.63% to 4.75%. Eurobonds mature in 2025, 2026, 2027 and 2028 with a coupon interest rate of 1.625% to 6.96%. They are recorded at amortized cost. The amount of corporate bonds is 1,575 thousand denars (2023: 1,575 thousand denars).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

24. INVESTMENT IN ASSOCIATES

A. Bank's participation percentage in subsidiaries and associates

Name of subsidiaries and associates	Country	Share percentage in ownership		Percentage of voting share	
		Current year 2024	Previous year 2023	Current year 2024	Previous year 2023
Stopanska Leasing Ltd. Skopje	RSM	100	100	100	100

B. Financial data of associates – 100 %

Name of associates	Total assets	Total liabilities	Total equity and reserves	In thousands of Denars	
				Income	Profit/(loss) for the fin. year
As at 31.12.2024	-	-	-	-	-
As at 31.12.2023	-	-	-	-	-

Stopanska Leasing Ltd. Skopje is limited liability company based in the RNM . ST Leasing is authorized to perform all leasing activities. The most important activities of the company are the leasing of : cars for companies and private individuals, commercial vehicles , tracks and buses, equipment for industry , agricultural equipment , medical equipment , constructions equipment and real estate. On December 31.2024 the total number of employees in the Company is 7 employees (2023:6 employees). The Bank's investment in ST Leasing, amounts to 65,028 thousand Denars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

25. OTHER RECEIVABLES

	In thousands of Denars	
	Current year 2024	Previous year 2023
Trade receivables	23,874	9,077
Prepaid expenses	77,565	28,620
Deferred income		11
Fees and commissions receivables	35,363	32,992
Receivables from the employees	5,144	4,220
Advances for intangible assets	-	-
Advances for property and equipment	1,220,780	829,193
Other:		
Materials in stocks	9,761	11,252
Numismatic collections	9,907	9,907
Receivables for disbursements to foreign VISA cards	557,992	223,609
Prepaid pensions		
Other	387,810	263,211
Total other receivables before allowance for impairment	2,328,196	1,412,092
(Allowance for impairment)	(46,893)	(29,148)
Total other receivables reduced for the allowance for impairment	2,281,303	1,382,944

Within other assets, advances for real estate and equipment are payments made as part of the purchase price for the construction of the Bank's new administrative building.

	In thousands of Denars							
	Current year 2024				Previous year 2023			
	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment
Impairment movement								
As of January 1st	5,076	777	23,295	29,148	32	498	24,602	25,132
Impairment for the year								
additional impairment	1	24	25,626	25,622	5,059	299	18,523	23,881
(release for impairment)	8,611	(100)	(11,020)	(2,059)	(22)	(25)	(4,170)	(4,217)
Transfer to:								
- impairment for Group 1	84	(84)	-	-	7	(7)	-	-
- impairment for Group 2	(1)	1	-	-	-	-	-	-
- impairment for Group 3		(205)	205	-	-	12	(12)	-
(Receivables based on outstanding receivables)	-	-	-	-	-	-	-	-
Effect of exchange rate differences	-	-	-	-	-	-	-	-
(Written claims)	-	-	(5,397)	(5,397)	-	-	(15,647)	(15,647)
As of December 31	13,771	414	32,709	46,894	5,076	777	23,296	29,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

26. COLLATERALIZED ASSETS

	Current year 2024	In thousands of Denars Previous year 2023
Debt securities	-	-
Equity instruments	-	-
Total collateralized assets	-	-

27. ASSETS ACQUIRED THROUGH FORECLOSURE PROCEEDINGS

	In thousands of Denars					
	Land	Buildings	Equipment	Residential facilities and apartments	Other valuables	Total
Cost						
Balance on 1 st January 2023	16,673	349,754	25,344	71,814	2,159	465,744
Assets acquired during the year	554	133,824	12	3,075	-	137,465
(Sold during the year)	(2,224)	(127,056)	(12)	(34,509)	(2,136)	(165,937)
(Transferred to own assets)	-	-	-	-	-	-
Balance on 31st December 2023	15,003	356,522	25,344	40,380	23	437,272
Balance on 1 st January 2024	15,003	356,522	25,344	40,380	23	437,272
Assets acquired during the year	-	33,345	4,274	16,172	-	53,791
(Sold during the year)	(2,162)	(119,033)	(25,067)	(15,523)	-	(161,785)
(Transferred to own assets)	-	-	-	-	-	-
Balance on 31st December 2024	12,841	270,834	4,551	41,029	23	329,278
Impairment						
Balance on 1 st January 2023	16,665	265,669	25,127	62,739	2,136	372,336
Impairment loss during the year	113	31,160	45	2,228	-	33,546
(Sold during the year)	(2,224)	(64,876)	(2)	(31,696)	(2,136)	(100,934)
(Transferred to own assets)	-	-	-	-	-	-
Balance on 31st December 2023	14,554	231,953	25,170	33,271	-	304,948
Balance on 1 st January 2024	14,554	231,953	25,170	33,271	-	304,948
Impairment loss during the year	89	25,516	1,568	9,545	-	36,718
(Sold during the year)	(2,157)	(59,007)	(25,036)	(14,620)	-	(100,820)
(Transferred to own assets)	-	-	-	-	-	-
Balance on 31st December 2024	12,486	198,462	1,702	28,196	-	240,846
Current carrying amount						
Balance on 1 st January 2023	8	84,085	217	9,075	23	93,408
Balance on 31st December 2023	449	124,569	174	7,109	23	132,324
Balance on 31st December 2024	355	72,372	2,849	12,833	23	88,432

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024**27. ASSETS ACQUIRED THROUGH FORECLOSURE PROCEEDINGS (continued)**

Assets acquired based on outstanding claims consist of assets that are not used in the regular operations of the Bank, During 2024, the Bank recorded impairment losses on these assets in the total amount of Denar 36,718 thousand (2023: Denar 33,546 thousand).

During this period, the Bank sold 10 assets (2023: 15 assets) in the amount of Denar 61,773 thousand (2023: Denar 65,004 thousand), and took over 7 objects (2023: 5 objects) with carrying value amount Denar 35,161 thousand (2023: Denar 137,453 thousand). The Bank has already undertaken activities for sale of the assets taken over in 2024, because it's general policy these assets to be sold within a period of 3 years. Objective value of the assets taken on 31.12.2024 are in amount of 243,772 thousand denars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

28. INTANGIBLE ASSETS

A. Reconciliation of the current book value

	In thousands of Denars					
	Internally developed software	Software bought from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in preparation	Investments in leased intangible assets
						Total
Cost						
Balance at 1 January 2023	-	643,204	-	-	-	643,204
increases through new purchases	-	108,795	-	-	-	108,795
increases through internal development	-	-	-	-	-	-
increases through business combinations	-	-	-	-	-	-
(disposals)	-	-	-	-	-	-
(sale through business combinations)	-	-	-	-	-	-
(transfer in non-current assets held for sale)	-	-	-	-	-	-
Transfer from non-current assets held for sale	-	-	-	-	-	-
Balance at 31 December 2023	-	751,999	-	-	-	751,999
Balance at 1 January 2024	-	751,999	-	-	-	751,999
increases through new purchases	-	131,849	-	-	-	131,849
increases through internal development	-	-	-	-	-	-
increases through business combinations	-	-	-	-	-	-
(disposals)	-	-	-	-	-	-
(sale through business combinations)	-	-	-	-	-	-
(transfer in non-current assets held for sale)	-	-	-	-	-	-
Transfer from non-current assets held for sale	-	-	-	-	-	-
Balance at 31 December 2024	-	883,848	-	-	-	883,848
Amortization and impairment						
Balance at 1 January 2023	-	506,334	-	-	-	506,334
Amortization for the year	-	53,160	-	-	-	53,160
Impairment loss during the year	-	-	-	-	-	-
(release of the impairment loss during the year)	-	-	-	-	-	-
(disposals)	-	-	-	-	-	-
Balance at 31 December 2023	-	559,494	-	-	-	559,494
Balance at 1 January 2024	-	559,494	-	-	-	559,494
Amortization for the year	-	68,603	-	-	-	68,603
Impairment loss during the year	-	-	-	-	-	-
(release of the impairment loss during the year)	-	-	-	-	-	-
(disposals)	-	-	-	-	-	-
Balance at 31 December 2024	-	628,097	-	-	-	628,097
Current book value at						
January 1, 2023	-	136,870	-	-	-	136,870
December 31, 2023	-	192,505	-	-	-	192,505
December 31, 2024	-	255,751	-	-	-	255,751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

28. INTANGIBLE ASSETS (continued)

B. Carrying value of intangible assets where there is a limitations of ownership and / or pledged as collateral for the liabilities to the bank

	In thousands of Denars					
	Internally developed software	Software bought from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in preparation	Investments in leased intangible assets
						Total
Current book value at						
December 31, 2024	-	-	-	-	-	-
December 31, 2023	-	-	-	-	-	-

On December 31, 2024 and 2023, the Bank has no intangible assets for which there is limitations of ownership and/or pledged as collateral for the liabilities to the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

29. PROPERTY AND EQUIPMENT

A. Reconciliation of the present carrying amount

In thousands of Denars

	Land	Building facilities	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in progress	Investment in leased property and equipment	Total
Cost									
On 1 January 2023	-	1,327,927	3,557	990,576	66,204	22,460	114,615	178,275	2,703,614
Additions	-	9,130	30,019	208,689	946	-	120,847	8,068	377,699
Additions through business combinations (Disposals)	-	-	-	-	-	-	-	-	-
(entering through business combinations)	-	-	(141)	-	-	-	-	-	(141)
Transfer to non-current assets held for sale	-	-	-	-	-	-	-	-	-
(Transfer from non-current assets held for sale)	-	-	-	-	-	-	-	-	-
other transfers	-	-	-	-	-	-	(222,187)	-	(222,187)
On December 31, 2023	-	1,337,057	33,435	1,199,265	67,150	22,460	13,275	186,343	2,858,985
On 1 January 2024	-	1,337,057	33,435	1,199,265	67,150	22,460	13,275	186,343	2,858,985
Additions	-	30,363	111,922	90,422	1,736	-	126,705	8,772	369,920
Additions through business combinations (Disposals)	-	(3,253)	(977)	(133,002)	(31)	-	-	-	(137,263)
(entering as expenditure through business combinations)	-	-	-	-	-	-	-	-	-
Transfer to non-current assets held for sale	-	-	-	-	-	-	-	-	-
(Transfer from non-current assets held for sale)	-	-	-	-	-	-	-	-	-
other transfers	-	1,164	-	-	-	(1,164)	(101,319)	-	(101,319)
On December 31, 2024	-	1,365,331	144,380	1,156,685	68,855	21,296	38,661	195,115	2,990,323
Depreciation and impairment									
On 1 January 2023	-	673,099	3,547	893,936	46,491	13,984	-	162,719	1,793,776
Depreciation for the year	-	32,540	2,609	62,547	2,457	561	-	7,036	107,750
Impairment loss during the year (release of the impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposals)	-	-	(141)	-	-	-	-	-	(141)
Transfer to non-current assets held for sale	-	-	-	-	-	-	-	-	-
(Transfer from non-current assets held for sale)	-	-	-	-	-	-	-	-	-
other transfers	-	-	-	-	-	-	-	-	-
On December 31, 2023	-	705,639	6,015	956,483	48,948	14,545	-	169,755	1,901,385
On 1 January 2024	-	705,639	6,015	956,483	48,948	14,545	-	169,755	1,901,385
Depreciation for the year	-	33,020	13,108	90,380	2,577	480	-	5,669	145,234
Impairment loss during the year (release of the impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposals)	-	(1,678)	(977)	(132,311)	(31)	-	-	-	(134,997)
Transfer to non-current assets held for sale	-	-	-	-	-	-	-	-	-
(Transfer from non-current assets held for sale)	-	-	-	-	-	-	-	-	-
other transfers	-	2,543	-	-	-	(2,543)	-	-	-
On December 31, 2024	-	739,524	18,146	914,552	51,494	12,482	-	175,424	1,911,622
Current carrying amount									
On January 1, 2023	-	654,828	10	96,640	19,713	8,476	114,615	15,556	909,838
On December 31, 2023	-	631,418	27,420	242,782	18,202	7,915	13,275	16,588	957,600
On December 31, 2024	-	625,807	126,234	242,133	17,361	8,814	38,661	19,691	1,078,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

29. PROPERTY AND EQUIPMENT (continued)

B. Carrying amount of tangible assets for which there is a limit on ownership and / or pledged as collateral for the liabilities to the bank

In thousands of Denars								
							Investment in leased real estate and equipment	
	Land	Building facilities	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Real estate and equipment in progress	Total
Current carrying amount								
On December 31, 2023	-	-	-	-	-	-	-	-
On December 31, 2024	-	-	-	-	-	-	-	-

During the year 2024, the Bank sold real estate and equipment with a net accounting value of 63,348 denars, i.e. purchase value in the amount of 112,258 thousand denars and accumulated depreciation in the amount of 48,910 thousand denars, thereby realizing income from capital gains in the amount of 32,400 thousand denars (Note 11).

Building facilities of the Bank as of December 31, 2024 includes assets with a net book value of Denar 1,888 thousand (2023: Denar 2,175 thousand) for which the Bank does not have the relevant documents of ownership due to incomplete cadastral records. There are no mortgage or other encumbrances on the property owned by the bank, that means that the bank did not mortgage its property to obtain funds or similar.

30. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

30.1 Current tax assets and current tax liabilities

In thousands of Denars	
	Current year 2024
	Previous year 2023
Income tax receivable (current)	-
Income tax payable (current)	(245,482)
	(143,984)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

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

30.2 Deferred tax assets and deferred tax liabilities

A. Recognized deferred tax assets and deferred tax liabilities

	31 December 2024			In thousands of Denars 31 December 2023		
	Deferred tax assets	Deferred tax liabilities	Net basis	Deferred tax assets	Deferred tax liabilities	Net basis
Derivative assets held for risk management	-	-	-	-	-	-
Loans to and receivables on banks	-	-	-	-	-	-
Loans to and receivables on other customers	-	-	-	-	-	-
Investments in securities	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Real estate and equipment	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Unused tax losses and unused tax loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Deferred tax assets / liabilities recognized in the income statement	-	-	-	-	-	-
Deferred assets	-	13,369	13,369	-	-	-
Investments in financial assets available for sale	-	6,051	6,051	-	-	-
Hedging of cash flows	-	-	-	-	-	-
Deferred tax assets / liabilities recognized in the equity	-	19,420	19,420	-	-	-
Total recognized deferred tax assets / liabilities	-	19,420	19,420	-	-	-

B. Unrecognized deferred tax assets

	In thousands of Denars	
	Current year 2024	Previous year 2023
Tax losses	-	-
Tax credits	-	-
Total unrecognized deferred tax assets	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

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

30.2 Deferred tax assets and deferred tax liabilities (continued)

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

	Balance at January 1	Recognized in Income Statement	In thousands of Denars Recognized in equity	Balance at December 31
31 December 2023				
Derivative assets held for risk management	-	-	-	-
Placements with and loans to banks	-	-	-	-
Placements with and loans to other clients	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unutilized tax losses and unutilized tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available-for-sale	-	-	-	-
Cash flow risk mitigation	-	-	-	-
Total recognized deferred tax assets/(liabilities)	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

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

30.2 Deferred tax assets and deferred tax liabilities (continued)

C. Reconciliation of movements in deferred tax assets and deferred tax liabilities during the year (continued)

	Balance at January 1	Recognized in Income Statement	In thousands of Denars Recognized in equity	Balance at December 31
31 December 2024				
Derivative assets held for risk management	-	-	-	-
Placements with and loans to banks	-	-	-	-
Placements with and loans to other clients	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unutilized tax losses and unutilized tax credits	-	-	-	-
Other	-	-	13,369	13,369
Investments in financial assets available-for-sale	-	-	6,051	6,051
Cash flow risk mitigation	-	-	-	-
Total recognized deferred tax assets/(liabilities)	-	-	19,420	19,969

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

A. Non-current assets held for sale

	In thousands of Denars Current year 2024	Previous year 2023
Intangible assets	-	-
Property and equipment	-	-
Total non-current assets held for sale	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

31. NON-CURRENT ASSETS HELD FOR SALE AND GROUPS FOR DISPOSAL (continued)

B. Group for disposal

	In thousands of Denars	
	Current	Previous
	year	year
	2024	2023
<i>Group of assets for disposal</i>		
Financial assets	-	-
Intangible assets	-	-
Property and equipment	-	-
Investments in associates	-	-
Income tax receivables	-	-
Other assets	-	-
Total group of assets for sale	-	-
<i>Liabilities directly related to the group of assets for disposal</i>		
Financial liabilities	-	-
Special reserve	-	-
Income tax payable	-	-
Other liabilities	-	-
Total liabilities directly related to the group of assets for disposal	-	-

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

	In thousands of Denars	
	Current	Previous
	year	year
	2024	2023
Profit/(loss) recognized from sale of held for sale assets and group for disposal	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

32. TRADING LIABILITIES

	In thousands of Denars	
	Current year 2024	Previous year 2023
<i>Deposits from banks</i>		
Current accounts, sight deposits and overnight deposits	-	-
Time deposits	-	-
Other deposits	-	-
	-	-
<i>Deposits from other clients</i>		
Current accounts, sight deposits and overnight deposits	-	-
Time deposits	-	-
Other deposits	-	-
	-	-
<i>Issued debt securities</i>		
Money market instruments	-	-
Deposit certificates	-	-
Issued bonds	-	-
Other	-	-
	-	-
<i>Other financial liabilities</i>	-	-
<i>Derivatives for trading</i>		
Agreements depending on the change of interest rate	-	-
Agreements depending on changes in the exchange rate	-	-
Agreements depending on the change of the price of securities	-	-
Other agreements that meet the criteria of IFRS 9	-	-
	-	-
Total liabilities held for trading	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

33. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH THE INCOME STATEMENT, DETERMINED AS SUCH AT INITIAL RECOGNITION

	Current year 2024		In thousands of Denars Previous year 2023	
	Current carrying amount	Agreed amount, payable at maturity	Current carrying amount	Agreed amount, payable at maturity
<i>Deposits from banks</i>				
Current accounts, sight deposits and overnight deposits	-	-	-	-
Time deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Deposits from other clients</i>				
Current accounts, sight deposits and overnight deposits	-	-	-	-
Term deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Issued debt securities</i>				
Money market instruments	-	-	-	-
Deposit certificates	-	-	-	-
Issued bonds	-	-	-	-
Other	-	-	-	-
	-	-	-	-
<i>Subordinated debt</i>	-	-	-	-
<i>Other liabilities</i>	-	-	-	-
Total financial liabilities at fair value via the Income Statement, determined as such at initial recognition	-	-	-	-

	In thousands of Denars							
	Current year 2024				Previous year 2023			
	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment	Impairment for Group 1	Impairment for Group 2	Impairment for Group 3	Total impairment
Impairment movement								
As of January 1st	-	-	-	-	-	-	-	-
Impairment for the year								
additional impairment	-	-	-	-	-	-	-	-
(release for impairment)	-	-	-	-	-	-	-	-
Transfer to:								
- impairment for Group 1	-	-	-	-	-	-	-	-
- impairment for Group 2	-	-	-	-	-	-	-	-
- impairment for Group 3	-	-	-	-	-	-	-	-
(Receivables based on outstanding receivables)	-	-	-	-	-	-	-	-
Effect of exchange rate differences	-	-	-	-	-	-	-	-
(Written claims)	-	-	-	-	-	-	-	-
As of December 31	-	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

34. DEPOSITS

34.1 DEPOSITS FROM BANKS

	Current year 2024		In thousands of Denars Previous year 2023	
	short-term	long-term	short-term	long-term
Current accounts				
from domestic banks	3,456	-	23,947	-
from foreign banks	3	-	1,330	-
Demand deposits				
from domestic banks	-	-	-	-
from foreign banks	-	-	-	-
Time deposits				
from domestic banks	-	-	-	-
with foreign banks	1,671,505	-	948,860	-
Restricted deposits				
from domestic banks	-	-	-	-
from foreign banks	18,043	-	18,393	-
Other deposits				
from domestic banks	-	-	-	-
from foreign banks	-	-	-	-
Interest payable on deposits				
from domestic banks	-	-	-	-
from foreign banks	953	-	3,520	-
Current maturity	-	-	-	-
Total deposits from banks	1,693,960	-	996,050	-

The restricted deposits from foreign banks in the amount of Denar 18,043 thousand (2023: Denar 18,393 thousand) represent deposits from banks in Serbia who went into bankruptcy in January 2002 (Note 22.1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

34. DEPOSITS (continued)

34.2 DEPOSITS FROM OTHER CLIENTS

	Current year 2024		In thousands of Denars Previous year 2023	
	short-term	long-term	short-term	long-term
Non-financial companies				
Current accounts	17,429,696	-	20,301,101	-
Demand deposits	245,777	-	250,573	-
Time deposits	2,629,909	722,149	797,571	527,722
Restricted deposits	380,624	815,218	525,854	658,417
Other deposits	102,211	-	115,551	-
Interest payable on deposits	21,879	-	12,675	-
	<u>20,810,096</u>	<u>1,537,367</u>	<u>22,003,325</u>	<u>1,186,139</u>
State				
Current accounts	105,372	-	93,404	-
Demand deposits	-	-	-	-
Time deposits	-	10,000	35,000	10,000
Restricted deposits	28	2,906	27	2,555
Other deposits	-	-	-	-
Interest payable on deposits	464	-	367	-
	<u>105,864</u>	<u>12,906</u>	<u>128,798</u>	<u>12,555</u>
Non-profit institutions serving the households				
Current accounts	892,597	-	768,497	-
Demand deposits	-	-	-	-
Time deposits	71,930	34,800	101,629	50,996
Restricted deposits	14,902	19,028	1,818	1,740
Other deposits	-	-	-	-
Interest payable on deposits	752	-	705	-
	<u>980,181</u>	<u>53,828</u>	<u>872,649</u>	<u>52,736</u>
Financial companies, except banks				
Current accounts	102,930	-	61,664	-
Demand deposits	-	-	-	-
Time deposits	115,896	924,569	143,379	612,670
Restricted deposits	2,735	2,316	1,417	1,222
Other deposits	-	-	-	-
Interest payable on deposits	20,591	-	10,614	-
	<u>242,152</u>	<u>926,885</u>	<u>217,074</u>	<u>613,892</u>
Households				
Current accounts	46,003,262	-	40,362,189	-
Demand deposits	76,086	-	76,457	-
Time deposits	6,886,385	27,903,814	10,816,670	19,934,510
Restricted deposits	1,689,454	278,011	1,673,083	284,713
Other deposits	-	-	-	-
Interest payable on deposits	281,323	-	45,897	-
	<u>54,936,510</u>	<u>28,181,825</u>	<u>52,974,296</u>	<u>20,219,223</u>
Non-residents, except banks				
Current accounts	419,811	-	1,453,775	-
Demand deposits	1,327	-	1,436	-
Time deposits	67,496	169,885	132,859	132,923
Restricted deposits	76,596	455	55,765	455
Other deposits	-	-	-	-
Interest payable on deposits	1,018	-	271	-
	<u>566,248</u>	<u>170,340</u>	<u>1,644,106</u>	<u>133,378</u>
Current maturity	14,518,234	(14,518,234)	6,463,712	(6,463,712)
Total deposits from other clients	<u>92,159,285</u>	<u>16,364,917</u>	<u>84,303,960</u>	<u>15,754,211</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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35. ISSUED DEBT SECURITIES

	In thousands of Denars	
	Current	Previous
	year	year
	2024	2023
Money market instruments	-	-
Deposit certificates	-	-
Issued bonds	-	-
Other	-	-
Interest payable on deposits	-	-
Total issued debt securities	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

36. BORROWINGS

A. Borrowings structure according to the type of liability and sector of the creditor

	In thousands of Denars			
	Current year 2024		Previous year 2023	
	short-term	long-term	short-term	long-term
Banks				
Residents				
Loans payable	-	2,241,814	-	2,492,045
Repo-transactions	-	-	-	-
Interest payable	3,446	-	456	-
Non-residents				
Loans payable	-	201,256	-	245,980
Repo-transactions	-	-	-	-
Interest payable	847	-	1,296	-
Non-financial companies				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payable	-	-	-	-
Government				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payable	-	-	-	-
Non-profit institutions serving to households				
Loans payable	-	-	-	-
Interest payable	-	-	-	-
Financial companies, except banks				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payable	-	-	-	-
Non-residents, except banks				
Non-financial companies				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payable	-	-	-	-
Government				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payable	-	-	-	-
Non-profit institutions serving to households				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payable	-	-	-	-
Financial companies, except banks				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payable	-	-	-	-
Households				
Loans payable	-	-	-	-
Interest payable	-	-	-	-
Current maturity	567,628	(567,628)	645,630	(645,630)
Total loans payable	571,921	1,875,442	647,382	2,092,395

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

36. BORROWINGS (continued)

B. Borrowings according to the creditor

	Current year 2024		In thousands of Denars Previous year 2023	
	short-term	long-term	short-term	long-term
<i>Domestic sources:</i>				
Development Bank of North Macedonia - Framework agreement for participation in the program for lending to small and medium-sized enterprises in euros, with a deadline of 2024 and an interest rate of 1% p.a.	-	-	7	203
Development Bank of North Macedonia Framework agreement for participation in the program for lending to small and medium-sized enterprises in euros, with a maturity date of 2032 and an interest rate of 0% p.a.	-	992,051	-	1,411,646
Development Bank of North Macedonia Framework agreement for participation in the working capital lending program for increased energy prices – with a date line of 2026 year and interest rate of 0% p.a. annually	-	23,426	-	45,190
Development Bank of North Macedonia Framework agreement for participation in the program for financing projects for energy efficiency and renewable energy sources - with a date line of 2032 year and interest rate of 0% p.a. annually	-	58,454	-	69,484
Development Bank of North Macedonia Framework agreement for participation in the program for financing projects for energy efficiency and renewable energy sources - with a date line of 2034 year and interest rate of 0.9% p.a. annually	155	81,099	70	43,134
Development Bank of North Macedonia - Framework Agreement for participation in the program for lending to small and medium-sized enterprises, mid-cap companies and green transition in euros, with a final maturity in 2036 and an interest rate of 1.5% per annum	3,218	1,016,249	379	922,388
Development Bank of North Macedonia - Framework Agreement for participation in the credit line to support green and socially responsible investments with funds provided by the French Development Agency in euros, with a final maturity in 2034 and an interest rate of 1.5% per annum	73	70,535		
	3,446	2,241,814	456	2,492,045
<i>Foreign sources</i>				
European Bank for Reconstruction and Development - Loan agreement in euros, with a final maturity in 2029 and a variable interest rate (6M EURIBOR + 1.9pp)	847	201,256	1,296	245,980
	847	201,256	1,296	245,980
Current maturities	567,628	(567,628)	645,630	(645,630)
Total loans payable	571,921	1,875,442	647,382	2,092,395

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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B. Borrowings according to the creditor (continued)

On 29.08.2024, another Framework Agreement was signed with MBDP for participation in a credit line to support green and socially responsible investments, financing of women's entrepreneurship and financing of digitalization projects, with funds provided by the French Development Agency (AFD). Based on this Framework Agreement, one tranche was withdrawn by 31.12.2024 out of a total of a maximum of 10 tranches planned no later than 21.01.2028.

In accordance with the Agreement signed in 2022 between Stopanska Banka AD Skopje and the European Bank for Reconstruction and Development (EBRD) for financing micro, small and medium-sized companies in investments to improve competitive advantage as well as compliance with technical standards prescribed in the European Union and other countries, in the amount of 4 million euros, the Bank continued to place funds to end users in 2024 in order to support green financing.

37. SUBORDINATED DEBT

			In thousands of Denars	
			Current year	Previous year
	<u>Maturity</u>	<u>Interest rate</u>	<u>2024</u>	<u>2023</u>
<i>Liabilities under subordinated deposits</i>				
Principal payables	-	-	-	-
Interest payables	-	-	-	-
	-	-	-	-
<i>Liabilities under subordinated loans</i>	-	-		
			-	-
Interest payables			-	-
	-	-	-	-
<i>Liabilities under subordinated issued debt securities</i>				
Principal payables		-	-	-
Interest payables			-	-
			-	-
Redeemable preferred shares	-	-	-	-
Total subordinated debt	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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38. SPECIAL RESERVE AND PROVISIONS

In thousands of Denars

	Special reserves for off-balance sheet credit exposures	Provisions for contingent liabilities based on court disputes	Provisions for pensions and other employees benefits	Provisions for restructuring	Provisions for unfavourable agreements	Other provisions	Total
Balance as at January 1, 2023	60,596	3,773	47,553	-	-	-	111,922
additional provisions during the year	204,950	396	4,859	-	-	-	210,205
(utilized provisions during the period)	-	-	(698)	-	-	-	(698)
(provisions recovery during the period)	(125,994)	-	(10,482)	-	-	-	(136,476)
Balance as at December 31, 2023	139,552	4,169	41,232	-	-	-	184,953
Balance as at January 1, 2024	139,552	4,169	41,232	-	-	-	184,953
additional provisions during the year	107,185	9,481	7,773	-	-	-	124,439
(utilized provisions during the period)	-	-	(720)	-	-	-	(720)
(provisions recovery during the period)	(167,224)	-	(1,999)	-	-	-	(169,223)
Balance as at December 31, 2024	79,513	13,650	46,286	-	-	-	139,449

The present value of provisions for pensions and other benefits to employees is determined by discounting the estimated future cash outflows.

The basic used actuarial assumptions are as following:

	<u>2024</u>	<u>2023</u>
Interest rate	5.35%	5.90%
Average salary increase	5.50%	5.50%
Inflation rate	3.50%	3.50%

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

39. OTHER LIABILITIES

	In thousands of Denars	
	Current year 2024	Previous year 2023
Trade payables	8,839	5,552
Received advances	-	-
Fees and commissions liabilities	154	270
Accrued expenses	222,249	284,799
Deferred income from previous year	272,366	233,604
Short-term liabilities to employees	-	-
Short-term liabilities for employees benefits	-	-
Other:		
Preferred cumulative shares	90,978	90,978
Liabilities for dividend on preferred shares	2,420	2,392
Disputed VISA cards transactions	74,537	643
Unallocated inflows upon deposits and other inflows	602,282	595,506
Obligations to merchants for outstanding payments on credit cards	10,321	10,214
Overpaid fees of credit cards	39,309	38,954
Commitments for closing current accounts - bankruptcy	19,296	20,490
Obligations for settlement with VISA	196,316	94,316
Premature repayment of loans and other liabilities	174,503	140,030
Total other liabilities	1,713,570	1,517,748

The non-redeemable cumulative preferred shares of the Bank as at December 31, 2024 are in the amount of 90,978 thousand denars and consist of 227,444 priority shares with a nominal value of Denar 400 (2023: Denar 400).

The priority non-redeemable cumulative shares give right to priority in payment of dividends and no voting rights. Preferred shares do not participate equally in the distribution of the rest of the bankruptcy i.e, liquidation equity of the Bank.

In 2024, the Bank calculated an amount of Denar 1,365 thousand for dividends to the holders of the non-redeemable cumulative preferred shares for 2024 (2023: Denar 1,365 thousand). For explanation of the litigation related to the preferred shares see note 42. As of December 31, 2024, the amount of 602,282 thousand denars refers to payments received on loans that are unallocated, most often because the payment was made before the installment was due or it concerns a payment received for which closing instructions are awaited in cases where clients pay larger amounts due to a reduction in the term of loans or a reduction in the installment (2023: 595,506 thousand denars).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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40. SUBSCRIBED CAPITAL

A. Subscribed capital

	In Denars		Number of issued shares				In thousands of Denars	
	Share nominal value		Common shares		Non-redeemable preferred shares		Total subscribed capital	
	Common shares	Non-redeemable preferred shares	Current year 2024	Previous Year 2023	Current year 2024	Previous Year 2023	Current year 2024	Previous Year 2023
Balance as at 1 January – paid in full	201,1	400	17,460,180	17,460,180	227,444	227,444	3,602,220	3,602,220
Subscribed shares during the year	-	-	-	-	-	-	-	-
Realization of stock options	-	-	-	-	-	-	-	-
Division/accumulation of share nominal value	-	-	-	-	-	-	-	-
Other changes during the year	-	-	-	-	-	-	-	-
Balance as at 31 December – paid in full			<u>17,460,180</u>	<u>17,460,180</u>	<u>227,444</u>	<u>227,444</u>	<u>3,602,220</u>	<u>3,602,220</u>

The preferred shares presented in the table above are listed as cumulative preferred shares in the shareholder book of Stopanska Banka AD Skopje which is maintained in the Central Securities Depository. Based on the information disclosed in Note 39, the preferred shares are recorded in accordance with the Bank's accounting policy disclosed in the Note, Introduction, c) Significant accounting policies, Other liabilities. In line with the accounting policy out of the total amount of 3,602,220 MKD thousands, presented as subscribed capital in the table above an amount of MKD 3,511,242 thousands is presented as subscribed capital and MKD 90,978 thousands is presented as Other liabilities (Note 39).

B. Dividends

B.1 Announced dividends and paid dividends by the Bank

	In thousands of Denars	
	Current year 2024	Previous year 2023
Announced and paid dividends for the year	<u>1,336</u>	<u>1,106</u>

Paid dividends in 2024 in the amount of Denar 1,336 thousand (2023: Denar 1,106 thousand) including gross dividend for the holders of the preferred shares. Information about calculated dividend of preferred shares is presented in Note 39.

	Current Year 2024	In MKD Previous year 2023
Dividend per ordinary share	0,00	0,00
Dividend per preferred share	6,00	5,00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

40. SUBSCRIBED CAPITAL(continued)

C. Shareholders whose stake exceeds 5% of the voting shares

The structure of shareholders whose stake exceeds 5% of the issued voting shares on December 31, 2024 and December 31, 2023 was officially announced and accepted by the Central Securities Depository of the RNM, as follows:

Shareholder	In thousands of Denars		In %	
	Current year	Previous year	Current year	Previous year
	2024	2023	2024	2023
	Subscribed capital (nominal value)	Subscribed capital (nominal value)	Voting right	Voting right
National Bank of Greece	3,323,094	3,323,094	94.64%	94.64%
Other	188,148	188,148	5.36%	5.36%
Total	3,511,242	3,511,242	100.00%	100.00%

The share capital of the Bank as at December 31, 2024 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 dividends when it will be released and have the right to one vote in the Shareholders Assembly of the Bank for the equivalent of one ordinary share, as well as the right to participate equally in the distribution of the rest of the bankruptcy or liquidation equity of the Bank.

Retained earnings

Retained earnings includes undistributed profits from current and previous periods. The Banks General Assembly was held on 31.05.2024. The decision was made for distribution of the earnings from 2023 in the total amount of Denar 3,469,600 thousand as earnings for investments restricted for distribution in the amount of Denar 2,569,600 thousand and earnings for investments in the amount of 900,000. In addition, on this assembly the bank made a decision to redistribute part of the accumulated profit into limited profit for distribution to the shareholders in a total amount of 2,460,000 thousand denars. In the consolidated financial statements, the profit for distribution does not match the profit shown in the retained earnings item within equity. The reason is that the decision to distribute the profit is made on the basis of the financial results of the individual financial statements of the parent company, which has made a profit, while the subsidiary subject to consolidation has made a loss. As a result, although at the consolidated level the profit is reduced due to the losses of the subsidiary, the profit subject to distribution relates exclusively to the results of the parent company. At this meeting, a decision was made to redistribute the unused profit for investments from 2022 in the amount of MKD 775,496 thousand as profit available for distribution to shareholders.

Revaluation reserve for available-for-sale assets

These revaluation reserves consist of unrealized gains and losses arising from changes in fair value of investment in securities available for sale until they are sold or it is determined that they are impaired. In the equity securities through their derecognition, the Bank will be rewriting the amount of the revaluation reserves to the Accumulated / Retained earnings position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2024****40. SUBSCRIBED CAPITAL(continued)****Revaluation reserve for foreclosed assets**

These revaluation reserves consist of the difference between derecognized impairment of the loan that is recovered with the foreclosed asset and the amount of impairment loss that is being recognized on the date of asset foreclosure (20% of the initial value of the foreclosed asset).

Other revaluation reserves

These revaluation reserves, according IAS19, consist of changes resulting from remeasurments (comprising actuarial gains and losses) and the return on plan assets (excluding interest) that are recognized immediately in OCI, with no subsequent recycling to profit and loss.

Statutory reserves

In accordance with the local regulations, the Bank is required to calculate and set aside at least 5% of the net profit for the year to statutory reserve until the level of the statutory reserve reaches an amount equal to one-tenth of the share capital. While the legal reserve shall not exceed the minimum amount it can only be used to cover losses. When the legal reserve exceeds the minimum level and after the recovery of all losses of annual Consolidated financial statements, with the decision of the Shareholders Assembly, the excess can be used for distribution of dividend, if within that business year it had not reached the minimum amount prescribed by the Companies Act or of the Statute of the Bank.

Other reserves

Other reserves represent a fund that is determined on the basis of the Bank's internal policy and is used for various purposes, classified as restrictive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

41. EARNINGS PER SHARE

A. Basic earnings per share

	In thousands of Denars	
	Current year 2024	Previous year 2023
<i>Net profit attributable to ordinary shareholders</i>		
Net profit for the year	3,553,547	3,470,799
Dividend on non-redeemable preferred shares	-	-
Adjustments to the net profit attributable to ordinary shareholders	3,553,547	3,470,799
Net profit attributable to ordinary shareholders	3,553,547	3,470,799
	Number of shares	
	Current year 2024	Previous year 2023
<i>Weighted average number of ordinary shares</i>		
Issued ordinary shares at 1 January	17,460,180	17,460,180
Effects of changes in the number of ordinary shares during the year	-	-
Weighted average number of ordinary shares at 31 December	17,460,180	17,460,180
Basic earnings per share (in MKD)	203.52	198.78

B. Diluted earnings per share

	In thousands of Denars	
	Current year 2024	Previous year 2023
<i>Net gains to which the holders of common shares are entitled (diluted)</i>		
Net gains for the year to which the holders of common shares are entitled	3,553,547	2,371,678
Adjustment of net gains to which the holders of common shares are entitled for the effects on all issued potential common shares	-	-
Net gains to which the holders of common shares are entitled (diluted)	3,553,547	2,371,678

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

41. EARNINGS PER SHARE (continued)

B. Diluted earnings per share (continued)

	Number of shares	
	Current year 2024	Previous year 2023
<i>Weighted average number of common shares (diluted)</i>		
Common shares issued on 1 January	17,460,180	17,460,180
Effects from issuance of potential common shares	-	-
Weighted average number of common shares (diluted) on 31 December	17,460,180	17,460,180
Diluted earnings per share (in MKD)	203.52	198.78

42. COMMITMENTS AND CONTINGENCIES

42.1 COMMITMENTS

	In thousands of Denars	
	Current year 2024	Previous year 2023
Uncovered payment guarantees		
in MKD	1,107,429	1,121,912
in foreign currency	1,061,186	468,838
in MKD with FC Clause	18,432	18,491
Uncovered performance guarantees		
in MKD	728,997	698,168
in foreign currency	446,161	678,060
in MKD with FC Clause	268,045	1,156,797
Uncovered letters of credit		
in MKD	-	-
in foreign currency	684,752	474,074
in MKD with FC Clause	-	-
Unutilized overdrafts under current accounts	1,828,812	1,763,198
Unutilized limits under credit cards	4,355,982	4,540,498
Taken liabilities for financing and unutilized credit limits	8,765,522	9,154,998
Other uncovered contingent liabilities	18,190	16,713
Issued covered letters of guarantee	39,372	333,542
Covered letters of credit	101,866	102,963
Other covered contingent liabilities	-	-
Total contingent liabilities before special reserve	19,780,746	20,528,252
(Provisions)	(79,513)	(139,553)
Total contingent liabilities reduced by special Reserve	19,701,232	20,388,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2024****42. COMMITMENTS AND CONTINGENCIES (continued)****42.1 COMMITMENTS (continued)**

Bank's contingent liabilities consist of liabilities in respect of guarantees, letters of credit, and unused overdrafts on current accounts, unused limits on credit cards and unused credit limits granted to legal entities.

From the total potential liabilities on the basis of covered and uncovered guarantees issued with maturity up to one year in the amount of Denar 3,219,972 thousand (2023: Denar 3,545,477 thousand). The covered and non-covered letters of credit are with maturity of up to 1 year (2023: 1year).

The unused overdrafts on current accounts are short-term overdrafts, Contingent liabilities in respect of unused overdrafts on current accounts and unused limits on credit cards are unsecured and are revocable in the event of deterioration of the creditworthiness of the debtor. The interest rates on current accounts and credit cards in 2024 are ranged from 8.80% to 12.89% (2023: 7.25% to 12.89%).

Contingent liabilities of the Bank towards legal entities on the basis of guarantees and letters of credit are irrevocable, and unused credit limits granted to legal entities are subject to annual revision. Apart from the covered guarantees and letters of credit that are secured by deposit, the remaining uncovered guarantees and letters of credit, and unused credit limits granted to legal entities are secured by real estate mortgage, pledge on movable property, guarantees, etc.

Litigation

The Bank is involved in litigation from its regular operations. The amount of litigation cases against the Bank as of December 31, 2024, 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 13,650 thousand (2023: Denar 4,169 thousand). This amount includes the penalty interests, and other court expenses as well. Accordingly, during 2024, the Bank made additional provisions for litigations in the amount of Denar 9,481 thousand (2023: Denar 396 thousand). See note 38.

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, all court case has been finalize in favour of the Bank in all court instances in the country, in which way the Bank has final and binding judgment in its favour.

42.2 CONTINGENCIES

	In thousands of Denars	
	Current year 2024	Previous year 2023
	-	-
Total contingent assets	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

43. OPERATIONS ON BEHALF AND FOR ACCOUNT OF THIRD PARTIES

	Current year 2024			In thousands of Denars Previous year 2023		
	Assets	Liabilities	Net position	Assets	Liabilities	Net position
<i>Administration of assets on behalf and for account of third parties</i>						
MKD deposits	-	-	-	-	-	-
FC deposits	-	-	-	-	-	-
MKD loans	259,585	259,533	52	260,891	260,839	52
FC loans	47,319	47,319	-	60,443	60,443	-
Other MKD receivables	2,242,562	2,242,562	-	2,116,107	2,116,107	-
Other FC receivables	529,841	529,841	-	513,435	513,435	-
<i>Asset management on behalf and for account of third parties</i>						
MKD deposits	-	-	-	-	-	-
FC deposits	-	-	-	-	-	-
MKD loans	-	-	-	-	-	-
FC loans	-	-	-	-	-	-
Other MKD claims	-	-	-	-	-	-
Other FC claims	-	-	-	-	-	-
<i>Custody accounts</i>	33,048	33,048	-	24,226	24,226	-
<i>Other</i>	-	-	-	-	-	-
Total	3,112,355	3,112,303	52	2,975,102	2,975,050	52

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

44. RELATED PARTY TRANSACTIONS

A. Balance Sheet

	In thousands of Denars				
	Parent company	Subsidiaries	Associates	Management personnel of the Bank	Other related parties
					Total
31 December 2024					
Assets					
Investments in subsidiaries					
Current accounts	19,956	-	-	-	19,956
Trading assets	-	-	-	-	-
Loans and receivables					
mortgage loans	-	-	-	-	-
consumer loans	-	-	-	161	1,018
receivables under financial leasing	-	-	-	-	-
receivables under factoring and forfeiting	-	-	-	-	-
other loans and receivables	522,750	-	-	-	1,021,062
Investments in securities	-	-	-	-	-
(Allowance for impairment)	-	-	-	-	-
Other assets	55	-	-	-	1,814
Total	542,761	-	-	161	1,044,011
Liabilities					
Trading liabilities					
Deposits	1,230,429	-	-	37,423	458,261
Issued securities	-	-	-	-	-
Borrowings liabilities	-	-	-	-	-
Subordinated debt	-	-	-	-	-
Other liabilities	77,180	-	-	-	77,180
Total	1,307,609	-	-	37,423	1,803,295
Contingent liabilities					
Issued letters of guarantee	-	-	-	-	-
Issued letters of credit	-	-	-	-	-
Other contingent liabilities (Special reserve)	-	-	-	-	-
Total	-	-	-	-	-
Contingent assets					
Received letters of guarantee	-	-	-	-	-
Other contingent assets	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

44. RELATED PARTY TRANSACTIONS (continued)

A. Balance Sheet (continued)

	In thousands of Denars					
	Parent company	Subsidiari es	Associates	Managem ent personnel of the Bank	Other related parties	Total
31 December 2023						
Assets						
Investments in subsidiaries						
Current accounts	16,237	-	-	-	-	16,237
Trading assets	-	-	-	-	-	-
Loans and receivables						
mortgage loans	-	-	-	425	1,263	1,688
consumer loans	-	-	-	243	1,343	1,586
receivables under financial leasing	-	-	-	-	-	-
receivables under factoring and forfeiting	-	-	-	-	-	-
other loans and receivables	-	-	-	-	-	-
Investments in securities	891,600	-	-	12	8	891,620
(Allowance for impairment)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	24	-	-	-	-	24
	907,861	-	-	680	2,614	911,155
Liabilities						
Trading liabilities						
Deposits	617,718	-	-	28,889	351,183	997,790
Issued securities	-	-	-	-	-	-
Borrowings liabilities	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Other liabilities	81,699	-	-	-	-	81,699
Total	699,417	-	-	28,889	351,183	1,079,489
Contingent liabilities						
Issued letters of guarantee	-	-	-	-	-	-
Issued letters of credit	-	-	-	-	-	-
Other contingent liabilities	-	-	-	-	-	-
(Special reserve)	-	-	-	-	-	-
Total	-	-	-	-	-	-
Contingent assets						
Received letters of guarantee	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
Total	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

44. RELATED PARTY TRANSACTIONS (continued)

B. Income and expenses arising from the related party transactions

	In thousands of Denars					
	Parent company	Subsidiari es	Associates	Managem ent personnel of the Bank	Other related parties	Total
2024 current year						
Income						
Interest income	11,099	-	-	9	73	11,181
Income from fees and commissions	-	-	-	4	30	34
Net gains from trading	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from sale of non- current assets	-	-	-	-	-	-
Other income	-	-	-	-	9	392
Transfers between entities	-	-	-	-	-	-
Total	11,099	-	-	13	112	11,224
Expenses						
Interest expenses	22,356	-	-	567	13,658	36,581
Expenses for fees and commissions	1,434	-	-	-	-	1,434
Net losses from trading	-	-	-	-	-	-
Expenses for procurement of non-current assets	-	-	-	-	-	-
Allowance for impairment of financial assets, on net basis	-	-	-	-	-	-
Other expenses	130,859	-	-	31,794	7	162,660
Transfers between entities	-	-	-	-	-	-
Total	154,649	-	-	32,361	13,665	200,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

44. RELATED PARTY TRANSACTIONS (continued)

B. Income and expenses arising from the related party transactions (continued)

	In thousands of Denars					
	Parent company	Subsidiaries	Associates	Management personnel of the Bank	Other related parties	Total
2023 previous year						
Income						
Interest income	17,472	-	-	36	136	17,644
Income from fees and commissions	67	-	-	13	22	102
Net gains from trading	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from sale of non-current assets	-	-	-	-	-	-
Other income	-	-	-	96	9	105
Transfers between entities	-	-	-	-	-	-
Total	17,539	-	-	145	167	17,851
Expenses						
Interest expenses	45,535	-	-	153	11,427	57,115
Expenses for fees and commissions	1,470	-	-	-	-	1,470
Net losses from trading	-	-	-	-	-	-
Expenses for procurement of non-current assets	-	-	-	-	-	-
Allowance for impairment of financial assets, on net basis	-	-	-	-	-	-
Other expenses	114,502	-	-	33,622	9	148,133
Transfers between entities	-	-	-	-	-	-
Total	161,507	-	-	33,775	11,436	206,718

C. Remuneration for the management personnel of the Bank

	In thousands of Denars	
	Current year 2024	Previous year 2023
Short-term benefits for employees	31,788	33,608
Benefits after employment termination	-	-
Benefits due to employment termination	-	-
Payments to employees on the basis of shares, settled by equity instruments	-	-
Payments to employees on the basis of shares, settled by monetary funds	-	-
Other	-	-
Total	31,788	33,608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

44. RELATED PARTIES TRANSACTIONS (continued)

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

National Bank of Greece, Athens represents the parent and the ultimate parent company of the Group. 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 transactions shown under subsidiaries have occurred with ST Leasing, a company founded by the Bank in 2022.

45. LEASES

A. Lessor

A.1 Financial leases receivables

	Total financial lease receivables	In thousands of Denars		
		Maturity period for financial lease receivables		
		up to 1 year	from 1 to 5 years	over 5 years
December 31, 2024 (current year)				
Current value of minimum payment for the leasehold	-	-	-	-
December 31, 2023 (previous year)				
Current value of minimum payment for the leasehold	-	-	-	-

A.2 Irrevocable operating lease receivables

	Total operating lease receivables	In thousands of Denars		
		Maturity period of period for operating lease receivables		
		up to 1 year	from 1 to 5 years	over 5 years
December 31, 2024 (current period)				
Net present value of minimum lease payments	1,306	1,306	-	-
December 31, 2023 (previous year)				
Net present value of minimum lease payments	1,402	1,402	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

45. LEASES (continued)

A. Lessor (continued)

A.2 Irrevocable operating lease receivables (continued)

	In thousands of Denars					
					Other items of property and equipment	
	Land	Buildings	Means of transportation	Furniture and office equipment	Other equipment	Total
Value of the property given under operating lease:						
December 31, 2024	-	8,815	-	-	-	8,815
December 31, 2023	-	7,915	-	-	-	7,915

Agreed lease receivables are related to part of the property taken over for recovery of arrears and a smaller part of own property which the Bank in the past period used for their own needs but is no longer used and it is rented to third parties. Lease agreements contain a clause for reconsideration of the agreed price of the rent according to the market conditions, in case the lessee has exercised its right to renew the lease. Future lease incomes are approximate to the level of current rental income. Lease incomes in 2024 amounted to 1,306 thousand denars (2023 : 1,402 thousand denars) Note 11.

B. LEASEE

B.1 Financial lease liabilities

	In thousands of Denars			
	Maturity period for financial lease liabilities			
	Total financial lease liabilities	up to 1 year	from 1 to 5 years	over 5 years
Balance as at December 31, 2024 (current period)	-	-	-	-
Balance as at 31 December, 2023 (previous year)	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

45. LEASES (continued)

B. Lease (continued))

B.1 Financial lease liabilities (continued)

	In thousands of Denars						
	<u>Land</u>	<u>Buildings</u>	<u>Means of transporta tion</u>	<u>Furniture and office equipment</u>	<u>Other equipment</u>	<u>Other items of property and equipment</u>	<u>Total</u>
Value of the property taken under financial lease:							
Cost							
Balance as at 1 January 2023	-	-	-	-	-	-	-
increases	-	-	-	-	-	-	-
(disposal of and entering as expenditure)	-	-	-	-	-	-	-
other	-	-	-	-	-	-	-
Balance as at 31 December 2023	-	-	-	-	-	-	-
Balance as at 1 January 2024	-	-	-	-	-	-	-
increases	-	-	-	-	-	-	-
(disposal of and entering as expenditure)	-	-	-	-	-	-	-
other	-	-	-	-	-	-	-
Balance as at December 31, 2024	-	-	-	-	-	-	-
Accumulated depreciation and impairment							
Balance as at 1 January 2023	-	-	-	-	-	-	-
depreciation for the year	-	-	-	-	-	-	-
impairment loss during the year	-	-	-	-	-	-	-
(release of impairment loss during the year)	-	-	-	-	-	-	-
(disposal of and entering as expenditure)	-	-	-	-	-	-	-
other	-	-	-	-	-	-	-
Balance as at 31 December 2023	-	-	-	-	-	-	-
Balance as at 1 January 2024	-	-	-	-	-	-	-
depreciation for the year	-	-	-	-	-	-	-
impairment loss during the year	-	-	-	-	-	-	-
(release of impairment loss during the year)	-	-	-	-	-	-	-
(disposal of and entering as expenditure)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Balance as at December 31, 2024	-	-	-	-	-	-	-
Current carrying amount							
As at 1 January 2023	-	-	-	-	-	-	-
On December 31, 2023	-	-	-	-	-	-	-
On December 31, 2024	-	-	-	-	-	-	-

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45. LEASES (continued)

B. Lease (continued)

B.2 Irrevocable operating lease liabilities (continued)

	Total operational lease liabilities	In thousands of Denars Maturity period for operational lease liabilities		
		up to 1 year	from 1 to 5 years	over 5 years
Balance as at December 31, 2024 (current period)	-	-	-	-
Balance as at 31 December, 2023 (previous year)	-	-	-	-

From 1 January 2025, banks in North Macedonia will start applying International Financial Reporting Standard 16 – Leases (IFRS 16), in accordance with the decision of the regulatory authorities. IFRS 16 introduces significant changes in the way of recognizing, measuring, presenting and disclosing leasing agreements. According to this standard, all leasing agreements, except those with a short term or low value of the asset being leased, will be recognized as assets (right-of-use) and lease liabilities in the balance sheet of the lessee. The application of IFRS 16 is expected to have an impact on the balance sheet by increasing assets and liabilities and the income statement through changes in the cost structure, with the recognition of depreciation and interest instead of leasing expenses. The Bank is actively preparing for the application of this standard by analyzing leasing agreements and adjusting its financial reporting systems and processes. The impact of the application of IFRS 16 will be disclosed in the financial statements for 2025. The estimated amount at initial recognition of the right-of-use assets is 155,802 thousand denars, and the long-term leasing liabilities are 157,808 thousand denars. The difference will be recorded in retained earnings.

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46. SHARE BASED PAYMENTS

	In thousands of Denars	
	Current year 2024	Previous year 2023
Date of giving the option	-	-
Date of option expiry	-	-
Price of option realization	-	-
Price of the share on the date of giving the option	-	-
Variance	-	-
Expected dividend yield	-	-
Interest rate	-	-
Fair value on the date of giving the option	-	-

	Current year 2024		Previous year 2023	
	number of options for shares	weighted average price of options for shares	number of options for shares	weighted average price of options for shares
Balance as at 1 January	-	-	-	-
Changes during the year:				
options given to the members of Supervisory Board	-	-	-	-
options given to the members of Board of Directors	-	-	-	-
other given options	-	-	-	-
forfeited options	-	-	-	-
options with expired deadline	-	-	-	-
Balance as at December 30/December 31	-	-	-	-

47. SUBSIDIARIES OF THE GROUP

Subsidiaries

A significant subsidiary of the Bank is STOPANSKA LIZING DOOEL Skopje. Their own performs activities in the Republic of North Macedonia. The Bank has a full property of the company.

Significant limitations

The Bank has no significant restrictions on its ability to use the funds or to settle the obligations.

48. TAXATION RISK

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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49. EVENTS AFTER THE DATE OF THE BALANCE SHEET

There are no material subsequent events from the date of the Balance Sheet to the date of issuance of the separate financial statements, which would be subject to reporting in the separate financial statements.

50. EXCHANGE RATES

Official exchange rates used in the conversion of the balance sheet items denominated in foreign currency are as follows:

	<u>31.12.2024</u>	<u>In MKD</u> <u>31.12.2023</u>
1 USD	58,8807	55,6516
1 EUR	61,4950	61,4950