

**Development Bank of North Macedonia AD Skopje**

**FINANCIAL STATEMENTS**

31<sup>st</sup> of December 2023

with

**INDEPENDENT AUDITOR`S REPORT**

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## **INDEPENDENT AUDITOR`S REPORT**

### **To the Shareholders of Development Bank of North Macedonia AD Skopje**

#### **Report on the Audit of the Financial Statements**

We have audited the financial statements of Development Bank of North Macedonia AD Skopje (the Bank) which comprise the Balance Sheet as of 31 December 2023 and the Income statement, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

#### **Management responsibilities for the Financial Statements**

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

#### **Auditor`s Responsibilities**

Our responsibility is to express an opinion for the financial statements based on our audit. We conducted the audit according to the audit standards that are applicable in Republic of N. Macedonia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

The audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management, as well as evaluation of the complete presentation of the financial reports. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

According to our opinion, the financial statements present fairly in all material aspects the financial position of Development Bank of North Macedonia AD Skopje as at 31 December 2023, as well as

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the banks financial performance and its cash flows for the year that ends then in accordance regulative of the National Bank of the Republic of North Macedonia.

## **Report on Other Legal and Regulatory Requirements**

### **Annual working report**

The management of the Bank is also responsible for the preparation of the annual working report of the Bank in accordance with Article 384 of the Law on trade companies.

Our responsibility according to Audit Law is to express an opinion regarding the consistency of the annual report with the year-end report and the financial statements for the same year. Our work regarding the annual working report is performed in accordance with ISA 720 and is limited to reporting whether the historical financial information presented in the annual working report is consistent with the annual accounts and audited financial statements.

### **Opinion**

In our opinion the data published in the annual report of the Bank are consistent with the data published in the yearend report and the audited financial statements of the Bank for the year ended on 31 December 2023.

Skopje, 25 April 2024

Certified auditor  
Jaglika Jordanova Andrijeska

RSM MAKEDONIJA Skopje

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## Income statement

For the period from 1<sup>st</sup> of January 2023 to 31<sup>st</sup> of December 2023

<i>In thousands denars</i>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Interest income		292,168	191,138
Interest expense		(132,290)	(90,684)
Net interest income / (expense)	6	<u>159,878</u>	<u>100,454</u>
Fee and commission income		91,982	80,231
Fee and commission expense		(29,761)	(43,137)
Net fee and commission income/(expense)	7	<u>62,221</u>	<u>37,094</u>
Net trading income	8	-	-
Net income from other financial instruments carried at fair value	9	-	-
Foreign exchange gains/(losses), net	10	(1,128)	(4,008)
Other operating income	11	13,691	21,305
Participation in income of associates	24	-	-
Allowance for impairment of financial assets and special reserve for off-balance sheet exposure, net	12	(30,063)	(20,451)
Impairment losses of non-financial assets, net	13	-	-
Personnel expenses	14	(65,936)	(50,032)
Depreciation and amortization	15	(7,167)	(6,457)
Other operating expenses	16	(29,279)	(28,444)
Participation in losses of associates	24	-	-
<b>Profit / (loss) before taxation</b>		<u><b>102,217</b></u>	<u><b>49,461</b></u>
Income tax	17	(10,667)	(5,186)
<b>Profit / (loss) for the year from continuing operations</b>		<u><b>91,550</b></u>	<u><b>44,275</b></u>
Profit / (loss) from group of assets and liabilities held for sale*		-	-
<b>Profit / (loss) for the year</b>		<u><b>91,550</b></u>	<u><b>44,275</b></u>
<b>Profit / (loss) for the financial year, attributable to: *</b>			
Bank Shareholders		-	-
Minority interest		-	-
<b>Earnings per share</b>	41		
Basic earnings per share (in Denar)		142	77
Diluted earnings per share (in Denar)		142	77

\* Only for the consolidated financial statements

The financial statements were approved by the Supervisory Board on 25.04.2024 and on their behalf were signed by the Board of Directors of the Bank on 25.04.2024.

-----  
Kire Naumov  
Chief Executive Officer

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Faruk Ismaili  
Chief Operating Officer

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Faadis Redzeqi  
Director of the Department of Finance, Accounting,  
Payments and Liquidity  
Chartered Accountant

## Statement of the comprehensive income

For the period from 1<sup>st</sup> of January 2023 to 31<sup>st</sup> of December 2023

In thousands denars

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Profit/(loss) for the financial year</b>		<b>91,550</b>	<b>44,275</b>
<b>Other profit/(loss) in the period (before tax)</b>		-	-
<b>Other profit/(loss) in the period not shown in the Income Statement (before tax)</b>			
Revaluation reserve for proprietary assets held for sales			
- unrealized net-changes in the fair value of the proprietary assets held for sales		-	-
- realized net-profit/(loss) from the proprietary assets held for sales, reclassified in Other reserves		-	-
Changes in the creditability of the bank for financial liabilities measured at fair value		-	-
Income tax from the other profit /(loss) not shown in the Income Statement.		-	-
<b>Total other profit/(loss) in the period which is not shown in the Income Statement</b>		-	-
<b>Other profit/(loss) in the period, which are or could be reclassified in the Income Statement (before tax)</b>			
Revaluation reserve for debt assets available for sale			
- unrealized net-changes in the fair value of the debt funds held for sales		-	-
- realized net-profit/(loss) from the debt funds held for sales, reclassified in the Income Statement.		-	-
- additional adjustment of the debt funds held for sales		-	-
- release of adjustment of value of the debt funds held for sales		-	-
Revaluation reserve for the foreclosed assets based on the outstanding receivables			
- revaluation reserve recognized during the year		-	-
- decrease of the revaluation reserve, reclassified in the Income Statement		-	-
Reserve for instruments for protection from the risk of cash flow			
- unrealized net-changes in the fair value of the instruments for protection from the risk of cash flow		-	-
- realized net-profit/(loss) from the instruments for protection from the risk of cash flow, reclassified in the Income Statement		-	-
Reserve for instruments for protection from the risk of net-investment in foreign trade		-	-
Reserve from exchange rate differences from investment in foreign trade		-	-
Share in other profit/(loss) from the affiliated companies not shown in the Income Statement	24	-	-
Other profit/(loss) not shown in the Income Statement		-	-
Income tax from other profit /(loss) which are or may be reclassified in the Income Statement	17	-	-
<b>Total other profit/(loss) during the period, which is or might be reclassified in the Income Statement</b>		<b>-</b>	<b>-</b>
<b>Total other profit/(loss) during the period</b>		<b>-</b>	<b>-</b>
<b>Comprehensive profit/(loss) for the fiscal year</b>		<b>91,550</b>	<b>44,275</b>

The financial statements have been approved by the Supervisory Board of the Bank on 25<sup>th</sup> of April 2024, and signed on behalf of the Management Board of the Bank on 25<sup>th</sup> of April 2024.

-----  
 Kire Naumov  
 Chief Executive Officer

-----  
 Faruk Ismaili  
 Chief Operating Officer

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 Faadis Redzepi  
 Director of the Department of Finance, Accounting,  
 Payments and Liquidity  
 Chartered Accountant

## Balance sheet

For the period from 1st of January 2023 to 31st of December 2023

In thousands denars

	Note	2023	2022
<b>Assets</b>			
Cash and cash equivalents	18	877,701	1,056,610
Trading assets	19	-	-
Financial assets in fair value through the Income Statement, established as such during the initial recognition	20	-	-
Derivative assets held for risk management	21	-	-
Bank loans and banks receivables	22.1	16,892,230	14,478,967
Loans and receivables from other clients	22.2	242,867	111,562
Investments in securities	23	341,097	343,433
Investments in affiliated companies (they will be registered based on the "capital method")	24	-	-
Income tax receivables (current)	30.1	-	-
Other receivables	25	16,761	9,635
Pledged funds	26	-	-
Foreclosed assets due to outstanding receivables	27	-	-
Intangible assets	28	1,585	1,470
Real estate and equipment	29	101,097	105,377
Deferred tax assets	30.2	-	-
Non-current assets held for sales and disposal group	31	-	-
<b>Total assets</b>		<b>18,473,338</b>	<b>16,107,054</b>
<b>Liabilities</b>			
Trading liabilities	32	-	-
Financial liabilities at fair value through the Income Statement established as such at the initial recognition	33	-	-
Derivative liabilities held for risk management	21	-	-
Bank deposits	34.1	-	-
Other clients' deposits	34.2	-	-
Issued debt securities	35	-	-
Liabilities for loans	36	14,778,949	12,518,817
Subordinate liabilities	37	-	-
Special reserve and provisions	38	37,074	33,962
Income tax liabilities (current)	30.1	5,653	628
Deferred tax liabilities	30.2	-	-
Other liabilities	39	19,997	13,532
Liabilities directly related to a disposal group	31	-	-
<b>Total liabilities</b>		<b>14,841,673</b>	<b>12,566,939</b>

## Balance sheet (continued)

<i>In thousands denars</i>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Capital and reserves</b>			
Registered capital	40	1,998,862	1,998,862
Premiums from shares		-	-
Personal shares		-	-
Capital component of hybrid financial instruments		-	-
Other proprietary instruments		-	-
Revaluation reserves		-	-
Other reserves		1,541,253	1,496,978
Retained earnings/(Accumulated loss)		91,550	44,275
<b>Total capital and reserves belonging to the bank shareholders</b>		<b>3,631,665</b>	<b>3,540,115</b>
Minority interest		-	-
<b>Total capital and reserves</b>		<b>3,631,665</b>	<b>3,540,115</b>
<b>Total liabilities and capital and reserves</b>		<b>18,473,338</b>	<b>16,107,054</b>
Potential liabilities	42	1,102,143	876,724
Potential assets	42	-	-

The financial statements have been approved by the Supervisory Board of the Bank on 25<sup>th</sup> of April 2024 and signed on behalf of the Management Board of the Bank on 25<sup>th</sup> of April 2024.

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Kire Naumov  
Chief Executive Officer

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Faruk Ismaili  
Chief Operating Officer

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Faadis Redzepi  
Director of the Department of Finance, Accounting,  
Payments and Liquidity  
Chartered Accountant

## Report on the changes in capital and reserves

For the period from 1<sup>st</sup> of January 2023 to 31<sup>st</sup> of December 2023

In thousands denars

	Capital			Revaluation reserve					Other reserves			Retained earnings			Total capital and reserves, belonging to the Bank shareholders	Total capital and reserves	
	Registered capital	Transfer from shares	(Personal shares)	Other proprietary instruments	Revaluation reserve for assets held for sales	Revaluation reserve for foreclosed assets for outstanding receivables	Reserves from risk protection	Reserve from exchange rate differences from investing in foreign trade	Other revaluation reserves	Legal reserve	Capital component of hybrid financial instruments	Other reserves	Held for shareholders allocation	Limited for shareholders allocation			(Accumulated loss)
On 31 Dec. 2021 (previous year)/ 1 Jan 2022 (previous year)	1,378,862	-	-	-	-	-	-	-	-	1,304,303	-	153,121	39,554	-	-	2,875,840	2,875,840
Adjustment of the initial status On 1 Jan. 2022 (previous year) corrected	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive profit/(loss) for the fiscal year	1,378,862	-	-	-	-	-	-	-	-	1,304,303	-	153,121	39,554	-	-	2,875,840	2,875,840
Profit/(Loss) for the fiscal year	-	-	-	-	-	-	-	-	-	-	-	-	44,275	-	-	44,275	44,275
<b>Other profit/(loss) during the period</b>																	
Changes in the fair value of the assets held for sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Debt instruments</i>																	
- unrealized changes in the fair value (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- realized changes in the fair value (net), transferred in the Income Statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- additional adjustment of the value of the debt funds held for sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- release of the adjustment of the value of the debt funds held for sales.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Proprietary instruments</i>																	
- unrealized changes in the fair value (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- realized changes in the fair value (net), transferred in Other reserves.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of the instruments for protection of cash flow risks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## Report on the changes in capital and reserves (continued)

For the period from 1<sup>st</sup> of January 2023 to 31<sup>st</sup> of December 2023

In thousands denars

	Capital				Revaluation reserve				Other reserves			Retained earnings			Total capital and reserves, belonging to the Bank shareholders	Total capital and reserves	
	Registered capital	Transfer from shares	(Personal shares)	Other proprietary instruments	Revaluation reserve for assets held for sales	Revaluation reserve for foreclosed assets for outstanding receivables	Reserves from risk protection	Reserve from exchange rate differences from investing in foreign trade	Other revaluation reserves	Legal reserve	Capital component of hybrid financial instruments	Other reserves	Held for shareholders allocation	Limited for shareholders allocation			(Accumulated loss)
Changes in the fair value of the risk of net-investment in foreign trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate differences from investments in foreign trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets/(liabilities) recognized in the capital and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the bank creditability for financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other profit/(loss) not shown in the Income Statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total unrealized profit/(loss) recognized in the capital and reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive profit/(loss) for the fiscal year</b>	-	-	-	-	-	-	-	-	-	-	-	-	44,275	-	-	44,275	44,275
<b>Transactions with shareholders, recognized in the capital and reserves</b>	<b>620,000</b>															<b>620,000</b>	<b>620,000</b>
Issued shares during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Separation for legal reserve.	-	-	-	-	-	-	-	-	-	39,544	-	-	(39,554)	-	-	-	-
Separation for other res.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repurchasing personal shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sold personal shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in the capital and reserves – other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders, recognized in the capital and reserves</b>	-	-	-	-	-	-	-	-	-	39,544	-	-	(39,554)	-	-	-	-
<b>On 31 Dec. 2022</b>	<b>1,998,862</b>	-	-	-	-	-	-	-	-	<b>1,343,857</b>	-	<b>153,121</b>	<b>44,275</b>	-	-	<b>3,540,115</b>	<b>3,540,115</b>

## Report on the changes in capital and reserves (continued)

For the period from 1<sup>st</sup> of January 2023 to 31<sup>st</sup> of December 2023

In thousands denars

	Capital				Revaluation reserves				Other reserves			Retained earnings			Total capital and reserves, belonging to the Bank shareholders	Total capital and reserves	
	Registered capital	Transfer from shares	(Personal shares)	Other proprietary instruments	Revaluation reserve for assets held for sales	Revaluation reserve for foreclosed assets for outstanding receivables	Reserves from risk protection	Reserve from exchange rate differences from investing in foreign trade	Other revaluation reserves	Legal reserve	Capital component of hybrid financial instruments	Other reserves	Held for shareholders allocation	Limited for shareholders allocation			(Accumulated loss)
On 31 Dec. 2022 (previous year)/ 1 Jan 2023 (previous year)	1,998,862	-	-	-	-	-	-	-	-	1,343,857	-	153,121	44,275	-	-	3,540,115	3,540,115
Adjustment of the initial state On 1 Jan. 2023 (current year) corrected	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>On 1 Jan. 2023 (current year) corrected</b>	<b>1,998,862</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,343,857</b>	<b>-</b>	<b>153,121</b>	<b>44,275</b>	<b>-</b>	<b>-</b>	<b>3,540,115</b>	<b>3,540,115</b>
<b>Comprehensive profit/(loss) for the fiscal year</b>																	
Profit/(Loss) for the fiscal year	-	-	-	-	-	-	-	-	-	-	-	-	91,550	-	-	91,550	91,550
<b>Other profit/(loss) during the period</b>																	
Changes in the fair value of the assets held for sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Debt instruments</i>																	
- unrealized changes in the fair value (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- realized changes in the fair value (net), transferred in the Income Statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- additional adjustment of the value of the debt funds held for sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- release of the adjustment of the value of the debt funds held for sales.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Proprietary instruments</i>																	
- unrealized changes in the fair value (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- realized changes in the fair value (net), transferred in Other reserves.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of the instruments for protection of cash flow risks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of protection of risks of investments in foreign trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## Report on the changes in capital and reserves (continued)

For the period from 1<sup>st</sup> of January 2023 to 31<sup>st</sup> of December 2023

In thousands denars

	Capital				Revaluation reserves				Other reserves			Retained earnings			Total capital and reserves, belonging to the Bank shareholders	Total capital and reserves	
	Registered capital	Transfer from shares	(Personal shares)	Other proprietary instruments	Revaluation reserve for assets held for sales	Revaluation reserve for foreclosed assets for outstanding receivables	Reserves from risk protection	Reserve from exchange rate differences from investments in foreign trade	Other revaluation reserves	Legal reserve	Capital component of hybrid financial instruments	Other reserves	Held for shareholders allocation	Limited for shareholders allocation			(Accumulated loss)
Exchange rate differences from investments in foreign trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets/(liabilities) recognized in the capital and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the bank creditability for financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other profit/(loss) not shown in the Income Statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total unrealized profit/(loss) recognized in the capital and reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive profit/(loss) for the fiscal year</b>	-	-	-	-	-	-	-	-	-	-	-	91,550	-	-	-	91,550	91,550
<b>Transactions with shareholders recognized in the capital and reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued shares during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Separation for legal reserve.	-	-	-	-	-	-	-	-	-	44,275	-	-	(44,275)	-	-	-	-
Separation for other res.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repurchasing personal shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sold personal shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in the capital and reserves – other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders, recognized in the capital and reserves</b>	-	-	-	-	-	-	-	-	-	44,275	-	-	(44,275)	-	-	-	-
<b>On 31 Dec. 2023</b>	<b>1,998,862</b>	-	-	-	-	-	-	-	-	<b>1,388,132</b>	-	<b>153,121</b>	<b>91,550</b>	-	-	<b>3,631,665</b>	<b>3,631,665</b>

The financial statements have been approved by the Supervisory Board of the Bank on April 25<sup>th</sup> 2024 and signed on behalf of the Management Board of the Bank on April 25<sup>th</sup> 2024.

-----  
 Kire Naumov, Chief Executive Officer

-----  
 Faruk Ismaili, Chief Operating Officer

-----  
 Faadis Redzeqi, Director of the Department of Finance, Accounting, Payments and Liquidity, CA

## Cash Flow Report

For the year ending on 31<sup>st</sup> of December

In thousands denars

	Note	2023	2022
<b>Cash flow of the primary activity</b>			
Profit/(loss) before tax		102,217	49,461
Corrected for:			
Minority interest, included in the consolidated Income statement		-	-
Depreciation of:			
Intangible assets	15, 28	585	811
Real estate and equipment	15, 29	6,582	5,646
Capital profit from:			
Intangible assets sales		-	-
Real estate and equipment sales			(183)
Sales of foreclosed assets due to outstanding receivables	11	(11,095)	(14,912)
Capital loss from:			
Intangible assets sales		-	-
Real estate and equipment sales		-	-
Sales of foreclosed assets due to outstanding receivables		-	-
Income from interest	6	(292,168)	(191,138)
Expenses for interest	6	132,290	90,684
Net-income from trading		-	-
Adjustment of the value of funds, on net-basis:			
Additional adjustment of the value	12	37,851	16,767
Released adjustment of the value	12	(10,469)	(19,766)
Loss due to impaired non-financial assets, on net-basis:			
Additional loss due to impairment	13	-	-
Released loss due to impairment		-	-
Reserves			
Additional reserves	38	34,422	42,550
Released reserves	38	(31,741)	(19,100)
Income from dividends		-	-
Share in the profit/(loss) of the affiliated companies		-	-
Other adjustments		-	-
Charged interest		281,246	169,967
Paid interest		(125,027)	(75,302)
<b>Profit from the activities before changes in the business assets</b>		<b>124,693</b>	<b>55,485</b>
<i>(Increasing)/decreasing of the business assets:</i>			
Trading assets		-	-
Derivative assets held for risk management		-	-
Bank loans and receivables		(2,401,541)	(1,930,462)
Other clients' loans and receivables		(140,502)	(47,154)
Pledged funds		-	-
Foreclosed assets due to outstanding receivables		-	-
Mandatory reserve in foreign currency		-	-
Mandatory deposit in NBRNM pursuant to special regulations		-	-
Other receivables		(6,221)	(1,998)
Deferred tax assets		-	-
Non-current assets held for sales and a disposal group		-	-
<i>(Increasing)/decreasing of the business liabilities:</i>			
Trading liabilities		-	-
Derivative liabilities held for risk management		-	-
Bank deposits		-	-
Other clients' deposits		-	-
Other liabilities		6,465	1,661
Liabilities directly related to disposal group of assets		-	-
<b>Net cash flow from the primary activity before tax</b>		<b>(2,417,106)</b>	<b>(1,922,468)</b>
(Paid)/income tax return		-	-
<b>Net cash flow from the primary activity</b>		<b>(2,417,106)</b>	<b>(1,922,468)</b>

## Cash Flow Report (continued)

For the year ending on 31<sup>st</sup> of December

In thousands denars

	Note	2023	2022
<b>Cash flow of the investment activity</b>			
(Investments in securities)		(776,749)	(342,866)
Income from sales of investment in securities		774,256	-
(Expenses for investments in subsidiaries and affiliated companies)		-	-
Income from sales of investment in subsidiaries and affiliated companies		-	-
(Supply of intangible assets)		(699)	-
Income from sales of intangible assets		-	-
(Supply of real estate and equipment)		(2,302)	(8,166)
Income from sales of real estate and equipment		-	-
(Expenses for the non-current assets held for sales)		-	-
Income from the non-current assets held for sales		-	-
(Other expenses from the investment activity)		-	-
Other income from the investment activity		-	-
<b>Net cash flow of the investment activity</b>		<b>(5,494)</b>	<b>(351,032)</b>
<b>Cash flow of funding</b>			
(Pay off of the issued debt securities)		-	-
Income from the issued debt securities		-	-
		-	-
(Payoff of the liabilities for loans)		(1,707,341)	(1,577,587)
Increased liabilities for loans		3,964,619	2,519,304
(Payoff of the issued subordinate liabilities)		-	-
Income from the issued subordinate liabilities		-	-
Income from the issued shares/proprietary instruments during the period		-	620,000
(Repurchasing personal shares)		-	-
Sold personal shares		-	-
(Other funding expenses)		-	-
Other funding income		-	-
<b>Net cash flow of funding</b>		<b>2,257,278</b>	<b>1,561,717</b>
Effect from the adjustment of value of cash and cash equivalents		(13,587)	8,124
Effect from the exchange rate differences of cash and cash equivalents		-	-
<b>Net increase/(decrease) of cash and cash equivalents</b>		<b>(178,909)</b>	<b>(703,659)</b>
Cash and cash equivalents on 1 January		1,056,610	1,760,269
<b>Cash and cash equivalents on 31 December</b>	18	<b>877,701</b>	<b>1,056,610</b>

The financial statements have been approved by the Supervisory Board of the Bank on 25<sup>th</sup> of April 2023, and signed on behalf of Management Board of the Bank on 25<sup>th</sup> of April 2023.

-----  
 Kire Naumov  
 Chief Executive Officer

-----  
 Faruk Ismaili  
 Chief Operating Officer

-----  
 Faadis Redzepi  
 Director of the Department of Finance, Accounting,  
 Payments and Liquidity  
 Chartered Accountant

## Notes to the financial statements

### 1. General information

The Development Bank of North Macedonia AD Skopje (hereinafter "The Bank" or "DBNM") is a joint-stock company registered in the Republic of North Macedonia in which Republic of North Macedonia is the only shareholder.

The registered office of the Bank is:

Dimitrie Cupovski 26

1000 Skopje

Republic of North Macedonia

The basic activities of the Bank are crediting of starting with work and development of small and medium-sized enterprises by securing mid-term and long-term loans, import funding, imported and domestic credit insurance of receivables, factoring as well as issuing warranties, trading with securities on personal behalf and on personal account.

The purpose of the bank, pursuant to the Law on the Macedonian Bank for Development and Cooperation, is to support and facilitate the development of the Macedonian economy standing in line with the strategic policy, goals and priorities of its shareholder - the Republic of North Macedonia. The basic activities foreseen by the Law, are performed by the Bank on their own behalf and on behalf of the country pursuant to the Contract. The Ministry of Finance is the Supervisory body to oversee the operations of the Bank on behalf of the Republic of North Macedonia.

The Bank has no investments in subsidiaries and affiliated companies.

The Bank's shares do not list on the Macedonian stock-exchange AD Skopje. The total number of employees in the Bank on December 31<sup>st</sup>, 2023, is 58 (2022: 52 employees).

Members of the Management Board and Supervisory Board

During 2023 and 2022 and up until the day of this report, the Members of the Management Board are as follows:

- Kire Naumov, Chief Executive Officer (from 19.11.2021);
- Faruk Ismaili, Chief Operations Officer (from 19.11.2021).

The members of the Supervisory Board during the financial year and until the day of this report are as follows:

- Sonja Petrusheva, Member of the Supervisory Board; (since 13.09.2019 until 13.09.2023)
- Magdalena Simonovska, President of the Supervisory Board (since 10.12.2021).
- Milaim Ameti, Member of the Supervisory Board (since 10.12.2021).
- Vjolca Ejupi, Member of the Supervisory Board (since 10.12.2021)
- Elena Pagovska Peltekovski, Member of the Supervisory Board (since 13.04.2022).
- Maja Angelovska, Member of the Supervisory Board (since 13.11.2023).

#### 1.1. Grounds for preparation of the financial statements

##### Compliance statement

The financial statements have been prepared in accordance with the Law on Trade Companies, the Law on the Macedonian Bank for Promoting Development, the bylaws prescribed by the National Bank of the Republic of North Macedonia, as well as the Decision on the methodology for recording and valuation of the accounting items and for preparation of the financial statements and the Decision on the types and content of the financial statements of the Banks.

The financial statements are individual financial statements.

The financial statements have been prepared as of and for the years ended 31 December 2023 and 2022 respectively.

Measurement bases

The financial statements are prepared by applying the measurement bases specified in the Methodology for each individual type of asset, liability, income and expense. The bases for their measurement are described in detail in the continuation of this Note.

The financial statements are prepared in terms of historical value.

#### Functional and reporting currency

The financial statements are presented in Macedonian Denars ("MKD" or "Denars"), which is the Bank's functional currency unless otherwise stated. The information in the financial statements is presented in thousands of Macedonian Denars.

#### Impact of the health, energy, and price crisis

In March 2020, the World Health Organization declared a global pandemic caused by the viral infection Covid-19, which continued throughout 2021. As a response, the Republic of North Macedonia undertook certain activities and a set of economic measures to mitigate the effects of the health crisis on the domestic economy. The pandemic subsided, but in 2022 a new crisis came with the prices of energy and other raw materials, as a result of the war in Ukraine that began in February of this year, which meant that Macedonian companies still needed support for working capital. Part of the measures to reduce the negative impact on small and medium-sized businesses, such as commission credit lines, are implemented by engaging the Bank's capacities.

The Bank's management continues with its objective expectations that it has sufficient resources to continue its operations under the assumption of continuity.

## 1.2. Significant accounting policies

### 1.2.1. Transactions in foreign currencies

Transactions in foreign currency are expressed in denars using the official exchange rates of the National Bank of the Republic of North Macedonia, valid on the day of their occurrence.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to MKD denar at the middle exchange rate valid at the Balance Sheet date. Foreign exchange profit and loss on monetary assets are the difference between the amortized cost in Denar at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency measured at the exchange rate valid at the end of the period.

All positive and negative foreign exchange profit and loss resulting from the revaluation of foreign currency amounts are included in the Income Statement. The average exchange rates used to revalue the balance sheet items denominated in foreign currency are as follows:

	2023	2022
	MKD	MKD
1 EUR	61.495	61.4932
1 USD	55.6516	57.6535

### 1.2.2. Interest income and expenses

The interest income and interest expense are recognized in the Income Statement using the effective interest rate method. The effective interest rate is the rate that discounts the expected future cash inflows and outflows over the expected life of the financial asset or liability to the date of final maturity or for a shorter period of time, as appropriate.

The calculation of the effective interest rate includes all fees paid or applied, transaction costs, discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

The interest income and expense presented in the income statement include interest on financial assets and liabilities at amortized cost using the effective interest method.

### 1.2.3. Commissions and compensations

Income and expenses from commissions and compensations that are an integral part of the effective interest rate on financial assets and liabilities are included in the calculation of the effective interest rate. Other income from commissions and compensations arises on the basis of financial services performed by the Bank, i.e. insurance of receivables from commercial risks in the short term, issuance of warranties on loans approved by banks for lending to small and medium sized enterprises.

Income from commissions and compensations is recognized when the related service is performed, commission and compensations expense is recognized on an accrual basis.

#### **1.2.4. Net- income and expenses from exchange rate differences**

Net income and expenses from exchange rate differences include realized and unrealized exchange differences arising from the settlement of foreign currency transactions and the translation into MKD of monetary items denominated in foreign currencies.

#### **1.2.5. Income tax**

Income tax consists of current and deferred tax. Income tax is recognized in the income statement, except when it relates to items carried directly in equity, and the related income tax is recognized in equity.

The current income tax is the expected tax liability on income before taxation for the year, applying the current tax rate of 10% on the balance sheet date and adjustments to the tax liability that refers to previous years.

Deferred tax is recognized using the balance sheet method and arises from the temporary differences between the accounting value of the assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured using the tax rates that are expected to apply when the temporary differences are realized, based on the laws that have been enacted or substantively enacted on the reporting date.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible time differences to the extent that it is probable that future taxable profit will be available against which the asset could be utilized. Deferred tax assets are estimated at the end of each reporting period and are reduced to the extent that it is no longer probable that these tax revenues will be realized. Any such reduction should be annulled to the extent that it is probable that sufficient taxable profit will be available. Unrecognized deferred tax assets are assessed at the end of each reporting period and are recognized to the extent that it is probable that future taxable revenue will be available and enough against which the asset can be utilized.

As of 31<sup>st</sup> of December 2023 and 2022, the Bank has no recorded deferred tax assets or liabilities, as there are no time differences on these dates.

#### **1.2.6. Financial assets**

The Bank classifies its financial assets as measured at amortized cost, fair value through other comprehensive profit or loss or fair value through the Income Statement. The Bank classifies its investments at the time of initial recognition.

The Bank evaluates the business model using the following relevant and available data for:

- the financial resources and the method of their management;
- the method of reporting to the Bank's management;
- the success in the realization of the business model;
- the management of the risks related to the realization of the business model.

The assessment of the Bank's business model is performed at the level of a portfolio on which the classification of financial assets depends. The classification of financial assets is based on:

- portfolio on debt securities;
- loan portfolio;
- receivables portfolio

#### **1.2.7. Cash and cash equivalents**

Cash and cash equivalents are cash in hand (in treasury), deposits with banks, time deposits with banks with original maturity of less than three months, deposits with the National Bank of the Republic of North Macedonia, as well as high liquid securities with original maturity of three or less than three months, which are subject to insignificant risk of changes in their fair value, and which are used by the Bank in managing short-term liabilities.

Cash and cash equivalents are recorded at amortized cost in the Balance Sheet.

### 1.2.8. Loans and receivables

Loans and receivables are non-derivative financial assets that meet the requirements of the SPPI. Loans and receivables are initially recognized at fair value, including direct transaction costs, and are subsequently measured at amortized cost using the effective interest method. If the loans and receivables do not pass the SPPI test, they should be consistently measured at fair value, and the changes should be recorded in the remaining comprehensive income.

### 1.2.9. Held-to-maturity financial assets

Held-to-maturity financial assets are debt financial assets managed by the Bank for the purpose of collection of the agreed cash flows and which in accordance with the agreed conditions of the asset meet the condition of SPPI (the bank expects cash flows on certain dates "solely on the basis of repayment of principal capital and interest"). This item does not include financial assets:

- which have been determined at fair value through the Income Statement by the Bank, at the initial recognition
- which the Bank classifies as available for sale;
- which meet the definition of loans and receivables.

General information (continued)

Significant accounting policies (continued)

Held-to-maturity financial assets (continued)

Deposits and savings are estimated at amortized cost using the effective interest rate method. The sale of a significant amount of held-to-maturity financial assets far from their maturity period will result in the reclassification of all held-to-maturity financial assets as available-for-sale in the following two years.

### 1.2.10. Impairment of financial assets

At each balancing date, the Bank assesses whether there is objective evidence that a financial asset is impaired. A financial asset or group of financial assets is impaired only to the extent that there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the assets (a "loss case") and that the event of loss (or cases) affects the projected cash flow of the financial asset or group of financial assets that can be measured accurately.

The criteria used by the Bank in determining the existence of objective evidence of loss of damage include:

- Non-compliance with the contractual obligations for payment of the principal or interest;
- Days of delay in payment of principal or interest;
- Cash flow difficulties with the borrower;
- Failure to comply with the terms or conditions of the loan;
- Deterioration of the competitive position of the borrower;
- Reduction of the value of the given guarantees - collateral;
- Initiation of bankruptcy proceedings;
- Activation of the security.

The Bank assesses the existence of objective evidence of impairment on an individual basis for all exposures.

The amount of the loss represents the difference between the recorded amount of the asset and the present value of the estimated future cash flows (excluding future losses on the basis of the loan) discounted by applying the original effective interest rate of the financial asset. The recorded amount of the asset is reduced through the use of a reserving account for impairment, while recognizing the related expense due to impairment in the current Income Statement.

In case of non-payment of the loan, it is written off against the respective reserve due to impairment. Such loans are written off once all necessary procedures have been completed and the amount of the loss is determined. Subsequent reimbursements of previously written-off amounts reduce the amount of reserves due to impairment of loans, in favor of current profits.

### 1.2.11. Real estate and equipment

The real estate and equipment are tangible investments for administrative purposes that are expected to have a useful life of more than one year.

This property and equipment are recorded at cost reduced for the accumulated depreciation and impairment losses, if any.

The purchase value includes the costs that are directly related to the acquisition of the asset. Procurement of software that is necessary for the operation of the relevant equipment is recognized as part of that equipment.

Expenses incurred to replace part of the property and equipment are added to the accounting value of the asset when it is probable that there will be future economic benefits associated with the Bank and the costs can be measured reliably. The present value of the replaced part is written off. The costs of the day-to-day maintenance of property and equipment are recognized in the income statement as incurred expenses.

Depreciation of property and equipment is calculated on a straight-line basis, so that the purchase value of the assets is written-off over the estimated useful lives of the assets.

The estimated useful lives of some significant items of property, plant and equipment are given below.

	2023	2022
Buildings	40 years	40 years
Furniture and equipment	4-5 years	4-5 years
Other assets	4-10 years	4-10 years

### 1.2.12. Intangible assets

Intangible assets acquired from the Bank are stated at the purchase value reduced for the accumulated depreciation and accumulated impairment losses.

The consequent costs capitalize only when the economic benefit is increased, which is included in the specific asset to which they relate. All the remaining costs are recognized in the income Statement as incurring expenses.

Depreciation is recognized in proportional method of writing off the purchase value of the assets during their estimated useful life over a period of four years.

### 1.2.13. Impairment of non-financial assets

The accounting value of the Bank's non-financial assets is reviewed at each Balance Sheet date to determine whether there is objective evidence that they are impaired. If there is such an indication, the amount of the asset that would be chargeable is estimated.

Loss due to impairment of non-financial assets is recognized to the extent that the accounting value of an asset or its cash-generating unit exceeds its reimbursable amount. A cash-generating unit is the smallest group of assets that can be identified as generating cash inflows from continuous use that are highly dependent on cash inflows from other assets or groups of assets. Impairment losses are recognized in the Income Statement. Impairment losses recognized in respect of cash-generating units are allocated to the units (group of units) on a proportionate basis.

The reimbursable amount of an asset or cash-generating unit represents the higher of its fair value reduced for the sales costs and its value in use. In estimating the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks specific to the asset.

The impairment loss recognized in prior periods is estimated at each reporting date to determine the reimbursement amount. An impairment loss is annulled only to the extent that the asset's book value does not exceed the book value that would have been determined, net of depreciation, if no impairment loss had been recognized. The increased book value of an asset, as a result of annulling the loss due to damage, should not exceed the book value that would have been determined if no loss due to damage to the asset had been recognized in previous years.

#### **1.2.14. Foreclosed assets due to outstanding receivables**

The position of foreclosed assets due to outstanding receivables is used only for land, buildings, equipment and other values obtained on the basis of outstanding receivables. The asset is considered foreclosed when the Bank acquires a legal basis for recording the ownership.

Foreclosed assets due to outstanding receivables are initially recognized at the lower of:

- The purchase value, which is the value stated in the act issued by the competent authority, and
- The estimated value of the acquired asset valid on the date of recognition, reduced for the expected sales costs.

On the date of foreclosure of the asset, the Bank presents the impairment of at least 20% of the initial book value of the asset in the Balance Sheet.

The Bank establishes the estimated value of the foreclosed asset at least once in 12 months, and recognizes loss in the Income Statement, due to impairment equal to at least the higher amount of, as follows:

- Negative difference between the estimated value and net-value of the foreclosed asset and
- 20% of the net value of the foreclosed asset.

#### **1.2.15. Reservations**

Reservations are recognized in the Balance Sheet when the Bank has a present legal or established liability as a result of a past event, which can be measured reliably, and it is probable that there will be an outflow from the Bank to reconcile the liability. This position includes long-term reserves and other long-term liabilities that are not related to deferred taxes on profits or arise from loans or other financial activities. The types of items most often included in this category are calculations and reservations for off-balance sheet credit exposures.

A reservation for adverse agreements is recognized when the expected benefits of the arrangement for the Bank are lower than the inevitable costs of meeting the obligations under the arrangement.

Reservation is determined at the present value of the lower of the expected costs of canceling the contract and the present value of the expected net costs of renewing the contract. Before establishing a reservation, the Bank recognizes a loss due to impaired assets related to the agreement.

#### **1.2.16. Compensations for the employees**

The Bank pays contributions to the pension funds in accordance with the requirements of the domestic regulations for social insurance. The contributions that are determined on the basis of the employees' salaries are paid into the pension funds, responsible for the payment of the pensions. The Bank has no additional payment obligation based on these plans.

According to the legal regulations, the Bank pays two average monthly net salaries per employee, paid in the Republic of North Macedonia in the previous three months to employees at the time of retirement and jubilee awards according to the criteria established by the internal acts of the Bank. The bank expresses a net liability for long-term employee benefits based on an actuarial calculation for jubilee awards and long-term employee benefits. Long-term employee benefits are discounted to determine their net present value. The bank has no additional payment obligation on this basis.

#### **1.2.17. Financial liabilities**

Financial liabilities are classified in accordance with the content of the agreed arrangement. The Bank will classify financial liabilities on the initial recognition as financial liabilities measured at amortized cost.

Liabilities for loans

Loan liabilities consist of transactions with other parties which the Bank has signed a loan agreement with.

The Bank recognizes these liabilities in its Balance Sheet at fair value, including direct transaction costs, and they are subsequently measured at amortized cost using the effective interest method.

Other liabilities

Other liabilities include liabilities to suppliers, calculated outstanding liabilities, deferred income and other liabilities, and are stated at their nominal amounts.

De-recognition of financial liabilities

The Bank derecognizes the financial obligations only when the obligations are committed, cancelled or obsolete.

### **1.2.18. Assets and liabilities managed in the name and on behalf of third parties**

The funds and liabilities managed in the name and on behalf of the Government of the Republic of North Macedonia are included in the Balance Sheet on a net basis. The net liabilities presented in the Balance Sheet represent the time difference between the collection or disbursement of the liabilities.

### **1.2.19. Equity and reserves**

#### **a) Shareholder equity**

The shareholder equity represents the nominal value of the issued shares.

#### **b) Reserves**

Reserves consisting of revaluation, legal and other reserves are created during the periods on the basis of profit/ loss from revaluation of the foreclosed assets, by way of distribution of the accumulated profit on the basis of the legal regulations valid for the Bank through establishment of a political risk insurance fund.

#### **c) Undistributed profit/loss**

The undistributed profit/loss includes the current retained earnings and losses as well as those from the previous periods.

### **1.2.20. Segment reporting**

The operating segment is a group of assets or activities engaged in providing products or services that are subject to risks and compensations that differ from those in other business segments. The geographical segment is engaged in providing products or services in a certain economic environment which is subject to risks and compensations that differ from those segments that perform activities in other economic environments.

### **1.2.21. Contingent and foreclosed off-balance liabilities**

The Bank has contingent liabilities based on short-term receivables insurance from commercial risks. The insured receivables are recorded in the off-balance sheet records of the Bank. The Bank holds a maximum of 90% of the amount of the insured invoice and reinsures its insured receivables from 80% to 90% with foreign reinsurers.

### **1.2.22. Subsequent events**

Those events which according to their reporting date that provide additional information about the financial status of the Bank at the balance sheet date (corrective events) are reflected in the financial statements. Those subsequent events that do not have the character of corrective events are noted in the appropriate note if they are materially significant.

## **1.3. Use of estimates and assumptions**

The Bank makes estimates and assumptions that affect the disclosed amounts of assets and liabilities. Estimates are reviewed on an ongoing basis and are based on past experience and other factors, including expectations of future events that are believed to be reasonable in relation to the circumstances in which they occur.

Impaired loans granted to clients and banks.

The bank checks its loan portfolio on a monthly basis in order to assess its impairment. In determining the need to recognize an impairment loss in the Income Statement, the Bank assesses whether there is evidence to indicate a measurable decrease in the estimated cash flows from the loan portfolio before identifying the decrease at the level of an individual loan within the portfolio of loans and advances. Evidence includes evident data indicating an adverse change in borrowers' payments, or country-level data or local economic conditions that correlate with a decrease in group assets. The management uses estimates based on past experience related to the impairment of assets with credit risk characteristics as well as objective evidence of impairment similar to those in the portfolio in the allocation of future cash

flows. The methodology and assumptions used for estimating the amount and period of future cash flows are reviewed regularly to reduce any differences between the estimated and actual losses.

#### **1.4. Change of accounting policies, accounting estimates and correction of errors**

The accounting policies have been applied consistently for all periods presented in these financial statements.

#### **1.5. Compliance with the legal regulation**

As of December 31, 2023, the Bank has complied with the requirements of the laws and by-laws prescribed by the National Bank of the Republic of North Macedonia and the Law on the Macedonian Bank for Development Promotion for solvency and capital adequacy, exposure limits of the Bank, the Bank's investments and the Bank's liquidity.

**1 Classification of the financial assets and liabilities**

**A Classification of the financial assets and liabilities**

	Fair value in the Income Statement		Fair value in the other Comprehensive Income		Amortized cost	Total
	For trading	Fair value at initial recognition	Debt instruments	Proprietary instruments		
<i>In thousands denars</i>						
<b>2023 (current year)</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	-	-	-	877,701	877,701
Trading assets	-	-	-	-	-	-
Financial assets at fair value in the Income Statement, established as such in the initial recognition	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-
Loans and receivables from banks	-	-	-	-	16,892,230	16,892,230
Loans and receivables form other clients	-	-	-	-	242,867	242,867
Investments in securities	-	-	-	-	341,097	341,097
Other receivables	-	-	-	-	16,761	16,761
<b>Total financial assets</b>	-	-	-	-	<b>18,370,656</b>	<b>18,370,656</b>
<b>Financial liabilities</b>						
Trading liabilities	-	-	-	-	-	-
Financial liabilities at fair value in the Income Statement, established as such in the initial recognition	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Ban deposits	-	-	-	-	-	-
Other clients' deposits	-	-	-	-	-	-
Issued debt securities	-	-	-	-	-	-
Liabilities for loans	-	-	-	-	14,778,949	14,778,949
Subordinate liabilities and hybrid instruments	-	-	-	-	-	-
Other liabilities	-	-	-	-	19,997	19,997
<b>Total financial liabilities</b>	-	-	-	-	<b>14,798,946</b>	<b>14,798,946</b>

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

**A Classification of the financial assets and liabilities (continued)**

	Fair value in the Income Statement		Fair value in the other Comprehensive Income		Amortized cost	Total
	For trading	Fair value at initial recognition	Debt instruments	Proprietary instruments		
<i>In thousands denars</i>						
<b>2022 (previous year)</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	-	-	-	1,056,610	1,056,610
Trading assets	-	-	-	-	-	-
Financial assets at fair value in the Income Statement, established as such in the initial recognition	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-
Loans and receivables from banks	-	-	-	-	14,478,967	14,478,967
Loans and receivables form other clients	-	-	-	-	111,562	111,562
Investments in securities	-	-	-	-	343,433	343,433
Other receivables	-	-	-	-	9,635	9,635
<b>Total financial assets</b>	-	-	-	-	<b>16,000,207</b>	<b>16,000,207</b>
<b>Financial liabilities</b>						
Trading liabilities	-	-	-	-	-	-
Financial liabilities at fair value in the Income Statement, established as such in the initial recognition	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Bank deposits	-	-	-	-	-	-
Other clients' deposits	-	-	-	-	-	-
Issued debt securities	-	-	-	-	-	-
Liabilities for loans	-	-	-	-	12,518,817	12,518,817
Subordinate liabilities and hybrid instruments	-	-	-	-	-	-
Other liabilities	-	-	-	-	13,532	13,532
<b>Total financial liabilities</b>	-	-	-	-	<b>12,532,349</b>	<b>12,532,349</b>

## 2. Risk Management

Risk management includes the identification, measurement or assessment, control or mitigation and monitoring of individual risks and is based on the document on the acceptable level of risk and the established risk culture. Risk-taking is the probability that a certain activity or event will have a direct negative impact on the profit and/or personal funds, or cause difficulties in achieving the Bank's objectives. The risk is appropriately managed when it is identified, understood, assessed, monitored and controlled.

The Risk Management Board establishes and implements policies for separate risk management, makes proposals for their revision and monitors and evaluates the effectiveness of the entire risk management process. The Supervisory Board adopts risk management policies and monitors their implementation. The established policies for management of certain risks, which enable identification, measurement, monitoring and control of the risk to which they refer, provide reasonable assurance that the operations are aimed at achieving the objectives of the Bank and in accordance with the applicable rules and regulations, as well as with the approved exposure limits. The limits of exposure to individual risks are subject to revision, depending on the internal and external conditions in which the Bank operates, but at least annually. In addition, the Management Board of the Bank establishes and implements procedures for identification, measurement, monitoring and internal controls of the risk management process. Given that the risk management process is important for every employee in the Bank, trainings are conducted in order to create a constructive environment where all employees will understand their tasks and responsibilities.

The internal audit performs regular and periodic assessments of the implementation of internal controls, policies and procedures for undertaking and managing individual risks.

The risk management process is in accordance with the development plan and business policy of the Bank.

The Bank is exposed to at least the following risks by using financial instruments:

- Credit risk,
- Liquidity risk,
- Market risks (Interest rate risk and currency risk,
- Operational risk.

This note represents information on the Bank 's exposure to each of these risks, the objectives, policies and processes for management and the methods used to measure the Bank' s risks.

For all these risks, the Bank establishes special policies for managing the individual types of risks, as well as procedures for identification, assessment, monitoring and control of the individual risk.

## 2.1. Credit risk

Credit risk is the risk of loss for the Bank due to the inability of its client or other contracting party to settle its obligations within the agreed amount and/or the agreed terms. The exposure to credit risk mainly and significantly arises from loans, deposits with banks, credit insurance of receivables, factoring and other items that are included in the balance and off-balance sheet records of the Bank.

### 2.1.1. Credit risk management

Credit risk management is part of an integrated approach to managing all financial risks to which the Bank is exposed. Credit risk management is a process that enables the management bodies to identify the credit risk and to choose which exposures to reduce and which to increase and how. Prior to granting credit risk exposure, the Bank identifies all significant factors that may affect the client's risk, i.e. the Bank's exposure to the client.

The Bank classifies each active balance/off-balance sheet item according to the degree of credit risk to which it is exposed on an individual basis, based on the creditability of the client and regularity in the settlement of liabilities.

The results of the analysis of the above criteria result in the determination of expected losses and classification of credit risk exposure in one of the three groups of credit risk. For the purposes of the financial statements (Note 2.1A), The Bank connects the credit risk groups (Group 1, 2, 3) of the Methodology for recording and valuation of accounting items and for preparation of financial statements (Official Gazette of the Republic of Macedonia No. 83/17) and the risk categories of The decision on the credit risk management methodology (Official Gazette of the Republic of North Macedonia" no. 241/18 and no. 153/22), and it was reported as follows:

- within Group 1, credit risk exposures classified in risk category "A";
- within Group 2, credit risk exposures classified in risk categories "B" and "C", which do not have the status of non-functional credit exposure;
- within Group 3, credit risk exposures which have the status of non-functional credit exposure.

When measuring credit risk, the main indicators used by the Bank are the exposure, the probability of bankruptcy or liquidation, the probability of downgrading, the probability of compensation of written-off receivables, the Bank's expectations regarding the impact of the economic and business conditions on the ability of the client to fulfill its obligations, etc.

Instruments for protection and mitigation of the credit risk used by the Bank are the system of exposure limits, quality of security, system of early warning, appropriate evaluation of the components of credit risk, use of appropriate information, definition of risk markets, etc.

The clearly defined organizational structure is an important element of the credit risk management process, which provides credit risk exposures within the limits set by the Supervisory Board.

The Supervisory Board approves an exposure to a person of over 20% of the Bank's own funds. The Risk Management Committee approves exposures to persons from over 10% to 20% of the Bank's own funds. Credit risk exposures below these limits are approved by the Credit Committee and the Insurance Committee.

The Lending and Warranties Sector, the Credit Insurance Sector, as well as the Assets and Liquidity Sector follow all credit exposures in relation to the established limits.

The Board of Directors of the Bank is responsible for internal control from the aspect of credit risk exposure, due to which internal acts are established in which the limits of the risks are determined, which are intended to help control and manage the risk. Namely, the control process aims to minimize the impact of capital risk and profit in accordance with the strategic goals of the Bank.

Development Bank of North Macedonia AD Skopje 31st of December 2023  
Notes to the financial statements (continued)  
Credit risk (continued)

Credit risk (continued)  
Credit Risk Management (continued)

**A Analysis of the total exposure to credit risk**

<i>In thousands denars</i>	Bank loans and receivables		Other clients' loans and receivables		Investments in financial assets held for sales		Investments in financial assets held until maturity		Cash and cash equivalents		Other receivables		Off-balance exposure		2023	Total 2022
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
<b>Exposure to credit risk, classified in Group 1</b>																
Book value before adjustment/special reserve (Adjustment of value and special reserve)	16,893,920	14,480,415	219,880	109,351	-	-	341,097	343,433	805,463	112,847	15,097	8,878	1,022,452	836,007	19,297,909	15,890,931
	(1,690)	(1,448)	(3,439)	(193)	-	-	-	-	(13,610)	(22)	(1)	(1)	(6,628)	(4,434)	(25,368)	(6,098)
<b>Book value reduced for the value and special reserve adjustment</b>	<b>16,892,230</b>	<b>14,478,967</b>	<b>216,441</b>	<b>109,158</b>	<b>-</b>	<b>-</b>	<b>341,097</b>	<b>343,433</b>	<b>791,853</b>	<b>112,825</b>	<b>15,096</b>	<b>8,877</b>	<b>1,015,824</b>	<b>831,573</b>	<b>19,272,541</b>	<b>15,884,833</b>
<b>Exposure to credit risk, classified in Group 2</b>																
Book value before adjustment/special reserve (Adjustment of value and special reserve)	-	-	-	2,168	-	-	-	-	-	-	-	12	65,963	51,757	65,963	53,937
	-	-	-	(412)	-	-	-	-	-	-	-	(2)	(12,539)	(9,838)	(12,539)	(10,252)
<b>Book value reduced for the value and special reserve adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,756</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>53,424</b>	<b>41,919</b>	<b>53,424</b>	<b>43,685</b>
<b>Exposure to credit risk, classified in Group 3</b>																
Book value before adjustment/special reserve (Adjustment of value and special reserve)	-	-	39,987	6,265	-	-	-	-	-	-	3,103	925	49,014	21,566	92,104	28,756
	-	-	(13,561)	(5,617)	-	-	-	-	-	-	(3,103)	(925)	(16,119)	(18,334)	(32,783)	(24,876)
<b>Book value reduced for the value and special reserve adjustment</b>	<b>-</b>	<b>-</b>	<b>26,426</b>	<b>648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,895</b>	<b>3,232</b>	<b>59,321</b>	<b>3,880</b>
<b>Total book value of receivables with credit risk before adjustment of the value on group basis and special reserve</b>	<b>16,893,920</b>	<b>14,480,415</b>	<b>259,867</b>	<b>117,784</b>	<b>-</b>	<b>-</b>	<b>341,097</b>	<b>343,433</b>	<b>805,463</b>	<b>112,847</b>	<b>18,200</b>	<b>9,815</b>	<b>1,137,429</b>	<b>909,330</b>	<b>19,455,976</b>	<b>15,973,624</b>
(Total value adjustment and special reserve)	(1,690)	(1,448)	(17,000)	(6,222)	-	-	-	-	(13,610)	(22)	(3,104)	(928)	(35,286)	(32,606)	(70,690)	(41,226)
<b>Total book value of receivables with credit risk, reduced for the value and special reserve adjustment</b>	<b>16,892,230</b>	<b>14,478,967</b>	<b>242,867</b>	<b>111,562</b>	<b>-</b>	<b>-</b>	<b>341,097</b>	<b>343,433</b>	<b>791,853</b>	<b>112,825</b>	<b>15,096</b>	<b>8,887</b>	<b>1,102,143</b>	<b>876,724</b>	<b>19,385,286</b>	<b>15,932,398</b>

Credit risk (continued)

### **2.1.2. Impaired loans and securities**

Impaired loans and securities are such loans and securities for which the Bank, pursuant to the Decision of the NBRNM on the Methodology for credit risk management by the Macedonian Bank for Development Promotion, has established that there is need of separating losses due to impairment.

### **2.1.3. Value adjustment**

The Bank calculates the value adjustment, which is an estimate of the incurred losses due to impairment in the loan portfolio.

The amount of the value adjustment for active balance receivables is determined as the difference between the book value of the balance receivables and their present value (estimated reimbursable amount). The present value of the active balance receivables is obtained by discounting the expected future cash flows from those receivables using the effective interest rate determined on the basis of the agreement.

### **2.1.4. Special reserve**

The Bank calculates a special reserve, which is an estimate of the incurred losses due to impairment in the off-balance credit exposure. The Bank assesses whether there is a risk of potential losses on its active off-balance sheet items exposed to credit risk (approved guarantees) when the following prerequisites are met:

- The bank has a current liability as a result of past event,
- There is a possibility of an outflow of resources,
- A reliable estimate can be made of the amount that will be required to settle the liability.

When such losses are in accordance with the above conditions, the Bank allocates an appropriate amount of special reserve in accordance with the Decision on the methodology for credit risk management and the Methodology for determining value adjustment and allocation of special reserve by DBNM prescribed by the National Bank of the Republic of North Macedonia.

The amount of special reserve for active off-balance sheet items on an individual basis is equal to the present value of the expected future cash flows based on payments of the Bank on the assumed contingent liabilities and payments from the client, discounted with the current market price of risk-free securities issued in the same currency and with the same maturity as the currency and the maturity of the expected payment or collection.

If there is no current market price of risk-free securities with the same maturity as the one of the expected payment, the determination of the present value of the expected payment based on the assumed contingent liability of The Bank is made at the current market price of risk-free securities with the closest maturity to the one of the expected payment.

Credit risk (continued)

### 2.1.5. Policy of writing-off

The Bank writes off the amount of the loan/security (and the corresponding special reserve) when the Supervisory Board determines that the loan/securities are uncollectible. The decision is made after reviewing information as significant changes in the financial position of the debtor/issuer of the securities, if the debtor/issuer is not able to settle their liabilities, or the amount from the realization will not be sufficient to cover the entire exposure. The Bank writes off the claim based on a valid court judgment for unfoundedness of the claim or that the Bank is not entitled to the claim, if the bankruptcy proceedings are completed-a legal court decision for approved plan for reorganization of the debtor in Bankruptcy, the Bank has no reasonable expectation that the credit exposure will be recovered in whole or in part; as well as if there is a small amount for individually insignificant claims. The Bank makes a partial or complete write-off of the receivable by a decision of the Supervisory Board of the Bank.

The Bank is obliged to write off and if 12 months have elapsed from the date when the Bank was obliged to make a value adjustment, i.e. to allocate a special reserve of 100% by applying the Decision on methodology for credit risk management (Official Gazette of RNM No. 149/18) from July 1st, 2019. Until July 1st, 2019, the Bank was obliged to write off and if two years have passed since the date the Bank was obliged to make a write-off and value adjustment, i.e. to allocate a special reserve of 100%. Based on this, the Bank has been writing off 577 thousands denars during 2023 (2022: 3.641 thousands denars) (Note 25).

Credit risk (continued)

**B Collateral value (fair value) for credit risk protection**

<i>In thousands denars</i>	Bank loans and receivables		Other clients loans and receivables		Investments in financial assets held for sales		Investments in financial assets held until maturity		Cash and cash equivalents		Other receivables		Off-balance exposures		2023	Total 2022
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
<i>Collateral value of the exposure estimated for impairment on individual basis</i>																
First-class instruments for securing monetary deposits (in depo and/or limited accounts in the Bank)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State unconditional warranties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank warranties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance companies warranties and insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporative warranties (except for Insurance Banks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Warranties from natural persons	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Pledge on real estate</i>																
Estate for personal use (flats, houses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estate for operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pledge on movable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other collateral	16,828,689	15,960,362	1,022,189	124,499	-	-	-	-	-	-	-	-	-	-	17,850,878	16,084,861
<b>Total collateral value of the credit exposure estimated for impairment on individual basis</b>	<b>16,828,689</b>	<b>15,960,362</b>	<b>1,022,189</b>	<b>124,499</b>	-	-	-	-	-	-	-	-	-	-	<b>17,850,878</b>	<b>16,084,861</b>

Development Bank of North Macedonia AD Skopje 31st of December 2023  
Notes to the financial statements (continued)  
Risk Management (continued)

Credit risk (continued)

**B Collateral value (fair value) for credit risk protection (continued)**

In thousands denars	Bank loans and receivables		Other clients loans and receivables		Investments in financial assets held for sales		Investments in financial assets held until maturity		Cash and cash equivalents		Other receivables		Off-balance exposures		Total 2022
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
<i>Collateral value of the exposure estimated for impairment on individual basis</i>															
First-class instruments for securing monetary deposits (in depo and/or limited accounts in the Bank)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State unconditional warranties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank warranties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance companies warranties and insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporative warranties (except for Insurance Banks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Warranties from natural persons	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pledge on real estate															
Estate for personal use (flats, houses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estate for operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pledge on movable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total collateral value of the credit exposure estimated for impairment on individual basis</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Credit risk (continued)

**C Presence of credit risk in sectors and activities**

	Bank loans and receivables		Other clients loans and receivables		Investments in financial assets held for sales		Investments in financial assets held until maturity		Cash and cash equivalents		Other receivables		Off-balance exposures		Total		
	<i>In thousands denars</i>	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Industrial branch</b>																	
Non-residents	-	-	-	122,325	16,839	-	-	-	-	791,853	112,825	5,720	1,719	629,419	484,594	1,549,317	615,977
Agriculture, forestry, and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	2,664	2,131	2,664	2,131
Mining and excavation of stone	-	-	-	-	-	-	-	-	-	-	-	-	-	1,723	741	1,723	741
Food industry	-	-	-	181	16,984	-	-	-	-	-	-	3	18	28,303	77,000	28,487	94,002
Textile industry and manufacture of clothes and shoes	-	-	-	38,506	38,899	-	-	-	-	-	-	3	17	115,643	86,382	154,152	125,298
Chemical industry, manufacture of construction materials, and manufacture and processing of fuel, pharmaceutical industry	-	-	-	70	-	-	-	-	-	-	-	-	-	16,189	34,068	16,259	34,068
Manufacture of metals and machinery	-	-	-	22,483	4,342	-	-	-	-	-	-	-	-	26,840	19,518	49,323	23,860
Other processing industry.	-	-	-	9	2	-	-	-	-	-	-	10	-	641	869	660	871
Supply with electricity, gas, steam and air-conditioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supply with water, removal of wastewater, managing waste and activities for rehabilitation of the environment	-	-	-	2,165	2,165	-	-	-	-	-	-	-	-	-	-	2,165	2,165
Civil construction	-	-	-	23,229	-	-	-	-	-	-	-	-	-	33,063	5,596	56,292	5,596
Wholesale and retail trade	-	-	-	6,126	5,801	-	-	-	-	-	-	9	-	211,262	139,206	217,397	145,007
Reparation of vehicles and motorcycles	-	-	-	79	65	-	-	-	-	-	-	-	-	18,565	10,918	18,644	10,983
Transport and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	1,604	1,136	1,604	1,136
Accommodation and food activities	-	-	-	-	-	-	-	-	-	-	-	-	-	2,693	6,425	2,693	6,425
Information and communication	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Credit risk (continued)

**C Presence of credit risk in sectors and activities (continued)**

<i>In thousands denars</i>	Bank loans and receivables		Other clients loans and receivables		Investments in financial assets held for sales		Investments in financial assets held until maturity		Cash and cash equivalents		Other receivables		Off-balance exposures		2023	Total 2022
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
Financial and insurance activities	16,892,230	14,478,967	27,694	26,465	-	-	341,097	343,433	-	-	9,349	7,133	-	-	17,270,370	14,855,998
Real estate activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional and scientific activities	-	-	-	-	-	-	-	-	-	-	2	-	-	141	2	141
Administrative and assistant activities	-	-	-	-	-	-	-	-	-	-	-	-	7,999	7,999	7,999	7,999
Public office, mandatory social security	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and social protection activities	-	-	-	-	-	-	-	-	-	-	-	-	5,535	-	5,535	-
Art, fun and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Household activities as employer's household activities producing different goods and provide different services for personal needs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activities of external organizations and bodies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Natural persons	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sole proprietors – natural persons considering themselves merchants.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16,892,230</b>	<b>14,478,967</b>	<b>242,867</b>	<b>111,562</b>	<b>-</b>	<b>-</b>	<b>341,097</b>	<b>343,433</b>	<b>791,853</b>	<b>112,825</b>	<b>15,096</b>	<b>8,887</b>	<b>1,102,143</b>	<b>876,724</b>	<b>19,385,286</b>	<b>15,932,398</b>

Credit risk (continued)

**D Presence of credit risk geographically**

<i>In thousands denars</i>	Bank loans and receivables		Other clients loans and receivables		Investments in financial assets held for sales		Investments in financial assets held until maturity		Cash and cash equivalents		Other receivables		Off-balance exposures		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Geographic location</b>																
Republic of North Macedonia	16,892,230	14,478,967	120,542	94,723	-	-	341,097	343,433	-	-	9,376	7,168	472,724	392,130	17,835,969	15,316,421
Member-states of EU	-	-	70,241	12,615	-	-	-	-	791,853	112,825	5,720	1,719	468,204	340,943	1,336,018	468,102
Europe(the rest) OECD members (without European members OECD)	-	-	52,084	4,224	-	-	-	-	-	-	-	-	154,902	124,213	206,986	128,437
Rest	-	-	-	-	-	-	-	-	-	-	-	-	6,313	19,438	6,313	19,438
<b>Total</b>	<b>16,892,230</b>	<b>14,478,967</b>	<b>242,867</b>	<b>111,562</b>	<b>-</b>	<b>-</b>	<b>341,097</b>	<b>343,433</b>	<b>791,853</b>	<b>112,825</b>	<b>15,096</b>	<b>8,887</b>	<b>1,102,143</b>	<b>876,724</b>	<b>19,385,286</b>	<b>15,932,398</b>

The presence by location for loans and receivables is measured by location of the debtor. The presence by location for investment is measured by the location of the issuer of the securities.

## **2.2. Liquidity risk**

Liquidity risk is the probability that the Bank will not be able to provide sufficient funds to settle its short-term liabilities at the time of their maturity or to provide the necessary funds at a much higher cost. The liquidity risk arises from the inability of the Bank to timely and quickly convert the assets into cash at minimal cost, as well as from the inability to properly manage unexpected changes in the sources of funds.

### **2.2.1. Liquidity risk management**

Liquidity risk management implies management of assets and liabilities in a way that enables timely and regular payment of obligations, in normal or extraordinary conditions for the Bank's working.

The Bank has established a Liquidity Risk Management Policy which was adopted by the Bank's Supervisory Board and is regularly revised, and which defines the liquidity management method. Also, the Bank has established Liquidity Risk Management Procedures that were adopted by the Bank's Board of Directors and are regularly revised, and in them the liquidity risk management processes are elaborated in more detail.

As of 01.01.2021, the new Decision on methodology for liquidity risk management began to be applied, with which the bank implemented the requirements and harmonized its operations with it.

When managing liquidity, the Bank takes care, as long as possible, to always have enough liquid assets to fulfill obligations when they fall due, under normal and unusual conditions, without incurring unacceptable losses or damage to the Bank's reputation.

The asset and liquidity management department receives information from other departments regarding the liquidity profile of their financial assets and liabilities, as well as details of other projected cash flows resulting from projected future operations. The asset and liquidity management department maintains a portfolio of short-term liquid assets, mainly consisting of short-term liquid securities and placements in other banks, in order to ensure adequate liquidity of the Bank.

The Bank classifies the assets and liabilities according to their maturity based on the remaining period from the reporting date to the agreed maturity date of 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2022 respectively. The amounts are presented on a gross basis, without taking into account the amounts of accumulated depreciation, value adjustment, special reserve and suspicious receivables.

Credit risk (continued)

**Analysis based on the maturity of financial assets and liabilities (remaining maturity)**

<i>In thousands denars</i>	Up to month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
<b>2023</b>							
<b>Financial assets</b>							
Cash and cash equivalents	891,310	-	-	-	-	-	891,310
Trading assets	-	-	-	-	-	-	-
Financial assets at fair value in the Income Statement established as such at the initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Bank loans and receivables	651,348	-	2,248,050	2,757,971	6,435,004	4,801,546	16,893,919
Other clients' loans and receivables	215,452	31,868	12,547	-	-	-	259,867
Investments in securities	341,097	-	-	-	-	-	341,097
Investments in affiliated companies	-	-	-	-	-	-	-
Income tax receivables (current)	-	-	-	-	-	-	-
Other receivables	11,026	-	8,840	-	-	-	19,866
Pledged funds	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>2,110,233</b>	<b>31,868</b>	<b>2,269,437</b>	<b>2,757,971</b>	<b>6,435,004</b>	<b>4,801,546</b>	<b>18,406,059</b>
<b>Financial liabilities</b>							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value in the Income Statement established as such at the initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Bank deposits	-	-	-	-	-	-	-
Other clients' deposits	-	-	-	-	-	-	-
Issued debt securities	-	-	-	-	-	-	-
Liabilities for loans	402,795	-	1,571,843	2,335,653	5,721,514	4,747,145	14,778,949
Subordinate liabilities	-	-	-	-	-	-	-
Income tax liabilities (current)	5,653	-	-	-	-	-	5,653
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	18,503	10	1,482	-	1	1	19,997
<b>Total financial liabilities</b>	<b>426,951</b>	<b>10</b>	<b>1,573,325</b>	<b>2,335,653</b>	<b>5,721,515</b>	<b>4,747,146</b>	<b>14,804,599</b>
<b>Off-balance sheet items</b>							
Off-balance sheet assets	-	-	-	-	-	-	-
Off-balance sheet liabilities	-	-	-	-	-	-	-
<b>Maturity mismatch</b>	<b>1,683,282</b>	<b>31,858</b>	<b>696,112</b>	<b>422,318</b>	<b>713,489</b>	<b>54,400</b>	<b>3,601,460</b>

Credit risk (continued)

**Analysis based on the maturity of financial assets and liabilities (remaining maturity) (continued)**

<i>In thousands denars</i>	Up to month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
<b>2022</b>							
<b>Financial assets</b>							
Cash and cash equivalents	1,056,632	-	-	-	-	-	1,056,632
Trading assets	-	-	-	-	-	-	-
Financial assets at fair value in the Income Statement established as such at the initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Bank loans and receivables	747,781	-	2,043,558	2,043,967	4,976,548	4,308,561	14,120,415
Other clients' loans and receivables	87,164	30,323	297	-	-	-	117,784
Investments in securities	-	-	343,433	-	-	-	343,433
Investments in affiliated companies	-	-	-	-	-	-	-
Income tax receivables (current)	-	-	-	-	-	-	-
Other receivables	8,988	-	1,575	-	-	-	10,563
Pledged funds	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>1,900,565</b>	<b>30,323</b>	<b>2,388,863</b>	<b>2,043,967</b>	<b>4,976,548</b>	<b>4,308,561</b>	<b>15,648,827</b>
<b>Financial liabilities</b>							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value in the Income Statement established as such at the initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Bank deposits	-	-	-	-	-	-	-
Issued debt securities	-	-	-	-	-	-	-
Liabilities for loans	476,172	-	1,250,685	1,675,554	4,638,487	4,477,919	12,518,817
Subordinate liabilities	-	-	-	-	-	-	-
Income tax liabilities (current)	-	628	-	-	-	-	628
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	12,386	65	1,081	-	-	2	13,534
<b>Total financial liabilities</b>	<b>488,558</b>	<b>693</b>	<b>1,251,766</b>	<b>1,675,554</b>	<b>4,638,487</b>	<b>4,477,921</b>	<b>12,532,979</b>
<b>Off-balance sheet items</b>							
Off-balance sheet assets	-	-	-	-	-	-	-
Off-balance sheet liabilities	-	-	-	299	-	-	299
<b>Maturity mismatch</b>	<b>1,412,007</b>	<b>29,630</b>	<b>1,137,097</b>	<b>728,114</b>	<b>338,061</b>	<b>(169,360)</b>	<b>3,475,549</b>

### **2.3. Market risk**

Market risk is the risk of changes in market prices, such as changes in interest rates, changes in the price of capital, foreign exchange rates and credit margins (which do not relate to changes in the creditability of the debtor/issuer of securities) and which will affect the Bank's income or the value of the financial instruments owned. The purpose of market risk management is to manage and control the exposure to market risk within acceptable parameters, by optimizing the return. The Bank does not have a trading portfolio.

#### **2.3.1. Exposure to interest rate risk – portfolio not held for trading**

Interest rate risk in the banking activities portfolio is a risk of loss arising from unfavorable changes in interest rates, which affect the positions in the Bank's banking activities portfolio. This risk is the most significant type of market risk.

The Bank is exposed to interest rate volatility as a result of the fact that interest-bearing assets and liabilities mature or their interest rate changes in different periods or in different amounts. In case of assets and liabilities with variable interest rates, the Bank is also exposed to the basic risk, which arises from the different way of changing the variable interest rates.

The management of this risk, which has a direct impact on the revenues and the economic value of the Bank's banking activities portfolio, is part of the Bank's integrated risk management system. The Development Bank of North Macedonia establishes a system for risk management from the changes in interest rates in the portfolio of banking activities in accordance with the volume and type of activities it performs, as well as the degree of exposure to risk of changes in interest rates.

To measure this risk, the Bank applies a gap analysis technique - maturity structure of interest-sensitive active and passive positions in certain time periods. As a function of monitoring and control, the Bank establishes limits for exposure to interest rate risk, as well as adequate management of this risk aimed at achieving the goals and objectives of the Bank.

Risk management activities are intended to optimize net interest income, with market interest rates consistent with the Bank's business strategies.

### 2.3.1.1. Analysis of sensitivity of assets and liabilities to changes in the market risk

#### A. Analysis of sensitivity of assets and liabilities to changes in the market risk

	<b>Profit/loss</b>	<b>Personal assets</b>	<b>Risk-weighted assets</b>	<b>Capital adequacy ratio</b>
	In thousands denars	In thousands denars	In thousands denars	in %
<b>2023</b>				
Amount before the sensitivity analysis/stress-tests (status on 31.12.2022)	91,550	3,386,914	13,598,590	24.91
<b><i>Effects from the scenarios application</i></b>				
Risk of exchange rate change (state the different scenarios, including the basic characteristics of the scenario)				
Depreciation of the MKD denar for 30%	933,482	4,320,396	19,890,339	21.72
Appreciation of the MKD denar for 30%	(933,482)	2,453,432	7,306,847	33.58
Risk of interest rate change (state the different scenarios, including the basic characteristics of the scenario)				
· Interest code 400 basic points	115,400	3,502,314	13,598,590	25.75
· Interest code 400 basic points · basic points and increase of non-functional receivables	103,348	3,490,262	13,503,537	25.85
Risk of market price change in investments in proprietary securities (state the different scenarios, including the basic characteristics of the scenario)	-	-	-	-
Combined scenarios, if any (state the different scenarios, including the basic characteristics of the scenario)	-	-	-	-

### 2.3.1.1 Analysis of sensitivity of assets and liabilities to changes in the market risk

#### A. Analysis of sensitivity of assets and liabilities to changes in the market risk

	Profit/loss	Personal assets	Risk-weighted assets	Capital adequacy ratio
	In thousands denars	In thousands denars	In thousands denars	in %
<b>2022</b>				
Amount before the sensitivity analysis/stress-tests (status on 31.12.2022)	44,275	2,722,574	10,655,631	25.55
<b>Effects from the scenarios application</b>				
Risk of exchange rate change (state the different scenarios, including the basic characteristics of the scenario)				
- Depreciation of the MKD denar for 30%	641,316	3,363,890	15,680,154	21.45
- Appreciation of the MKD denar for 30%	(641,316)	2,081,258	5,631,108	36.96
Risk of interest rate change (state the different scenarios, including the basic characteristics of the scenario)				
- Interest code 400 basic points	28,299	2,750,873	10,655,631	25.82
- Interest code 400 basic points - basic points and increase of non-functional receivables	(483,161)	2,239,413	8,975,809	24.95
Risk of market price change in investments in proprietary securities (state the different scenarios, including the basic characteristics of the scenario)				
	-	-	-	-
Combined scenarios, if any (state the different scenarios, including the basic characteristics of the scenario)				
	-	-	-	-

Market Risk (continued)

**2.3.1.1 Analysis of sensitivity of assets and liabilities to changes in the market risk**

**B. Analysis of the value exposed to market risk for the trading portfolio**

<i>In thousands denars</i>	Status on 31 <sup>st</sup> of December	Average value	Highest value (maximum)	Lowest value (minimum)	Status on 31 <sup>st</sup> of December	Average value	Highest value (maximum)	Lowest value (minimum)
Value exposed at risk with interest-bearing instruments	-	-	-	-	-	-	-	-
Value exposed at risk with instruments in foreign currency	-	-	-	-	-	-	-	-
Value exposed at risk with proprietary instruments	-	-	-	-	-	-	-	-
Variance (net effect)	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

## 2.3.2. Exposure to interest rate risk – portfolio not held for trading

### A Analysis of the sensitivity to interest rates

DBNM

Report VPV

#### REPORT

For the changes in the economic value for positions from the portfolio of the banking activities on 31.12.2023

In 000 denars

	Position	Currency	Amount
	1	2	3
1.1	NET WEIGHTED POSITION FOR CURRENCY - EUR (FIR + CIR + AIR)*	MKDKiEUR	551
1.2	NET WEIGHTED POSITION FOR CURRENCY - MKD (FIR + CIR + AIR)	EUR	59.625
1.3	NET WEIGHTED POSITION FOR CURRENCY - MKDKiEUR (FIR + CIR + AIR)	MKD	(2.476)
2	<b>TOTAL WEIGHTED VALUE – CHANGE OF THE ECONOMIC VALUE OF THE PORTFOLIO OF THE BANKING ACTIVITIES (1.1 + 1.2 + 1.3 + 1.4)</b>		57.700
3	PERSONAL ASSETS		3.386.915
4	<b>TOTAL WEIGHTED VALUE/PERSONAL ASSETS (2/3*100)</b>		1,70%

DBNM

Report VPV

#### REPORT

For the changes in the economic value for positions from the portfolio of the banking activities on 31.12.2022

in 000 denars

	Position	Currency	Amount
	1	2	3
1.1	NET WEIGHTED POSITION FOR CURRENCY MKDKiEUR (FIR + CIR + AIR)	MKDKiEUR	1.156
1.2	NET WEIGHTED POSITION FOR CURRENCY EUR (FIR + CIR + AIR)	EUR	11.919
1.3	NET WEIGHTED POSITION FOR CURRENCY MKD (FIR + CIR + AIR)	MKD	1.075
2	<b>TOTAL WEIGHTED VALUE – CHANGE OF THE ECONOMIC VALUE OF THE PORTFOLIO OF THE BANKING ACTIVITIES (1.1 + 1.2 + 1.3 + 1.4)</b>		14.149
3	PERSONAL ASSETS		2.722.574
4	<b>TOTAL WEIGHTED VALUE/PERSONAL ASSETS (2/3*100)</b>		0,52%

Market risk (continued)

## 2.3.2 Exposure to interest rate risk – portfolio not held for trading (continued)

### B. Compliance analysis of the interest rates

<i>In thousands denars</i>	Up to 1 month	from 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total interest-bearing assets/liabilities
<b>2023 (current year)</b>							
<b>Financial assets</b>							
Cash and cash equivalents	792,010	-	-	-	-	-	792,010
Financial assets at fair value in the Income statement, established as such at initial recognition	-	-	-	-	-	-	-
Bank loans and receivables	604,031	-	2,255,691	2,765,024	6,439,680	4,801,066	16,865,492
Other clients' loans and receivables	84,963	94,270	25,224	-	-	-	204,457
Investments in securities	340,373	-	-	-	-	-	340,373
Other not mentioned sensitive to interest assets	-	-	-	-	-	-	-
<b>Total interest-sensitive assets</b>	<b>1,821,377</b>	<b>94,270</b>	<b>2,280,915</b>	<b>2,765,024</b>	<b>6,439,680</b>	<b>4,801,066</b>	<b>18,202,332</b>
<b>Financial liabilities</b>							
Financial liabilities at fair value in the Income statement, established as such at initial recognition	-	-	-	-	-	-	-
Bank deposits	-	-	-	-	-	-	-
Other clients' deposits	-	-	-	-	-	-	-
Issued debt securities	-	-	-	-	-	-	-
Liabilities for loans	380,210	-	1,571,843	2,335,653	5,721,513	4,747,146	14,756,365
Subordinate liabilities and hybrid instruments	-	-	-	-	-	-	-
Other not mentioned sensitive to interest liabilities	-	-	-	-	-	-	-
<b>Total interest-sensitive liabilities</b>	<b>380,210</b>	<b>-</b>	<b>1,571,843</b>	<b>2,335,653</b>	<b>5,721,513</b>	<b>4,747,146</b>	<b>14,756,365</b>
<b>Net-balance position</b>	<b>1,441,167</b>	<b>94,270</b>	<b>709,072</b>	<b>429,371</b>	<b>718,167</b>	<b>53,920</b>	<b>3,445,967</b>
Off-balance interest-sensitive active positions	-	-	-	-	-	-	-
Off-balance interest-sensitive passive positions	-	-	-	-	-	-	-
<b>Net off-balance position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net-balance position</b>	<b>1,441,167</b>	<b>94,270</b>	<b>709,072</b>	<b>429,371</b>	<b>718,167</b>	<b>53,920</b>	<b>3,445,967</b>

Market Risk (continued)

**2.3.2 Exposure to interest rate – portfolio not held for trading (continued)**

**B. Compliance analysis of the interest rates (continued)**

<i>In thousands</i>	Up to 1 month	from 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total interest-bearing assets/liabilities
<b>2022</b>							
<b>Financial assets</b>							
Cash and cash equivalents	112,832	-	-	-	-	-	112,832
Financial assets at fair value in the Income statement, established as such at initial recognition	-	-	-	-	-	-	-
Bank loans and receivables	732,936	-	2,043,349	2,403,726	4,976,052	4,308,130	14,464,193
Other clients' loans and receivables	47,420	33,542	297	-	-	-	81,259
Investments in securities	-	-	342,866	-	-	-	342,866
Other not mentioned sensitive to interest assets	-	-	-	-	-	-	-
<b>Total interest-sensitive assets</b>	<b>893,188</b>	<b>33,542</b>	<b>2,386,511</b>	<b>2,403,726</b>	<b>4,976,052</b>	<b>4,308,130</b>	<b>15,001,150</b>
<b>Financial liabilities</b>							
Financial liabilities at fair value in the Income statement, established as such at initial recognition	-	-	-	-	-	-	-
Bank deposits	-	-	-	-	-	-	-
Other clients' deposits	-	-	-	-	-	-	-
Issued debt securities	-	-	-	-	-	-	-
Liabilities for loans	457,815	-	1,250,685	1,675,554	4,638,487	4,477,919	12,500,460
Subordinate liabilities and hybrid instruments	-	-	-	-	-	-	-
Other not mentioned sensitive to interest liabilities	-	-	-	-	-	-	-
<b>Total interest-sensitive liabilities</b>	<b>457,815</b>	<b>-</b>	<b>1,250,685</b>	<b>1,675,554</b>	<b>4,638,487</b>	<b>4,477,919</b>	<b>12,500,460</b>
<b>Net-balance position</b>	<b>435,373</b>	<b>33,542</b>	<b>1,135,826</b>	<b>728,172</b>	<b>337,565</b>	<b>-169,788</b>	<b>2,500,691</b>
Off-balance interest-sensitive active positions	-	-	-	-	-	-	-
Off-balance interest-sensitive passive positions	-	-	-	-	-	-	-
<b>Net off-balance position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net-balance position</b>	<b>435,373</b>	<b>33,542</b>	<b>1,135,826</b>	<b>728,172</b>	<b>337,565</b>	<b>-169,788</b>	<b>2,500,691</b>

### 1.1.1. Currency Risk

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

The Development Bank of North Macedonia is establishing a policy to the extent that it is possible to place funds from foreign sources in the same currency or in Denars with a foreign exchange clause in the currency of the origin of the funds.

The measurement of the currency risk is performed through the indicator for the ratio of the aggregate foreign exchange position with the Bank's own funds. The currency risk management policy defines this internal limit, which is different from the legal one, since in accordance with the Law on MBDP, the regulations for open foreign exchange positions do not apply to the Bank.

The monitoring of this risk on a regular basis provides security for the Supervisory and Management Boards that the established control system functions accordingly.

<i>In thousands denars</i>	<b>MKD</b>	<b>EUR</b>	<b>USD</b>	<b>Other currencies</b>	<b>Total</b>
<b>2023</b>					
<b>Monetary assets</b>					
Cash and cash equivalents	85,848	791,853	-	-	877,701
Trading assets	-	-	-	-	-
Financial assets at fair value in the Income Statement established at such in initial recognition	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-
Other bank loans and receivables	-	16,892,230	-	-	16,892,230
Other clients' loans and receivables	92,532	150,335	-	-	242,867
Investments in securities	341,097	-	-	-	341,097
Investments in affiliated companies	-	-	-	-	-
Income tax receivables (current)	-	-	-	-	-
Other receivables	9,708	7,053	-	-	16,761
Pledged funds	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
<b>Total monetary assets</b>	<b>529,185</b>	<b>17,841,471</b>	<b>-</b>	<b>-</b>	<b>18,370,656</b>
<b>Monetary liabilities</b>					
Trading liabilities	-	-	-	-	-
Financial liabilities at fair value in the Income Statement established at such in initial recognition	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other clients' deposits	-	-	-	-	-
Issued securities	-	-	-	-	-
Liabilities for loans	50,031	14,728,918	-	-	14,778,949
Subordinate liabilities	-	-	-	-	-
Income tax liabilities (current)	5,653	-	-	-	5,653
Deferred tax liabilities	-	-	-	-	-
Other liabilities	4,283	15,021	-	693	19,997
<b>Total monetary liabilities</b>	<b>59,967</b>	<b>14,743,939</b>	<b>-</b>	<b>693</b>	<b>14,804,599</b>
<b>Net-position</b>	<b>469,218</b>	<b>3,097,532</b>	<b>-</b>	<b>(693)</b>	<b>3,566,057</b>

Currency Risk (continued)

<i>In thousands denars</i>	MKD	EUR	USD	Other currencie s	Total
<b>2022</b>					
<b>Monetary assets</b>					
Cash and cash equivalents	943,786	112,824			1,056,610
Trading assets	-	-	-	-	-
Financial assets at fair value in the Income Statement established at such in initial recognition	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-
Other bank loans and receivables	30,003	14,448,964	-	-	14,478,967
Other clients' loans and receivables	68,193	43,369	-	-	111,562
Investments in securities	343,433	-	-	-	343,433
Investments in affiliated companies	-	-	-	-	-
Income tax receivables (current)	-	-	-	-	-
Other receivables	6,164	3,471	-	-	9,635
Pledged funds	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
<b>Total monetary assets</b>	<b>1,391,579</b>	<b>14,608,628</b>	-	-	<b>16,000,207</b>
<b>Monetary liabilities</b>					
Trading liabilities	-	-	-	-	-
Financial liabilities at fair value in the Income Statement established at such in initial recognition	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-
Bank deposits	-	-	-	-	-
Other clients' deposits	-	-	-	-	-
Issued securities	-	-	-	-	-
Liabilities for loans	57,178	12,461,639	-	-	12,518,817
Subordinate liabilities	-	-	-	-	-
Income tax liabilities (current)	628	-	-	-	628
Deferred tax liabilities	-	-	-	-	-
Other liabilities	3,736	9,796	-	-	13,532
<b>Total monetary liabilities</b>	<b>61,542</b>	<b>12,471,435</b>	-	-	<b>12,532,977</b>
<b>Net-position</b>	<b>1,330,037</b>	<b>2,137,193</b>	-	-	<b>3,467,230</b>

## 2.4. Operational risk

The operational risk is defined as the risk of loss arising from inappropriate or unsuccessful internal processes and systems, human factor or external events. The Bank has established a framework for operational risk management based on the strategy, policy and methodology for managing this risk. It allows within the various processes in the Bank to identify the risks arising from these processes, their measurement and taking corrective actions in order to avoid the potential negative effect on the financial result and capital position of the Bank.

### 3. Capital adequacy

The NBRNM, as the main regulator in the banking sector, monitors the capital adequacy of the Bank as a whole, but for the Bank, in accordance with the Law on Establishment of the Macedonian Bank for Development Promotion, higher capital adequacy rates are not applied, which may be prescribed by the governor.

The bank is obliged to maintain a capital adequacy ratio that cannot be lower than 8%, while it is obliged to maintain a regular share capital rate in the amount of 4.5% of the risk weighted assets and share capital rate in the amount of 6% of the risk weighted assets.

The bank is obliged to maintain a protective layer for preservation of the capital in the amount of 2.5% of the risk weighted assets and to calculate and maintain a countercyclical protective layer of the capital. The Bank's own funds as of 31<sup>st</sup> of December 2023 and 31<sup>st</sup> of December 2022 are regular share capital.

#### Own funds Report

The Bank's own funds on 31<sup>st</sup> of December, as follows:

Description	2023	2022
A1. Own funds	3,386,914	2,722,574
A2. Basic capital	3,386,914	2,722,574
A3. Regular basic capital (RBC)	3,386,914	2,722,574
A3.1 Positions in RBC	3,386,996	2,722,721
A3.1.1. Capital instruments in RBC	1,998,862	1,378,862
A3.1.2. Premium from the capital instruments RBC	-	-
A3.1.3. Mandatory general reserve (general fund)	1,388,134	1,343,859
A3.1.4. Retained non-allocated income	-	-
A3.1.5. (-) Accumulated loss from previous years	-	-
A3.1.6. Current income or income at the end of the year	-	-
A3.1.7. Cumulative comprehensive income or loss	-	-
A3.2. (-) Deductible items of RBC	(82)	(147)
A3.2.01. (-) Loss at the end of the year or current loss	-	-
A3.2.02. (-) Intangible assets	(82)	(147)
A3.2.03. (-) Deferred tax assets which depend on the future profitability of the Bank	-	-
A3.2.04. (-) Investment in own capital instruments from RBC	-	-
A3.2.04.1. (-) Direct investment in own capital instruments from RBC	-	-
A3.2.04.2. (-) Indirect investment in own capital instruments from RBC	-	-
A3.2.04.3. (-) Synthetic investment in own capital instruments from RBC	-	-
A3.2.04.4. (-) Investment in own capital instruments from RBC for which the Bank is liable to buy	-	-
A3.2.04. (-) investment in proprietary capital instruments from RBC	-	-
A3.2.04.1. (-) Direct investment in proprietary capital instruments from RBC	-	-
A3.2.04.2. (-) Indirect investment in proprietary capital instruments from RBC	-	-
A3.2.04.3. (-) Synthetic investment in proprietary capital instruments from RBC	-	-
A3.2.04.4. (-) investment in proprietary capital instruments from RBC	-	-
A3.2.05. (-) Direct, indirect, synthetic investment in capital instruments from RBC to entities from the finance sector, in which the bank has no significant investment.	-	-
A3.2.07. (-) Direct, indirect, synthetic investment in capital instruments from RBC to entities from the finance sector, in which the bank has significant investment	-	-
A3.2.08. (-) Amount of deductible items from ABC which des not exceed the total amount of ABC	-	-
A3.2.09. (-) Amount of excess of limits for investment in financial institutions	-	-
A3.2.10. (-) Income costs	-	-
A3.2.11. (-) difference between the amount and necessary adjustment of the value/the special reserve	-	-
A3.3. Regulation adjustments of RBC	-	-
A3.3.1. (-) Increase of RBC which arises from the positions of securitization	-	-
A3.3.2. (-) Profit or (+) loss from the risk protection from cash flows	-	-

Capital adequacy (continued)  
Own funds Report (continued)

	Description	2023	2022
A3.3.3.	(-) Profit or (+) loss from liabilities of the Bank which are measured at fair value	-	-
A3.3.4.	(-) Profit or (+) loss from related to liabilities based on derivatives which are measured at fair value	-	-
A3.4.	Positions as result of consolidation	-	-
A3.4.1.	Minority interest recognized in RBC as consolidated basis	-	-
A3.4.2.	Other	-	-
A3.5.	Other positions in RBC	-	-
A3.6.		-	-
B4.	Added basic capital (ABC)	-	-
B4.1	Positions in ABC	-	-
B4.1.1.	Capital instruments from ABC	-	-
B4.1.2.	Premium from capital instruments from ABC	-	-
B4.2.	(-) Deductible items from ABC	-	-
B4.2.1.	(-) Investment in personal capital instruments from ABC	-	-
B4.2.1.1.	(-) Direct investment in personal capital instruments from ABC	-	-
B4.2.1.2.	(-) Indirect investment in personal capital instruments from ABC	-	-
B4.2.1.3.	(-) Synthetic investment in personal capital instruments from ABC	-	-
B4.2.1.4.	(-) Investment in personal capital instruments from ABC for which the Bank is liable to buy	-	-
B4.2.2.	(-) Direct, indirect, synthetic investment in capital instruments from ABC to entities from the finance sector, where the entities have investments in the Bank itself	-	-
B4.2.3.	(-) Direct, indirect, synthetic investment in capital instruments from ABC to entities from the finance sector, where the bank has no significant investment	-	-
B4.2.4.	(-) Direct, indirect, synthetic investment in capital instruments from ABC to entities from the finance sector, where the bank has significant investment	-	-
B4.2.5.	(-) Amount of deductible items from AC which exceeds the total amount of AC	-	-
B4.2.6.	(-) tax costs	-	-
B4.3.	Regulation adjustments of ABC	-	-
B4.3.1.	(-) ABC increase arising from the positions of securitizations	-	-
B4.3.2.	(-) Profit or (+) loss from risk protection from cash flows	-	-
B4.3.3.	(-) Profit or (+) loss from bank liabilities which are measured at fair value	-	-
B4.3.4.	(-) Profit or (+) loss related to liabilities based on derivatives which are measured at fair value	-	-
B4.4.	Positions as a result of consolidation	-	-
B4.4.1.	(+/-) Acceptable additional basic capital which is recognized in ABC as consolidated basis	-	-
B4.4.2.	Other	-	-

Capital adequacy (continued)

Own funds Report (continued)

	<b>Description</b>	<b>2023</b>	<b>2022</b>
B4.5.	Other positions from ABC	-	-
C5.	Additional capital (AC)	-	-
C5.1.	Positions in AC	-	-
C5.1.1.	Capital instruments from AC	-	-
C5.1.2.	Subordinate loans	-	-
C5.1.3.	Premium from capital instruments from AC	-	-
C5.2.	(-) Deductible items from AC	-	-
C5.2.1.	(-) Investments in personal capital instruments from AC	-	-
C5.2.1.1.	(-) Direct investment in personal capital instruments from AC	-	-
C5.2.1.2.	(-) indirect investment in personal capital instruments from AC	-	-
C5.2.1.3.	(-) Synthetic investment in personal capital instruments from AC	-	-
C5.2.1.4.	(-) Investment in personal capital instruments from AC, for which the bank is responsible to buy	-	-
C5.2.2.	(-) Direct, indirect and synthetic investment in positions of AC, to entities from the finance sector, where the entities have investments in the Bank	-	-
C5.2.3.	(-) Direct, indirect and synthetic investment in positions of AC, to entities from the finance sector, where the Bank has no significant investment	-	-
C5.2.4.	(-) Direct, indirect and synthetic investment in positions of AC, to entities from the finance sector, where the Bank has significant investment	-	-
C5.3.	Regulation adjustments of AC	-	-
C5.3.1.	(-) Increase of AC which arises from the positions of securitization	-	-
C5.3.2.	(-) Profit or (+) loss from risk protection from cash flows	-	-
C5.3.3.	(-) Profit or (+) loss from bank liabilities which are measured at fair value	-	-
C5.3.4.	(-) Profit or (+) loss related to liabilities based on derivatives which are measured at fair value	-	-
C5.4.	Positions as a result of consolidation	-	-
C5.4.1.	(+/-) Acceptable additional basic capital which is recognized in AC as consolidated basis	-	-
C5.4.2.	Other	-	-
C5.5.	Other positions from AC	-	-

Capital adequacy (continued)

	Description	2023	2022
1	2	3	4
<b>I</b>	<b>CREDIT RISK-WEIGHTED ASSETS</b>		
1	Credit risk – weighted assets by applying the standard approach	10,174,444	8,282,165
2	Capital needed to cover the credit risk	813,955	662,573
<b>II</b>	<b>CURRENCY RISK-WEIGHTED ASSETS</b>		
3	Aggregate currency position	3,112,296	2,137,721
4	Net-position in gold	-	-
5	Capital needed to cover the currency risk	248,984	171,017
6	Currency risk – weighted assets	3,112,296	2,137,721
<b>III</b>	<b>OPERATIONAL RISK-WEIGHTED ASSETS</b>		
7	Capital needed to cover the operational risk by applying the basic indicator approach	24,948	18,860
8	Operational risk – weighted assets by applying the standard approach	-	-
9	Operational risk – weighted assets	311,850	235,745
<b>IV</b>	<b>OTHER RISK-WEIGHTED ASSETS</b>		
10	Capital needed to cover the risk of price change of goods	-	-
11	Capital needed to cover the market risks (11.1+11.2+11.3+11.4+11.5)	-	-
11.1	Capital needed to cover the position risk (11.1.1+11.1.2+11.1.3+11.1.4)	-	-
11.1.1	Capital needed to cover the specific risk form investment in debt funds	-	-
11.1.2	Capital needed to cover the general risk of investment in debt funds	-	-
11.1.3	Capital needed to cover the specific risk form investment in proprietary securities	-	-
11.1.4	Capital needed to cover the general risk of investment in proprietary securities	-	-
11.2	Capital needed to cover the reconciliation/delivery	-	-
11.3	Capital needed to cover the of the other contracting party	-	-
11.4	Capital needed to cover the excess of limits of exposure	-	-
11.5	Capital needed to cover the market risks of positions in options	-	-
12	Capital needed to cover the other risks (10+11)	-	-
<b>V</b>	<b>RISK-WEIGHTED ASSETS</b>	<b>13,598,590</b>	<b>10,655,631</b>
D13	Capital needed to cover the risks	1,087,887	852,450
<b>VI</b>	<b>PERSONAL ASSETS</b>	<b>3,386,914</b>	<b>2,722,574</b>
<b>VII</b>	<b>CAPITAL ADEQUACY (VI / V)</b>	<b>24,91%</b>	<b>25,55%</b>

#### 4. Segment reporting

Segment reporting is performed by the Bank's operating segments, prescribed by the regulations of the National Bank of the Republic of North Macedonia. The Bank discloses information separately for each significant operating segment, and also presents information on the concentration (presence) of its business activities to individual significant clients.

##### A Operating segments

<i>In thousands denars</i>	Work with population	Corporate banking	Investment banking	Other insignificant operating segments	Non- allocated	Total
<b>2023</b>						
Net-income(expenses) from interests	-	159,878	-	-	-	<b>159,878</b>
Net-income(expenses) from commissions and compensations	-	62,221	-	-	-	<b>62,221</b>
Net-income from trading	-	-	-	-	-	-
Net-income from other financial instruments recorded at fair value	-	-	-	-	-	-
Other operating income	-	13,691	-	-	-	<b>13,691</b>
Income realized between segments	-	-	-	-	-	-
<b>Total income at a segment</b>	-	<b>235,790</b>	-	-	-	<b>235,790</b>
Value adjustment of the financial assets, at net-basis	-	(30,063)	-	-	-	<b>(30,063)</b>
Loss due to impairment of non-financial assets, at net-basis	-	-	-	-	-	-
Depreciation	-	(7,167)	-	-	-	(7,167)
Restructuring expenses	-	-	-	-	-	-
Expenses for investment in real estate and equipment	-	-	-	-	-	-
Other expenses	-	(95,215)	-	-	-	(95,215)
<b>Total expenses at a segment</b>	-	<b>(132,445)</b>	-	-	-	<b>(132,445)</b>
Financial result at a segment	-	102,217	-	-	-	102,217
Income tax	-	(10,667)	-	-	-	(10,667)
<b>Profit/loss for the fiscal year</b>	-	<b>91,550</b>	-	-	-	<b>91,550</b>
Total assets at a segment	-	18,473,338	-	-	-	18,473,338
Non-allocated assets at a segment	-	-	-	-	-	-
<b>Total assets</b>	-	<b>18,473,338</b>	-	-	-	<b>18,473,338</b>
Total liabilities at a segment	-	14,841,673	-	-	-	14,841,673
Non-allocated liabilities at a segment	-	-	-	-	-	-
<b>Total liabilities</b>	-	<b>14,841,673</b>	-	-	-	<b>14,841,673</b>

Segment reporting (continued)

**A Operating segments (continued)**

<i>In thousands denars</i>	Work with population	Corporate banking	Investment banking	Other insignificant operating segments	Non- allocated	Total
<b>2022</b>						
Net-income(expenses) from interests	-	100,454	-	-	-	100,454
Net-income(expenses) from commissions and compensations	-	37,094	-	-	-	37,094
Net-income from trading	-	-	-	-	-	-
Net-income from other financial instruments recorded at fair value	-	-	-	-	-	-
Other operating income	-	21,305	-	-	-	21,305
Income realized between segments	-	-	-	-	-	-
<b>Total income at a segment</b>	-	<b>158,853</b>	-	-	-	<b>158,853</b>
Value adjustment of the financial assets, at net-basis	-	(20,451)	-	-	-	(20,451)
Loss due to impairment of non-financial assets, at net-basis	-	-	-	-	-	-
Depreciation	-	(6,457)	-	-	-	(6,457)
Restructuring expenses	-	-	-	-	-	-
Expenses for investment in real estate and equipment	-	-	-	-	-	-
Other expenses	-	(78,476)	-	-	-	(78,476)
<b>Total expenses at a segment</b>	-	<b>(105,384)</b>	-	-	-	<b>(105,384)</b>
Financial result at a segment	-	49,461	-	-	-	49,461
Income tax	-	(5,186)	-	-	-	(5,186)
<b>Profit/loss for the fiscal year</b>	-	<b>44,275</b>	-	-	-	<b>44,275</b>
Total assets at a segment	-	16,107,054	-	-	-	16,107,054
Non-allocated assets at a segment	-	-	-	-	-	-
<b>Total assets</b>	-	<b>16,107,054</b>	-	-	-	<b>16,107,054</b>
Total liabilities at a segment	-	12,566,939	-	-	-	12,566,939
Non-allocated liabilities at a segment	-	-	-	-	-	-
<b>Total liabilities</b>	-	<b>12,566,939</b>	-	-	-	<b>12,566,939</b>

Segment reporting (continued)

**B. Concentration of total income and expenses with significant clients**

	<i>In thousand denars</i>	Corporate banking	Investment banking	Other insignificant operating segments	Non- allocated	Total for a significant client
<b>2023 (current year)</b>						
Client 1						
Income		195,279	-	-	-	195,279
(expenses)		(522)	-	-	-	(522)
Client 2						
Income		-	-	-	-	-
(expenses)		(121,198)	-	-	-	(121,198)
Client 3						
Income		62,000	-	-	-	62,000
(expenses)		-	-	-	-	-
Client 4						
Income		17,310	-	-	-	17,310
(expenses)		-	-	-	-	-
Client 5						
Income		6,493	-	-	-	6,493
(expenses)		-	-	-	-	-
Client 6						
Income		6,177	-	-	-	6,177
(expenses)		-	-	-	-	-
<b>Total at a segment</b>		<b>165,539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,539</b>

	<i>In thousand denars</i>	Corporate banking	Investment banking	Other insignificant operating segments	Non- allocated	Total for a significant client
<b>2022 (previous year)</b>						
Client 1						
Income		132,014	-	-	-	132,014
(expenses)		(624)	-	-	-	(624)
Client 2						
Income		-	-	-	-	-
(expenses)		(43,407)	-	-	-	(43,407)
Client 3						
Income		38,337	-	-	-	38,337
(expenses)		-	-	-	-	-
Client 4						
Income		10,658	-	-	-	10,658
(expenses)		-	-	-	-	-
Client 5						
Income		7,836	-	-	-	7,836
(expenses)		-	-	-	-	-
Client 6						
Income		5,372	-	-	-	5,372
(expenses)		-	-	-	-	-
<b>Total at a segment</b>		<b>150,186</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,186</b>

Segment reporting (continued)

**C Geographical areas**

<i>In thousands denars</i>	Republic of Macedonia	EU Member-states	Europe (the rest of the countries)	OECD members (without the European OECD member-states)	Other	Other insignificant geographical segments	Non-allocated	Total
<b>2023 (current year)</b>								
Total income	276,651	(116,773)	-	-	-	-	-	159,878
Total assets	17,676,765	797,573	-	-	-	-	-	18,473,338
<b>2022 (Previous year)</b>								
Total income	235,178	(76,325)	-	-	-	-	-	158,853
Total assets	15,992,489	114,565	-	-	-	-	-	16,107,054

## 5. Fair value of the financial assets and liabilities

Fair value is the value for which an asset may be replaced, or a liability paid under normal commercial conditions. The objective value is determined on the basis of the assessments made by the Management, depending on the assets or liabilities.

### ***Cash and cash equivalents***

The book value of the cash and cash equivalents corresponds to the fair value, taking into account that they both include cash, bank accounts and deposits with a short maturity.

### ***Loans and receivables from banks and clients***

The loans and receivables from banks and clients are identified at amortized cost reduced for the reserve due to impairment. The loans and receivables from the clients are generally variable in terms of interest rates and their estimated fair value is determined by discounting of the future estimated cash flows by applying the effective interest rate.

### ***Other receivables***

The fair value of the other receivables corresponds to their book value taking into account their short-term maturity.

### ***Liabilities for loans***

The fair value of the liabilities for loans with variable interest rates is close to their book value due to the adjustment of the interest rates to the specific financial liabilities with the market interest rates for similar instruments.

The fair value of credit lines that are regulated by special conditions and for which the market has no other financial instruments with the same or similar characteristics is close to the level of their book value.

### ***Other liabilities***

The fair value of the remaining liabilities corresponds to the level of their book value taking their short maturity into account.

Fair value of the financial assets and liabilities (continued)

**A. Fair value of the financial assets and liabilities**

<i>In thousands denars</i>	2023		2022	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	891,310	891,310	1,056,610	1,056,610
Trading assets	-	-	-	-
Financial assets at fair value in the Income Statement established as such at initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Banks loans and receivables	16,893,919	16,893,919	14,478,967	14,478,967
Other clients loans and receivables	259,867	259,867	111,562	111,562
Investment in securities	341,097	341,097	343,433	343,433
Investment in affiliated companies	-	-	-	-
Income tax receivables (current)	-	-	-	-
Other receivables	19,866	19,866	9,635	9,635
Pledged funds	-	-	-	-
Deferred tax assets	-	-	-	-
<b>Financial liabilities</b>				
Trading liabilities	-	-	-	-
Financial liabilities at fair value in the Income Statement, established at such in initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Bank deposits	-	-	-	-
Other clients' deposits	-	-	-	-
Issued debt securities	-	-	-	-
Liabilities for loans	14,778,949	14,778,949	12,518,817	12,518,817
Subordinate liabilities	-	-	-	-
Income tax liabilities (current)	5,653	5,653	628	628
Deferred tax liabilities	-	-	-	-
Other liabilities	19,997	19,997	13,532	13,532

Fair value of the financial assets and liabilities (continued)

**B. Level of fair value of the financial assets and liabilities measured at fair value**

**B.1. Level of fair value of the financial assets and liabilities measured at fair value**

	Note	Level 1	Level 2	Level 3	Total
<i>In thousands denars</i>					
<b>31<sup>st</sup> of December 2023 (current year)</b>					
<b>Financial assets measured at fair value</b>					
Trading assets	19	-	-	-	-
Financial assets at fair value in the Income Statement, established at such at initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investment in securities held for sales	23.1	-	-	-	-
<b>Total</b>		-	-	-	-
<b>Financial liabilities measured at fair value</b>					
Trading liabilities	32	-	-	-	-
Financial liabilities at fair value in the Income Statement, established at such at initial recognition	33	-	-	-	-
Derivative liabilities held for risk management k	21	-	-	-	-
<b>Total</b>		-	-	-	-
<b>31<sup>st</sup> of December 2022 (previous year)</b>					
<b>Financial assets measured at fair value</b>					
Trading assets	19	-	-	-	-
Financial assets at fair value in the Income Statement, established at such at initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investment in securities held for sales	23.1	-	-	-	-
<b>Total</b>		-	-	-	-
<b>Financial liabilities measured at fair value</b>					
Trading liabilities	32	-	-	-	-
Financial liabilities at fair value in the Income Statement, established at such at initial recognition	33	-	-	-	-
Derivative liabilities held for risk management k	21	-	-	-	-
<b>Total</b>		-	-	-	-

Fair value of the financial assets and liabilities (continued)

**B. Level of fair value of the financial assets and liabilities measured at fair value(continues)**

**B.2. Transfer between levels 1 and 2 of the fair value**

	Current year 2023		Previous year 2022	
	Transfers from level 1 into level 2	Transfers from level 2 into level 1	Transfers from level 1 into level 2	Transfers from level 2 into level 1
<i>In thousands denars</i>				
<b>Financial assets measured at fair value</b>				
Trading assets	-	-	-	-
Financial assets at fair value in the Income Statement, established at such at initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Investment in securities held for sales	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Trading liabilities	-	-	-	-
Financial liabilities at fair value in the Income Statement, established at such at initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
<b>Total</b>	-	-	-	-

**B.3. Compliance of the flow of fair value during the year, measured at level 3**

<i>In thousands denars</i>	Trading assets	Financial assets at fair value in the IS, established at such at initial recognition	Investment in securities held for sales	<b>Total assets</b>	Trading liabilities	Financial liabilities at fair value in the IS, established at such at initial recognition	<b>Total liabilities</b>
<b>Status at 1<sup>st</sup> of January 2022 (previous year)</b>							
Profit/(loss) recognized in:							
- Income Statement (IS)	-	-	-	-	-	-	-
- Other profit/(loss) in period not shown in the IS	-	-	-	-	-	-	-
Buying financial assets during the period	-	-	-	-	-	-	-
Sold financial instruments during the period	-	-	-	-	-	-	-
Issued financial instruments during the period	-	-	-	-	-	-	-
Paid financial instruments during the period	-	-	-	-	-	-	-
Reclassified financial instruments in/(from) level 3	-	-	-	-	-	-	-
Reclassified in loans and receivables	-	-	-	-	-	-	-
<b>Status as of 31<sup>st</sup> of December 2022 (previous year)</b>	-	-	-	-	-	-	-
<b>Total profit/(loss) recognized in the Income Statement for the financial assets and liabilities held on 31<sup>st</sup> of December 2022 (previous year)</b>	-	-	-	-	-	-	-

Fair value of the financial assets and liabilities (continued)

**B. Level of fair value of the financial assets and liabilities measured at fair value(continues)**

**B.3. Compliance of the flow of fair value during the year, measured at level 3(continues)**

<i>In thousands MKD</i>	Trading assets	Financial assets at fair value in the IS, establishe d at such at initial recognitio n	Investment in securities held for sales	<b>Total assets</b>	Trading liabilities	Financial liabilities at fair value in the IS, established at such at initial recognition	<b>Total liabilities</b>
<b>Status at 1 Jan 2023 (current year)</b>							
Profit/(loss) recognized in:							
- Income Statement (IS)	-	-	-	-	-	-	-
- Other profit/(loss) in period not shown in the IS	-	-	-	-	-	-	-
Buying financial assets during the period	-	-	-	-	-	-	-
Sold financial instruments during the period	-	-	-	-	-	-	-
Issued financial instruments during the period	-	-	-	-	-	-	-
Paid financial instruments during the period	-	-	-	-	-	-	-
Reclassified financial instruments in/(from) level 3	-	-	-	-	-	-	-
Reclassified in loans and receivables	-	-	-	-	-	-	-
<b>Status at 31<sup>st</sup> of December 2023 (previous year)</b>							
	-	-	-	-	-	-	-
<b>Total profit/(loss) recognized in the Income Statement for the financial assets and liabilities held on 31<sup>st</sup> of December 2023 (current year)</b>	-	-	-	-	-	-	-

## 6. Net - income/(expenses) from interest

### A Structure of the income and expenses from interest according to the type of financial instruments

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
<b>Income from interest</b>		
Cash and cash equivalents	7,892	10,134
Financial assets at fair value in the IS, established at such at initial recognition	-	-
Derivative assets held for risk management	-	-
Bank loans and receivables	110,004	73,262
Other client's' loans and receivables	155,818	107,167
Investment in securities	18,408	567
Other receivables	-	-
(Value adjustment of income from interest, on net-basis)	-	-
Charged previously written-off interest	46	8
<b>Total income from interest</b>	<b>292,168</b>	<b>191,138</b>
<b>Expenses for interest</b>		
Financial liabilities at fair value in the IS, established at such at initial recognition	-	-
Derivative liabilities held for risk management	-	-
Bank deposits	-	-
Other clients' deposits	-	-
Issued debt securities	-	-
Liabilities for loans	132,290	88,666
Subordinate liabilities	-	-
Other liabilities-negative interest on assets placed in foreign banks	-	2,018
<b>Total expenses for interest</b>	<b>132,290</b>	<b>90,684</b>
<b>Net-income/(expenses) from interest</b>	<b>159,878</b>	<b>100,454</b>

### B Sector analysis of the income and expenses from interest, acc. to the sector

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
<b>Income from interest</b>		
Non-financial assets	5,368	2,539
State	168,858	105,195
Non-profit institutions serving households	-	-
Banks	110,011	83,247
Other financial institutions (non-banking)	-	-
Households	-	-
Non-residents	7,885	149
(Value adjustment of income from interest, on net-basis)	-	-
Charged previously written-off interest	46	8
<b>Total income from interest</b>	<b>292,168</b>	<b>191,138</b>
<b>Expenses for interest</b>		
Non-financial assets	-	-
State	552	624
Non-profit institutions serving households	-	-
Banks	-	216
Other financial institutions (non-banking)	-	-
Households	-	-
Non-residents	131,738	89,844
<b>Total expenses for interest</b>	<b>132,290</b>	<b>90,684</b>
<b>Net-income/(expenses) from interest</b>	<b>159,878</b>	<b>100,454</b>

## 7. Net-income/(expenses) from commissions and compensations

### A Structure of the income and expenses from commissions and compensations according to the type of financial activities

<i>In thousands denars</i>	2023	2022
<b>Income from commissions and compensations</b>		
Crediting	3,082	1,909
Payment system		
In the country	-	-
Abroad	-	-
Documentary credits and warranties	41,718	51,503
Brokerage	-	-
Assets management	47,182	26,819
Commission and trust activities	-	-
Issuing securities	-	-
Other	-	-
<b>Total income from commissions and compensations</b>	<b>91,982</b>	<b>80,231</b>
<b>Liabilities for commissions and compensations</b>		
Crediting		20
Payment system		
In the country	769	628
Abroad	789	801
Documentary credits and warranties	28,203	41,688
Brokerage	-	-
Assets management	-	-
Commission and trust activities	-	-
Issuing securities	-	-
Other	-	-
<b>Total expenses for commissions and compensations</b>	<b>29,761</b>	<b>43,137</b>
<b>Net-income/(expenses) from commissions and compensations</b>	<b>62,221</b>	<b>37,094</b>

### B Sector analysis of the income and expenses from commissions and compensations

<i>In thousands denars</i>	2023	2022
<b>Income from commissions and compensations</b>		
Non-financial companies	28,277	27,801
State	47,182	26,819
Non-profit institutions serving households	-	-
Banks	-	-
Other financial institutions (non-banking)	-	-
Households	-	-
Non-residents	16,523	25,611
<b>Total income from commissions and compensations</b>	<b>91,982</b>	<b>80,231</b>
<b>Expenses for commissions and compensations</b>		
Non-financial companies	17,089	30,268
State	-	-
Non-profit institutions serving households	-	-
Banks	769	628
Other financial institutions (non-banking)	-	-
Non-residents	11,903	12,241
<b>Total expenses for commissions and compensations</b>	<b>29,761</b>	<b>43,137</b>
<b>Net-income/(expenses) from commissions and compensations</b>	<b>62,221</b>	<b>37,094</b>

## 8. Net income from trading

*In thousands denars*

	2023	2022
<b>Trading assets</b>		
Profit/(loss) from the adjustment of the fair value of debt securities, on net-basis		
- realized	-	-
- unrealized	-	-
Profit/(loss) from the adjustment of the fair value of the proprietary instruments, on net-basis		
- realized	-	-
- unrealized	-	-
Income from dividend from the trading assets	-	-
Income from interest from the trading assets	-	-
<b>Trading liabilities</b>		
Profit/(loss) from the adjustment of the fair value of debt securities, on net-basis		
- realized	-	-
- unrealized	-	-
Profit/(loss) from the adjustment of the fair value of trading deposits, on net-basis		
- realized	-	-
- unrealized	-	-
Profit/(loss) from the adjustment of the fair value of the other financial trading liabilities, on net-basis		
- realized	-	-
- unrealized	-	-
Expenses for interest from the financial liabilities held for trading, on net-basis		
<i>Profit/(loss) from the adjustment of the fair value of derivatives held for trading, on net-basis</i>		
- realized	-	-
- unrealized	-	-
<b>Net-income from trading</b>	-	-

## 9. Net-income from other financial instruments recorded at fair value

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
<b>Financial assets at fair value in the Income statement, established at such at initial recognition</b>		
Profit/(loss) from the adjustment of the fair value of debt securities, on net-basis		
- realized	-	-
- unrealized	-	-
Profit/(loss) from the adjustment of the fair value of proprietary instruments, on net- basis		
- realized	-	-
- unrealized	-	-
Income from dividends from the financial assets at fair value in the Income Statement	-	-
Profit/(loss) from the adjustment of the fair value of loans and receivables at fair value in the IS, on net-basis		
- realized	-	-
- unrealized	-	-
<b>Financial liabilities at fair value in the Income statement, established at such at initial recognition</b>		
Profit/(loss) from the adjustment of the fair value of debt securities, on net-basis		
- realized	-	-
- unrealized	-	-
Profit/(loss) from the adjustment of the fair value of deposits at fair value in the IS, on net-basis		
- realized	-	-
- unrealized	-	-
Profit/(loss) from the adjustment of the fair value of the liabilities for loans at fair value in the IS, on net-basis		
- realized	-	-
- unrealized	-	-
Profit/(loss) from the adjustment of the fair value of the other financial liabilities at fair value in the IS, on net-basis		
- realized	-	-
- unrealized	-	-
<i>Profit/(loss) from the adjustment of the fair value of derivatives held for risk management at fair value in the IS, on net-basis</i>		
- realized	-	-
- unrealized	-	-
<b>Net-income from other financial instruments recorded at fair value</b>	<b>-</b>	<b>-</b>

## 10. Net- income/(expenses) from exchange rates differences

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
Realized income/(expenses) from exchange rate differences, on net-basis	41	85
Unrealized income/(expenses) from exchange rate differences, on net-basis		
Exchange rate differences to the value adjustment of the financial assets, on net-basis	(22)	(5)
Exchange rate differences to a special reserve of the off-balance sheet exposure, on net-basis		
Other exchange rate differences, on net-basis	(1,147)	(4,088)
<b>Net- income/(expenses) from exchange rates differences</b>	<b>(1,128)</b>	<b>(4,008)</b>

## 11. Other income from the activity

*In thousands denars*

	<u>2023</u>	<u>2022</u>
Profit from assets sales held for sales	-	-
Dividend from proprietary instruments held for sales	-	-
Net-income from investment in subsidiaries and affiliate companies	-	-
Capital income from sales of:		
Real estate and equipment	-	183
Intangible assets	-	-
Foreclosed assets due to outstanding receivables	11,095	14,912
Non-current assets held for sales and a disposal group	-	-
Income from lease	-	-
Income from won court cases.		
Pensions and other benefits for the employees	317	606
Restructuring	429	
Unfavorable agreements		
Other reservations	-	3,921
Other		165
Other income from work with foreign currency		
Income from previously calculated interest expenses	-	-
Unfavorable contracts	-	-
Total other income from the activity	-	-
<b>Total other income from the activity</b>		
Other income from foreign exchange operations	97	36
Dividend from proprietary instruments held for sales		
Net-income from investment in subsidiaries and affiliate companies	1,753	1,665
Capital income from sales of:	<u>13,691</u>	<u>21,305</u>

## 12. Value adjustment of the financial assets and special reserve for off-balance exposure, on net-basis

In thousands denars

	Banks loans and receivables	Other clients' loans and receivables	Investment in financial assets held for sales	Investment in financial assets held until maturity	Cash and cash equivalents	Receivables for commissions and compensations	Other receivables	Total value adjustment of the financial assets	Special reserve for the off- balance exposure	Total
<b>2023 (current year)</b>										
<i>Value adjustment and special reserve</i>										
Additional value adjustment and special reserve	513	19,472	-	-	13,685	4,181	-	37,851	34,422	72,273
(Release from the value adjustment and special reserve)	(269)	(8,680)	-	-	(98)	(1,421)	-	(10,468)	(31,742)	(42,210)
<b>Total value adjustment of the financial assets and special reserve for off-balance exposure, on net-basis</b>	<b>244</b>	<b>10,792</b>	<b>-</b>	<b>-</b>	<b>13,587</b>	<b>2,760</b>	<b>-</b>	<b>27,383</b>	<b>2,680</b>	<b>30,063</b>
<b>2022 (previous year)</b>										
<i>Value adjustment and special reserve</i>										
Additional value adjustment and special reserve	303	15,407	-	-	36	1,021	-	16,767	42,550	59,317
(Release from the value adjustment and special reserve)	(110)	(11,051)	-	-	(8,168)	(437)	-	(19,766)	(19,100)	(38,866)
<b>Total value adjustment of the financial assets and special reserve for off-balance exposure, on net-basis</b>	<b>193</b>	<b>(4,356)</b>	<b>-</b>	<b>-</b>	<b>(8,132)</b>	<b>584</b>	<b>-</b>	<b>(2,999)</b>	<b>23,450</b>	<b>20,451</b>

### 13. Loss due to impairment of the non-financial assets, on net-basis

<i>In thousands denars</i>	Real estate and equipment	Intangible assets	Foreclosed assets due to outstanding receivables	Non-current assets held for sales and disposal group	Other non- financial assets	Minority interest	Total
<b>2023</b>							
Additional loss due to impairment	-	-	-	-	-	-	-
(Release from the loss due to impairment)	-	-	-	-	-	-	-
<b>Total loss due to impairment of the non- financial assets, on net-basis</b>	-	-	-	-	-	-	-
<b>2022</b>							
Additional loss due to impairment	-	-	-	-	-	-	-
(Release from the loss due to impairment)	-	-	-	-	-	-	-
<b>Total loss due to impairment of the non- financial assets, on net-basis</b>	-	-	-	-	-	-	-

## 14. Expenses for the employees

<i>In thousands denars</i>	2023	2022
<b>Short-term benefits for the employees</b>		
Salaries	41,040	31,303
Mandatory contributions for social and health insurance	21,368	16,218
Short-term paid leave	-	-
Expenses for temporary employment	-	-
Share in the profit and rewards	-	-
Non-monetary benefits	-	-
	<b>62,408</b>	<b>47,521</b>
<b>Benefits after termination of work</b>		
Contributions for pension plans for defined contributions	-	-
Benefits for pension	432	63
Increased liability for pension plans for defined benefits	-	-
Increased liability for other long-term benefits	-	-
Other benefits after termination of employment	-	-
	<b>432</b>	<b>63</b>
<b>Benefits because termination of work</b>		
Payments to employees based on shares, paid by proprietary instruments	-	-
Payments to employees based on shares, paid by cash equivalents	-	-
Other	3,096	2,448
	<b>3,096</b>	<b>2,448</b>
<b>Total expenses for employees</b>	<b>65,936</b>	<b>50,032</b>

## 15. Depreciation

<i>In thousands denars</i>	2023	2022
<b>Depreciation of intangible assets</b>		
Internally developed software	-	-
Software bought from external suppliers	520	540
Other internally developed intangible assets	-	-
Other intangible assets	65	65
Investment in intangible assets taken under lease	-	-
	<b>585</b>	<b>605</b>
<b>Depreciation of real estate and equipment</b>		
Construction facilities	3,913	3,886
Transport means	1,097	379
Furniture and office equipment	1,572	1,573
Other equipment	-	14
Other items of the real estate and equipment	-	-
	<b>6,582</b>	<b>5,852</b>
<b>Total depreciation</b>	<b>7,167</b>	<b>6,457</b>

## 16. Other expenses from the activity

*In thousands denars*

	2023	2022
Loss from sales of assets held for sales	-	-
Expenses for licensing the software	-	-
Insurance premiums for deposits	-	-
Insurance premiums for the estate and employees	1,080	746
Materials and services	21,646	21,019
Administrative expenses for marketing	659	-
Other taxes and contributions	763	565
Expenses for lease	-	-
Expenses for court cases	1,145	632
Reservations for pension and other benefits for the employees, on net-basis	-	-
Reservations for contingent liabilities based on court cases, on net-basis	-	-
Other reservations on net-basis	-	-
Restructuring	-	-
Unfavorable agreements	-	-
Other reservations	-	-
Loss from sales of:		
Real estate and equipment	-	-
Intangible assets	-	-
Foreclosed assets due to outstanding receivables	-	-
Non-current assets held for sales and a disposal group	-	-
Membership fees expenses	973	1,213
Expenses for work with foreign currency	-	4
Other	3,013	4,265
<b>Total other expenses from the activity</b>	<b>29,279</b>	<b>28,444</b>

## 17. Income tax

### A Expenses/income for the current and deferred tax

	<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
<b>Current income tax</b>			
Expenses/(income) for the current income tax for the year		10,667	5,186
Adjustments for the previous years		-	-
Benefits from the previously unrecognized tax losses, tax credits and temporary differences from the previous years		-	-
Changes in the accounting policies and errors		-	-
Other		-	-
		<u>10,667</u>	<u>5,186</u>
<b>Deferred income tax</b>			
Deferred income tax arising from the temporary differences for the year		-	-
Recognition of previously unrecognized tax losses		-	-
Changes in the tax rate		-	-
Introducing new taxes		-	-
Benefits from the previously unrecognized tax losses, tax credits or temporary differences from the previous years		-	-
Other		-	-
		<u>10,667</u>	<u>5,186</u>
	<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
<b>Current income tax</b>			
Recognized in the Income Statement		10,667	5,186
Recognized in the capital		-	-
		<u>10,667</u>	<u>5,186</u>
<b>Deferred income tax</b>			
Recognized in the Income Statement		-	-
Recognized in the capital		-	-
		<u>-</u>	<u>-</u>
<b>Total expenses/(return) of the income tax</b>		<u>10,667</u>	<u>5,186</u>

Income tax (continued)

**B Reconciliation between the average effective tax rate and the applicable tax rate**

	In		In	
	In%	thousands denars	In %	In thousands denars
	2023		2022	
Income/(loss) before tax	-	102,217	-	49,461
Income tax pursuant to the applicable tax procedure	10%	10,222	10%	4,946
Effect from different tax rates in other countries	-	-	-	-
Adjustments for previous years and changes in the tax rate	-	-	-	-
Taxed income abroad	-	-	-	-
Unrecognized expenses for tax purposes	0.4%	445	0.5%	240
Tax-relieved income	-	-	-	-
Tax-release unrecognized in the Income Statement	-	-	-	-
Recognition of previously unrecognized tax losses	-	-	-	-
Benefits from previously unrecognized tax losses, tax credits and				
Temporary differences from previous years	-	-	-	-
Deferred income changes	-	-	-	-
Other	-	-	-	-
<b>Total expenses/(return) of the income tax</b>	-	<b>10,667</b>	-	<b>5,186</b>
<b>Average effective tax rate</b>	<b>10.4%</b>	-	<b>10.5%</b>	-

**B Income tax from other income/(loss) during the period which are not shown in the Income Statement**

	Current year 2023			Previous year 2022		
	Before tax	(expenses)/return of income tax	Reduced for the income tax	Before tax	(expenses)/return of income tax	Reduced for the income tax
	In thousands denars					
Revaluation reserve for assets held for sales	-	-	-	-	-	-
Reserve for instruments for protection of cash flows risks	-	-	-	-	-	-
Reserve for instruments for protection of risk from net-investment in foreign work	-	-	-	-	-	-
Reserve from exchange differences from investment in foreign work	-	-	-	-	-	-
Share in the other income/(loss) from the affiliated companies not shown in the Income Statement	-	-	-	-	-	-
Other income/(loss) not shown in the Income Statement	-	-	-	-	-	-
<b>Total other profit/(loss) during the period, not shown in the Income Statement</b>	-	-	-	-	-	-

## 18. Cash and cash equivalents

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
Cash in treasury	28	101
Accounts and deposits in NBRNM, except for mandatory deposits in foreign currency	85,663	943,677
Current accounts and transaction deposits in foreign banks	805,463	112,846
Current accounts and transaction deposits in domestic banks	157	8
Treasury records which can be traded on the secondary market	-	-
State records which can be traded on the secondary market	-	-
Term deposits with maturity period of three months	-	-
Other short-term high-liquid assets	-	-
Receivables based on interest (Value adjustment)	(13,610)	(22)
<b><i>Included in the cash and cash equivalents for the needs of the Cash Flow Report</i></b>	<b>877,701</b>	<b>1,056,610</b>
Mandatory deposits in foreign currencies	-	-
Limited deposits	-	-
(Value adjustment)	-	-
<b>Total</b>	<b>877,701</b>	<b>1,056,610</b>

**18 Cash and cash equivalents (continues)**

In thousands denars	Current year 2023				Previous year 2022			
	Value adjustment for Group 1	Value adjustment for Group 2	Value adjustment for Group 3	Total value adjustment	Value adjustment for Group 1	Value adjustment for Group 2	Value adjustment for Group 3	Total value adjustment
<b>Flow of the value adjustment</b>								
Status on 1 January	22	-	-	22	8,146	-	-	8,146
Value adjustment for the year								
Additional value adjustment	13,685	-	-	13,685	36	-	-	36
(release from value adjustment)	(98)	-	-	(98)	(8,168)	-	-	(8,168)
Transfer into:								
- Value adjustment for Group 1	-	-	-	-	-	-	-	-
- Value adjustment for Group 2	-	-	-	-	-	-	-	-
- Value adjustment for Group 3	-	-	-	-	-	-	-	-
(Foreclosed assets due to outstanding receivables)	-	-	-	-	-	-	-	-
Effects from exchange rate differences (Written-off receivables)	1	-	-	1	8	-	-	8
	-	-	-	-	-	-	-	-
<b>Status on 31 December</b>	<b>13,610</b>	<b>-</b>	<b>-</b>	<b>13,610</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>22</b>

## 19. Trading assets

### Structure of the trading assets according to the type of the financial instrument

	In thousands denars	
	2023	2022
<b>Trading securities</b>		
<i>Debt trading securities</i>		
Treasury trading records	-	-
State trading records	-	-
Other instruments on the money-market	-	-
Bonds issued by the country	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Proprietary trading instruments</i>		
Proprietary instruments issued by banks	-	-
Other proprietary instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<b>Trading derivatives</b>		
Agreements dependent on the interest rate change	-	-
Agreements dependent on the exchange rate	-	-
Agreements dependent on the change of the securities price	-	-
Other agreements meeting the criteria of MSFI 9	-	-
	-	-
<b>Total trading assets</b>	-	-

Trading assets (continued)

**B. Reclassified trading assets**

**B.1 Status of the reclassified trading assets**

	Reclassified amount (On the <i>In thousands denars</i> reclassification date)	Current year 2023		Previous year 2022	
		Book value on 31.12.2023 (Current year)	Fair value on 31.12.2023 (Current year)	Book value on 31.12.2022 (Previous year)	Fair value 31.12.2022 (Previous year)
<b>Trading assets reclassified in 2023 (current year) in:</b>					
- financial assets held for sales	-	-	-	-	-
- bank loans and receivables	-	-	-	-	-
- other clients' loans and receivables	-	-	-	-	-
<b>Trading assets reclassified in 2022 (previous year) in:</b>					
- financial assets held for sales	-	-	-	-	-
- bank loans and receivables	-	-	-	-	-
- other clients' loans and receivables	-	-	-	-	-

Trading assets (continued)

B. Reclassified trading assets (continued)

**B.2 Profit or loss from the reclassified trading assets**

	Reclassified during 2023 (current year)		Reclassified during 2022 (previous year)			
	Income Statement 2023 (current year)	Other profits/(loss) 2023 (current year)	Income Statement 2023 (current year)	Other profit/(loss) 2023 (current year)	Income Statement 2022 (previous year)	Other profit/(loss) 2022 (previous year)
	<i>In thousands denars</i>					
<b>Period before reclassification</b>						
Trading assets reclassified in financial assets held for sales						
- net-trading income	-	-	-	-	-	-
Trading assets reclassified in loans and receivables from banks						
- net-trading income	-	-	-	-	-	-
Trading assets reclassified in loans and receivables from other clients						
- net-trading income	-	-	-	-	-	-
<b>Period after reclassification</b>						
Trading assets reclassified in financial assets held for sales						
- interest income	-	-	-	-	-	-
- value adjustment of the financial assets, on net-basis	-	-	-	-	-	-
- changes in the fair value, on net-basis	-	-	-	-	-	-
Trading assets reclassified in loans and receivables from banks						
- interest income	-	-	-	-	-	-
- value adjustment of the financial assets, on net-basis	-	-	-	-	-	-
<b>Period before reclassification</b>						
Trading assets reclassified in financial assets held for sales	-	-	-	-	-	-
- net-trading income	-	-	-	-	-	-

Trading assets (continued)

**B.3 Profit or loss that would be recognized in the Income statement if the assets were not reclassified**

	Reclassified	Reclassified during	
	during 2023 (current year)	2022 (previous year)	
	Income	Income	Income
	Statement	Statement	Statement
	2023 (current	2023	2022
	year)	(current	(previous
		year)	year)
<i>In thousands denars</i>			
Trading assets reclassified in financial assets held for sales	-	-	-
- net-trading income	-	-	-
Trading assets reclassified in bank loans and receivables	-	-	-
- net-trading income	-	-	-
Trading assets reclassified in other clients' loans and receivables	-	-	-
- net-trading income	-	-	-

**20. Financial assets at fair value in the Income Statement, established as such at the initial recognition**

<i>In thousands denars</i>	2023	2022
<i>Debt securities</i>		
Treasury records	-	-
State records	-	-
Other instruments on the money-market	-	-
Bonds issued by the country	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	<hr/>	<hr/>
	-	-
Quoted	-	-
Unquoted	-	-
<i>Proprietary instruments</i>		
Proprietary instruments issued by banks	-	-
Other proprietary instruments	-	-
	<hr/>	<hr/>
	-	-
Quoted	-	-
Unquoted	-	-
Bank loans and receivables	-	-
Other clients' loans and receivables	-	-
<b>Total financial assets at fair value in the Income Statement, established as such at initial recognition</b>	<hr/>	<hr/>
	-	-

## 21. Derivative assets and liabilities held for risk management

		Current year 2023		Previous year 2022	
		Derivative assets	(derivative liabilities)	Derivative assets	(derivative liabilities)
<b>Derivatives for risk protection/derivatives held for risk management</b>					
<b>A.</b>	<i>According to the type of application</i>				
A.1	<b>Derivatives held for risk management</b>				
	Agreements dependent on the interest rate change	-	-	-	-
	Agreements dependent on the exchange rate change	-	-	-	-
	Agreements dependent on the price change of securities	-	-	-	-
	Other agreements meeting the criteria of MSFI 9	-	-	-	-
	<b>Total derivatives held for risk management</b>	-	-	-	-
A.2	<i>According to the type of risk protection</i>				
	Protection from risk of fair value	-	-	-	-
	Protection from risk of cash flow	-	-	-	-
	Protection from risk of net-investment in foreign work	-	-	-	-
	<b>Total derivatives held for risk management</b>	-	-	-	-
<b>B.</b>	<b>Embedded derivatives</b>				
	Agreements dependent on the interest rate change	-	-	-	-
	Agreements dependent on the exchange rate change	-	-	-	-
	Agreements dependent on the price change of securities	-	-	-	-
	Other agreements meeting the criteria of MSFI 9	-	-	-	-
	<b>Total embedded derivatives</b>	-	-	-	-
	<b>Total derivatives held for risk management</b>	-	-	-	-

## 22. Loans and receivables

### 22.1. Bank loans and receivables

<i>In thousands denars</i>	2023		2022	
	Short-term	Long-term	Short-term	Long-term
Bank loans				
Domestic banks	6,149	16,861,032	71,385	14,480,415
Foreign banks	-	-	-	-
Term-deposits, with a maturity period of over three months				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Repo				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Other receivables				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Receivables on the basis of interest	26,738	-	14,775	-
Current maturity	2,866,511	(2,866,511)	2,791,339	(2,791,339)
Total banks loans and receivables before value adjustment	<b>2,899,398</b>	<b>11,689,076</b>	<b>2,791,339</b>	<b>11,689,076</b>
(Value adjustment)	(3)	(1,686)	(4)	(1,444)
Total banks loans and receivables reduced for the value adjustment	<b>2,899,365</b>	<b>13,994,521</b>	<b>2,791,335</b>	<b>11,687,632</b>

Receivables based on loans and claims from banks are secured by promissory notes and pledge of claims.

Loans and receivables

**22.1 Banks loans and receivables (continues)**

	Current year 2023				Previous year 2022				
	In thousands denars	Value adjustment for group 1	Value adjustment for group 2	Value adjustment for group 3	Total value adjustment	Value adjustment for group 1	Value adjustment for group 2	Value adjustment for group 3	Total value adjustment
<b>Flow of value adjustment</b>									
Status on 1 Jan.		1,448	-	-	1,448	1,255	-	-	1,255
Value adjustment for the year									
Additional value adjustment		513	-	-	513	303	-	-	303
(release from value adjustment)		(269)	-	-	(269)	(110)	-	-	(110)
Transfer in:									
- Value adjustment for group 1		-	-	-	-	-	-	-	-
- Value adjustment for group 2		-	-	-	-	-	-	-	-
- Value adjustment for group 3		-	-	-	-	-	-	-	-
(Foreclosed assets due to outstanding receivables)		-	-	-	-	-	-	-	-
Effect from the exchange rate differences (Written-off receivables)		(3)	-	-	(3)	-	-	-	-
		-	-	-	-	-	-	-	-
<b>Status on 31<sup>st</sup> of December</b>		<b>1,689</b>	<b>-</b>	<b>-</b>	<b>1,689</b>	<b>1,448</b>	<b>-</b>	<b>-</b>	<b>1,448</b>

Credits and receivables (continued)

**22.2. Other clients loans and receivables**

**A Structure of the loans and receivables from other clients according to the type of the debtor**

<i>In thousands denars</i>	2023		2022	
	Short-term	Long-term	Short-term	Long-term
Non-financial companies				
Receivables for principal	231,630	-	91,129	-
Receivables based on interest	544	-	190	-
State				
Receivables for principal	-	-	-	-
Receivables based on interest	27,693	-	26,465	-
Non-profit institutions serving the households				
Receivables for principal	-	-	-	-
Receivables based on interest	-	-	-	-
Financial companies, apart from banks				
Receivables for principal	-	-	-	-
Receivables based on interest	-	-	-	-
Households				
Receivables for principal	-	-	-	-
Home loans	-	-	-	-
Consumer loans	-	-	-	-
Car loans	-	-	-	-
Mortgage loans	-	-	-	-
Credit cards	-	-	-	-
Other loans	-	-	-	-
Receivables based on interest	-	-	-	-
Non-residents, apart from banks				
Receivables for principal	-	-	-	-
Receivables based on interest	-	-	-	-
Current maturity	-	-	-	-
<b>Total other clients' loans and receivables before value adjustment</b>	<b>259,867</b>	<b>-</b>	<b>117,784</b>	<b>-</b>
(Value adjustment)	(17,000)	-	(6,222)	-
<b>Total other clients' loans and receivables reduced for the value adjustment</b>	<b>242,867</b>	<b>-</b>	<b>111,562</b>	<b>-</b>

As of December 31, 2023, the total interest receivables from the state amount to 27,693 thousands denars (2022: MKD 26,465), and refer to the Bank receivables in accordance with the Agreements for interest rate subsidies concluded between the Ministry of Finance and the Bank, which arise from the financial agreements for securing a loan, intended for financing small and medium-sized enterprises and other priority projects concluded between the European Investment Bank and the Bank.

Credits and receivables (continued)

**22.2 Other clients' loans and receivables (continued)**

**A Structure of the other clients' loans and receivables according to the type of the debtor (continued)**

In thousands denars	Current year 2023				Previous year 2022			
	Value adjustment for group 1	Value adjustment for group 2	Value adjustment for group 3	Total value adjustment	Value adjustment for group 1	Value adjustment for group 2	Value adjustment for group 3	Total value adjustment
<b>Flow of value adjustment</b>								
Status on 1 Jan.	196	409	5,617	6, 222	1,178	385	311	1, 874
Value adjustment for the year								
Additional value adjustment (release from value adjustment)	14,095 (2,629)	1,515 (1,514)	562 (1,237)	19,472 (8,680)	4,634 (5,610)	5,029 (5,005)	5,744 (436)	15,407 (11,051)
Transfer in:								
- Value adjustment for group 1	(3,300)	-	-	-	(1,050)	(1,050)	-	-
- Value adjustment for group 2	-	(205)	-	-	-	-	-	-
- Value adjustment for group 3 (Foreclosed assets due to outstanding receivables)	-	-	3,505	-	-	(4,746)	4,746	-
Effect from the exchange rate differences (Written-off receivables)	(10)	(1)	(3)	(14)	(6)	-	(2)	(8)
Transfer of value adjustment from non-functional interest	-	-	-	-	-	-	-	-
<b>Status on 31<sup>st</sup> of December</b>	<b>8,352</b>	<b>204</b>	<b>8,444</b>	<b>17,000</b>	<b>196</b>	<b>409</b>	<b>5,617</b>	<b>6,222</b>

Credits and receivables (continued)

**22.2 Other clients' loans and receivables (continues)**

**B Structure of the other clients' loans and receivables according to the type of security**

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
<i>(Current book value of loans and receivables)</i>		
First-class instruments for security		
Monetary deposits (in depo and/or limited bank accounts)	-	-
State securities	-	-
State unconditional warranties	-	-
Bank warranties	-	-
Warranties from the insurance companies and insurance policies	-	-
Corporate warranties (except for banks and insurance companies)	107,587	42,549
Warranties from natural persons	-	-
Pledged real estate		
Personal usage property (houses, flats)	-	-
Business property	-	-
Pledged movable property	-	-
Other types of security	107,587	42,548
Unsecured	27,693	26,465
<b>Total other clients' loans and receivables reduced for the value adjustment</b>	<b>242,867</b>	<b>111,562</b>

## 23. Investment in securities

### 23.1. Investment in financial assets held for sales

Structure of the investment in financial assets held for sales according to the type of financial instrument

	In thousands denars	
	2023	2022
<i>Debt securities</i>		
Treasury records	-	-
State records	-	-
Other instruments on the money-market	-	-
Bonds issued by the State	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Proprietary instruments</i>		
Proprietary instruments issued by banks	-	-
Other proprietary instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<b>Total investment in financial instruments held for sales</b>	<b>-</b>	<b>-</b>

Investment in securities (continued)

**23.1 Investment in financial assets held for sales (continues)**

**Structure of the investment in financial assets held for sales according to the type of financial instrument (continues)**

In thousands denars	Current year 2023				Previous year 2022			
	Value adjustment for group 1	Value adjustment for group 2	Value adjustment for group 3	Total value adjustment	Value adjustment for group 1	Value adjustment for group 2	Value adjustment for group 3	Total value adjustment
<b>Flow of value adjustment</b>								
Status on 1 Jan.	-	-	-	-	-	-	-	-
Value adjustment for the year								
Additional value adjustment	-	-	-	-	-	-	-	-
(release from value adjustment)	-	-	-	-	-	-	-	-
Transfer in:								
- Value adjustment for group 1	-	-	-	-	-	-	-	-
- Value adjustment for group 2	-	-	-	-	-	-	-	-
- Value adjustment for group 3	-	-	-	-	-	-	-	-
(Foreclosed assets due to outstanding receivables)	-	-	-	-	-	-	-	-
Effect from the exchange rate differences (Written-off receivables)	-	-	-	-	-	-	-	-
<b>Status on 31<sup>st</sup> of December</b>	-	-	-	-	-	-	-	-

Investment in securities (continued)

**23.2. Investment in financial assets held until maturity**

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
<i>Debt securities</i>		
Treasury records	-	-
State records	341,097	343,433
Other instruments at money market	-	-
Bonds issued by the country	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	<hr/>	<hr/>
Quoted	-	-
Unquoted	-	-
	<hr/>	<hr/>
<b>Total investment in financial assets held until maturity before value adjustment</b>	<b>341,097</b>	<b>343,433</b>
(Value adjustment)	-	-
	<hr/>	<hr/>
<b>Total investment in financial assets held until maturity reduced for the value adjustment</b>	<b>341,097</b>	<b>343,433</b>
	<hr/>	<hr/>

**23.2 Investment in financial assets held until maturity (continued)**

In thousands denars	Current year 2023				Previous year 2022			
	Value adjustment for group 1	Value adjustment for group 2	Value adjustment for group 3	Total value adjustment	Value adjustment for group 1	Value adjustment for group 2	Value adjustment for group 3	Total value adjustment
<b>Flow of value adjustment</b>								
Status on 1 Jan.	-	-	-	-	-	-	-	-
Value adjustment for the year								
Additional value adjustment (release from value adjustment)	-	-	-	-	-	-	-	-
Transfer in:								
- Value adjustment for group 1	-	-	-	-	-	-	-	-
- Value adjustment for group 2	-	-	-	-	-	-	-	-
- Value adjustment for group 3	-	-	-	-	-	-	-	-
(Foreclosed assets due to outstanding receivables)	-	-	-	-	-	-	-	-
Effect from the exchange rate differences (Written-off receivables)	-	-	-	-	-	-	-	-
<b>Status on 31<sup>st</sup> of December</b>	-	-	-	-	-	-	-	-

## 24. Investment in subsidiaries and affiliated companies

### A Bank participation percentage in subsidiaries and affiliated companies

Name of the subsidiaries and affiliated companies	Country	Percentage participation in ownership		Percentage of right to vote	
		2023	2022	2023	2022
-	-	-	-	-	-
-	-	-	-	-	-
		-	-	-	-

### B Financial information for the affiliated companies – 100 %

Name of the affiliated companies	Total assets	Total liabilities	<i>In thousands denars</i>		
			Total capital and reserves	Income	profit/(loss) for the fiscal year
2023					
-	-	-	-	-	-
-	-	-	-	-	-
	-	-	-	-	-
2022					
-	-	-	-	-	-
-	-	-	-	-	-
	-	-	-	-	-

## 25. Other receivables

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
Receivables from the suppliers	-	-
Expenses paid in advance	-	-
Calculated deferred income	1,640	748
Receivables for commissions and compensations	18,194	9,809
Receivables from the employees	-	-
Advanced payment for intangible assets	-	-
Advanced payment for real estate and equipment	-	-
Inventory	-	-
Receivables in calculation of business activities in foreign currency	-	-
Other	32	6
<b><i>Total other receivables before value adjustment</i></b>	<b>19,866</b>	<b>10,563</b>
(Value adjustment)	(3,105)	(928)
<b>Total other receivables reduced for the value adjustment</b>	<b>16,761</b>	<b>9,635</b>

**25. Other receivables (continued)**

In thousands denars	Current year 2023				Previous year 2022			
	Value adjustment for group 1	Value adjustment for group 2	Value adjustment for group 3	Total value adjustment	Value adjustment for group 1	Value adjustment for group 2	Value adjustment for group 3	Total value adjustment
<b>Flow of value adjustment</b>								
Status on 1 <sup>st</sup> of January.	1	2	925	928	-	-	3,990	3,990
Value adjustment for the year								
Additional value adjustment (release from value adjustment)	4,163 (1053)	0 (2)	18 (366)	4,181 (1,421)	1 -	2 -	1,018 (437)	1,021 (437)
Transfer in:								
- Value adjustment for group 1	-	-	-	-	-	-	-	-
- Value adjustment for group 2	-	-	-	-	-	-	-	-
- Value adjustment for group 3	-	-	-	-	-	-	-	-
(Foreclosed assets due to outstanding receivables)	-	-	-	-	-	-	-	-
Effect from the exchange rate differences	(6)	-	-	(6)	-	-	(5)	(5)
(Written-off receivables)	-	-	(577)	(577)	-	-	(3,641)	(3,641)
<b>Status on 31<sup>st</sup> of December</b>	<b>3,105</b>	<b>0</b>	<b>0</b>	<b>3,105</b>	<b>1</b>	<b>2</b>	<b>925</b>	<b>928</b>

## 26. Pledged funds

<i>In thousands denars</i>	2023	2022
Debt securities	-	-
Proprietary instruments	-	-
<b>Total pledged funds</b>	<b>-</b>	<b>-</b>

## 27. Foreclosed assets due to outstanding receivables

<i>In thousands denars</i>	Land	Construction facilities	Equipment	Residential objects and flats	Other values	Total
<b>Initial book value</b>						
Status on 1 <sup>st</sup> of January 2022	264	17,635	87	-	-	17,986
Foreclosed assets during the year (sold during the year)	-	8,653	-	-	-	8,653
(transfer in own funds)	-	(16,000)	-	-	-	(16,000)
<b>Status on 31<sup>st</sup> of December 2022</b>	<b>264</b>	<b>10,288</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>10,639</b>
Status on 1 <sup>st</sup> of January 2023	264	10,288	87	-	-	10,639
Foreclosed assets during the year (sold during the year)	-	8,653	-	-	-	8,653
(transfer in own funds)	-	(8,653)	-	-	-	(8,653)
<b>Status on 31<sup>st</sup> of December 2023</b>	<b>264</b>	<b>1,635</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>1,986</b>
<b>Impairment</b>						
Status on 1 <sup>st</sup> of January 2022	264	17,635	87	-	-	17,986
Loss due to impairment during the year (sold during the year)	-	8,653	-	-	-	8,653
(transfer in own funds)	-	(16,000)	-	-	-	(16,000)
<b>Status on 31<sup>st</sup> of December 2022</b>	<b>264</b>	<b>10,288</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>10,639</b>
Status on 1 <sup>st</sup> of January 2023	264	10,288	87	-	-	10,639
Loss due to impairment during the year (sold during the year)	-	8,653	-	-	-	8,653
(transfer in own funds)	-	(8,653)	-	-	-	(8,653)
<b>Status on 31<sup>st</sup> of December 2023</b>	<b>264</b>	<b>1,635</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>1,986</b>
<b>Current book value</b>						
<b>On 1<sup>st</sup> of January 2022</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>On 31<sup>st</sup> of December 2022</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>On 31<sup>st</sup> of December 2023</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>

As of 31 December 2023, the fair value of the foreclosed assets amounts to 16.288 thousands denars (2022: 16,288 thousand denars).

## 28. Intangible assets

### A. Reconciliation of the current book value

<i>In thousands denars</i>	Internally developed software	Software bought from external suppliers	Other internally-developed intangible assets	Other intangible assets	Investment in intangible assets under lease	Minority interest	Total
<b>Purchase value</b>							
Status on 1 <sup>st</sup> of January 2022	-	28,311		1,227			29,538
Increase through new supply	-	-		-			-
Increase through internal development	-	-	-	-	-	-	-
Increase through business combinations (disposal and expenses)	-	-	-	-	-	-	-
(disposal through business combinations)	-	-	-	-	-	-	-
(transfer in non-current assets held for sales)	-	-	-	-	-	-	-
Transfer from non-current assets held for sales)	-	-	-	-	-	-	-
<b>Status on 31<sup>st</sup> of December 2022</b>	<b>-</b>	<b>28,311</b>		<b>1,227</b>			<b>29,538</b>
Status on 1 <sup>st</sup> of January 2023	-	28,311		1,227			29,538
Increase through new supply	-	699					699
Increase through internal development	-						
Increase through business combinations (disposal and expenses)	-						
(disposal through business combinations)	-						
(transfer in non-current assets held for sales)	-						
Transfer from non-current assets held for sales)	-						
<b>Status on 31<sup>st</sup> of December 2023</b>	<b>-</b>	<b>29,010</b>		<b>1,227</b>			<b>30,237</b>
<b>Depreciation and impairment</b>							
Status on 1 <sup>st</sup> of January 2022	-	26,449		1,014			27,463
Depreciation for the year	-	540		65			605
Loss due to impairment during the year	-	-	-	-	-	-	-
Release of loss due to impairment during the year	-	-	-	-			-
Disposal and expenses	-						
<b>Status on 31<sup>st</sup> of December 2022</b>	<b>-</b>	<b>26,989</b>		<b>1,079</b>			<b>28,068</b>
Status on 1 <sup>st</sup> of January 2023	-	26,989		1,079			28,068
Depreciation for the year	-	519		65			584
Loss due to impairment during the year	-						
Release of loss due to impairment during the year	-						
<b>Status on 31<sup>st</sup> of December 2023</b>	<b>-</b>	<b>27,508</b>		<b>1,144</b>			<b>28,652</b>

<b>Current book value</b>			
On 1 <sup>st</sup> of January 2022	-	<b>1,862</b>	<b>213</b>
On 31 <sup>st</sup> of December 2022	-	<b>1,322</b>	<b>148</b>
On 31 <sup>st</sup> of December 2023	-	<b>1,502</b>	<b>83</b>

Intangible assets (continued)

**B. Book value of intangible assets where there is limitation of ownership and/or they are pledged to secure the bank's liabilities**

<i>In thousands denars</i>	Internally-developed software	Software bought from external suppliers	Other internally-developed intangible assets	Other intangible assets	Investment in intangible assets under lease	Total
Current book value of:						
On 31 <sup>st</sup> of December 2023	-	-	-	-	-	-
On 31 <sup>st</sup> of December 2022	-	-	-	-	-	-

On 31 of December 2023 and 2022, the Bank has no intangible assets for which there is limitation of ownership and/or are pledged to secure the Bank's liabilities.

## 29. Real estate and equipment

### A. Reconciliation of the current book value

<i>In thousands denars</i>	Land	Construction facilities	Transport means	Furniture and office inventory	Other equipment	Other items in real estate and equipment	Real estate and equipment in preparation	Investment in real estate and equipment under lease	Total
<b>Book value</b>									
Status on 1 <sup>st</sup> of January 2022	-	155,426	6,556	34,430	32	-	-	-	200,444
Increase	-	165	4,389	849	-	-	-	-	5,403
Increase through business combinations (disposal and expenses)	-	-	-	-	-	-	-	-	-
(disposal through business combinations)	-	-	(2,763)	-	-	-	-	-	(2,763)
(transfer in non-current assets held for sales)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sales)	-	-	-	-	-	-	-	-	-
Other transfer	-	-	-	-	-	-	-	-	-
<b>Status on 31<sup>st</sup> of December 2022</b>	<b>-</b>	<b>155,591</b>	<b>8,182</b>	<b>35,279</b>	<b>32</b>				<b>203,084</b>
Status on 1 <sup>st</sup> of January 2023	-	155,591	8,182	35,279	32				203,084
Increase	-	1,861	439		-	-	-	-	2,300
Increase through business combinations (disposal and expenses)	-	-	-	-	-	-	-	-	-
(disposal through business combinations)	-	-	-	-	-	-	-	-	-
(transfer in non-current assets held for sales)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sales)	-	-	-	-	-	-	-	-	-
Other transfer	-	-	-	-	-	-	-	-	-
<b>Status on 31<sup>st</sup> of December 2023</b>	<b>-</b>	<b>157,452</b>	<b>8,621</b>	<b>35,279</b>	<b>32</b>				<b>205,384</b>

Real estate and equipment (continued)

**A. Reconciliation of the current book value (continued)**

<i>In thousands denars</i>	Land	Construction facilities	Transport means	Furniture and office inventory	Other equipment	Other items in real estate and equipment	Real estate and equipment in preparation	Investment in real estate and equipment under lease	Total
<b>Depreciation and impairment</b>									
Status on 1 <sup>st</sup> of January 2022	-	54,322	6,556	33,708	32				94,618
Depreciation for the year	-	3,886	379	1,587					5,852
Loss due to impairment during the year	-								
Release of loss due to impairment during the year (disposal and expenses)	-	-	(2,763)	-	-	-	-	-	(2,763)
(transfer in non-current assets held for sales)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sales)	-	-	-	-	-	-	-	-	-
Other transfer	-	-	-	-	-	-	-	-	-
<b>Status on 31<sup>st</sup> of December 2022</b>	<b>-</b>	<b>58,208</b>	<b>4,172</b>	<b>35,295</b>	<b>32</b>				<b>97,707</b>
Status on 1 Jan. 2023	-	58,208	4,172	35,295	32				97,707
Depreciation for the year	-	3,916	1,096	1,568					6,580
Loss due to impairment during the year	-								
Release of loss due to impairment during the year (disposal and expenses)	-	-	-	-	-	-	-	-	-
(transfer in non-current assets held for sales)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sales)	-	-	-	-	-	-	-	-	-
Other transfer	-	-	-	-	-	-	-	-	-
<b>Status on 31<sup>st</sup> December 2023</b>		<b>62,124</b>	<b>5,268</b>	<b>36,863</b>	<b>32</b>				<b>104,287</b>
<b>Current book value</b>									
On 1 <sup>st</sup> of January 2022	-	101,104	-	4,722	-				105,826
On 31 <sup>st</sup> of December 2022	-	97,383	4,010	3,984	-				105,377
On 31 <sup>st</sup> of December 2023	-	95,328	3,353	2,416	-				101,097

Real estate and equipment (continued)

**B. Book value of the real estate and equipment where there is limitation of the ownership and/or they are pledged to secure the Bank's liabilities**

<i>In thousands denars</i>	Land	Construction facilities	Transport means	Furniture and office inventory	Other equipment	Other items in real estate and equipment	Real estate and equipment in preparation	Investment in real estate and equipment under lease	Total
Current book value of:									
On 31st of December 2022	-	-	-	-	-	-	-	-	-
On 31st of December 2023	-	-	-	-	-	-	-	-	-

On 31<sup>st</sup> of December 2023 and 2022, the Bank has no real estate and equipment for which there is limitation of the ownership and/or are pledged to secure the Bank's liabilities.

### 30. Current and deferred tax assets and liabilities

#### 30.1. Current tax assets and current tax liabilities

<i>In thousands denars</i>	2023	2022
Income tax receivables (current)	-	-
Income tax liabilities (current)	(10,667)	(628)

#### 30.2. Deferred tax assets and deferred tax liabilities

##### A. Recognized deferred tax assets and deferred tax liabilities

<i>In thousands denars</i>	2023			2022		
	Deferred tax assets	Deferred tax liabilities	On net-basis	Deferred tax assets	Deferred tax liabilities	On net-basis
Derivative assets held for risk management	-	-	-	-	-	-
Bank loans and receivables	-	-	-	-	-	-
Other clients' loans and receivables	-	-	-	-	-	-
Investment in securities	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Real estate and equipment	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Unused tax losses and unused tax loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Deferred tax assets/liabilities recognized in the Income Statement</b>	-	-	-	-	-	-
Investment in financial assets held for sales	-	-	-	-	-	-
Protection of cash flow risks	-	-	-	-	-	-
<b>Deferred tax assets/liabilities recognized in the capital</b>	-	-	-	-	-	-
<b>Total recognized deferred tax assets/liabilities</b>	-	-	-	-	-	-

Current and deferred tax assets and liabilities (continued)

**30.2 Deferred tax assets and deferred tax liabilities (continues)**

**B. Unrecognized deferred tax assets**

<i>In thousands denars</i>	2023	2022
Tax losses	-	-
Tax loans	-	-
<b>Total unrecognized deferred tax assets</b>	<b>-</b>	<b>-</b>

**C. Reconciliation of the flow of deferred tax assets and deferred tax liabilities during the year**

<i>In thousands denars</i>	Status on 1 Jan.	Recognized during the year:		Status on 31 Dec.
		Income statement	Capital	
<b>2023</b>				
Derivative assets held for risk management	-	-	-	-
Bank loans and receivables	-	-	-	-
Other clients' loans and receivables	-	-	-	-
Investment in securities	-	-	-	-
Intangible assets	-	-	-	-
Real estate and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unused tax losses and unused tax loans	-	-	-	-
Other	-	-	-	-
Investment in financial assets held for sales	-	-	-	-
Protection from risk of cash flow	-	-	-	-
<b>Total recognized deferred tax assets/liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2022</b>				
Derivative assets held for risk management	-	-	-	-
Bank loans and receivables	-	-	-	-
Other clients' loans and receivables	-	-	-	-
Investment in securities	-	-	-	-
Intangible assets	-	-	-	-
Real estate and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unused tax losses and unused tax loans	-	-	-	-
Other	-	-	-	-
Investment in financial assets held for sales	-	-	-	-
Protection from risk of cash flow	-	-	-	-
<b>Total recognized deferred tax assets/liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 31. Non-current assets held for sales and disposal group

#### A. Non-current assets held for sales

<i>In thousands denars</i>	2023	2022
Intangible assets	-	-
Real estate and equipment	-	-
<b>Total non-current assets held for sales</b>	<b>-</b>	<b>-</b>

#### B. Disposal group

<i>In thousands denars</i>	2023	2022
<i>Disposal group of assets</i>		
Financial assets	-	-
Intangible assets	-	-
Real estate and equipment	-	-
Investment in affiliated companies	-	-
Receivables for income tax	-	-
Other assets	-	-
<i>Total disposal group of assets</i>	<b>-</b>	<b>-</b>
<i>Liabilities directly related to the disposal group of assets</i>		
Financial liabilities	-	-
Special reserve	-	-
Liabilities for income tax	-	-
Other liabilities	-	-
<b>Total liabilities directly related to the disposal group of assets</b>	<b>-</b>	<b>-</b>

#### C. Profit/(loss) recognized from the sales of assets held for sales and a disposal group

<i>In thousands denars</i>	2023	2022
Profit/(loss) recognized from the sales of assets held for sales and a disposal group	-	-

### 32. Liabilities for trading

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
<i>Bank deposits</i>		
Current accounts, demand deposits and overnight deposits	-	-
Term deposits	-	-
Other deposits	-	-
	<hr/>	<hr/>
<i>Other client's deposits</i>		
Current accounts, demand deposits and overnight deposits	-	-
Term deposits	-	-
Other deposits	-	-
	<hr/>	<hr/>
<i>Issued debt securities</i>		
Instruments at the money-market	-	-
Certificates for deposits	-	-
Issued bonds	-	-
Other	-	-
	<hr/>	<hr/>
<i>Other financial liabilities</i>	-	-
	<hr/>	<hr/>
<i>Derivatives for trading</i>		
Agreements dependent on the interest rate change	-	-
Agreements dependent on the exchange rate change	-	-
Agreements dependent on the price change of securities	-	-
Other agreements meeting the criteria of MSF19	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>
<b>Total liabilities for trading</b>	<hr/>	<hr/>

### 33. Financial liabilities at fair value in the Income Statement, established at such at initial recognition

	Current book value	<b>2023</b> Contract value, payable at maturity	Current book value	<b>2022</b> Contract value, payable at maturity
<i>In thousands denars</i>				
<i>Bank deposits</i>				
Current accounts, demand deposits and overnight deposits	-	-	-	-
Term deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Other clients' deposits</i>				
Current accounts, demand deposits and overnight deposits	-	-	-	-
Term deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Issued debt securities</i>				
Instruments at the money-market	-	-	-	-
Certificates for bonds	-	-	-	-
Issued bonds	-	-	-	-
Other	-	-	-	-
	-	-	-	-
<i>Subordinate liabilities</i>				
	-	-	-	-
<i>Other financial liabilities</i>				
	-	-	-	-
<b>Total financial liabilities at fair value in the Income Statement, established at such at the initial recognition</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	In thousands denars	
	Current year 2023	Previous year 2022
<b>Flow of changes in the creditability of the Bank, for financial liabilities measured at fair value</b>		
Status on 1 Jan.	-	-
Recognized in the Other Comprehensive Profit for the year (Transfer in other reserve funds)	-	-
<b>Status on 31 Dec.</b>	<b>-</b>	<b>-</b>

### 34. Deposits

#### 34.1. Bank deposits

<i>In thousands denars</i>	2023		2022	
	Short-term	Long-term	Short-term	Long-term
Current accounts				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Demand deposits				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Term deposits				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Limited deposits				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Other deposits				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Liabilities based on interest for deposits				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Current maturity	-	-	-	-
Total bank deposits	-	-	-	-

Deposits (continued)

**34.2. Other clients' deposits**

<i>In thousands denars</i>	2023		2022	
	Short-term	Long-term	Short-term	Long-term
<i>Non-financial assets</i>				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Term deposits	-	-	-	-
Limited deposits	-	-	-	-
Other deposits	-	-	-	-
Liabilities based on interest for deposits	-	-	-	-
<hr/>				
<i>State</i>				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Term deposits	-	-	-	-
Limited deposits	-	-	-	-
Other deposits	-	-	-	-
Liabilities based on interest for deposits	-	-	-	-
<hr/>				
<i>Non-profit institutions serving households</i>				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Term deposits	-	-	-	-
Limited deposits	-	-	-	-
Other deposits	-	-	-	-
Liabilities based on interest for deposits	-	-	-	-
<hr/>				
<i>Financial companies apart from banks</i>				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Term deposits	-	-	-	-
Limited deposits	-	-	-	-
Other deposits	-	-	-	-
Liabilities based on interest for deposits	-	-	-	-
<hr/>				
<i>Households</i>				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Term deposits	-	-	-	-
Limited deposits	-	-	-	-
Other deposits	-	-	-	-
Liabilities based on interest for deposits	-	-	-	-
<hr/>				
<i>Non-residents, apart from banks</i>				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Term deposits	-	-	-	-
Limited deposits	-	-	-	-
Other deposits	-	-	-	-
Liabilities based on interest for deposits	-	-	-	-
<hr/>				
Current maturity	-	-	-	-
<b>Total of other clients' deposits</b>	-	-	-	-

### 35. Issued debt securities

<i>In thousands denars</i>	2023	2022
Instruments at the money-market	-	-
Certificates for deposit	-	-
Issued bonds	-	-
Other	-	-
Liabilities based on interest for issued securities	-	-
<b>Total issued debt securities</b>	<b>-</b>	<b>-</b>

### 36. Liabilities for loans

#### A. Structure of the liabilities for loans according to the type of the liability and the sector of the lender

<i>In thousands denars</i>	2023		2022	
	Short-term	Long-term	Short-term	Long-term
<i>Banks</i>				
- Residents				
Liabilities for loans	-	-	-	-
Repurchase agreements (Repo-transactions)	-	-	-	-
Liabilities based on interest	-	-	-	-
- Non-residents				
Liabilities for loans	-	14,702,383	-	12,441,749
Repurchase agreements (Repo-transactions)	-	-	-	-
Liabilities based on interest	26,535	-	19,890	-
<i>Non-financial companies</i>				
Liabilities for loans	-	-	-	-
Repurchase agreements (Repo-transactions)	-	-	-	-
Liabilities based on interest	-	-	-	-
<i>State</i>				
Liabilities for loans	-	50,031	-	57,178
Repurchase agreements (Repo-transactions)	-	-	-	-
Liabilities based on interest	-	-	-	-
<i>Non-profit institutions serving the households</i>				
Liabilities for loans	-	-	-	-
Liabilities based on interest	-	-	-	-
<i>Financial companies, apart from banks</i>				
Liabilities for loans	-	-	-	-
Repurchase agreements (Repo-transactions)	-	-	-	-
Liabilities based on interest	-	-	-	-
<i>Non-residents, apart from banks</i>				
-Non-financial companies				
Liabilities for loans	-	-	-	-
Repurchase agreements (Repo-transactions)	-	-	-	-
Liabilities based on interest	-	-	-	-
-State				
Liabilities for loans	-	-	-	-

Repurchase agreements (Repo- transactions)	-	-	-	-
Liabilities based on interest	-	-	-	-
-Non-profit institutions serving households				
Liabilities for loans	-	-	-	-
Repurchase agreements (Repo- transactions)	-	-	-	-
Liabilities based on interest	-	-	-	-
-Financial companies, apart from banks				
Liabilities for loans	-	-	-	-
Repurchase agreements (Repo- transactions)	-	-	-	-
Liabilities based on interest	-	-	-	-
-Households				
Liabilities for loans	-	-	-	-
Liabilities based on interest	-	-	-	-
Current maturity	1,948,102	(1,948,102)	1,726,857	(1,726,857)
<b>Total liabilities for loans</b>	<b>1,974,637</b>	<b>12,804,311</b>	<b>1,746,747</b>	<b>10,772,070</b>

**Liabilities for loans (continued)**

**B. Liabilities for loans according to the creditability**

<i>In thousands denars</i>	2023		2022	
	Short-term	Long-term	Short-term	Long-term
<i>Domestic resources</i>				
Republic of North Macedonia	-	50,031	-	57,178
<i>Foreign resources</i>	-	-	-	-
<i>EIB</i>	26,535	14,176,554	19,890	11,875,473
KfW	-	525,829	-	566,276
Current maturity	1,948,102	(1,948,102)	1,726,857	(1,726,857)
<b>Total liabilities for loans</b>	<b>1,974,637</b>	<b>12,804,311</b>	<b>1,746,747</b>	<b>10,772,070</b>

As of 31 December 2022, the largest part of the liabilities for loans relates to borrowings from the European Investment Bank (EIB) in amount of 11.875.473 thousands denars (2022: 11.875.473 thousands denars), which was concluded on June 25, 2009. The realization of the EIB credit line intended for support of small and medium-sized enterprises and priority projects, started on June 25<sup>th</sup>, 2009, when the first agreement was concluded with the EIB for the realization of the first phase of this credit line in total of EUR 100.000.000 with a maturity date of 16<sup>th</sup> of April 2021.

In addition, four more agreements were concluded with the EIB for the implementation of the next four phases. On 14 October 2011 a new agreement was signed with the EIB in the total amount of EUR 50.000.000 - Phase II with a due date 16 October 2019. On July 10, 2012, an agreement in total amount of EUR 100.000.000 was signed with the EIB - Phase III with a maturity date of October 16, 2021. On December 31, 2013, an agreement in the total amount of EUR 100,000,000 was signed with the EIB - Phase IV with a maturity date of October 16, 2023.

On September 11, 2018, an agreement was signed with the EIB in total amount of EUR 100.000.000 - phase V with a maturity of 12 years following the withdrawal of the last tranche.

On September 11, 2021, an agreement was signed with the EIB in the total amount of 100.000.000 EUR - VI phase with full maturity 12 years after withdrawal of the last tranche.

During 2022, the last tranche of the VI phase of the contract with the EIB was withdrawn in the total amount of 100,000,000 euros. In the course of 2023, a contract was signed with the EIB in the total amount of 100,000,000 euros - VII phase with a deadline of 12 years after the withdrawal of the last tranche. The first 5 (five) tranches of the VII phase were withdrawn on 21.12.2023 in the total amount of 64,462,000 euros.

The interest rate is determined for each tranche of the loan on the day of the delivery of the request for withdrawal of funds and they range from 0.0% to 0.617% on an annual basis.

As of December 31, 2023, in addition to the liabilities for loans from the EIB, the Bank has liabilities for loans relating to credit lines from KfW in amount of MKD 566,275 (2022: 566,275 thousands denars). The end maturity date is December 30, 2044, and the interest rates range from 0.8% to 2.0% on an annual basis.

Loans taken from the European Investment Bank (EIB) and loans taken from KfW are secured by government guarantees.

### 37. Subordinate liabilities

*In thousands denars*

	2023	2022
Liabilities for subordinate deposits		
Liabilities based on interest	-	-
	<u>-</u>	<u>-</u>
Liabilities for subordinate deposits		
Liabilities based on interest	-	-
	<u>-</u>	<u>-</u>
Liabilities for subordinate issued debt securities		
Liabilities based on interest	-	-
	<u>-</u>	<u>-</u>
Redeemable preferred shares	-	-
	<u>-</u>	<u>-</u>
<b>Total subordinate liabilities</b>	<u>-</u>	<u>-</u>

### 38. Special reserve and provisions

<i>In thousands denars</i>	Special reserves for off-balance credit exposure	Provisions for contingent liabilities based on court disputes	Provisions for pensions and other benefits for the employees	Provisions for restructuring	Provisions for unfavorable agreements	Other Provisions	Total
Status on 1st of January 2022	9,156	3,921	1,521	-	-	-	14,598
Additional provisions during the year	42,550	-	-	-	-	-	42,550
(used provisions during the year)	-	-	-	-	-	-	-
(release of provisions during the year)	(19,100)	(3,921)	(165)	-	-	-	(23,186)
Effect from exchange rate differences	-	-	-	-	-	-	-
<b>Status on 31st of December 2022</b>	<b>32,606</b>	<b>-</b>	<b>1,356</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,962</b>
Status on 1st of January 2023	32,606	-	1,356	-	-	-	32,606
Additional provisions during the year	34,422	-	432	-	-	-	34,854
(used provisions during the year)	-	-	-	-	-	-	-
(release of provisions during the year)	(31,742)	-	-	-	-	-	(31,742)
Effect from exchange rate differences	-	-	-	-	-	-	-
<b>Status on 31st of December 2023</b>	<b>35,286</b>	<b>-</b>	<b>1,788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,074</b>

The special reserve for off-balance sheet credit exposures of the Bank arises from the financial guarantees on the basis of concluded agreements for guaranteeing short-term export payments. The provisions related to litigation arise from the assessment of the value of the claims. The provisions for future benefits of the employees on the basis of pensions and jubilee awards amount to 1.788 thousands denars (2022: 1,356 илјади денари).

### 39. Other liabilities

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
Liabilities to the suppliers	2,802	1,285
Granted advance payments	-	-
Liabilities for commissions and compensations	12,249	6,766
Calculated expenses	-	-
Deferred income from the previous year	4,023	3,792
Short-term liabilities to the employees	136	-
Short-term liabilities for employees' benefits	-	-
Liabilities for unrealized payment transfers	-	-
Other taxes and contributions	-	-
Other	344	1,246
- Other liabilities in calculation	-	-
- Other liabilities for paid unrecorded capital	443	443
- Other liabilities	<u><b>19,997</b></u>	<u><b>13,532</b></u>

#### 40. Registered capital

##### A Registered capital

As of December 31, 2023, the total share capital of the Bank amounts to 1,998,862 thousand denars (2022: 1,998,862 thousand denars) and it consists of 643,134 (2022: 643,134) approved and fully paid ordinary shares. The nominal value per share is 3,108 denars (2022: 3,108 denars). The total capital is owned by the Government of the Republic of North Macedonia.

	<i>In MKD</i>		<i>No. Of issued shares</i>				<i>In MKD</i>	
	Nominal value per share		Ordinary shares		Non-redeemable shares		Total recorded capital	
	Ordinary shares	Non-redeemable priority shares	2023	2022	2023	2022	2023	2022
Status on 1 Jan. – fully paid	3,108	-	643,134	443,649	-	-	1,998,862	1,998,862
Registered shares during the year	-	-	-	199,485	-	-	-	-
Option realization of shares	-	-	-	-	-	-	-	-
Division/increase of the nominal value of the share	-	-	-	-	-	-	-	-
Other changes during the year	-	-	-	-	-	-	-	-
<b>Status on 31 Dec - fully paid</b>	<b>3,108</b>	<b>-</b>	<b>643,134</b>	<b>643,134</b>	<b>-</b>	<b>-</b>	<b>1,998,862</b>	<b>1,998,862</b>

**B. Dividends**

**B.1 Announced and paid dividends for the year**

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
Announced and paid dividends for the year	-	-
<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
Dividend per ordinary share	-	-
Dividend per preferred share	-	-

Pursuant to the Law on Founding the Macedonian Bank for Development Promotion, the dividend belonging to the state is allocated within the reserves of the Bank.

**B.2 Announced dividends after the Balance Sheet date (no liabilities for dividends are shown in the Balance Sheet)**

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
Announced dividends after 31 December	-	-
<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
Dividend per ordinary share	-	-
Dividend per preferred share	-	-

**C. Shareholders whose ownership surpasses 5% of the shares, with a right to vote**

Name of the shareholder	<i>In thousands denars</i>		<i>In %</i>	
	2023	2022	2023	2022
	Registered capital (nominal value)	Premium from shares (nominal value)	Right to vote	Right to vote
Government of the Republic of North Macedonia	1,998,862	1,998,862	100	100
<b>Total</b>	<b>1,998,862</b>	<b>1,998,862</b>	<b>100</b>	<b>100</b>

## 41. Earnings per share

### 1 A. Basic earnings per share

	2023	2022
<i>Net-profit/(loss) belonging to the owners of ordinary shares</i>		
Net-profit for the year	91,550	44,275
Dividend for non-redeemable preferred shares	-	-
Adjustments of the net-profit belonging to the owners of ordinary shares	-	-
<b>Net-profit belonging to the owners of ordinary shares</b>	<b>91,550</b>	<b>44,275</b>
	<b>2023</b>	<b>2022</b>
<i>Weighted average number of ordinary shares</i>		
Issued ordinary shares on 1 January	643,134	443,649
Effects from changes of the number of ordinary shares during the year		
-effect from emitting new shares	-	199,485
- effect from annulling personal shares	-	-
- effect from withdrawal of previously issued shares	-	-
- effect from conversion of preferred into ordinary shares	-	-
<i>Weighted average number of ordinary shares on 31 December</i>	643,134	576,639
<b>Basic earnings per share (in MKD)</b>	<b>142</b>	<b>77</b>

### 2 B. Diluted earnings per share

	2023	2022
<i>Net-profit belonging to the owners of ordinary shares(diluted)</i>		
Net-profit for the year, belonging to the owners of ordinary shares	91,550	44,275
Adjustments of the net-profit belonging to the owners of ordinary shares for the effects of all issued potential ordinary shares	-	-
<b>Net- profit belonging to the owners of ordinary shares (diluted)</b>	<b>44,275</b>	<b>39,554</b>
	<b>2023</b>	<b>2022</b>
<i>Weighted average number of ordinary shares (diluted)</i>		
Issued ordinary shares on 1 January	643,134	443,649
<i>Effects from the issuance of potential ordinary shares</i>	-	199,485
<i>Weighted average number of ordinary shares (diluted) on 31 December</i>	643,134	576,639
<b>Diluted earnings per share (in MKD)</b>	<b>142</b>	<b>77</b>

## 42. Contingent liabilities and assets

### 42.1. Contingent liabilities

<i>In thousands denars</i>	<b>2023</b>	<b>2022</b>
Paid unsupported warranties		
In MKD denars	-	-
In foreign currency	-	-
Performance unsupported bonds		
In MKD denars	-	-
In foreign currency	-	-
Unsupported documentary credits		
In MKD denars	-	-
In foreign currency	-	-
In MKD denars with currency clause	-	-
Unused overdraft in current accounts	-	-
Foreclosed liabilities for credit cards	-	-
Foreclosed liabilities for crediting and unused credit limits	-	-
Other unsupported contingent liabilities	1,137,429	909,330
Issued supported contingent liabilities	-	-
Other supported contingent liabilities	-	-
<b>Total contingent liabilities before special reserve</b>	<b><u>1,137,429</u></b>	<b><u>909,330</u></b>
(Special reserve)	<u>(35,286)</u>	<u>(32,606)</u>
<b>Total contingent liabilities reduced for the special reserve</b>	<b><u>1,102,143</u></b>	<b><u>876,724</u></b>

The total remaining unsupported contingent liabilities amounting to 1,102,143 thousands denars as of December 31, 2023 (2022: 876,724 thousands denars) arise from issued insurance policies for the receivables, the special reserve for them as of December 31, 2023 is 35,286 thousands denars (2022: 32,606 thousands denars). The contingent liabilities in this note are irrevocable.

The bank has contingent liabilities based on the issued insurance policy. Insurers are generally insured against commercial risks, i.e. bankruptcy and prolonged non-payment to the buyer. In the event that one of the above risks occurs, the payment of damages to the insured is made. These contingent liabilities have an off-balance sheet credit risk for which a separate reserve is allocated.

In the balance sheet, the receivables and liabilities of the co-insurers, the receivables of the insured with basic allowances, the receivables of the insured with recurring and paid compensations, as well as the liabilities of the insured with basic and paid compensations are recognized. The balance sheet records the appropriate corrections of the claims of the insured and the reinsurers.

The Bank has contingent liabilities on the basis of issued customs guarantees upon import for the purpose of processing by which the Bank guarantees (assumes the risk) payment of the customs debt to the Customs Administration of RNM by the client. As of December 31, the potential liabilities for customs guarantees on import for inward processing amount to 99,025 thousands denars (2022: 76,625 thousands denar) and they have an off-balance sheet credit risk and a special reserve is allocated for them.

*Court disputes*

As of December 31, 2023, there are no legal proceedings against the Bank (2022: 686 thousand denars). No provision has been recorded because professional legal advice shows that there is no likelihood of a significant loss. The related risks are analyzed by the probability of their occurrence.

**Tax risk**

The financial statements and accounting records of the Bank are subject to tax control on the part of the tax authorities for a period of 5 years after the submission of the tax report for the financial year and may cause additional tax liabilities. According to the estimates of the Bank's management, there are no additional conditions from which potential materially significant liabilities can arise on this basis.

**42.2. Contingent assets**

*In thousands denars*

	<b>2023</b>	<b>2022</b>
<b>Total contingent assets</b>	<u>-</u>	<u>-</u>

### 43. Activities on behalf and in favor of third parties

	2023			2022		
	Assets	Liabilities	Net-position	Assets	Liabilities	Net-position
Administrating assets on behalf and in favor of the third parties						
Deposits in MKD denars	-	-	-	-	-	-
Deposits in foreign currencies	-	-	-	-	-	-
Loans in MKD denars	-	-	-	-	-	-
Loans in foreign currencies	-	-	-	-	-	-
Other receivables in MKD denars	-	-	-	-	-	-
Other receivables in foreign currencies	-	-	-	-	-	-
Managing assets on behalf and in favor of third parties						
Deposits in MKD denars	-	-	-	-	-	-
Deposits in foreign currencies	-	-	-	-	-	-
Loans in MKD denars	6,508,143	6,508,143	-	6,318,817	6,318,817	-
Loans in foreign currencies	-	-	-	-	-	-
Other receivables in MKD denars	-	-	-	-	-	-
Other receivables in foreign currencies	-	-	-	-	-	-
Trust accounts	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total</b>	<b>6,508,143</b>	<b>6,508,143</b>	<b>-</b>	<b>6,318,817</b>	<b>6,318,817</b>	<b>-</b>

The Bank is authorized to be an agent of the Government of the Republic of North Macedonia, placing the loans from the Italian credit line, from the funds from the Republic of North Macedonia for the Self-Employment Project, the funds from the International Bank for Reconstruction and Development for the Sustainable Energy Project, the Renewable credit fund and compensation funds, to final debtors through selected commercial banks from the Republic of North Macedonia or directly.

Within the set of economic measures to help the Economy cope with the COVID-19 crisis during March-April 2020, the Government of RNM and DBNM concluded Annexes to the Agreement for the establishment of a credit for energy efficiency and renewable energy sources and under the Agreement for administration of the Special Credit Fund concluded with the Ministry of Finance, with which the funds from the Special Credit Fund owned by the Government of RNM are reallocated for the COVID-1 credit for the purposes of dealing with the negative consequences of the coronavirus. Also, within the set of economic measures to help the farm to deal with COVID-19, the crisis with the Decision on Amendments

to the Decision on the Conditions and Criteria for Reassignment of the Funds from the Compensation Funds from Foreign Government published in Official Gazette No. 105 on April 21, 2020, part of the funds were transferred to the COVID-2 credit for direct support of micro, small and medium-sized enterprises affected by the crisis.

Within the set of economic measures for supporting the economy during November 2021, the Government of RNM and DBNM concluded an Agreement for the administration of a fund for micro and small-sized enterprises i.e., a credit intended for the implementation of the measure for establishing interest-free credit with a grant component intended for micro and small –sized enterprises - COVID-3.

As additional measures to assist the economy in dealing with the COVID-19 crisis during 2021, an Annex was concluded to the Agreement for administration of a Special Credit Fund concluded with the Ministry of Finance, with which part of the funds from the Special Credit Fund which is owned of the Government of the RNM are reallocated for a credit line to support commercial broadcasting companies in the field of broadcasting radio and television programs. Also, in 2021, an agreement was signed between DBNM and the Government of the Republic of North Macedonia for administration of a fund for financial support and liquidity support - Covid 4 credit line and Agreement for subsidizing interest on loans granted by commercial banks to companies that had reinvested profits. In 2022, the pandemic crisis transformed into an energy and price crisis, and as an aid to strengthening the economy, the Government of RSM through RBSM approved credit lines for working capital that is marketed directly to end users or through commercial banks. In 2023, an agreement was concluded between the Government and RBSM for an Energy Efficiency Fund, with the implementation of which, in accordance with the established conditions, the Bank will approve loans, issue guarantees and approve grants, and the funds in the amount of MKD 600,000 thousand denars were transferred on 29.12.2023.

#### 44. Transactions with affiliated parties

##### A. Balance Sheet

<i>In thousands denars</i>	Parent company	Subsidiaries	Affiliated companies	Bank Management	Other affiliated parties	Total
<b>Status on 31st of December 2023</b>						
<b>Assets</b>						
Current accounts	-	-	-	-	-	-
Trading assets	-	-	-	-	-	-
Loans and receivables						
Mortgage loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Receivables for financial leasing	-	-	-	-	-	-
Receivables for factoring and forfaiting	-	-	-	-	-	-
Other loans and receivables	27,694	-	-	-	-	27,694
Investment in securities	341,097	-	-	-	-	341,097
(value adjustment)	-	-	-	-	-	-
Other assets	9,343	-	-	-	-	9,343
<b>Total</b>	<b>378,134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>378,134</b>
<b>Liabilities</b>						
Trading liabilities	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Issued securities	-	-	-	-	-	-
Liabilities for loans	50,031	-	-	-	-	50,031
Subordinate liabilities	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total</b>	<b>50,031</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,031</b>
<b>Contingent liabilities</b>						
Issued warranties	-	-	-	-	-	-
Issued documentary credits	-	-	-	-	-	-
Other contingent liabilities	-	-	-	-	-	-
(Special reserve)	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contingent assets</b>						

Received warranties	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

Transactions with affiliated parties (continued)

**A. Balance Sheet (continued)**

<i>In thousands denars</i>	Parent company	Subsidiaries	Affiliated companies	Bank Management	Other affiliated parties	Total
<b>Status on 31st of December 2022</b>						
<b>Assets</b>						
Current accounts	-	-	-	-	-	-
Trading assets	-	-	-	-	-	-
Loans and receivables						
Mortgage loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Receivables for financial leasing	-	-	-	-	-	-
Receivables for factoring and forfaiting	-	-	-	-	-	-
Other loans and receivables	26,465	-	-	-	-	26,465
Investment in securities (value adjustment)	343,433	-	-	-	-	343,433
Other assets	7,127	-	-	-	-	7,127
<b>Total</b>	<b>377,025</b>	-	-	-	-	<b>377,025</b>
<b>Liabilities</b>						
Trading liabilities	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Issued securities	-	-	-	-	-	-
Liabilities for loans	57,178	-	-	-	-	57,178
Subordinate liabilities	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total</b>	<b>57,178</b>	-	-	-	-	<b>57,178</b>

**Contingent liabilities**

Issued warranties	-	-	-	-	-	-
Issued documentary credits	-	-	-	-	-	-
Other contingent liabilities (Special reserve)	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**Contingent assets**

Received warranties	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**Transactions with affiliated parties (continued)**

The affiliated parties to the Bank are as follows: the persons with special rights and responsibilities in the Bank and their related parties, shareholders with qualified participation in the Bank and their related parties, as well as the responsible persons for those shareholders. The sole owner is the Government of the Republic of North Macedonia, and the Bank may not approve loans and issue warranties to the state, public enterprises and institutions financed from the budget.

**B. Income and expenses arising from transactions with affiliated parties**

<i>In thousands denars</i>	Parent company	Subsidiaries	Affiliated companies	Bank Management	Other affiliated parties	Total
<b>2023 (current year)</b>						
<b>Income</b>						
Income from interest	168,858	-	-	-	-	168,858
Income from commissions and compensations	44,829	-	-	-	-	44,829
Net-income from trading	-	-	-	-	-	-
Income from dividends	-	-	-	-	-	-
Capital profit from sales of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between the entities	-	-	-	-	-	-
<b>Total</b>	<b>213,687</b>	-	-	-	-	<b>213,687</b>

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Notes to the financial statements (continued)  
(All amounts are in thousands of denars unless otherwise stated)

<b>Expenses</b>						
Expenses for interest	552	-	-	-	-	552
Expenses for commissions and compensations	-	-	-	-	-	-
Net-loss from trading	-	-	-	-	-	-
Expenses for supply of non-current assets	-	-	-	-	-	-
Value adjustment of financial assets, on net-basis	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Transfers between the entities	-	-	-	-	-	-
<b>Total</b>	<b>552</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>552</b>

Transactions with affiliated parties (continued)

**B. Income and expenses arising from transactions with affiliated parties (continues)**

<i>In thousands denars</i>	Parent company	Subsidiaries	Affiliated companies	Bank Management	Other affiliated parties	Total
<b>2022(previous year)</b>						
<b>Income</b>						
Income from interest	105,194	-	-	-	-	105,194
Income from commissions and compensations	26,819	-	-	-	-	26,819
Net-income from trading	-	-	-	-	-	-
Income from dividends	-	-	-	-	-	-
Capital profit from sales of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between the entities	-	-	-	-	-	-
<b>Total</b>	<b>132,013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,013</b>
<b>Expenses</b>						
Expenses for interest	624	-	-	-	-	624
Expenses for commissions and compensations	20	-	-	-	-	20
Net-loss from trading	-	-	-	-	-	-
Expenses for supply of non-current assets	-	-	-	-	-	-
Value adjustment of financial assets, on net-basis	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Transfers between the entities	-	-	-	-	-	-
<b>Total</b>	<b>644</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>644</b>

Transactions with affiliated parties (continued)

**C. Benefits for the Bank Management**

*In thousands denars*

	Current year 2023	Previous year 2022
Short-term benefits for the employees	25,442	20,890
Benefits after the employment termination	-	-
Benefits because of employment termination	-	-
Payments to employees based on shares, paid by proprietary instruments	-	-
Payments to employees based on shares, paid by monetary assets	-	-
Other	-	-
<b>Total</b>	<b>25,442</b>	<b>20,890</b>

**45. Lease**

**A. Lessor**

**A1. Receivables for financial lease**

<i>In thousands denars</i>	Total receivables for financial lease	Period of receivables' maturity for financial lease		
		Up to 1 year	From 1 to 5 years	Up to 1 year
<b>Status on 31 Dec. 2023 (current year)</b>				
Current value of the minimum payment for lease	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Status on 31 Dec. 2022 (previous year)**

Current value of the minimum payment for lease	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**A.2 Receivables for irrevocable operating lease**

<i>In thousands denars</i>	Total receivables for operating lease	Period of maturity of the receivables for operating lease		
		Up to 1 year	From 1 to 5 years	Up to 1 year
<b>Status on 31 Dec 2023 (current year)</b>				
Current value of the minimum payment for lease	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Status on 31 Dec 2022 (previous year)**

Current value of the minimum payment for lease	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Lease (continued)

Lessor (continued)

**A.2 Receivables for irrevocable operating lease (continues)**

<i>In thousands MKD</i>	Land	Construction facilities	Transport means	Furniture and office inventory	Other equipment	Other items of real estate and equipment	Total
Value of the property given under operating lease:							
Status on 31 Dec. 2023 (current year)	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-
Status on 31 Dec 2022 (previous year)	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

**B. Lessee**

**B.1 Liabilities for financial lease**

<i>In thousands MKD</i>	Total liabilities for financial lease	Period of maturity of the liabilities for financial lease		
		Up to 1 year	Between and 5 years	Over 5 years
<b>Status on 31 Dec. 2023 (current year)</b>				
Current value of the minimum payment for the lease	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Status on 31 Dec. 2022 (previous year)</b>				
Current value of the minimum payment for the lease	-	-	-	-
<b>Total</b>	-	-	-	-

Lease (continued)  
Lessor (continued)

**B.1 Liabilities for financial lease (continues)**

<i>In thousands denars</i>	Land	Constructio n facilities	Transport means	Furniture and office inventory	Other equipment	Other items of the real estate and equipment	Total
Value of the estate taken under financial lease:							
<b>Purchase value</b>							
Status on 1 Jan. 2022	-	-	-	-	-	-	-
- Increase	-	-	-	-	-	-	-
- Disposal and expenses	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
<b>Status on 31 Dec. 2022</b>	-	-	-	-	-	-	-
Status on 1 Jan 2022	-	-	-	-	-	-	-
- Increase	-	-	-	-	-	-	-
- Disposal and expenses	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
<b>Status on 31 Dec. 2023</b>	-	-	-	-	-	-	-
<b>Accumulated depreciation and impairment</b>							
Status on 1 Jan 2022	-	-	-	-	-	-	-
- Depreciation for the year	-	-	-	-	-	-	-
- Loss due to impairment during the year	-	-	-	-	-	-	-
- (release of loss due to impairment during the year)	-	-	-	-	-	-	-
- (disposal and expenses)	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-
<b>Status on 31 Dec 2022</b>	-	-	-	-	-	-	-
Status on 1 Jan 2023	-	-	-	-	-	-	-
- Depreciation for the year	-	-	-	-	-	-	-
- Loss due to impairment during the year	-	-	-	-	-	-	-
- (release of loss due to impairment during the year)	-	-	-	-	-	-	-
- (disposal and expenses)	-	-	-	-	-	-	-

- Other	-	-	-	-	-	-	-
<b>Status on 31 Dec 2023</b>	-	-	-	-	-	-	-

Lease (continued)  
Lessor (continued)

### B.1 Liabilities for financial lease(continues)

<i>In thousands denars</i>	Land	Construction facilities	Transport means	Furniture and office inventory	Other equipment	Other items of real estate and equipment	Total
<b>Current book value</b>							
On 1 Jan. 2022	-	-	-	-	-	-	-
<b>On 31 Dec 2022</b>	-	-	-	-	-	-	-
<b>On 31 Dec 2023</b>	-	-	-	-	-	-	-

### B.2 Liabilities for irrevocable operating lease

<i>In thousands denars</i>	Total liabilities for irrevocable operating lease	Period of maturity of the liabilities for operating lease	
		Up to 1 year	Up to 1 year
Status on 31 Dec. 2023 (current year)			
Current value of the minimum payment for the lease	-	-	-
<b>Total</b>	-	-	-
Status on 31 Dec. 2022 (previous year)			
Current value of the minimum payment for the lease	-	-	-
<b>Total</b>	-	-	-

#### 46. Payment based on shares

	<i>In thousands denars</i>	
	<b>2023</b>	<b>2022</b>
Date of giving the options	-	-
Date of expiry of the option	-	-
Price of option realization	-	-
Price of the share on the date of giving the option	-	-
Variance	-	-
Expected dividend income	-	-
Interest rate	-	-
Fair value of the date of giving the option	-	-

	<b>2023</b>		<b>2022</b>	
	No. of options for shares	Weighted average price for the options for shares	No. of options for shares	Weighted average price for the options for shares
<b>Status on 1<sup>st</sup> Jan</b>	-	-	-	-
Changes during the year:				
- options given to the members of the Supervisory Board	-	-	-	-
- options given to the members of the Executive Board	-	-	-	-
- other options given	-	-	-	-
- forfeiting options	-	-	-	-
- realized options	-	-	-	-
- options with expired date	-	-	-	-
<b>Status on 31<sup>st</sup> Dec</b>	-	-	-	-

#### 47. Events following the Balance Sheet date

After 31st December 2023 - the date of reporting, until the date of approval of these financial statements there are no events that would cause correction of the financial statements, nor other events that are materially significant for disclosure in these financial statements.