



РАЗВОЈНА БАНКА НА СЕВЕРНА МАКЕДОНИЈА АД СКОПЈЕ  
BANKA PËR ZHVILLIM E MAQEDONISË SË VERIUT SHA SHKUP  
DEVELOPMENT BANK OF NORTH MACEDONIA JSC SKOPJE

РАЗВОЈНА БАНКА НА СЕВЕРНА МАКЕДОНИЈА АД  
BANKA PËR ZHVILLIM E MAQEDONISË SË VERIUT SH.A.

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## ANNUAL REPORT ON THE DBNM JSC SKOPJE'S OPERATIONS FOR 2023

April, 2024



**Abbreviations**

<b>AFD</b>	French Development Agency
<b>GDP</b>	Gross domestic product
<b>EE</b>	Energy efficiency
<b>EIB</b>	European Investment Bank
<b>ESG</b>	Environmental, social and governance
<b>EU</b>	European Union
<b>EURIBOR</b>	Euro Interbank Offered Rate
<b>ECB</b>	European Central Bank
<b>IBIS</b>	Integrated banking information system
<b>KfW</b>	German Development Bank
<b>IMF</b>	International Monetary Fund
<b>SMS</b>	Small and medium-sized enterprises
<b>NBRNM</b>	National Bank of Republic of North Macedonia
<b>RES</b>	Renewable energy sources
<b>DBNM</b>	Development Bank of North Macedonia
<b>RNM</b>	Republic of North Macedonia
<b>AML/CFT</b>	Anti-Money Laundering and Combating the Financing of Terrorism
<b>CEB</b>	The Council of Europe Development Bank

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Management Board	Supervisory Board	General Meeting of Shareholders	

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**DATA ON THE BANK**

Full name:	<b>Development Bank of North Macedonia JSC Skopje</b>
Short name:	<b>DBNM JSC Skopje / DBNM</b>
Registered office:	<b>DIMITRIE CHUPOVSKI 26 1000 SKOPJE – CENTAR, North Macedonia</b>
Date of incorporation:	<b>18.08.1998</b>
Act of corporation:	<b>Law on the Development Bank of North Macedonia</b> (Official Gazette of RM no. 105/09 and Official Gazette of RNM no. 77/21 and 209/23)
Type:	<b>Joint-stock company</b>
Owner:	<b>Republic of North Macedonia (100%)</b>
Registered capital:	<b>MKD 1,998,862,124</b>
Number of shares:	<b>643,134 shares and a par value of 3,108.00 MKD</b>
Activities:	<b>64.19 – Other monetary mediation</b>
PIN of entity:	<b>5240425</b>
TIN:	<b>4030998350604</b>
Website:	<a href="https://www.mbdp.com.mk/">https://www.mbdp.com.mk/</a>

**FUNDAMENTAL FINANCIAL INDICATORS**

<b>In thousands MKD</b>	<b>2023</b>	<b>2022</b>
Total Assets	18.473.338	16.107.054
Net Loans	17.135.097	14590.529
Equity and reserves	3.631.665	3.540.115
Net-loans/Total assets (%)	92.8	90,6
Liquid assets/Total assets (%)	11.0	11.7
Liquid assets/Total liabilities (%)	13.7	15.1
Net interest income	159.878	100.454
Total net income	234.662	154.845
Operating expenses	102.382	84.933
Net profit	91.550	44.275
Net income from interest/total net income (%)	68.1	64,9
Net-interest margin (%)	0.87	0.62
ROAA (%)	0.53	0.29
ROAE (%)	2.55	1.38
Operating expenses/total net income (%)	43.6	54.9
	A	99.48
	B	0.34
Credit risk exposure, based on risk categories	C	0.00
	D	0.00
	E	0.18
Equity adequacy (%)	24.91	25.55
Number of employees (at the end of the year)	58	52

Pursuant to Article 18 paragraph 3 of the Law on Development Bank of North Macedonia ("Official Gazette of RM" no.105/09 and "Official Gazette of RNM no.77/21 and 209/23), Article 93 of the Banking Law ("Official Gazette of RM" no. 67/07, 90/09, 67/10, 26/13, 15/15, 153/15, 190/16 and 7/19 and "Official Gazette of RNM" no. 101/19 and 122/21), Article 352 of the Law on Trade Companies ("Official Gazette of the RM" No. 28/04, 84/05, 71/06, 25/07,

87/08, 17/09, 23/09 42/10, 48/10, 8/11, 21/11, 24/11, 166/12, 70/13, 119/13, 120/13, 187/13, 38/14, 41/14, 138/14, 88/15 192/15, 217/15, 6/16, 30/16, 6/16, 64/18, 120/18, 195/18, 239/18, Official Gazette of RNM no. 290/20 and 215/21) and Article 80 of the Statute of the Development Bank of North Macedonia JSC Skopje, the Management Board hereby delivers the following:

## **ANNUAL REPORT OF THE DEVELOPMENT BANK OF NORTH MACEDONIA JSC SKOPJE'S OPERATIONS IN 2023**

### **Summary**

The 2023 jubilee year of the Development Bank of North Macedonia AD Skopje (hereinafter referred to as "DBNM"/"the Bank") finished successfully. Celebrating 25 years of existence, DBNM reached a record high level of assets, consistently producing a favourable financial result.

During 2023, the Bank worked in accordance with the adopted Financial Plan and Strategic Guidelines defined by the Development Plan and Business Policy for the 2023-2025 period, while adjusting the current operations to the market, economic and non-economic conditions in the country. The Bank, acting as the only development bank fully owned by the state continued its role as an active participant in implementing part of the anti-crisis measures of the Government of the Republic of North Macedonia, related to overcoming the energy, economic and the price crisis, caused by foreign non-economic factors. The Bank kept the dynamics of its operations and demonstrated its ability to respond to the challenges and help the companies to overcome the crisis.

Under such conditions, the Development Bank placed loans in total amount of **EUR 106.8 million**, as follows: EUR 73.5 million from EIB credit lines under exceptionally favorable credit balances with interest rates lower than market rates; EUR 11.7 million from the Bank's own assets and EUR 21.6 million in loans from credit line commissions.

The Bank also showed solid results in the field of credit insurance, where the volume of insured receivables amounted to **EUR 121 million**, and the results were similar in the factoring sector, with redeemed receivables in the amount of **EUR 20.6 million**. The issuance of guarantees also gained momentum. The Guarantee Fund guaranteed a loan with a total value of **EUR 25 million**, and the exposure based on customs guarantees reached **EUR 1.6 million**.

This year, the Bank's activities were aimed at realizing the following products and programs that were made available to domestic companies:

- EIB 7 credit line for loans to small and medium-sized enterprises (SMEs), mid-cap companies and green transition;
- Credit line for digitization and digital transformation;
- Credit line for energy efficiency (EE) and renewable energy sources (RES) from the Bank's own funds;
- Credit line for working capital for companies affected by the energy and price crisis;
- Interest-free credit line for working capital for the increased energy prices;

- Credit line for financing EE and RES projects, on behalf of the state;
- Credit line for production, processing and export of agricultural products.

In 2023, the Assembly of the Republic of North Macedonia adopted the Law Amending the Law on the Development Bank of North Macedonia ("Official Gazette of RNM" No. 209/23) by which a Fund was organized in the Bank as a separate organizational unit for energy efficiency, to support development through financing energy efficiency projects.

At the end of the year, an agreement was signed with the French Development Agency (AFD) for a new credit line in the total amount of EUR 50 million to support green and socially responsible investments, which will additionally contribute to the country's green transition.

In conditions of unpredictability of the international and domestic financial markets, DBNM mainly exceeded the projected financial targets, realized the operational tasks, helped in the realization of the national development goals, and at the same time preserved the required level of liquidity and profitability and the high rates of stability and solvency.

### BUSINESS ACHIEVEMENTS IN 2023

- **107** million EUR in total placed loans to the economy
- **21.6** million EUR in interest-free loans and low-interest loans
- **279** million EUR net-credit portfolio
- **121** million EUR insured receivables from credit insurance
- **20.6** million EUR redeemed receivables from factoring
- **25** million EUR guaranteed amount of loans from the Guarantee Fund
- **1.6** million EUR exposure on the grounds of customs guarantees
- **878** credited companies
- **~6200** supported employments
- **3** new products and programs
- **15%** growth of assets
- **17%** increased net-credit portfolio
- **0.2%** rate of non-functional exposure
- **POSITIVE** financial result
- **EXCEEDING** the basic balance sheet items vs. the projections from the financial plan for the year
- **REALIZATION** of the main planned goals and tasks from the development plan and the business policy for the current year
- **RETAINED** profitability, solvency, liquidity and high quality of the loan portfolio

## I. GENERAL DATA

### 1. Business environment

#### 1.1. Macroeconomic environment

In 2023, the domestic and world economies were still under certain impact caused by the energy, economic and price crisis that had begun a year earlier. Based on data of the State Statistics Office, the gross domestic product grew by 1.0%, the annual rate of inflation measured according to the CPI index was 9.4%, while the unemployment rate at the end of the year was positioned at 13.1%. In conditions of strong price pressures, NBRNM adjusted the monetary policy quite a few times, so that the basic interest rate increased from 4.75% at the beginning to 6.30% at the end of the year. The exchange rate of the MKD denar was stable and without significant oscillations. International credit rating agencies have maintained the country's credit rating, i.e., Fitch Ratings at BB+ but improved their negative outlook to stable, and Standard & Poor's Ratings on BB- with a stable outlook.

Globally, all major foreign trade partners of North Macedonia felt the crisis. Under the impact of the crisis, the European Central Bank (ECB) increased the interest rate on the basic operations a few times, which at the beginning was 2.50% and reached 4.50% at the end of the year. The three-month EURIBOR grew from of 2.132% to 3.909%.

#### 1.2. Banking system of the Republic of North Macedonia

Banks in RNM in 2023 operated in conditions of energy, economic and price crisis, emphasizing risks from the volatility of the markets of primary products and inflation. At the end of the year, the banking system consists of thirteen banks, including five large, five medium and three small banks. According to the ownership, nine are in predominantly foreign ownership, while four are predominantly in domestic ownership. The total assets of the banking system MKD 746.7 billion (+9.1% increase since 31.12.2022) with a noticeable concentration of the assets in the large banks at 81.0%.

The NBRNM's assessment demonstrates that as of 31.12.2023, liquidity indicators are at a satisfactory level, and they further refer to the appropriate management of banks with liquidity risk. The solvency and capitalization of the banking system are stable with a capital adequacy ratio of 18.1%, which has been the highest level in the last fifteen years. The profitability of the domestic banking system is still stable with a rate of return on assets of 2.0% and a rate of return on capital of 16.1%. Credit risk is controlled with a rate of total non-functional loans of 2.8%, while the rate of non-functional and corporate loans is 3.8%.

As of December 31, 2023, the amount of total loans is MKD 444.7 billion, of which MKD 212.8 billion for the corporate sector (47.9%). The credit portfolio grew by 5.1% on an annual level (3.3% in the corporate sector) and is stable. The deposit base was MKD 534.2 billion or 8.7% more than the previous year. The interest rates mainly followed the monetary policy measures of NBRNM, as well as the global trend of the movement of interest rates.

Interest rates in %	12.2023	12.2022
Total loans	5.47	4.44
Total deposits	1.79	0.86

Interest rate spread (p.p)	3.68	3.58
Newly approved loan	5.21	4.83
Newly received deposits	2.37	1.34
Interest rate spread (p.p)	2.84	3.49
Total corporate loans	5.33	3.84
Newly corporate approved loans	5.30	5.02

## 2. Profile and position of DBNM in the banking sector of RNM

The Development Bank of North Macedonia JSC Skopje is the only development bank in the Republic of North Macedonia established by a special Law on the Development Bank of North Macedonia (Official Gazette of RM No. 105/2009 and Official Gazette of RNM no. 77/21 and 209/23). The provisions of the Banking Law appropriately apply to DBNM unless otherwise regulated with the Law on DBNM. The supervision of the operation of DBNM within its competencies is performed by the NBRNM. The Ministry of Finance performs the supervision in the part of the operations that DBNM does on behalf of the Republic of North Macedonia. DBNM stands responsible for its duties with all its property. DBNM is a medium bank with 100% domestic capital, where the sole shareholder of the Bank is the Republic of North Macedonia.

### PRINCIPLES IN THE OPERATIONS:

- Non-competition
- Non-discrimination
- Transparency
- Rentability
- Efficiency
- Economic justification of the projects

### VISION:

- **Credible financial support partner** of micro, small and medium-sized enterprises in our country.

### MISSION:

- By **promoting and offering favourable financial products** for domestic trade companies, we try to create an environment for improved competition, export support and economic growth and development.

### TASKS:

- **Financing** the development of trade companies founded in RNM
- **Encouraging** export
- **Supporting** SMEs founded in RNM
- **Financing** infrastructure
- **Supporting** regional development
- **Financing** energy efficiency projects for providing environment and RES protection

The Bank operates in accordance with the strategic policies, goals and priorities of the Republic of North Macedonia. To fulfill its development role, the Bank uses two sources of funds: (a) own sources and (b) credit lines provided by international financial institutions. In addition, the Bank performs commission work on behalf of the state. DBNM's strategy is to be guided by the principle of providing long-term sources of funds under favorable financial conditions. It plans and monitors the concentration of exposure by sources of funds, and makes constant efforts for its diversification, taking care to maintain an optimal level of profitability, liquidity and solvency, minimizing risks and preserving the interests of its main shareholder - the state. DBNM can legally receive deposits from legal entities and natural persons, but only if they serve as security for payments related to DBNM's activities, i.e., deposits are excluded as a possible source of financing business activities.

To achieve the goals, while adhering to the principles of non-competition of commercial banks, non-discrimination of users, transparency, profitability, efficiency and economic justification of the investments that are financed, DBNM carries out its activities through participating commercial banks and/or directly to end users. This business model of DBNM is due to the need for:

- establishing a partnership with commercial banks to overcome the differences in the supply and demand of loans, especially loans with favorable conditions;
- supporting economic stability, growth and development;
- direct or indirect support to certain sectors where additional funding is needed;
- improving standards by encouraging activities for environmental protection and social responsibility.

As of 31.12.2023, DBNM accounts for 2.5% of the total assets of the banking system and compared to the previous year, it increased its market share by 0.1 percentage points, making it the eighth bank in terms of assets. At the same time, about 8.4% of the total credits of commercial banks to non-financial companies (corporate sector) were placed with funds from DBNM, in contrast to 7.1% a year before.

### **3. Achieving the goals from the Development Plan and Business Policy for 2023**

DBNM operations are based on the principles of compliance with the legislation, following the principles of liquidity, stability, solvency, profitability, efficiency and professionalism in the operation as well as flexibility to the needs of loan applicants. The measures and activities that DBNM undertakes in order to achieve the projected business goals and objectives are defined in the Development Plan and Business Policy of the Bank, bearing in mind the following: the nature, type and scope of financial activities; risk management; resource management; cost control; conducting the credit policy; insurance policy; personnel policy; the business and macroeconomic environment and the expectations for the movements in the economy.

#### **FINANCIAL PLAN REALIZATION**

BALANCE SHEET (in thousands MKD)	balance 31.12.2023	plan 31.12.2023	Index
Cash	877.701	1.995.695	44.9
Net loans	17.135.097	16.319.938	105.0
Fixed assets	102.682	110.221	93.2
Other assets	357.858	354.032	101.1
<b>TOTAL ASSETS</b>	<b>18.473.338</b>	<b>18.739.886</b>	98.6

Liabilities for loans	14.778.949	15.112.016	97.8
Reservation	37.074	39.753	93.3
Other liabilities	25.650	13.885	184.7
<b>Total liabilities</b>	<b>14.841.673</b>	<b>15.165.654</b>	97.9
Recorded capital	1.998.862	1.998.862	100.0
Reserves	1.541.253	1.541.254	100.0
Retained profit	91.550	34.115	268.4
<b>Total capital and reserves</b>	<b>3.631.665</b>	<b>3.574.231</b>	101.6
<b>TOTAL LIABILITIES</b>	<b>18.473.338</b>	<b>18.739.886</b>	98.6

INCOME STATEMENT (in thousands MKD)	Realization	plan	Index
	01.01.2023 31.12.2023	01.01.2023 31.12.2023	
Net income/interest expense	159.878	109.582	145.9
Total net income	234.662	168.176	139.5
Reservations	-30.063	-11.388	264.0
Operational costs	-102.382	-118.882	86.1
<b>NET PROFIT FOR THE YEAR</b>	<b>91.550</b>	<b>34.115</b>	268.4

During 2023, the Bank fully fulfilled the planned financial and operating objectives of the Development Plan and Business Policy for the year thereof.

OBJECTIVE	REALIZATION
Beginning the realization of new EIB 7 credit line with a total credit potential of EUR 100 million	Realization has started and EUR 64.5 million have been placed in the Macedonian economy from the EIB 7 credit line
Making a credit arrangement with CEB for the realization of a credit line with a total credit potential of EUR 50 million	The loan has been approved by CEB and the legal procedure for signing the financial agreement is ongoing
Making a credit arrangement with AFD for the realization of a credit line with a total credit potential of EUR 50 million	The credit arrangement has been made and assets withdrawal preparations are ongoing
Introducing new credit lines for digitalization, digital transformation and EE and RES, from own funds through participating banks	Credit lines have been introduced and fully realized in the amount of EUR 11.7 million
Automatization and digitalization of the existing processes	The introduction of the Document Management System – DMS has begun. The other processes are ongoing and in accordance with the Bank's needs and possibilities.
Dynamization of activities in the area of issuing guarantees from the Guarantee Fund, as a product to support micro, small and medium-sized traders, as well as large traders who export.	The issuance of guarantees gained momentum in 2023, and as of 31.12.2023, the amount of guaranteed loans is in the total value of EUR 25 million.
Implementation of web-based tool (platform) for the products of credit insurance in order to improve the customer user experience	Preparations for making agreements with donors and suppliers are in the final phase

Development and improvement of the IT and implementation of new software solutions in order to reach fully integrated system of recording, analysis and reporting	Changes are made continuously in accordance with the regulations, optimization of part of processes in accordance with the needs and supply of hardware and software with higher technology
Collaboration with development banks from the region and further regarding exchange of experience, ideas and know-how	Collaboration with development banks in the region and further is ongoing
Coming up with new and favorable financing sources	Agreements with EIB and AFD have been made, and the agreement with CEB is in its final phase. Continuous discussions for coming up with new and favorable financing sources
Dynamization of sales activities in order to efficiently use the total potential of the Bank.	The bank's credit portfolio has increased by 17%, the scope of insured receivables too, the scope of redeemed receivables has increased 2.3 times and issued guarantees for 2.6 times
Intensifying the promotional activities through direct and indirect marketing and promotion channels	Marketing and promotion activities are ongoing and follow the pace of the Bank's portfolio growth
Maintaining the high quality of the credit portfolio.	The rate of non-performing exposures as of 31.12.2023 is 0.2%.
Continuous improvement of the risk management system, i.e. their identification, assessment, monitoring and control.	Risk management systems are maintained and continuously improved according to needs and regulations.
Conducting a policy for efficient cost management.	Realized operating costs are 14% lower than projected ones with the financial plan for the current year.
Maintaining the value of the capital and increasing it through the policy of setting aside the net profit for reserves.	The realized net profit is allocated to the Bank's capital and reserves.
Continuous maintenance of an adequate level of own funds in function of maintaining the internally defined capital adequacy rate.	The capital adequacy ratio is continuously maintained above the legally prescribed level and within the internally defined values.
Human resource management and continuous upgrading of their knowledge and expertise.	The Bank has a Human Resources Service, and staff is continuously upgraded through both internal and external trainings
Providing compliance of the Bank's operations with the laws and by-laws	The compliance control service of the Bank continuously follows the Bank's compliance with the respective regulation
Continuous measure-taking in order to prevent money laundering and financing of terrorism	The Bank continuously takes AML/CFT measures in accordance with the laws and by-laws

## II. CORPORATE MANAGEMENT

### 4. Management bodies and other bodies

Managing DBNM in 2023 was carried out in accordance with the Banking Law (Official Gazette of RM No. 67/07, 88/07, 118/08, 42/09, 90/09, 67/10, 26/13, 13/14, 15/15, 153/15, 190/16, 7/19, 101/19, 107/20, 122/21 and 125/21), the Law on Development Bank of North Macedonia (Official Gazette of RM No. 105/09 and Official Gazette of RNM no. 77/21 and 209/23), the Decision on the rules for good corporate management adopted by the Council of the NBRNM and the Code of Corporate Management adopted by the General Meeting of the Development Bank of North Macedonia JSC Skopje. The assessment of the Bank's management should reflect the unique business model of the Bank as a development bank fully owned by the Republic of North Macedonia.

During 2023, DBNM carried out its activities through the following bodies of the Bank: **General Meeting, Supervisory Board, Audit Committee, Management Board, Risk Management Committee and Credit Committee.**

Entities with special rights and responsibilities in the Bank (a natural person - member of the Supervisory Board, member of the Management Board, member of the Audit Committee, member of the Risk Management Committee and other managers in the Bank, in accordance with the Statute of the Bank) did not report any conflict of interest or affiliation with third parties in accordance with the Banking Law, during 2023.

#### 4.1. General Meeting

The Republic of North Macedonia is the sole shareholder of DBNM. The sole shareholder manages the Bank through the General Meeting, i.e. the members of the Supervisory Board who are representatives of the state capital in the General Meeting of the Bank, in accordance with the Law on DBNM. The Bank's General Meeting performs the following activities:

- adopts the Statute and the amendments thereto;
- reviews and adopts the Annual Report on the Bank including the written opinion thereon, prepared by the Supervisory Board;
- reviews and adopts the Report of the auditing company and the written opinion thereon, prepared by the Supervisory Board;
- adopts the annual account and the financial statements of the Bank;
- decides on the use and allocation of the profit or loss coverage;
- decides on a new issue of shares of the Bank;
- decides on the status changes of the Bank;
- selects an audit company and decides on a proposal to terminate the contract with the audit company;
- decides on other issues of importance for the Bank's operations provided by the Bank Statute.

The Bank's General Meeting works at sessions that are held as needed, and at least once a year. The Annual General Meeting of Shareholders must be held not later than six months of the calendar year for the previous year. During 2023, the General Meeting of Shareholders held 2 (two) regular sessions.

At the meetings held on 23.01.2023, and 29.05.2023, the General Meeting adopted the following:

- Annual Report on the Bank's operations in 2022, with an Adoption Decision thereto;
- Annual report on the operations of the Supervisory Board of the Bank in 2022, with an evaluation of its own operations in terms of individual members and collectively;
- Report from the Audit Company RNM MAKEDONIJA DOOEL Skopje for performed audit of the Bank's financial statements for the year that ended 31.12.2022 and the written opinion thereon prepared by the Supervisory Board of the Bank, with an Adoption Decision;
- Decision on adoption of the annual account of the Bank for 2022;
- Decision on the use and allocation of the realized profit for 2022.
- Rules of Procedure of the Shareholders' General Meeting of the Bank, with an Adoption Decision;
- Decision on determination of monthly remuneration for the members of the Supervisory Board and the members of the Audit Committee.

#### 4.2. Supervisory Board

Pursuant to the Law on DBNM, the Supervisory Board of the Bank consists of 5 (five) members. The Government of the Republic of North Macedonia appoints the members of the Supervisory Board, three on proposal of the Minister of Finance, one on proposal of the Deputy Prime Minister in charge of economic affairs and one on proposal of the Minister of Economy. The Government of the Republic of North Macedonia appoints the members of the Supervisory Board upon prior consent of the Governor of the NBRNM. The Government of the Republic of North Macedonia dismisses the members of the Supervisory Board.
























The Supervisory Board of the Bank, in accordance with the Decision of the Government of the Republic of North Macedonia on the appointment of a member of the Supervisory Board of the Development Bank of North Macedonia JSC Skopje, no. 24–5926/1 of 24.07.2019, Decision on the appointment of members of the Supervisory Board of the Development Bank of North Macedonia JSC Skopje, no. 14–8429/1 of 30.07.2021, Decision no. 14-13064/1 from 21.12.2021, in 2023, until 13.09.2023, worked in the following composition: **Magdalena Simonovska** - president; **Sonja Petrusheva** – member; **Vjollca Ejupi** - member, **Millaim Ameti** - member and **Elena Pagovska Peltekovski** – member.





























By decision of the Government of the Republic of North Macedonia no. 15–8708/1 of 22.08.2023, **Maja Angelovska** was appointed a member of the Bank's Supervisory Board, whereas **Sonja Petrusheva**'s status was terminated. The governor of NBRNM, acting upon Decision no. 15–30850/9 dated 10.11.2023, issued a prior consent for the appointment of Maja Angelovska as a member of the Supervisory Board of the Bank for a period of 4 (four) years, counted from the day of receipt of the decision, i.e. 13.11.2023. In accordance with the changes, the Supervisory Board continued to work in the following composition from 13.11.2023:


## Composition of the Supervisory Board on 31.12.2023

Magdalena Simonovska President	
Vjollca Ejupi Member	Elena Pagovska Peltekovski Member
Millaim Ameti Member	Maja Angelovska Member

The Supervisory Board supervises the operations of the Management Board, approves the policies for performing financial activities, and supervises their implementation. The Supervisory Board is in charge of ensuring good operation, management and stability of the Bank, as well as timely and accurate financial reporting to NBRNM. The Supervisory Board of the Bank performs the following tasks:

-  adopts the Bank's Business Policy and Development Plan and monitors its implementation;
-  appoints and dismisses members of the Bank's Management Board;
-  appoints and dismisses members of the Risk Management Committee;
-  appoints and dismisses members of the Audit Committee;
-  appoints and dismisses members of the Bank's Credit Committee;
-  adopts the Bank's financial plan;
-  organizes the Internal Audit Service;
-  approves the Annual Plan of the Internal Audit Service;
-  adopts the Information System Security Policy and monitors its application;
-  adopts the Bank's Risk Management Policies and monitors their application;
-  adopts a Policy for Avoiding Conflicts of Interest, which identifies possible conflicts of interest and the measures and activities for their prevention, and monitors its application;
-  adopts a Remuneration Policy, in accordance with the Bank's business policy, development plan, financial plan and conflict of interest policy, and monitors its application;
-  adopts and implements a policy on the method of selection, monitoring of operations and dismissal of the members of the Supervisory Board, the Risk Management Committee, the Audit Board and the Management Board;
-  reviews the reports on the operations of the Bank's Management Board;
-  reviews the reports of the Risk Management Committee;
-  reviews the reports of the Audit Committee;
-  reviews the reports of the Internal Audit Service;
-  reviews the reports of the entity/service for the control of compliance of the Bank's operation with the regulations;
-  approves the annual account and financial statements of the Bank;
-  approves exposure to an entity of over 20% of the Bank's own funds, with the exception of exposure based on the purchase of securities issued by the National Bank and the Republic of North Macedonia;
-  approves transactions with persons related to the Bank in the amount of over MKD 6,000,000;
-  approves the acquisition of capital shares and the purchase of securities, greater than 5% of the Bank's own funds, except for the purchase of securities issued by the National Bank and the Republic of North Macedonia;
-  decides on the purchase and sale of real estate greater than 5% of the Bank's own funds;

-  approves the Audit Committee's proposal for the appointment of an audit firm, or the proposal for terminating the contract with the audit firm and is responsible for ensuring an appropriate audit;
-  adopts the Internal Audit Policy and monitors its application;
-  reviews the supervision reports, other reports submitted by the National Bank, the Public Revenue Administration and other competent institutions and proposes, that is, undertakes measures and activities to overcome the identified inconsistencies and flaws in the Bank's operations;
-  approves the Annual Report on the operation of the Bank and submits a written opinion thereon to the General Meeting of the Bank;
-  reviews the Report of the audit company and submits a written opinion thereon to the General Meeting of the Bank;
-  adopts the Corporate Governance Code that governs the Bank's management and supervision rules and monitors its application;
-  adopts the Bank's Code of Ethics and monitors its application;
-  determines the acceptable level of risk;
-  establishes and monitors the implementation of the risk management system;
-  establishes and monitors the implementation of the internal audit and monitors the operations of the Audit Committee;
-  monitors the Bank's financial operations and the manner in which financial reporting is performed;
-  monitors the remuneration system in the Bank and evaluates whether it is in accordance with the remuneration policy, the risk culture and the risk-taking capacity of the Bank;
-  monitors the implementation of the Bank's internal acts on protected reporting;
-  gives consent to conclude reinsurance contracts;
-  determines the general conditions for credit insurance against commercial and political risks;
-  gives consent to conclude agreements with the Republic of North Macedonia;
-  decides on the Bank's membership in organizations and institutions in the country and abroad;
-  gives consent for business trips outside the country, if more than three employees travel;
-  adopts the Report on the inventory of assets and sources of assets;
-  decides on the write-off of receivables;
-  reviews reports on restructured claims and claims for which the due date has been extended;
-  monitors the execution of the decisions, conclusions and directions adopted by the Bank's General Meeting;
-  decides in the second instance upon appeal of dissatisfied workers against a decision of the Bank's Management Board or upon an objection for reconsideration of the decision;
-  approves the exposure limits of separate types of risks;
-  approves the launch of a new product, activities or system that have a significant impact on the acceptable level of risk and the risk profile of the Bank;
-  approves the Policy for publication of reports and data by the Bank;
-  reviews the self-assessment and evaluation reports of the members of the Risk Management Committee, the Audit Committee and the Management Board in accordance with the policy on the method of selection, monitoring of the work and dismissal of the members of the Supervisory Board, the Risk Management Committee, the Audit Committee and the Management Board;
-  approves the establishment and organization of the internal control system;

-  performs other tasks in accordance with the legal and by-law regulations, the Statute and general acts of the Bank.

At least once a year, the Supervisory Board evaluates its own operations from the individual members' point of view and collectively reports to the General Meeting of the Bank. The Supervisory Board forms boards, commissions and other decision-making bodies regarding activities that the Bank performs on behalf of the Republic of North Macedonia. With the Decision adopted by the General Meeting of DBNM, the members of the Supervisory Board have been determined a monthly remuneration for their work in the Supervisory Board of the Bank.

In the January - December 2023 period, the Supervisory Board held a total of 13 (thirteen) sessions. Within the competences established by law, the Supervisory Board undertook a number of activities and adopted several acts related to the regular operation of the Bank. Among the more significant acts, the following stand out:

1. Decision on the adoption of the Report on the executive inventory of assets, receivables and liabilities until 31.12.2022
2. Decision on the adoption of the Financial Plan for the operation of the Development Bank of North Macedonia JSC Skopje in 2023
3. Decision to approve the unaudited financial statements of the Development Bank of North Macedonia JSC Skopje, prepared in accordance with the Law on Trade Companies and the regulation of NBRNM, for the year that ended on 31.12.2022
4. Decision to approve the Plan and work program of the Internal Audit Service for 2023
5. Decision to approve the Annual Account for 2022
6. Proposal - Decision on the use and distribution of the realized profit for 2022
7. Decision on the adoption of the Development Plan and Business Policy of DBNM JSC Skopje, for the 2023 – 2025 period
8. Decision on indebtedness of DBNM to the Development Bank of the Council of Europe (CEB)
9. Decision on the interest rates of DBNM
10. Decision to approve the Annual Report on the operations of the Development Bank of North Macedonia JSC Skopje in 2022 with a written opinion thereto
11. Decision on the indebtedness of DBNM to the French Development Agency (AFD)
12. Decision to approve the audited financial statements of DBNM for the year which ended on 31.12.2022
13. Decision to approve exposure limit to participating banks
14. Decision on the indebtedness of DBNM to the European Investment Bank (EIB)
15. Decision on amending the Decision on interest rates of the Bank
16. Decision to approve the Agreement for the financing of green and socially responsible investments between DBNM and AFD, in the amount of EUR 50,000,000
17. Proposed Decision on amending the Statute of DBNM from 24.12.2009, with a proposed refined text

18. Decision on amending the Decision on the tariff of fees for the services performed by DBNM
19. Proposal Decision on amending the Statute of DBNM from 24.12.2009, with a proposed refined text and elaboration on the need to amend the Statute
20. Decision on making a Reinsurance Agreement for 2024

The Supervisory Board revised the Bank's acts, approved/adopted the reports, information and other proposed materials for the Bank's operations in 2023.

#### 4.3. Audit Committee

The Audit Committee consists of 5 (five) members. The Audit Committee members are appointed and dismissed by the Supervisory Board. Three members in the Audit Committee are elected from among the members of the Supervisory Board, and two are independent members. At least one member of the Audit Committee should be an authorized auditor. The members of the Audit Committee elect from amongst their ranks a President, in charge of the organization of the operations of the Audit Committee.







As of 27.07.2023, the Audit Committee of DBNM works in the following composition: **Sonja Petrusheva** – president; **Magdalena Simonovska** – member; **Vjollca Ejupi** – member; **Lenin Prculovski** – member and **Biljana Sekulovska** – member.

By Decision of the Supervisory Board number 02-3078/9 of 27.07.2023, recorded on 28.07.2023, **Sonja Petrusheva** has been dismissed from the position of member of the Audit Committee, and **Millaim Ameti** has been appointed a member of the Audit Committee. According to the changes that occurred, the Audit Committee continued to work in the following composition from 28.07.2023:

#### Composition of the Audit Committee on 31.12.2023

Millaim Ameti President	
Magdalena Simonovska Member	Vjollca Ejupi Member
Lenin Prculovski Member	Biljana Sekulovska Member

The Audit Committee performs the following activities:

-  reviews the financial statements of the Bank and takes care of the accuracy and transparency of the published financial information for the Bank's operations in accordance with the accounting regulations and international accounting standards;
-  reviews and evaluates internal control systems;
-  monitors the operations and evaluates the efficiency of the Internal Audit Service;
-  monitors the Bank's audit process and evaluates the work of the audit company;
-  adopts the accounting policies of the Bank;
-  monitors the compliance of the Bank's operations with the regulations related to the accounting standards and financial statements;

- ▣ maintains a relationship with the Management Board, the Internal Audit Department and the audit company regarding the identified non-compliances with the regulations and weaknesses in the Bank's operations;
- ▣ reviews the Risk Management Committee's reports;
- ▣ proposes the appointment of an audit company and termination of agreement with an audit company; and
- ▣ reports to the Bank's Supervisory Board on its operations at least once quarterly.

During 2023, the Audit Committee sessions reviewed the Bank's financial reports and determined the objectivity of the published financial information about the Bank's operations, as well as their compliance with accounting regulations and international accounting standards. The Audit Committee monitored the work of the Internal Audit Service and evaluated the work of the audit company, which as an independent auditor audited the Bank's financial statements for 2023. At the sessions of the Audit Committee, the reports on the Bank's risk profile were reviewed, analyzing separately each risk to which the Bank is exposed during its operations.

#### 4.4. Management Board

The Management Board of the Bank consists of 2 (two) members, appointed by the Supervisory Board of the Bank, based on the previously issued consent by the Governor of the NBRNM. The members of the Board are appointed as: Chief Executive Officer and Chief Operating Officer. During 2023, the Management Board of the Bank worked in the following composition:

- **Kire Naumov** - Chief Executive Officer
- **Faruk Ismaili** - Chief Operating Officer

**Kire Naumov**, as a member of the Management Board - Chief Executive Officer of the Bank was appointed by Decision of the Supervisory Board no. 02—2254/1 dated 16.9.2019 and was reelected for this function with a Reelection Decision no. 02-7741/4 dated 05.08.2021. With a Decision by the Supervisory Board, the CEO has been appointed for a tenure of 6 (six) years. The Governor of the NBRNM calling upon Decision number 15—26453/8 from 19.11.2021, issued consent for the appointment of Kire Naumov as a member of the Board - Chief Executive Officer for a period of six years.

**Faruk Ismaili**, as a member of the Management Board - Chief Operating Officer of the Bank was appointed with Decision no. 02—2516/2 dated 10.10.2019, by the Bank's Supervisory Board, and was reelected with Reelection Decision no. 02-7741/5 dated 05.08.2021. The Chief Operating Officer has been appointed for a tenure of 6 (six) years. The Governor of the NBRNM, calling upon Decision no. 15-26452/6 dated 19.11.2021, issued consent for the appointment of Faruk Ismaili as a member of the Board - Chief Operating Officer for a period of six years.

The Board performs the following activities:

- manages the Bank;
- represents the Bank;
- enforces the decisions of the General Meeting of Shareholders and the Supervisory

Board of the Bank, i.e. ensures their implementation;

- takes initiatives and gives proposals for promoting the Bank's operations;
- appoints and dismisses individuals with special rights and responsibilities, in accordance with the provisions of the Banking Law and the Statute of the Bank;
- prepares the Development Plan and Business Policy of the Bank;
- prepares a Financial Plan of the Bank;
- prepares an information security policy;
- prepares an Annual Report on the Bank's operations and submits it to the Supervisory Board;
- prepares an Ethical Code;
- determines the internal organization and systematization of works and tasks in the Bank and decides on the establishment of employment, promotion, redeployment, professional development, determination of salary and salary remuneration, remuneration for special engagement, pronouncement of disciplinary measures for material liability of employees and termination of employment;
- performs other activities that are not under the jurisdiction of the Supervisory Board of the Bank.

The Management Board, within its competencies determined by Law and the Statute, has adopted all necessary internal acts that provide the working conditions for the Bank in compliance with the laws and bylaws. For its activities, the Management Board has submitted reports on its operations to the Supervisory Board.

Pursuant to the Statute of the Bank and the Decision by the Supervisory Board, the competencies of the members of the Management Board were divided into separate segments of operations of the Bank, as follows:

- The Chief Executive Officer shall be responsible for business policy and planning, the Bank's financial statements and analysis, human resources, lending and credit insurance, guarantees, credit insurance, factoring, general and legal affairs, financial and accounting operations, and public relations.
- The Chief Operating Officer shall be responsible for risk management, information technology, regulatory compliance, prevention of money laundering and financing of terrorism, information system security, liquidity, and payment operations in the country and abroad.

#### 4.5. Risk Management Committee

The Risk Management Committee consists of 5 (five) members. The members of the Risk Management Committee are elected from among the persons with special rights and responsibilities in the following organizational units: assets and liquidity, credit insurance, lending and guarantees, information technology and legal and administrative affairs. The Chief Operating Director as a member of the Management Board is a member and president of this Risk Management Committee. The members of the Risk Management Committee, in addition to the requirements for appointment of persons with special rights and responsibilities, must have at least three-years' experience in the field of finance or banking; to be knowledgeable about the Bank's operations, its products and services and about the risks to which the Bank is exposed. The tenure of the members of the Board is for 6 (six) years with the possibility of re-election.

During 2023, the Risk Management Committee operated in the following composition:

Composition of the Risk Management Committee on 31.12.2023

Faruk Ismaili President	
Aleksandar Stanojkovski Member	Faadis Rexhepi Member
Darko Stefanovski Member	Gjorgju Kokinovski Member

The Risk Management Committee performs the following activities:

- permanently monitors and assesses the level of risk of the Bank and identifies the acceptable level of risk exposure in order to minimize the Bank's losses as a result of the Bank's risk exposure;
- establishes risk management policies and monitors their implementation;
- follows the NBRNM regulations related to risk management and the Bank's compliance with these regulations;
- evaluates the risk management systems in the Bank;
- determines short-term and long-term strategies for dealing with certain types of risks which the Bank is exposed to;
- analyzes the Bank's risk exposure reports prepared by the Bank's units that perform risk assessment and proposes strategies, measures and instruments for risk protection;
- monitors the efficiency of the functioning of internal control systems in risk management;
- analyzes the effects of risk management on the Bank's performance;
- analyzes the effects of the proposed risk management strategies, as well as the proposed strategies, measures and instruments for risk protection;
- assesses the compliance of the prices of the products and services offered by the Bank with the level of risk taken, in accordance with the Bank's business policy and the development plan;
- quarterly reports to the Supervisory Board on the changes in the risk positions of the Bank, the changes in the risk management strategy, the risk management effects on the performance of the Bank, as well as the undertaken measures and instruments for hedging risks and effects thereof;
- approves exposure to a person/entity from over 10% to 20% of own funds of the Bank.

The Risk Management Committee makes self-assessment of its operations at least once a year in regards of the individual members and jointly and submits it to the Supervisory Board of the Bank. During 2023, the Risk Management Committee made decisions at meetings that were held at least once a week and in accordance with the Banking Law, submitted reports on its operations to the Bank's Supervisory Board.

#### 4.6. Credit Committee

The Credit Committee is composed of 3 (three) members, of which the Management Board Members are members of the Credit Committee in accordance with the Bank's Statute, while the third member is appointed and dismissed by the Bank's Supervisory Board. The Credit Committee of the Bank in 2023 operated in the following composition:

Composition of the Credit Committee on 31.12.2023

Kire Naumov President	
Faruk Ismaili Member	Toni Petroski Member

The Credit Committee has the following tasks and responsibilities:

- approves credit exposure, balance and/or non-balance, up to 10% of the Bank’s own funds;
- determines the special conditions for credit insurance against commercial and political risks, including insurance limits for buyers;
- approves conclusion of the insurance policy/contract;
- adopts Rules of procedure;
- performs other activities of the credit policy determined in accordance with the Law on DBNM, the Banking Law and the Statute of the Bank.

During 2023, the Credit Committee held meetings at which they discussed and approved credit and factoring applications submitted by the participating banks in the loan programs of DBNM and the insured entities.

Pursuant to the Decision of the Supervisory Board on concluding an Agreement with the Republic of North Macedonia for transferring the authority on managing and disposing of the funds from the Compensation Fund from foreign aid and compensation funds from other foreign aid, the Supervisory Board authorized the Credit Committee to decide upon submitted credit applications for using funds from the compensation funds and the compensation funds from other foreign aid, worth over EUR 150,000 in MKD, according to the middle exchange rate of the NBRNM on the day of approval.

4.7. Information on membership in other bodies of supervision and/or management of the members of the Supervisory Board, Risk Management Committee, Audit Committee, and the Management Board

In 2023, the information regarding membership of the members of the Supervisory Board, Risk Management Committee, Audit Committee and the Management Board in other bodies of supervision and/or management are given as follows:

Name and surname:	<b>Magdalena Simonovska</b>
Function	President of the Supervisory Board Member of the Audit Committee
Term of office	10.12.2021 - 10.12.2025
Name of employer	Ministry of Finance
Salary, compensation to salary, bonus, insurance and other rights	MKD 818,640
Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname	<b>Elena Pagovska Peltekovski</b>
Function:	Member of the Supervisory Board
Term of office	13.04.2022-13.04.2026
Name of employer	Government of RNM General Secretariat
Salary, compensation to salary, bonus, insurance and other rights	MKD 885,840
Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname:	<b>Vjollca Ejupi</b>
Function:	Member of the Supervisory Board Member of the Audit Committee
Term of office	10.12.2021 - 10.12.2025
Name of employer	Ministry of Economy
Salary, compensation to salary, bonus, insurance and other rights	MKD 696,371
Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname:	<b>Maja Angelovska</b>
Function:	Member of the Supervisory Board
Term of office	13.11.2023 - 13.11.2027
Name of employer	Croatia Osiguruvanje -zivot AD
Salary, compensation to salary, bonus, insurance and other rights	MKD 1,021,187
Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname:	<b>Millaim Ameti</b>
Function:	Member of the Supervisory Board President of the Audit Committee
Term of office	10.12.2021 - 10.12.2025
Name of employer	Government of the Republic of North Macedonia General Secretariat
Salary, compensation to salary, bonus, insurance and other rights	MKD 779,581
Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname:	<b>Lenin Prculovski</b>
Function:	Member of the Audit Committee
Term of office	23.04.2019-23.04.2025
Name of employer	National Group for Insurance AD Osiguritelna Polisa – Skopje

Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname:	<b>Sonja Petrusheva</b>
Function:	Member of the Supervisory Board President of the Audit Committee
Term of office	13.09.2019-13.09.2023
Name of employer	Law firm PETRUSHEVA
Salary, compensation to salary, bonus, insurance and other rights	MKD 1,870,000
Membership in other supervisory bodies	MKD 309.050
Membership in other management bodies	MKD 77.777

Name and surname:	<b>Biljana Sekulovska</b>
Function:	Member of the Audit Committee
Term of office	23.06.2022 – 23.06.2028
Name of employer	Solutions Fenix Nova
Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname:	<b>Gjorgji Kokinovski</b>
Function:	Member of the Risk Management Committee
Term of office	19.07.2021 – 19.07.2027
Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname:	<b>Kire Naumov</b>
Function:	Member of the Management Board
Term of office	19.11.2021 – 19.11.2027
Name of employer	DBNM JSC Skopje
Salary, compensation to salary, bonus, insurance and other rights	
Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname:	<b>Faadis Rexhepi</b>
Function:	Member of the Risk Management Committee
Term of office	20.12.2021 – 20.12.2027
Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname:	<b>Faruk Ismaili</b>
Function:	Member of the Management Board President of the Risk Management Committee
Term of office	19.12.2021- 19.11.2027
Name of employer	DBNM JSC Skopje
Salary, compensation to salary, bonus, insurance and other rights	
Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname:	<b>Aleksandar Stanojkovski</b>
Function:	Member of the Risk Management Committee
Term of office	19.07.2021 – 19.07.2027
Membership in other supervisory bodies	/
Membership in other management bodies	/

Name and surname:	<b>Darko Stefanovski</b>
Function:	Member of the Risk Management Committee
Term of office	19.07.2021 – 19.07.2027
Membership in other supervisory bodies	/
Membership in other management bodies	/

#### 4.8. Information and data related to the implementation of the Bank's remuneration policy

The remuneration policy contains clear and transparent rules and criteria for determining the amount of the total compensation, and especially for clearly defining and distinguishing between the fixed and the variable part of the total compensation. The remuneration policy stipulates that the variable portion of the fee must not exceed 25% of the fixed part of the total fee paid to each employee or member of the Bank's body on an annual basis. In accordance with this policy, the Supervisory Board approves the amount of the total fee for the members of the Management Board by concluding the mining agreements. For the persons in charge of the control functions, the Supervisory Board approves the amount of the total fee only in case of determination of a variable part of the fee. The Management Board determines the total compensation for the persons with special rights and responsibilities and for the employees of the Bank.

The remuneration policy does not provide for the payment of compensation in the form of shares or other rights that enable the acquisition of shares.

The Supervisory and the Management Board of the Bank have not reached a Decision on determining a variable part of the compensation for the members of the Management Board of the Bank, i.e. for the persons with special rights and responsibilities in the Bank.

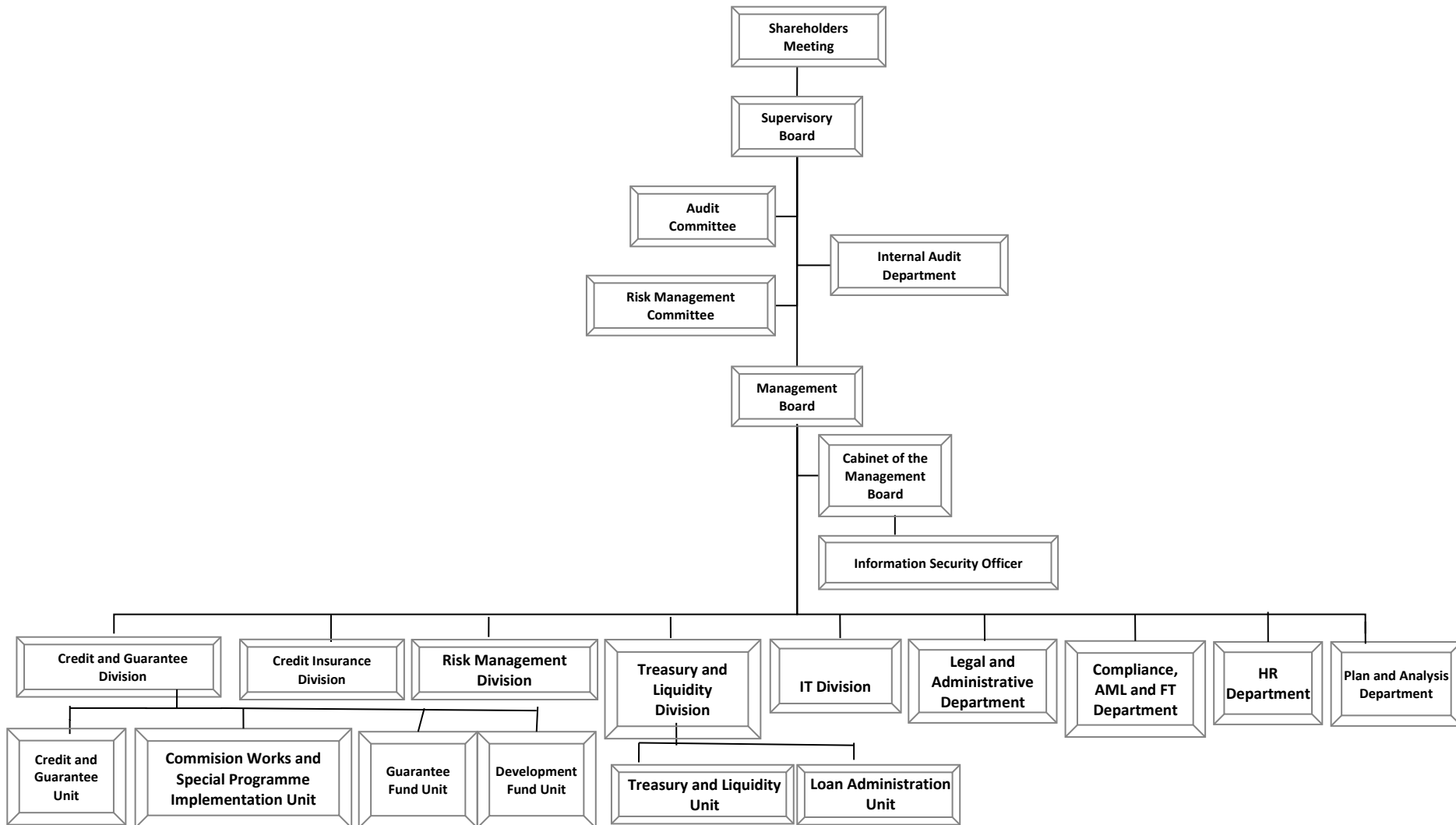
In the reported year, the gross amount of MKD 2,237 thousand was paid to the members of the Supervisory Board on the grounds of membership fees, and gross amount of MKD 667 thousand was paid to the members of the Audit Committee. There is no compensation for membership in the other bodies of the Bank planned or paid. The members of the Management Board were paid MKD 6,304 thousand on the grounds of gross-salary, salary compensation, bonus, insurance and other rights, and 11 persons with special rights and responsibilities were paid MKD 16,234 thousand.

## **5. Organization structure**

As of 01.01.2023, a new Rulebook for the organization and systematization of the operations came into force in DBNM, by which the Bank is organized into six sectors, four services and eleven departments.

As of 31.12.2023, 58 people have been employed in DBNM.

The bank has not established any subsidiaries.



## 6. Shareholders structure

Pursuant to the Law on the Development Bank of North Macedonia (Official Gazette of RM no. 105/2009 and Official Gazette of RNM no. 77/21 and 209/23), DBNM is a joint stock company in which the Republic of North Macedonia is the sole shareholder. The Government of the Republic of North Macedonia is registered in the Bank's Book of Shareholders with a total of 643,134 ordinary voting shares and a nominal value of MKD 3,108.00 per share.

## 7. Other information and data in relation to the code of corporate management

The Code of Corporate Management of the Development Bank of North Macedonia JSC Skopje no. 02-258/8 from 28.1.2022 has been prepared in accordance with the Decision on rules on good corporate management by the Council of NBRNM.

DBNM, i.e. the management bodies of the Bank and the employees during 2022, fully adhered to the principles of corporate management accepted in the Code of Corporate Management, as follows:

- Principle of protection of the rights and interests of the sole shareholder;
- Principle of efficient management;
- Principle of effective control of financial and economic activities;
- Principle of transparency and objectivity in publishing information about DBNM;
- Principle of legality and ethics;
- Principle of social responsibility;
- Principle of segregation of responsibilities;
- Principle of solving corporate conflicts;
- Principle of effective interaction with employees and fair compensation;
- Principle of diligence and responsibility;
- Personal data protection.

## 8. Information and data on the Bank's conflict of interests protection policy

The basic postulates of the policy are laid down in the Bank's Code of Conduct no. 02-1401/8 of 06.06.2018, the Decision on Amending no. 02—8786/4 from 29.11.2021 and in the Code of Ethics of DBNM no. 02—1470/8 from 12.6.2018; the Decision on Amending the Code of Ethics no. 02-240/4 of 23.01.2019 and no. 02-1424/9 of 06.06.2019. The Policy on avoiding conflict of interests and the Code of Ethics is reviewed by the Bank's Supervisory Board at least once a year.

Pursuant to the legal provisions and the provisions of the Bank's conflict of interests' policy, persons with special rights and responsibilities in the Bank shall regularly provide a statement in writing every six months on existence, i.e. non-existence of conflict of their personal interest with the Bank's interest. The members of the Supervisory Board and the Management Board of the Bank, and the persons with special authorizations are not present in making decisions that bring their objectivity into question, due to a conflict between their personal interest and the interest of the Bank through the content of the decision to be made by the relevant authority. Members of the Supervisory Board and the Management Board, and the persons with special authorizations prior to deciding on matters regarding their conflict of interest, shall leave the meeting and give a statement in writing, stating the grounds on which the conflict of interest arises.

## 9. Information on use of outsourcing

DBNM uses outsourcing services that are relevant to the Bank's operations, i.e.:

- maintenance of software for integrated banking system IBIS;
- maintenance of ICT infrastructure;
- maintenance of anti-money laundering and anti-terrorism financing software.

In accordance with the policy for use of outsourcing services, the Bank has concluded annual maintenance agreements with external entities, eligible for providing such services to the Bank.

### III. FINANCIAL OUTCOMES FROM THE OPERATIONS

#### 10. Balance Sheet

The total net balance on 31.12.2023 amounts MKD 18,473 million, with dominant share in the structure of assets of 92.8% being credit activities. The growth of assets by 14.7% and net loans by 17.4% compared to the previous year are generally due to full placement of the EIB 7 credit line in amount of EUR 64.5 million and dynamizing the activities of the factoring service. The assets have been realized at the level of the financial plan, and the net credits exceed the plan by 5%. The decrease in cash and cash equivalents is mainly due to an increase in lending and factoring. The current level of cash and cash equivalents continues to satisfy regulatory and internal liquidity indicators. The net value of the basic assets that make up the real estate, equipment and intangible assets are within the needs for the operational operation of the Bank.

As of 31.12.2023, the Bank's total liabilities reach an amount of MKD 14,842 million, in which the dominant rate continues to be the liabilities under loans with a share of 99.6%, of which the majority are liabilities under long-term loans to the EIB. The special reserve for potential losses for off-balance sheet rates amounts to MKD 37 million and results from the classification of the credit exposure of off-balance sheet activities based on issued credit insurance policies and reservations for potential liabilities based on litigation.

The total capital and the reserves that make up the founding capital, the reserves formed from the profits made in previous years and the profit from the current period amount to MKD 3,632 million and account for 19.7% of the Bank's liabilities. Compared to the previous year, they marked a growth of 2.6%, mostly as a result of the allocation of the net profit of the Bank. The plan at this rate has exceeded by 1.6%.

In the case of off-balance sheet liabilities, the total potential liabilities resulting from issued insurance policies for the insured's claims from commercial and non-commercial risks covered by reinsurance contracts, liabilities based on factoring and liabilities based on customs guarantees, at the end of 2023 amount to MKD 1.102 million which represents an increase of 25.7% compared to the previous year and exceeding the plan for the current year by 13.3%.

BALANCE SHEET (in thousands MKD)	Plan 31.12.2023	Status 31.12.2022	Index
Cash and cash equivalents	877.701	1.056.610	83.1
Loans and receivables from banks	16.892.230	14.478.967	116.7
Loans and receivables from other entities	242.867	111.562	217.7
Investments in securities	341.097	343.433	/
Other receivables	16.761	9.635	174.0
Intangible assets	1.585	1.470	107.8
Real estate and equipment	101.097	105.377	95.9
<b>TOTAL ASSETS</b>	<b>18.473.338</b>	<b>16.107.054</b>	<b>114.7</b>
Liabilities for loans	14.778.949	12.518.817	118.1
Special reserve and reservation	37.074	33.962	109.2
Income tax liabilities (current)	5.653	628	900.2
Other liabilities	19.997	13.532	147.8

<b>TOTAL LIABILITIES</b>	<b>14.841.673</b>	<b>12.566.939</b>	<b>118.1</b>
Registered capital	1.998.862	1.998.862	100.0
Other reserves	1.541.253	1.496.978	103.0
Retained earnings/accumulated losses	91.550	44.275	206.8
Total equity and reserves	<b>3.631.665</b>	<b>3.540.115</b>	<b>102.6</b>
<b>TOTAL LIABILITIES AND EQUITY AND RESERVES</b>	<b>18.473.338</b>	<b>16.017.054</b>	<b>114.7</b>

Potential assets			
Potential liabilities	1.102.143	876.724	125.7

### Assets structure: 2022

Net-loans: 90.6%  
Monetary assets: 6.6%  
Other assets: 2.9%

### 2023

Net-loans: 92.8%  
Monetary assets: 4.8%  
Other assets: 2.5%

### Liabilities structure: 2022

Loan liabilities: 77.7%  
Equity and reserves: 22.0%  
Other liabilities: 0.3%

Loan liabilities: 80.0%  
Equity and reserves: 19.7%  
Other liabilities: 0.3%

## 11. Income Statement

In 2023, DBNM achieved a positive financial result in the amount of MKD 91.6 million, i.e. twice as high as the previous year and above the financial plan for the current year. Increased net income from regular operations as a result of intensification of the Bank's activities, the trend of interest rate growth and rational management of operating costs have the greatest impact on the increase in profit.

Net interest income, which represents a basic component in the formation of the Bank's total income, in the current year reached MKD 159.9 million, i.e. they recorded an annual growth of 59.2%. Net income from commissions and fees that come from activities in credit insurance and commission operations amount to MKD 62.2 million, with a growth of 67.7%. The other revenues from operations amount to MKD 13.7 million.

Regarding expenses, general and administrative costs and depreciation were realized in the amount of MKD 102.4 million, which is an increase of 20.5% compared to 2022, primarily as a result of the increased prices of labor, goods and services. In relation to the plan for 2023, a saving of 13.9% has been achieved in operational costs. The correction of the value of the financial assets, on a net basis, showed an expenditure in the amount of MKD 30.1 million.

INCOME STATEMENT (in thousands MKD)	01.01.2023	01.01.2022	Index
	31.12.2023	31.12.2022	
Interest income	292.168	191.138	152.9
Interest expenditures	-132.290	-90.684	145.9
<b>Net interest income/expenditures</b>	<b>159.878</b>	<b>100.454</b>	<b>159.2</b>
Income from commissions and compensations	91.982	80.231	114.6

Expenditures for commissions and compensations	-29.761	-43.137	69.0
<b>Net income/expenditures from commissions and compensations</b>	<b>62.221</b>	<b>37.094</b>	<b>167.7</b>
Net income/expenditures from exchange differences	-1.128	-4.094	28.1
Other income from the activity	13.691	21.305	64.3
Correction of value of cash, net-basis	-30.063	-20.451	147.0
Loss due to impairment of non-financial assets, net basis	0	0	0
Expenditures for employees	-65.936	-50.032	131.8
Depreciation	-7.167	-6.457	111.0
Other expenditures from the activity	-29.279	-28.444	102.9
Profit/Loss before tax	102.217	49.461	206.7
Income tax	-10.667	-5.186	205.7
<b>PROFIT/LOSS FOR FINANCIAL YEAR</b>	<b>91.550</b>	<b>44.275</b>	<b>206.8</b>

**Net-income structure:  
2022**

Interest: 64.9%  
Commissions and compensations: 24%  
Other income: 11.2%

**2023**

Interest: 68.1%  
Commissions and compensations: 26.5%  
Other income: 5.4%

**Expenses structure:  
2022**

For employees: 58.9%  
Operating expenses: 33.5%  
Depreciation: 7.6%

For employees: 64.4%  
Operating expenses: 28.6%  
Depreciation: 7.0%

## IV. BUSINESS ACTIVITIES

### 12. Crediting

In 2023, DBNM maintained the combined model of lending to customers through commercial banks and directly. DBNM's credit activities are financed from its own sources and other sources, i.e. funds provided by international financial institutions and funds for commission operations.

#### Structure of the credit portfolio in sources of funds:

2022	2023
Loans on its own behalf: 234.7%	Loans on its own behalf: 274.1%
Loans on behalf of RNM: 66.1%	Loans on behalf of RNM: 62.2%

DBNM's financing sources:

- Own funds:
  - o Credit lines
- Other funds:
  - o Credit lines
  - o Other activities (commission operations, agency)

#### 12.1. Credit lines from DBNM's own funds

From DBNM's own funds, several credit lines have been created in order to meet the development goals of the Bank, as follows: credit line for development of micro, small and medium-sized enterprises (amount up to EUR 500,000 with a repayment period of up to 1 year); credit line for financing production intended for export (amount up to EUR 2,000,000 with a repayment period of up to 2 years); credit line for financing fixed working capital (amount up to EUR 300,000 and a repayment period of up to 3 years); a credit line for digitalization and digital transformation (amount up to EUR 300,000 and a repayment period of up to 8 years), and a credit line for EE and RES (an amount of up to EUR 500,000 and a repayment term of up to 12 years).

#### 12.2. Credit lines from international financial institutions

##### 12.2.1. EIB credit lines

In 2023, DBNM implemented the EIB 7 credit line, and at the same time continued to use and implement the rest of the credit lines from the revolving fund of the credit lines from the first to the fifth arrangement with the EIB.

The EIB 7 loans in total amount of EUR 100 million are intended for financing fixed assets, permanent working capital and mid-cap companies, and green transition projects. They are placed to the end users under extremely favorable conditions, with a fixed interest rate of up to 3.5% annually. The funds from this credit line support the following credit programs:

Name of credit program from EIB 7	Amount of separate loan to the end users	Repayment period	Grace period included	Intention

Investment loans for SMEs with up to 250 employees	From EUR10.000 To 3.500.000	Up to 12 years	Up to 2 years	<ul style="list-style-type: none"> <li>- Purchase of real estate (except for land)</li> <li>- Purchase of equipment</li> <li>- Purchase of working capital (not exceeding 30% of the loan value) and</li> <li>- investments in intangible assets</li> </ul>
Loans for permanent working capital for SMEs with up to 250 employees	From EUR 5.000 To 666.700	Up to 3 years	Up to 6 months	<ul style="list-style-type: none"> <li>- purchase of working capital</li> </ul>
Loans for mid-caps with employees from 250 to 3000	To EUR 6.000.000	Up to 12 years	Up to 12 years	<ul style="list-style-type: none"> <li>- financing projects in knowledge-based economy, energetics, ecology, industry, tourism, healthcare, education, services, green transition etc.</li> </ul>

### 12.2.2. Credit loan for financing micro, small and medium-sized enterprises from the German Development Bank –KfW

The funds from this credit line consist of three phases. DBNM is appointed as the Head of the Fund formed from the funds of the credit line from the first phase (KfW1), while in the second and third phase (KfW2 and KfW3), DBNM appears in the role of a borrower. The funds are placed through commercial banks and saving houses. The amount of loans is up to EUR 300,000 with a repayment period of up to 11 years. Beneficiaries of the loans are micro and small-sized enterprises, individual entrepreneurs, craftsmen, private traders, market stalls and other micro and small business entities.

### 12.3. Other credit lines and projects

#### 12.3.1. "Lending for self-employment" Project

In 2008, the "Lending for self-employment" project started being implemented (the project has been carried out by the Employment Agency of the Republic of North Macedonia). The aim of the project was to create an efficient system of economic and social support and productive engagement of the unemployed people in the country. The credit program is aimed at supporting the long-term unemployed beneficiaries, users of compensation on the grounds of unemployment, and first-time young people to be employed. The loans are approved with a fixed interest rate of 1% per year, during which the interest is not paid in the grace period, and the beneficiaries of funds from this program are obliged not to be able to return to the register of unemployed at least during the loan repayment period.

#### 12.3.2. Renewable Loan Fund/Agricultural Credit Discount Fund (RLF/ACDF)

This credit line has been implemented since 2003 through financial institutions - participants (banks and saving houses). Starting in the middle of 2010, with the Agreement on Administration made with the Ministry of Finance, administration of "RLF/ACDF" credit line has been transferred from the Ministry of Finance to DBNM. The repayment period and the grace period are negotiated with financial institutions - participants, the interest rate is fixed, and the purpose is for primary agricultural production, processing of agricultural products, export of primary agricultural products and their products. The ACDF credit line also supports individual farmers registered in the respective register.

### 12.3.3. Compensation Funds: Credit line for production, processing and export of agricultural products

The credit line for production, processing and export of agricultural products (Credit Line from Compensation Funds) started its implementation in 2012 and was established in order to directly support companies engaged in the production, processing and export of agricultural products. Loans are placed at a fixed annual interest rate of 1%; repayment period is up to 10 years with included grace period of up to 2 years for fixed assets, i.e. up to 2 years with included grace period of up to 1 year for working capital.

### 12.3.4. Credit line for working capital for companies affected by the energy and economic crisis through participating banks (Measure 2)

To overcome the consequences of the energy and economic crisis, DBNM and the Ministry of Finance have concluded an Agreement for Administration of a credit line for increased energy prices through participating banks (Measure 2 of the Government of RNM). The maximum amount of the loan per end user is MKD 60.000.000 (DBNM and the participating bank jointly participate in the structure of the loan in a ratio of 50:50), while the maximum repayment deadlines are 36 months, including a grace period of 12 months. The interest rate for end users is 0%.

### 12.3.5. Credit line for working capital for companies affected by the energy and economic crisis through direct lending by DBNM

Similarly, DBNM and the Ministry of Finance have made an Agreement for Administration of a working capital credit line for companies affected by the energy and price crisis through direct lending by DBNM. The maximum amount of the loan per end user is MKD 1,845,000 (micro, small and medium-sized companies) and MKD 615,000 (TC and craftsmen). Repayment terms are from 18 to 36 months, including a grace period of 6 months.

### 12.3.6. Development Fund - Credit line for financing energy efficiency (EE) and renewable energy (RES) projects through participating banks (Measure 3)

An Agreement was made between DBNM and the Ministry of Finance for the administration of a Development Fund through which a credit line was introduced for the financing of energy efficiency (EE) and renewable energy (RES) projects through participating banks (Measure 3 of the Government of RNM). The maximum amount of the loan per end user is MKD 18,450,000 for an energy efficiency loan and MKD 29,520,000 for a renewable energy loan, with the maximum repayment term being 8 years, including a grace period of 1 year for an energy efficiency loan and 12 years including a 2-year grace period for the renewable energy credit.

During 2023, DBNM disbursed loans totaling EUR 106.8 million to support 878 projects. The bank also has a diversified structure by activities and purpose.

Item	Source	Amount in EUR	No. of projects
12.1	Own funds	11,701,428	75
12.2.1	EIB	73,530,000	254
12.2.2	KfW	937,500	27
12.3.1	Self-employment	325.000	108
12.3.2	RLF/ACDF	1,018,398	89
12.3.3	LF (agriculture)	6,712.794	32

12.3.4	ZCE	2,465,894	16
12.3.5	ECK	7,210,809	262
12.3.6	Development Fund:	2,917,488	15
	<b>Total</b>	<b>106,819,311</b>	<b>878</b>

### Structure of credit portfolio by activities

	2022	2023
Production:	46.6%	51.9%
Trade:	17.4%	16.6%
Agriculture:	14.8%	17.2%
Transport:	8.5%	7.5%
Other:	12.7%	6.8%

### Structure of credit portfolio by purpose

	2022	2023
Ivenstments:	56.0%	57.4%
Other assets:	44.0%	42.6%

## 13. Insurance of receivables:

### 13.1. Instruments for insurance of receivables (foreign and domestic)

DBNM is a development institution that insures foreign and domestic receivables against short-term commercial and political risks. The bank offers the following insurance tools:

- Insurance against short-term commercial risks:
  - before delivery of the goods, i.e. the services (bankruptcy);
  - upon delivery of the goods, i.e. services (bankruptcy, prolonged non-payment).
- Political risk insurance:
  - risk of war or similar events;
  - risk of license revocation;
  - termination of contract.

### 13.2. Reinsurance contract

In 2023, the Bank reinsured the total insured foreign and domestic portfolio. The reinsurance was carried out in accordance with the concluded quota (compulsory) reinsurance contract with the reinsurers Atradius RE based in the Republic of Ireland and Liberty Mutual Insurance Europe SE based in Luxembourg. With the quota contract for reinsurance, more favorable conditions were achieved in relation to the assumed risk, premium rates, insured risks, and other conditions compared to previous years. According to the quota contract for reinsurance, DBNM assumes 35%, and the reinsurers assume 65% of the insured risk of DBNM for approved credit limits up to EUR 1,500,000. For approved credit limits for buyers over EUR 1,500,000, DBNM assumes 20% of the insured risk, and reinsurers assume 80% of the insured risk. The individual risk by the reinsurers is as follows:

#### Risk assumption in credit reinsurance

for credit limits to EUR 1.500.000

DBNM: 35%  
Reinsurers: 65%

for credit limits above EUR 1.500.000

DBNM: 20%  
Reinsurers: 80%

Atradius RE: 60%  
Liberty Mutual Insurance ESE: 40%

Atradius RE: 60%  
Liberty Mutual Insurance ESE: 40%

### 13.3. Insurance against short-term commercial risks

During 2023, DBNM signed insurance policies against short-term commercial risks for foreign and domestic receivables, with 72 insured entities, and credit limits were approved for over 490 domestic and foreign buyers.



Receivables with a total value of EUR 121 million (+17% compared to 2022) have been secured, of which foreign receivables in the amount of EUR 76 million in 33 countries, and EUR 45 million for domestic. At the same time, the Bank, due to insured events (bankruptcy and prolonged non-payment), was paying out damages to the insured.

#### Scope of insured receivables

2022	2023
Foreign receivables: 70%	76%
Domestic receivables: 33%	45%

### 14. Factoring

Factoring is a flexible financial instrument that enables improvement of the cash flow and liquidity of the company. Factoring is a specific form of short-term financing where DBNM acting in the capacity of "factor" and based on a contract concluded in writing, assigns/purchases foreign receivables of another domestic entity (creditor) entitled to recourse. The contracting parties in factoring are Seller/Exporter of goods and services who issues an invoice; Debtor/Buyer of the goods or services and factor - entity/DBNM that performs the factoring, i.e. the redemption of the claim.

DBNM performs factoring with the right of recourse on foreign and domestic receivables. Therefore, the Bank contributes to easier short-term financing of companies for their current needs; improving cash flow; accelerating business cycles; increasing working capital and ensuring business growth and development, especially for export-oriented companies.

Factoring fully confirms its role as an alternative and specific way of financing which becomes more popular and used, given the experiences abroad and the needs of Macedonian companies for working capital to finance their needs. During 2023, through factoring DBNM supported the liquidity of Macedonian companies with a total of over EUR 20.6 million in redeemed receivables. EUR 5.4 million of those were aimed at supporting export of Macedonian products and services, for redeeming receivables to buyers located in more than ten countries in the region and within EU.

**Scope of redeemed receivables:**

<b>2022</b>	<b>2023</b>
International factoring: 5.4%	5.4%
Domestic factoring: 3.5%	15.2%

**15. Guarantees**

## 15.1. Guarantee fund

The Guarantee Fund is formed with the Agreement on Issuance of Guarantees from the Guarantee Fund concluded by DBNM and the Ministry of Finance. The purpose of the Guarantee Fund is to support micro, small and medium-sized enterprises in the Republic of North Macedonia, especially in conditions of economic, energy and price crisis, so that they can more easily obtain the necessary financial resources for normal functioning. The purpose of the Guarantee Fund is to support the private sector through banks and savings banks (portfolio guarantees) or directly (individual guarantees), by providing part of the collateral for issued loans. The maximum guaranteed percentage for portfolio guarantees is up to 80% for loans intended for working capital and up to 50% for loans intended for fixed assets. So far, ten banks and one savings bank are included in the state guarantee scheme. Beneficiaries of the individual guarantees are large traders who carry out export, i.e., trading companies in which the revenues based on exports have a share of at least 30% in the total realized revenues in the fiscal year that precedes the year in which the guarantee is approved. The maximum guaranteed percentage in individual guarantees is up to 50% of the amount of the loan.

As of 31.12.2023, DBNM has issued guarantees from the Guarantee Fund for disbursed loans in the total amount of EUR 25 million (+155% compared to 2022) which supported 299 clients.

## 15.2. Customs guarantees during importation for the purpose of refinement

In order to support export companies that export services, i.e. import goods for the purpose of refining and re-exporting, DBNM shall approve guarantees for customs debt when importing for refining. This is a financial instrument that companies, according to the current legal regulations, have the obligation to deliver to the Customs Administration of the RNM, as security for any customs debt incurred during the importation of materials for refining. For companies that according to the main activity, belong to the manufacturing industry, the maximum amount for guarantee for customs debt is EUR 390,000, while for other small and medium-sized enterprises the maximum amount of guarantee is EUR 250,000. The guarantees are valid for up to 12 months.

As of 31.12.2023, the exposure of DBNM based on customs guarantees issued amounted to EUR 1.60 million for clients, which represents a growth of 34% compared to the previous year.

**Exposure based on customs guarantees**

2022: 1.19	2023: 1.60
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**16. Risk management**

DBNM JSC Skopje has a well-established risk management system and continuously manages risks in accordance with the nature, type and scope of financial activities it performs. The

established risk management system includes efficient risk management process that is based on the defined acceptable level of risk and the established risk culture, appropriate organizational set-up of risk management, process of determining the internal capital and process of determining the internal liquidity.

DBNM has established a system for managing all material risks to which it is exposed. Material risks are determined in accordance with the internal methodology according to which a qualitative assessment is used, i.e., assessment of the impact of a certain operating risk, as well as historical data on the number of losses that can be associated with a particular risk. Risk is the probability that a certain activity or event will have a direct negative impact on the profit and/or own funds or cause difficulties in achieving the Bank's goals. Risk is properly managed when it is identified, understood, assessed, monitored, and controlled. Appropriate risk management is based on internal acts for identification, assessment, control and follow-up of individual risks, rules for stress testing, rules for introducing a new product, rules for using outsourced services, as well as an appropriate information system. Additionally, risks are not identified and assessed in isolation, therefore one transaction may carry several types of risks and one type of risk may have the effect of increasing other risks.

The Bank covers at least the following risks: credit risk; country risk; credit risk resulting from foreign exchange risk; credit exposure concentration risk; liquidity risk; currency risk; risk of interest rate changes in a portfolio of banking activities; operational risk; reputation risk and strategic risk.

#### 16.1. Credit risk

Credit risk is a risk of loss for the Bank, due to the inability of the client or another contracting party to settle its liabilities in the agreed amount and/or agreed deadlines. Given the fact that all changes in macroeconomic indicators in a country lead to qualitative changes in customers, in addition to credit risk, the bank includes the risk of the country. Loans are the largest and most obvious source of credit risk. However, there are other sources of credit risk that exist from the performance of the bank's activities and are included in the balance sheet and off-balance sheet records.

DBNM controls credit risk by establishing policies and procedures that establish a system of internal controls with a risk-taking effect. Namely, the bank performs the activities on the basis of defined criteria for new credit risk exposures, as well as for the distribution of the existing credit risk exposures. Before approving any activity that has an impact on credit exposure, the bank shall assess the risk profile on an individual basis (client/transaction) which includes the following: assessment (quantitative and qualitative) of the creditworthiness of the client/other party and neatness of the client in settling their obligations. The Bank assesses the need and appropriate final impairment of the active balance sheet claims, i.e. it allocates a special reserve for the off-balance sheets' items arising from each credit agreement by determining the present value of future cash flows arising from those claims. The Bank determines the amount of the expected credit loss at least once a month on an individual basis for all credit exposures.

As of 31.12.2023, the total amount of impairment/special reserve is 0.36% of the total credit risk exposure, whereas the exposure to credit risk within category E is 0.07%. These two indicators indicate a low level of risk of DBNM's portfolio.

#### 16.2. Country risk

Country risk is the risk that economic, social and political environment and events in a particular foreign country will affect the Bank's operations. In order to address this risk, the bank establishes an adequate system of identification, assessment, monitoring and control, taking into account that the country's risk is not limited only to exposure to persons which domicile country is other than the Republic of North Macedonia, but also considers the factors which may affect the exposure to domestic entities, if the creditworthiness of the entity is under significant impact of events in another country. Country risk management is integrated with the credit risk management process. The purpose of the Bank's risk management policy is to provide the necessary preconditions for identifying the bank's risk exposure to the country and limiting the exposure according to the level of risk. Country risk exposure is calculated individually for each credit risk exposure. For each classification of the country, a percentage of loss is predicted in accordance with the Credit Risk Management Policy. Country risk is calculated as a percentage of net credit exposure.

### 16.3. Credit risk arising from foreign exchange risk

Credit risk arising from foreign exchange risk to which the resident-loan beneficiary is exposed to is an integral part of the credit risk and is integrated into the risk management system. Credit risk arising from the exchange rate risk to which the resident-loan user is exposed is the current or potential risk to equity and profit arising from the inability of the resident-loan user to perform their obligations regularly in accordance with the loan agreement, and therefore, changes in the exchange rate negatively reflect, i.e. increase the borrower's liabilities. This risk is related to the currency in which loans or other placements are granted. Namely, credit risk arising from the exchange rate risk occurs in a non-adjusted foreign exchange position (non-compliant structure of foreign currency receivables and liabilities) of the borrower according to the currency and maturity. Currency induced credit risk is inherent in the bank because part of the assets and liabilities are denominated in foreign currency or in domestic currency but indexed to a foreign currency.

### 16.4. Exposure concentration risk

Exposure concentration risk is any individual exposure or group of exposures that could potentially cause a sufficiently large loss and may affect the financial position of the Bank or the regular performance of its activities. The risk management is done by the Bank with establishment of exposure limits, as well as definition and monitoring of large 'exposure' to certain persons, in accordance with the criteria defined in the Law on DBNM and other bylaws.

### 16.5. Liquidity risk

Liquidity risk is a current or future risk when the Bank is not able to provide sufficient funds to settle its short-term liabilities at the time of their maturity or to provide the necessary funds at much higher costs. The basic principles and rules for liquidity risk management are set out in the Liquidity Risk Management Policy and Procedures. In order to manage liquidity, the bank maintains the required level of liquid assets, continuously monitors the current liquidity, and provides sufficient MKD and foreign currency funds for timely settlement of liabilities and payment of approved loans. The current surpluses of liquid assets are placed in liquid securities, in short-term loans of commercial domestic banks and in deposits with foreign banks.

### 16.6. Interest rate risk in the banking portfolio

Interest rate risk in the portfolio of banking activities is a risk of loss arising from adverse changes in interest rates, which affect the items in the portfolio of the Bank's banking activities. The management of this risk, which has a direct impact on the income and the economic value of the bank's portfolio of banking activities, is part of the integrated risk management system in the bank. DBNM establishes a system for managing risk of interest rate risk in accordance with the scope and type of activities it performs, as well as the degree of exposure to interest rate risk.

#### 16.7. Currency risk

Currency risk is a risk of loss due to changes in cross-currency exchange and/or changes in the value of the MKD in relation to the value of other foreign currencies. The Bank establishes a system of identification, measurement, monitoring and control of currency risk which is exposed in its operations, which covers all activities, and transactions that are recorded in the balance sheet and off-balance sheet records in foreign currency and MKD indexed in foreign clause.

DBNM usually places funds from foreign sources in the same currency or in MKD with FX clause in the currency of the origin of the funds. The policy of the Bank is to manage the positions in foreign currency or in MKD with foreign currency deposit in a way that enables monitoring, controlling and mitigating the negative impacts of the exchange rate changes on the stability of the financial position of the Bank.

#### 16.8. Operational risk

Operational risk is the possibility of loss for the bank and a negative effect on the Bank's capital as a result of inadequate or weak internal processes, inadequate entities and inadequate or weak systems in the bank, as well as external events that may cause a loss. Compared to credit and market risks, this risk cannot generate higher returns. Operational risk includes the following:

- Legal risk - current or future risk on the Bank's profit and own funds, caused by breach or non-compliance with laws and bylaws, contracts, prescribed practices, ethical standards or as a result of misinterpretation of regulations, rules, contracts and other documents;
- Risk of money laundering and financing of terrorism - the bank intentionally or unintentionally engages in activities that in accordance with existing legislation and international standards, constitute money laundering or financing of terrorism;
- Risk of inappropriate information systems - is a risk of loss for the Bank due to loss, unauthorized use or unavailability of information, information assets and/or services offered by the Bank.

Operational risk management is part of an integrated approach to manage all the risks to which the bank is exposed. Operational risk management is implemented at every level within the organizational structure and at the same time it is integrated in the daily activities of DBNM. In this way it is possible to minimize the possibilities for the occurrence of loss events, to improve the quality of the work processes and the services of the bank, as well as the increase of the efficiency in performing the activities. Through constant training and education of employees, monitoring the frequency and prevention of errors, efforts are made to reduce the exposure to operational risk. Reputation risk and strategic risk are not included in the operational risk definition.

#### 16.9. Reputation risk

Reputation risk is a current or future risk to the Bank's profit or own funds arising from unfavorable perceptions from customers, creditors, shareholders, investors and regulators of the bank's operations. It is the responsibility of all employees to protect the bank's reputation. A system of regular monitoring of the Bank's activities for reputation risk management has been established, as well as activities for reducing the probability for occurrence of some of the sources of this risk. Given the shareholder structure, as well as the fact that reputational risk is a risk of losing confidence in the bank that affects profits and equity due to unfavorable business opinion regardless of whether there is a real basis for such an opinion, the impossibility of predicting this risk based on real indicators, as well as the lack of possibility for adequate quantification of this risk; the Bank establishes a proactive approach to the reputation risk management process.

During 2023, neither external nor internal reputational risks were identified. In all media reports, the Bank is mentioned in a positive and neutral context. To the questions received through the e-mail service and social media, as well as the requests and complaints received, DBNM responded promptly and fully.

#### 16.10. Strategic risk

Strategic risk is the current or future risk to the Bank's profit or own funds, which arises from changes in the business environment, adverse business decisions, improper implementation of decisions or insufficient response of the bank to changes in the business environment. The Bank's policy is the adoption of strategic decisions to be a rational and objective process in function of strategic risk management, which will result in the same result regardless of who implements it. DBNM has established a system of regular monitoring of the Bank's activities for strategic risk management, as well as the activities for reduction of the probability of occurrence of some of the sources of this risk.

### 17. Capital adequacy

DBNM has established a policy for maintaining own funds in order to provide and continuously ensure an adequate level of own funds depending on the type and scope of financial activities and the number of risks to which the bank is exposed as a result of those activities. The Bank's policy is to maintain its own funds in order to maintain the capital adequacy ratio in order to ensure that the bank will remain solvent in the long run.

As of 31.12.2023, the capital adequacy ratio of DBNM is 24.91%, which indicates a high solvency of the Bank.

### 18. Compliance of DBNM's operations with the legal regulations

The compliance control service independently performs identification and monitoring of the risks of non-compliance of the Bank's operations with the regulations. In the course of 2023, the Office continuously monitored the compliance of the Bank's operations with the regulations and the prevention of money laundering and financing of terrorism in addition to the adoption of the draft regulations, the adoption of new laws and bylaws, amendments to the valid regulations and assessed their impact on the Bank's operations. The members of the Supervisory Board, the Management Board and the employees of the Bank were promptly informed about the changes in the laws and bylaws and were advised about their application. The necessary measures and activities were continuously undertaken in order to harmonize the Bank's operations with the

new/amended regulations. Also, adhering to the regulations related to the Bank's operations and the Bank's internal acts was monitored and the members of the Supervisory Board and the Management Board were informed about it.

During 2023, the compliance control service of the Bank's operations with the regulations and AML/CFT by providing recommendations, actively participated in drafting and revising the Bank's internal acts in order to harmonize them with the new laws and by-laws. Internal trainings were conducted, and employees were informed about the ways of implementing the new legal regulations and internal acts of the Bank in their daily operations. Moreover, there was continuous control of the fulfillment of the Bank's obligations regarding the timely delivery of reports to external institutions and internal reports, giving opinions and recommendations during the execution of current activities of the departments/services for consistent application and compliance with the legal regulations. The Management and Supervisory Board of the Bank were regularly informed about the activities undertaken in order to fulfill the function of control of compliance of the bank's operations with the regulations, through the monthly and semi-annual reports.

### **19. Activities pursuant to the law on prevention of money laundering and financing of terrorism**

DBNM is an entity obliged to take measures and actions to prevent money laundering and financing of terrorism in accordance with the Law on Prevention of Money Laundering and Financing of Terrorism. In order to prevent this type of risk, the Bank has adopted and is applying a Program for efficient reduction and management of the identified risk of money laundering and financing of terrorism.

During 2023, the Bank implemented measures and activities in accordance with the Law on Prevention of Money Laundering and Financing of Terrorism, monitored the Bank's compliance with changes in domestic regulations and undertook activities to improve the internal system and processes in the area of prevention of money laundering and financing of terrorism.

### **20. Information system security**

The information system security policy defines the application of international security standards and protective mechanisms for reducing the risk of causing damage and minimizing losses, as well as operational risk management. It was created in order to ensure confidentiality, integrity and availability of information system assets, to ensure uninterrupted delivery of information, data and services and to protect employees from human error. The information system security policy has been expanded to include threats from the digital space.

DBNM has developed guidelines for risk assessment, which is the basis for conducting a successful and detailed risk assessment on the information system. It follows world trends and is ready to respond accordingly. The bank also considers threats from the digital space as a risk. The qualitative method was applied in the assessment procedure. An analysis and assessment of the risks for the security of the information system, as well as at least two reports related to the security of the information system, are submitted to the management bodies on an annual basis.

At least once a year, the Bank participates in the external assessment of the security of the SWIFT system. The IT sector and the security of the information system are also part of the annual report of the Internal Audit Service. In addition, the Bank has successfully implemented the

measures, recommendations, management, requirements, controls of the SWIFT service that were introduced in order to strengthen the security of the local computer network as a point where hacker attacks are concentrated.

The Continuity Plan of the Bank's operations provides for the establishment of a plan for continuation of operations in cases when a critical interruption of the business processes is caused, during which the Bank is not able to fulfill its business tasks. The plan includes strategies, activities and procedures for the continuation of business operations and functions related to the restoration of communication and information assets. The Disaster Recovery Plan is an integral part of the Continuity Plan, and the Bank has also a backup data center, at an appropriately distanced location. The Continuity Plan is tested at least once a year, and the management bodies are notified of the same through an appropriate record, which is also given to the regulator for inspection.

In DBNM, the controls in the field of information system security are strengthened regularly. It follows the world trends in the field of crime in the digital space (cybercrime), and takes administrative, organizational, and technical measures to reduce these threats. The Bank also constantly trains employees to recognize threats from the digital space, i.e., it works on the "awareness" of employees regarding the dangers of the digital space, through internal and external trainings. The IT department and the person in charge of the information system security work in synergy, complement each other and continuously upgrade the security of the Bank's information system.

## **21. Information technology**

During 2023, the Information Technology Department provided continuous ICT support to the business processes in the Bank. Significant activities that have been successfully implemented are as follows:

- Continuous activities regarding upgrading and modification of the existing Integrated Banking Information System (IBIS). They refer to the implementation of new functionalities for more efficient execution of business activities as well as to satisfy the regulatory requirements;
- Successful implementation of procedures for procurement of computer equipment, upgrading software solutions and maintaining the current systems;
- Migration i.e. upgrade of outdated operative systems with new versions;
- In accordance with the needs for raising the level of risk resistance in the digital space as well as the SWIFT requirements for implementation of security mechanisms, the Bank undertook penetration testing and independent assessment of the SWIFT system.

## **22. Internal audit**

The Internal Audit Department is an independent organizational unit, which is functionally and organizationally separated from the other organizational units in the Bank, hierarchically located above the operational organizational days, and directly under the Supervisory Board and the Audit Committee. The main purpose of it is to provide impartial and independent assessment of the adequacy and effectiveness of the internal control system, assessment of the implementation of risk management policies, assessment of the accuracy of accounting records and financial statements, compliance with internal policies and procedure of the Bank with the legislation, as well as the general efficiency in the operation of DBNM.

The internal audit during 2023 performed its activities in accordance with the Annual Work Plan and Program, prepared on the basis of a preliminary analysis of the Bank's basic business processes and the potential risks to which all business outflows are exposed. The Annual Work Plan and Program are approved by the Supervisory Board of the Bank. During 2023, the Internal Audit Department performed 12 regular audit audits, monitored the implementation of the given recommendations, regularly reported to the Bank's Supervisory Board and cooperated with the Management Board, the Audit Committee, and the Supervisory Board of the Bank.

### **23. Planning and analysis**

Planning is a creative, continuous and proactive process by which plans, programs, scenarios, solutions, projects and activities are developed and proposed to achieve the defined priorities. With strategic planning as an activity aimed at the future of the Bank, scenarios are developed, funds are determined for their realization and proposals are made to the management authorities for the needs of making decisions in the short, medium and long term. With the analysis as an activity mainly focused on past events, an assessment of the micro and macro economic conditions in the domestic and global economy is carried out and the management bodies in the Bank are informed about them. The Plan and Analysis Service, as the bearer of the planning and analysis processes in DBNM, carried out the following activities during 2023:

- preparation of a Financial Plan and monitoring of its implementation;
- preparation of Development Plan and business policy and monitoring of their realization;
- preparation of the Annual Report on the Bank's operations;
- analyzes of the Bank's financial operations in the short and medium term;
- analyzes of the domestic and banking system;
- analyzes of development banks from the region;
- analyzes of the financial system and monetary policy;
- macroeconomic analyzes and research as a basis for the introduction of new ones and development of existing products in the Bank;
- analyzes of countries and activities in which the Bank has exposure;
- various statistical analyzes of an economic nature;
- participation in working groups, commissions and other working bodies;
- contribution to deepening the existing and establishing new cooperation with international financial institutions and associations.

### **24. Promotion and marketing**

The main goal of the Bank's promotional and marketing activities is to bring its products closer to existing and potential customers, to explain their characteristics, advantages and qualities and to emphasize the development function that DBNM already has on the Macedonian economy. They are mainly aimed at:

- transparency regarding operations;
- building and maintaining a positive image and reputation;
- building long-term cooperation with clients;
- gaining customer loyalty towards the Bank in the medium and long term;
- retaining existing and attracting new customers;
- financial education and inclusion of the younger population,

During 2023, DBNM mostly carried out promotional and marketing activities through:

- direct promotion and marketing — in cooperation with partner financial institutions, chambers of commerce and associations, associations, non-governmental organizations and marketing coverage throughout the country, DBNM directly maintains contact with existing and potential customers;
- constant participation of experts from the Bank at forums, seminars, workshops and other public events;
- continuous use, upgrading and updating of modern electronic media for mass communication and constant contact with the public. During the year, the bank published twenty-three news items, three public calls and announcements on its website [www.mbdp.com.mk](http://www.mbdp.com.mk) and continuously updated its social media accounts. The members of the Management Board on several occasions gave interviews to the press and electronic media;

## 25. International cooperation

DBNM has been a full member of the International Association of Export Credit Agencies - Berne Union since 1999. In 2023, the Bank actively participated in the work of the Berne Union Annual Meeting, contributing to the achievement and fulfillment of the goals of the association: mutual cooperation, exchange of experiences, acceptance of international standards, promotion of credit insurance, provision of mutual assistance and exchange of information.

DBNM has been a full member of the China-CEEC Inter-bank Association and the countries of Central and Eastern Europe since 2017.



The association was established within the framework of the "17 + 1" initiative and unites the China Development Bank and the respective development financial institutions of the countries of Central and Eastern Europe. The purpose of the Association is to promote the development of economic, social, trade and investment relations through the cooperation of the financial sector.

This year, a representative of the Development Bank was part of the delegation of the Republic of North Macedonia within the bilateral screening of the European Union for Chapter 30: "External relations" in Brussels, where the Bank's products intended to support exports were presented.

DBNM, as the Development Bank of the Republic of North Macedonia, has signed several bilateral cooperation agreements, and actively cooperates with several institutions. With the aim of promoting the Bank, deepening the existing and establishing new cooperation, during the year the representatives of the Bank participated directly and directly as panelists in several specialized forums and conferences and held ongoing meetings with several creditors, development banks and associations from abroad.

## V. ESG REPORTING

### 26. DBNM's commitment to appropriate ESG risk management

The reporting on the manner of treating environmental, social and governance risks is increasingly gaining importance in the financial sector. International investors, creditors and other participants in the financial market have always considered that financial factors alone are not enough to determine the risk profile and value creation potential of banks, but that social action is also needed on their part. Consequently, the ESG risks management is one of the key prerequisites for appropriate planning of activities, but also for preserving and promoting the reputation and importance of DBNM as a development bank.

The Bank's commitment to proper management of ESG risks is mostly articulated through the credit policy, which excludes lending to projects that:

- do not meet environmental protection regulations;
- are from the field of hazard activities;
- relate to wildlife trade;
- relate to the storage of harmful radioactive waste;
- relate to the production and trade of arms;
- include the purchase of securities;
- include exploitative forms of forced labor and child abuse;
- are realized in protected zones and regions of scientific interest;
- are prohibited by conventions relating to the protection of biological resources or cultural heritage.

With the agreements concluded by DBNM and foreign creditors, the Bank undertakes an additional obligation not to finance projects that:

- relate to experiments with live animals;
- are ethically and morally controversial (GMOs, abortion clinics, nuclear energy, cloning, etc.);
- relate to tobacco production and trade;
- are related to the mining, production, refining, transportation and distribution of coal, oil and natural gas.
- contravene the principles of the United Nations for the protection of human rights;
- are subject to economic sanctions by the United Nations and the EU.

Taking the above into account, DBNM is in the process of implementing measures and activities for the appropriate management of ESG risks, which will contribute to further strengthening the Bank's reputation and improving cooperation with its partners and clients. They are generally realized within three pillars: environment, human resources and social affairs, and business ethics and governance.

### ESG COMMITMENT TO DBNM

Environment  
governance

HR and Social affairs

Business ethics and

- green crediting management
- responsible resource use
- waste management corruption
- working conditions
- health and safety at work
- training for employees
- human rights security
- relations with community
- corporate
- work ethics
- fight against
- data privacy and security

## 27. Environment

As an environmentally-friendly Bank, DBNM manages environmental risks through two levels: (a) green lending, i.e. placement of loans in projects in the field of environmental preservation, energy efficiency and renewable energy sources and (b) care for the environment in daily operations, i.e. responsible use of resources and waste management.

### 27.1. Green lending

Pursuant to the provisions of the Law on DBNM, one of the basic tasks of the Bank is to finance EE projects, provide environment and protect the environment and RES. During 2023, DBNM played a significant role in addressing the energy and price crisis faced by domestic companies by placing credit lines with favorable interest rates. Among the companies, adjustment in relation to the consumption of electricity through investments for energy efficiency and investments in renewable energy sources was needed. These investments should provide them with long-term savings in energy costs, market sustainability, as well as environmental protection.

In that sense, the Bank realized two specialized credit lines, namely: (a) for energy efficiency and renewable energy sources from its own funds and (b) for energy efficiency and renewable energy sources from the Development Fund, which functions on behalf of the state. As of 31.12.2023, the portfolio of green loans from the two credit lines amounts to EUR 18.4 million, which represents a growth of 22.7% compared to the previous year.

#### Green loans portfolio

<b>2022</b>	<b>2023</b>
15.0%	18.4%

With the concluded agreement for the EIB 7 credit line, which has a green component in the amount of EUR 30 million, and for the AFD credit line, which has a green component in the amount of EUR 38 million, green lending to companies by DBNM will be further strengthened in the next period.

### 27.2. Care for the environment

In addition to green financing, the Bank is also concerned about the impact that its operations have on the environment. Measures are implemented to save electricity, which consist of: turning off the lights when leaving the room and when there is enough daylight; replacement of old incandescent lamps with compact fluorescent lamps, with the option of sensor lamps; ban on using

additional heating and cooling devices; prescribing the minimum and maximum operating temperature of the air conditioners depending on the time of year; recommendations for turning off IT devices after the end of working hours, for avoiding the use of elevators, for reducing printing, etc. These measures contributed to the total consumption of electricity in 2023 decreasing from 78,701 kWh to 76,623 kWh (-2.6%), and the consumption per employee from 1,513 kWh to 1,321 kWh (-12.7%). About 9% of the electricity consumed comes from production from renewable energy sources.

The bank also pays attention to water consumption. In 2023, an almost identical amount of water was consumed compared to the previous year, but the consumption per employee decreased from 19 m<sup>3</sup> to 16 m<sup>3</sup>. At the same time, measures are being taken to reduce fuel consumption and carbon dioxide emissions. Official vehicles with the Euro 6 AP standard are used, which affect fuel consumption and reduce air pollution. As a result, fuel consumption per employee is reduced from 78 liters to 72 liters, i.e. the emission of carbon dioxide into the atmosphere is reduced by 14.4 kg per employee (under an assumed carbon dioxide emission value of 2.4 kg/ l).

The Bank constantly influences the reduction of waste generation, through the responsible use of paper, electronic application and communication with customers and digitization of processes. The generated waste is selected and taken over by authorized operators for its recycling. In order to reduce the consumption of paper, the activities for digitalization of the processes were continued, which is why the introduction of a document management system (Document Management System-DMS) is in its final phase.

DBNM, as a development and socially responsible institution, strives to be an example and contribute to the creation of a "green" and sustainable economy, which will ultimately ensure the advancement of the companies' operations and economic growth and development, as well as a healthy living environment for the current and future generations.

## 28. Human resources and social issues

### 28.1. Human resources

DBNM is an institution that is aimed at and committed to develop and offer a working environment and a system of personal and professional development and progress of employees as its most important resource. There is a clear and transparent procedure for employment in the institution where the process of selection of each new employee is based strictly on personal integrity, candidates' abilities and equal opportunities. Workers have the right to unionize, human rights are consistently respected in accordance with the Constitution and laws, and the highest standards of protection and safety in the workplace are implemented.

Employee turnover rate	2023	2022
Initial no. of employees	52	44
No. of new employees	6	11
No. of employees who left	0	3
Due to retirement	0	1
Due to resignation	0	2
Due to being fired	0	0
Final no. of employees	58	52
Employee turnover rate	0.0%	5.8%

DBNM firmly believes in social equality of women and men. In their work, it advocates for gender equality, suppression of gender stereotypes, strengthening the presence of women in the economy, i.e., valuing the leadership potential of women. The bank consistently respects domestic laws and by-laws, recommendations and obligations regarding gender equality and is guided by the principles of the Strategy for Gender Equality 2022-2027, which is a basic strategic document of the Republic of North Macedonia that establishes a comprehensive framework for further activities aimed at promoting gender equality and empowering women. Gender equality in DBNM is confirmed by the fact that as of 31.12.2023, four out of five members of the Supervisory Board (80%), three out of five members of the Audit Committee (60%), five out of eleven remaining persons with special rights and responsibilities (45%) and 35 people out of a total of 58 employees in the Bank (60%) are women.

### Gender structure of employees

<b>2022</b>	<b>2023</b>
Men: 20	Men: 23
Women: 32	Women: 35

The Bank also has a dynamic workforce in terms of age and quality education.

### Age structure of employees

**2022**

to 24: 0  
 25-49: 35  
 50-64: 17

**2023**

to 24: 1  
 25-49: 37  
 50-64: 20

### Educational structure of employees

**2022**

Secondary or lower: 8  
 High: 33  
 M.Sc: 10  
 PhD: 1

**2023**

Secondary or lower: 8  
 High: 38  
 M.Sc: 11  
 PhD: 1

The Bank's influence on personnel issues is fully integrated into the operation of the organizational unit in charge of human resources. In accordance with the need for continuous harmonization and improvement of the Bank's work processes, the Human Resources department performs an analysis of human resources, permanent monitoring of work processes and identification of the need to adjust the Bank's organizational structure to optimize its operations according to its current and future needs. For this purpose, the Human Resources department undertakes the following activities:

- consistent improvement of the organizational structure, establishment of new organizational units and new jobs;
- improving the description of work tasks by jobs;
- determining the need for new employment;
- redistribution of employees in the existing organizational unit to a suitable workplace;
- redistribution of employees between organizational units; preparation of internal acts in the field of organization of operations and regulation of employment;

with the legal requirements for performing the activities of DBNM, but also on the application of ethical rules in business conduct, which are also thus, are common to all participants in the business community.

In addition to the Corporate Management Code, in the area of business ethics, the following are adopted and functioning: Code of Ethics, Policy for Avoiding Conflicts of Interest, Procedures for Identifying and Preventing Conflicts of Interest, Remuneration Policy, Policy and Procedures for reporting corruption and other illegal and unethical activities by the employees of DBNM, Procedures for protecting the confidentiality of data and customers of the Bank, Procedures for handling complaints by individuals and ensuring their appropriate application, etc.

The Bank respects the quality of work, initiative, teamwork, responsibility, collegiality and tolerance, and at the same time cultivates a culture of open communication, which together with the simple hierarchical management structure enables timely addressing of various operational problems or irregularities.

<b>Management Board</b>
Chief Executive Officer Kire Naumov
Chief Operating Officer Faruk Ismaili

Prepared by: G.K.  
Proofread by: D.A.B.

I, the undersigned, hereby certify that the foregoing is a true and correct translation from Macedonian into English.

Skopje, June 06<sup>th</sup>, 2024  
Court Certified Translator  
Aleksandra Jankova

Јас, долупотпишаната, тврдам дека правилно го извршив преводот од македонски на англиски јазик.

Скопје, 06.06.2024г.  
Постојан судски преведувач,  
Александра Јанкова

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