

SAVING HOUSE FULM DOO Skopje

Financial Statements and Independent Auditor's Report

For the year ended 31 December 2018

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Independent Auditor's Report

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To the Management and Sole Owner of
Savings House FULM doo, Skopje

Report on financial statements

We have audited the accompanying financial statements of Savings House FULM doo, Skopje („the Savings House“) which comprise the Balance sheet as of 31 December 2018, and the Income statement, Statement of Comprehensive income, Statement of changes in equity and reserves and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 3 to136.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulations 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 responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards accepted in the Republic of North Macedonia ¹. 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. In making those risk assessments, the auditor considers internal control relevant to the Saving House's preparation and fair presentation of the financial statements of the Saving House in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Saving House's internal control.

¹ International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia, no.79 from 2010.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Saving House FULM doo, Skopje as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the regulations of the National Bank of the Republic of North Macedonia.

Other matters

The financial statements of the Saving House as at and for the year ended 31 December 2017 were audited by another auditor, who expressed an unmodified opinion on those statements on 23 March 2018.

Report on other legal and regulatory matters

The Saving House Management is also responsible for preparing the annual report of the Saving House for 2018 in accordance with Article 384 of the Law on Trade Companies. Our responsibility is to express an opinion on the consistency of the annual report, with the historical financial data reported in the annual accounts and the audited financial statements of the Saving House as at and for the year ended 31 December 2018, in accordance with the auditing standards accepted in the Republic of North Macedonia², and in accordance with the requirements of Article 34, paragraph 1, item (e) of the Law on Audit.

Our opinion is that the historical financial information presented in the annual report of the Saving House as at and for the year ended 31 December 2018 are consistent, in all material respects, with the data reported in the annual accounts and the audited financial statements of the Saving House as at and for the year ended 31 December 2018.


Skopje,

8 March 2019

Grant Thornton DOO Skopje


Suzana Stavrik
Director





Suzana Stavrik
Certified Auditor

² International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board ("IAASB"), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia no. 79 from 2010.

(all amounts are expressed in Denar thousand unless otherwise stated)

Income Statement
For the period from 01.01.2018 to 31.12.2018

	Note	In thousand denars	
		Current year 2018	Previous year 2017
Interest income		33.330	31.048
Interest expense		(5.227)	(6.230)
Interest income/(expense), net	6	28.103	24.818
Fee and commission income		7.905	8.441
Fee and commission expense		(441)	(679)
Fee and commission income/(expense), net	7	7.464	7.762
Net trading income/(expense)	8	-	-
Net income from other financial instruments at fair value	9	-	-
Foreign exchange gains/(losses), net	10	-	-
Other operating income	11	2.556	2.672
Share of profit of associates	24	-	-
Impairment losses of financial assets and special reserves for off-balance sheet exposure, net	12	(2.608)	(1.345)
Impairment losses of non-financial assets, net	13	-	(72)
Personnel expenses	14	(21.148)	(21.423)
Depreciation and amortization	15	(1.569)	(1.448)
Other operating expenses	16	(11.570)	(9.846)
Share of loss of associates	24	-	-
Profit/(loss) before tax		1.228	1.118
Income tax expense	17	(263)	(178)
Profit for the year from continuing operations		965	940
Profit/(loss) from group of assets and liabilities held for sale		-	-
Profit/(loss) for the year		965	940
Profit/(loss) for the year attributable to*:			
Saving House's shareholders		-	-
Non-controlling interest		-	-
Earnings per share	41		
basic earning per share (in Denars)		-	-
diluted earnings per share (in Denars)		-	-

The financial statements have been approved for issuing by the Sole Owner on 25 February 2019.

Director
M-r Eleonofa Zgonjanin Petrovik




Finance coordinator
Jovanka Todorova



The accompanying notes are an integral part of these financial statements

(all amounts are expressed in Denar thousand unless otherwise stated)

Statement of Comprehensive income
For the period from 01.01.2018 to 31.12.2018

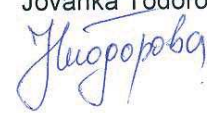
	Note	2018	2017
Profit/(loss) for the year		965	940
Other gains/(losses) for the period (before tax)			
Other gains/(losses) for the period, not recognized in the Income statement (before tax)		-	-
Revaluation reserve for equity securities available for sale		-	-
- unrealized net- changes in fair value of equity securities available for sale		-	-
- realized net gains/(losses) from equity securities available for sale, reclassified to Other reserves		-	-
Changes in the bank's creditworthiness, for financial liabilities that are measured at fair value		-	-
Income tax on other gains / (losses) that are not shown in the Income statement		-	-
Total other gains / (losses) in the period that are not shown in the Income statement		-	-
Other gains / (losses) in the period that are or can be reclassified in the Income statement (before tax)			
Revaluation reserve for debt securities available for sale		-	-
- unrealized net changes in the fair value of debt securities available for sale		-	-
- realized net gains / (losses) from available-for-sale debt instruments reclassified to the Income statement		-	-
- additional impairment of available-for-sale debt instruments		-	-
- Release of the impairment of available-for-sale debt instruments		-	-
Revaluation reserve for foreclosed assets on the basis of uncollected receivables		-	-
- revaluation reserve recognized during the year		-	-
- reduction of the revaluation reserve, reclassified in the Income statement		-	-
Reserve for instruments for protection against the risk of cash flows		-	-
- unrealized net-changes in fair value of hedging instruments of Cash flow risk		-	-
- realized net-gains/(losses) on hedging instruments of cash flow, reclassified in the Income statement		-	-
Reserve for instruments to protect against the risk of net investments in foreign operations		-	-
Foreign exchange reserve of investment in foreign operations		-	-
Share in other gains/(losses) of associates not recognized in the Income statement	24	-	-
Other gains/(losses) not recognized in the Income statement		-	-
Income tax on other gains / (losses) that are or can be reclassified in the Income statement	17	-	-
Total other gains / (losses) in the period that are or can be reclassified in the Income statement		-	-
Total other gains / (losses) in the period		-	-
Comprehensive gain / (loss) for the financial year		<u>965</u>	<u>940</u>

The financial statements have been approved for issuing by the Sole Owner on 25 February 2019.

Director
M-r Eleonora Zgonjanin Petrovik




Finance Coordinator
Jovanka Todorova



The accompanying notes are an integral part of these financial statements

Financial statements as of and for the year ended 31 December 2018

(all amounts are expressed in Denar thousand unless otherwise stated)

Balance sheet at 31.12.2018

	Note	<i>In thousand of denars</i>	
		Current year 2018	Previous year 2017
Assets			
Cash and cash equivalents	18	32.478	40.208
Held-for-trading assets	19	-	-
Financial assets at fair value through profit or loss upon initial recognition	20	-	-
Derivative assets held for risk management	21	-	-
Loans and advances to banks	22.1	-	-
Loans and advances to other customers	22.2	235.374	223.475
Investments in securities	23	-	-
Investments in associates	24	-	-
Income tax receivable (current)	30.1	-	-
Other receivables	25	285	280
Assets pledged as collateral	26	-	-
Foreclosed assets	27	-	-
Intangible assets	28	6.687	3.544
Property and equipment	29	23.537	23.174
Deferred tax assets	30.2	-	-
Non-current assets held-for-sale and disposal group	31	-	-
Total assets		298.361	290.681
Liabilities			
Trading liabilities	32	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	33	-	-
Derivative liabilities held for risk management	21	-	-
Deposits from banks	34.1	-	-
Deposits from other customers	34.2	186.865	180.899
Debt instruments issued	35	-	-
Borrowings	36	8.599	10.059
Subordinated debt	37	-	-
Special reserve and provisions	38	306	292
Income tax payable (current)	30.1	83	32
Deferred tax liabilities	30.2	-	-
Other liabilities	39	7.436	5.292
Liabilities related to disposal group	31	-	-
Total liabilities		203.289	196.574

The accompanying notes are an integral part of these financial statements

Financial statements as of and for the year ended 31 December 2018

(all amounts are expressed in Denar thousand unless otherwise stated)

Balance sheet at 31.12.2018 (continued)

Note	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Equity and reserves		
Subscribed capital	75.607	75.607
Share premium	-	-
Treasury shares	-	-
Capital component of hybrid financial instruments	-	-
Other equity instruments	-	-
Revaluation reserves	112	112
Other reserves	15.227	15.227
Retained earnings/(Accumulated losses)	4.126	3.161
Total equity and reserves, attributable to the shareholders of the Saving House	95.072	94.107
Non-controlling interest*		
Total equity and reserves	95.072	94.107
Total liabilities, equity and reserves	298.361	290.681
Contingent liabilities	-	-
Contingent assets	-	-

The financial statements have been approved for issuing by the Sole Owner on 25 February 2019.

Director
M-r Eleonora Zgonjanin Petrovik




Finance Coordinator
Jovanka Todorova



Financial statements as of and for the year ended 31 December 2018

(all amounts are expressed in Denar thousand unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY AND RESERVES

For the period from 01.01.2018 to 31.12.2018

	Equity			Revaluation reserves				Other reserves			Retained earnings			Total equity and reserves, attributable to the shareholders of the Saving House	Total equity and reserves		
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revaluation reserves on assets available for sale	Revaluation reserve for foreclosed assets for uncollected receivables	Reserves for risk protection	Foreign exchange reserves on investment in foreign operations	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders			Limited for distribution to shareholders	(Accumulated losses)
At 31 December 2016 (previous year)/ 1 January 2017 (previous year)	75.607	-	-	-	-	112	-	-	-	15.227	-	-	906	1.315	-	93.167	93.167
Comprehensive income / (loss) for the financial year																	
Profit / (loss) for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	940	-	-	940	940
Other gains / (losses) in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of available-for-sale assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>debt instruments</i>																	
- unrealized changes in fair value (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- realized changes in fair value (net), transferred to the Income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- additional impairment of the debt assets available for sale,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- release of impairment of debt assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>equity instruments</i>																	
- unrealized changes in fair value (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- realized changes in fair value (net), transferred to Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of cash flow hedge accounting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of protection against the risk of net-investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The notes to the financial statements are an integral part of these financial statements

Financial statements as of and for the year ended 31 December 2018

(all amounts are expressed in Denar thousand unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY AND RESERVES (continued)

For the period from 01.01.2018 to 31.12.2018

	Equity			Revaluation reserves				Other reserves			Retained earnings			Total equity and reserves, attributable to the shareholders of the Saving House	Total equity and reserves		
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revaluation reserves on assets available for sale	Revaluation reserve for foreclosed assets for uncollected receivables	Reserves for risk protection	Foreign exchange reserves on investment in foreign operations	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders			Limited for distribution to shareholders	(Accumulated losses)
Foreign exchange differences from foreign investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets / (liabilities) recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the bank's creditworthiness, for financial liabilities that are measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains / (losses) that are not disclosed in the Income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total unrealized gains / (losses) recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	940	-	-	940	940
Transactions with shareholders, recognized in equity and reserves																	
Issued shares during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Separation for statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Separation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves (other)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinvested income	-	-	-	-	-	-	-	-	-	-	-	-	(906)	906	-	-	-
Transactions with shareholders, recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	(906)	906	-	-	-
At 31 Decemebr 2017	75.607	-	-	-	-	112	-	-	-	15.227	-	-	940	2.221	-	94.107	94.107

Financial statements as of and for the year ended 31 December 2018

(all amounts are expressed in Denar thousand unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY AND RESERVES (continued)

For the period from 01.01.2018 to 31.12.2018

	Equity			Revaluation reserves				Other reserves			Retained earnings			Total equity and reserves, attributable to the shareholders of the Saving House	Total equity and reserves		
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revaluation reserves on assets available for sale	Revaluation reserve for foreclosed assets for uncollected receivables	Reserves for risk protection	Foreign exchange reserves on investment in foreign operations	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders			Limited for distribution to shareholders	(Accumulated losses)
At 31 December 2017 (previous year)/ 1 January 2018 (previous year)	75.607	-	-	-	-	112	-	-	-	15.227	-	-	940	2.221	-	94.107	94.107
Comprehensive income / (loss) for the financial year																	
Profit / (loss) for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	965	-	-	965	965
Other gains / (losses) in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of available-for-sale assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>debt instruments</i>																	
- unrealized changes in fair value (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- realized changes in fair value (net), transferred to the Income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- additional impairment of the debt assets available for sale,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- release of impairment of debt assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>equity instruments</i>																	
- unrealized changes in fair value (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- realized changes in fair value (net), transferred to Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of cash flow hedge accounting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of protection against the risk of net-investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences from foreign investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

SAVING HOUSE FULM DOO Skopje
Financial statements as of and for the year ended 31 December 2018
(all amounts are expressed in Denar thousand unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY AND RESERVES (continued)
For the period from 01.01.2018 to 31.12.2018

	Equity										Total equity and reserves, attributable to the shareholders of the Saving House					
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revaluation reserves on assets available for sale	Revaluation reserve for foreclosed assets for uncollected receivables	Reserves for risk protection	Foreign exchange reserves on investment in foreign operations	Other revaluation reserves	Statutory reserve		Capital component of hybrid financial instruments	Other reserves	Other reserves	Available for distribution to shareholders	Limited distribution to shareholders
Deferred tax assets / (liabilities) recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the bank's creditworthiness, for financial liabilities that are measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains / (losses) that are not disclosed in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total unrealized gains / (losses) recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders, recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued shares during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Separation for statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Separation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves (other)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinvested income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders, recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2018	75.607	-	-	-	-	112	-	-	-	15.227	-	-	-	940	3.161	95.072

The financial statements have been approved for issuing by the Sole Owner on 25 February 2019.

Director
M-r Eleonora Zgonjanin Petrovik



Finance Coordinator
Jovanka Todorova



(all amounts are expressed in Denar thousand unless otherwise stated)

STATEMENT OF CASH FLOWS

For the period from 01.01.2018-31.12.2018

	Note	In thousand of denars	
		Current year 2018	Previous year 2017
Operating cash flows			
Profit/(Loss) before taxation		1.228	1.118
Adjusted for:			
Minority share, included in the consolidated income statement*		-	-
Depreciation of:			
Intangible assets	15	400	385
Property and equipment	15	1.169	1.063
Capital gain from:			
Sale of intangible assets	11	-	-
Sale of property and equipment	11	-	-
Sale of foreclosed assets	11	-	-
Capital loss from:			
Sale of intangible assets	16	-	-
Sale of property and equipment	16	-	-
Sale of foreclosed assets	16	-	-
Interest income	6	(33.330)	(31.048)
Interest expense	6	5.227	6.230
Trading income, net	8	-	-
Impairment of financial assets and special reserves for off-balance sheet exposure, net			
Additional impairment losses and special reserve	12	30.041	28.938
Release of impairment losses and special reserve	12	(27.433)	(27.593)
Impairment losses of non-financial assets, net			
Additional impairment losses	13	-	72
Release of impairment losses	13	-	-
Special reserve:			
Additional provisions	38	71	292
Release of provisions	38	(57)	-
Dividend income		-	-
Share of profit /(loss) of associates		-	-
Other adjustments		(32)	-
Interest received		33.164	30.935
Interest paid		(5.517)	(6.238)
<u>Profit from operations before changes in operating assets:</u>		4.931	4.154
(Increase)/decrease of operating assets:			
Trading assets		-	-
Derivative assets held for risk management		-	-
Loans and advances to banks		-	2.000
Loans and advances to other customers		(14.264)	(13.743)
Assets pledged as collateral		-	-
Foreclosed assets		-	-
Obligatory deposit in foreign currency		-	-
Obligatory deposit held with NBRM according to special regulations		-	-
Other receivables		(56)	132
Deferred tax assets		-	-
Non-current assets held-for-sale and disposal group		-	-

Financial statements as of and for the year ended 31 December 2018

(all amounts are expressed in Denar thousand unless otherwise stated)

STATEMENT OF CASH FLOWS (Continued)
For the period from 01.01.2018 to 31.12.2018

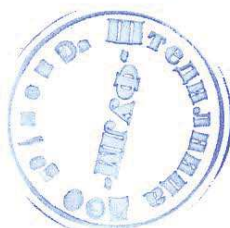
Note	In thousand of denars	
	Current year 2018	Previous year 2017
Increase/(decrease) in operating liabilities:		
Trading liabilities	-	-
Derivative liabilities held for risk management	-	-
Deposits from banks	-	-
Deposits from other customers	6.255	24.590
Other liabilities	2.150	(2.948)
Liabilities directly related to group or assets for disposal	-	-
Net cash flow from operating activities before taxation	(984)	14.185
(Paid)/received income tax	(212)	(157)
Net cash flow from operating activities	(1.196)	14.028
Cash flow from investing activities		
(Investments in securities)	-	-
Inflows from sale of investment in securities	-	-
(Outflows from investment in subsidiaries and associates)	-	-
Inflows from disposal of investment in subsidiaries and associates	-	-
(Purchase of intangible assets)	(3.543)	(1.653)
Inflows from sale of intangible assets	-	-
(Purchase of property and equipment)	(1.532)	(886)
Inflows from sale of property and equipment	-	-
(Outflows from non-current assets held-for-sale)	-	-
Inflows from non-current assets held-for-sale	-	-
(Other outflows from investing activity)	-	-
Other inflows from investing activity	-	-
Net cash flow from investing activities	(5.075)	(2.539)
Cash flow from financing activities		
(Repayment of debt securities issued)	-	-
Issued debt securities	-	-
(Repayment of borrowings)	(1.459)	(1.835)
Increase of borrowings	-	-
(Repayment of issued subordinated debts)	-	-
Issued subordinated debts	-	-
Inflows from issued shares/equity instruments during the period	-	-
(Purchase of treasury shares)	-	-
Disposal of treasury shares	-	-
(Dividends paid)	-	-
(Other financing outflows)	-	-
Other financing inflows from financing	-	-
Net cash flow from financing activities	(1.459)	(1.835)
Effect from allowance for impairment of cash and cash equivalents	-	-
Effect from foreign exchange differences of cash and cash equivalents	-	-
Net increase/(decrease) of cash and cash equivalents	(7.730)	9.654
Cash and cash equivalents as of 1 January	40.208	30.554
Cash and cash equivalents as of 31 December	32.478	40.208

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* only for consolidated financial statements

The financial statements have been approved for issuing by the Sole Owner on 25 February 2019.

Director
M-r Eleonora Zgonjanin Petrovik

Finance coordinator
Jovanka Todorova


The notes to the financial statements are an integral part of these financial statements

Notes to the Financial Statements

1. Introduction

a) General information

Saving House FULM DOO Skopje (hereinafter "the Saving House"), is a limited liability company founded on 24 March 1999. The Saving House's headquarter is on Str. Sv. Kiril i Metodij no. 48, 1000 Skopje, where the main activities take place. The Saving House operates in the Republic of North Macedonia through the Headquarter and a network of 5 branches.

The principal activities of the Saving House are as follows:

- Collecting saving deposits in Denars from individuals;
- Approving loans to individuals and self-employed individuals without legal capacity of entity;
- Economic financial consulting;
- Other services defined by law.

The Saving House is controlled by an Association of citizens "Financial Services for the People of Macedonia" ("FULM"), which is the Sole owner of the Saving House.

The Saving House does not have investments in subsidiaries and associates, and it is not listed on the Macedonian Stock Exchange.

The total number of employees of the Saving House as at 31 December 2018 is 32 (2017: 36 employees).

The financial statements of the Saving House for the year ending on 31 December 2018 are approved by the Sole Owner of the Saving House at a meeting held on 25 February 2019.

b) Basis for preparation of the financial statements

Compliance statement

The information presented in the accompanying financial statements of the Saving House have been prepared in accordance with the Law on Trade Companies, the Law on Banks, the by-laws regulated by the National Bank of the Republic of North Macedonia (hereinafter referred to as "NBRNM") and in accordance with the Decision on the Methodology (hereinafter referred to as "Methodology") and the Decision on the types and contents of the financial statements of the banks, stipulate the requirements for recording and valuation of the accounting items and preparation of the financial statements us by NBRNM and that the application of 31 December 2018.

Notes to the Financial Statements (continued)

Introduction (continued)

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

Presentation of financial statements

The financial statements represent separate financial statements.

Bases for measurement

The financial statements are prepared as at and for the years ended on 31 December 2018 and 2017. Where necessary, the presentation of the comparative data has been adjusted in accordance with the changes in current year's presentation.

The enclosed financial statements are prepared in accordance of the historical cost principle, unless otherwise stipulated in the financial statements, under going concern assumption.

Reporting and functional currency

The presented financial statements are expressed in thousands of Denars ("MKD"). The Denar represents the functional and reporting currency of the Saving House for the purpose of reporting to NBRNM.

Use of estimates and judgements

The presentation of the financial statements in accordance with the regulation of Natinal Bank of the Republic of North Macedonia and the accounting standards applicable in the Republic of North Macedonia, requires use of the best possible estimates and reasonable assumptions by the Saving House's management, which affects the presented amounts of assets and liabilities, and the income and expenses in the reporting period. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances which form the basis for estimation of the carrying amounts of assets and liabilities for which no other data is available. Actual results may differ from the estimated amounts.

The estimates and assumptions are reviewed on a continuing basis. The revised accounting estimates are recognized in the period for which the estimate has been revised if it affects only that period, or in the period of the estimate and subsequent periods if the revised estimate affects both periods – the current and subsequent period.

Information regarding the significant areas for which there is uncertainty based on estimates and critical judgments in the implementation of the accounting policies with the most significant impact on the amounts disclosed in the financial statements is presented in Note d).

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies

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

Interest income and expense

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

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Saving House estimates cash flows considering all contractual terms of the financial instrument (for example, early repayment options) but does not consider future impairment losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fee and commission income

Fees and commissions which are not part of the effective interest rate, except loan origination fees, are generally recognized on an accrual basis over the period of service rendering. Other fees relating to management of the approved loans are deferred over the life of the loan and amortized using the effective interest rate method. Fees for issuing loan forms, for review of a loan application and credit analysis are recognised on an accrual basis at the time when the service is being rendered. Fees for economic and financial consulting are recognised on an accrual basis at the time when the service is being rendered.

Amounts denominated in foreign currency

Transactions denominated in foreign currencies have been translated into Denars at rates set by the National Bank of the Republic of North Macedonia ("NBRNM") at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Denars at the balance sheet date using official rates of exchange ruling on that date. The Denar is a functional and presenting currency of the Saving House. Foreign exchange gains or losses arising upon the translation of amounts in foreign currency, and the translation of assets and liabilities denominated in foreign currencies are recognized in the income statement in the period in which they occurred.

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Amounts denominated in foreign currency (continued)

Commitments and contingent liabilities denominated in foreign currencies are translated into Denars by applying the official exchange rates at the balance sheet date.

The official exchange rates used in the presentation of the most significant balance sheet items denominated in foreign currency are the following:

	Current year 2018	<i>In denars</i> Previous year 2017
1 USD	53.6887	51.2722
1 EUR	61.4950	61.4907

Financial assets

The classification of the financial assets depends on the nature and purpose of financial assets and is determined at the time of their initial recognition. Financial assets are recognised and derecognized at the settlement date, which is the date when the asset is delivered. The Saving House recognizes the financial assets in the balance sheet when it becomes a party to the provisions of the instrument.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Saving House has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the payments simultaneously.

Income and expenses are presented on a net basis only when permitted under the applicable accounting standards, or for gains and losses arising from a group of similar transactions.

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Classification and measurement of financial assets

From 1 January 2018, financial assets are classified into one of the following categories:

- financial assets that are measured at amortized cost;
- financial assets that are measured at fair value through other comprehensive income;
- financial assets that are measured at fair value through the Income statement.

The classification of financial assets is carried out on the basis of:

- the business model of the saving house for managing financial assets;
- the characteristics of the contractual cash flows of the financial asset.

The Saving House has the aim of collecting the cash flows from the financial instrument. The Saving House can classify certain financial assets in the business model whose sole purpose is to collect the cash flows from the financial instrument even if they are sold (in case the sale is not caused due to the deterioration of the credit risk of the financial instruments sold), but provided:

- the value of the sold financial assets is insignificant, ie not exceeding 10% of the average of the portfolio in the previous reporting period (financial year). The average is the middle of the situation at the beginning and end of the reporting period.
- sales are rare, ie no more than 4 in the previous reporting period (financial year).

Immediately after acquisition of a financial asset, the Saving house analyzes the cash flows of the financial asset in order to determine whether the cash flows generated by that asset relate exclusively to principal and interest payments.

The characteristics of financial assets that lead to cash flows that are not solely related to principal and interest payments will be overlooked if:

- these characteristics have an insignificant effect on the total cash flows of the financial asset;
- these features in the business practice are extremely rare and are unlikely to occur.

In the category of financial assets that are measured at amortized cost, the Saving House classifies the financial instruments that meet the following criteria:

- The Saving House keeps the financial instrument in the business model aimed at keeping the financial instrument up to the due date and collection of the expected cash flows;

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Classification and measurement of financial assets (continued)

- the expected cash flows represent exclusively principal collection and interest calculated on the balance of the principal (interest is exclusively compensation of the time value of the money).

The financial assets as at 31 December 2018 have been tested and passed by the SPPI (Solely Payments of Principal and Interest), the test and the effect from the beginning of the application of the Methodology for recording and valuation of accounting items and preparation of the financial statements is zero.

In the category of financial assets that are measured at fair value through other comprehensive income, the Saving House classifies the financial assets that meet the following criteria:

- The Saving House keeps the financial instrument in the business model aimed at keeping the financial instrument in order to collect the expected cash flows and / or its sale;
- the expected cash flows represent exclusively principal collection and interest calculated on the rest of the principal (interest is exclusively compensation of the time value of money). As at 31 December 2018, the Saving House does not have financial assets that are measured at fair value through other comprehensive income.

In the category of financial assets that are measured at fair value through the income statement, the Saving House classifies the financial assets that are managed for the purpose of trading and gaining profit from the changes in the fair value of the asset. This is also a residual category, ie the Saving House in this category also classifies all those financial assets that do not meet the criteria of the other two categories. As at 31 December 2018, the Saving House does not have financial assets that are measured at fair value through the profit and loss account.

The principal is the fair value of a financial instrument at the time of its recognition.

The interest includes the following elements: time value of money, credit risk associated with the principal for a certain period of time, other risks and costs of crediting and the Saving House margin.

Amortised cost measurement principle

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial recognised amount and the maturity amount, minus any reduction for impairment or uncollectibility.

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash, accounts that represent sight deposits in banks, accounts with NBRNM and time deposits in banks with maturity less than 3 months from the date of acquisition. These assets are classified at amortized cost.

Financial assets held-to-maturity

Until 31 December 2017, investments in securities held to maturity are financial assets with fixed or determinable payments and fixed maturity and include short-term government bills issued in the domestic currency issued by the Ministry of Finance on behalf of the Government of the Republic of North Macedonia that the Saving House has the intention and opportunity to keep them to maturity.

From 1 January 2018, held-to-maturity financial assets are debt financial assets managed by the Saving House in order to collect the contractual cash flows and which, according to the contractual terms of the asset, fulfill the requirement of the SPPI (the Saving House expects cash flows on certain dates " Solely Payments of Principal and Interest").

Loans and receivables

Until 31 December 2017, loans of the Saving House are financial assets with fixed or determined payments that are not quoting in an active market. Loans are initially recognized at fair value, including all transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

As of 1 January 2018, loans granted by the Saving House are claims arising from transactions with clients. Loans and receivables are non-derivative financial assets that fulfill the requirement of SPPI (Solely Payments of Principal and Interest). If the loans and receivables do not pass SPPI (Solely Payments of Principal and Interest), the test should subsequently be measured at fair value, and changes are recorded in the income statement. Loans are initially recognized at fair value, including all transaction costs, and subsequently measured at amortized cost using the effective interest method.

Interest on loans of the Saving House is included in interest income and is recognized on an accrual basis.

Loans to customers and financial institutions are stated at their net amount reduced by allowance for impairment.

Notes to the Financial Statements (continued)

Introduction (continued)

B) Significant accounting policies (continued)

Impairment losses of financial assets

The Saving House, on monthly basis and at the date of each statement of financial position, assess whether there is objective evidence that financial asset or group of financial assets are impaired.

Amount for impairment losses on financial assets carried at amortised cost is calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate.

Allowances for impairment on loans and receivables

Allowances for impairment on loans and receivables are determined if there is objective evidence that the Saving House cannot collect all amounts due on a claim according to the original contractual terms. A provision for loan impairment is reported as a reduction of the carrying amount of the loan. Additions to provisions are made through impairment losses recognised in the income statement.

The allowances for impairment on loans and on other active balance sheet items are determined according to the regulative of the NBRNM ruling on each balance sheet date, according to which, the Saving House is liable to classify the active balance sheet items in groups, according to their specific level of risk and to estimate the outcome of potential losses for impairment which are calculated by applying objective and subjective metrics, as of 31 December 2018 and 31 December 2017.

The allowances for impairment on loans are determined on the basis of the degree (size) of the risk of uncollectibility on the basis of the following principles:

- Separate loan exposures (risks) are assessed on the basis of the type of loan applicant, his/her/its overall financial position, resources and payment records and recoverable value of collaterals. The provisions for allowances for impairment are measured and determined for the difference between the carrying amount of the loan and its estimated recoverable amount, which is, in fact, the present value of expected cash flows discounted at the effective interest rate on the loan.
 - If there is objective evidence of uncollectibility of the loans in the loan portfolio that may not be specifically identified, the impairment losses are determined at the level of risk for the specific credit portfolio. These rates of expected losses are determined on the basis of a methodology which is defined by the NBRNM's decision for credit risk management.
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Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Allowances for impairment on loans and receivables (continued)

- Losses on impairment and uncollectibility is termination of the calculation of interest income as per agreed terms and conditions, while the loan is classified as non - performing since the contractual liabilities for payment of the principal and/or interest are in default, i.e. uncollected for a period longer than 90 days. All impairment losses on loans are reviewed and tested at least on a monthly basis and any further changes in the amounts and time of expected future cash inflows against the previous assessments, result in changes in impairment losses on loans, which is recorded a liability or approval of losses due to impairment recorded in the profit and loss.
- The loan which is believed that is impossible to be collected, is written off against the relevant allowances for impairment losses. Further collections are recorded as reduction of impairment losses in the income statement. From 2016, the write-off of loans is carried in accordance with the Decision on credit risk of the NBRNM.

Derecognition of financial assets

The Saving House derecognizes financial assets when the right to receive cash from the financial asset has expired or has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of ownership of the assets to another entity.

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Financial liabilities

Financial liabilities are classified in accordance with the substance of the contractual arrangement. Financial liabilities are classified as deposits from customers, loans payables, other payables.

Deposits from other customers

Deposits from customers include demand deposits and time deposits from individuals.

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

Borrowings

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

Other liabilities

Other liabilities are shown at their nominal amounts.

Derecognition of financial liabilities

The Saving House derecognizes financial liabilities when, and only when, its obligations are discharged, cancelled or have expired.

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Property and equipment

Property and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in the income statement as an expense when incurred.

Depreciation on property and equipment is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method. Depreciation is not charged on the ongoing investments until the constructed assets are put into use. The useful life of certain categories of property and equipment is as follows:

	Useful life
Buildings	40 years
Computers	4-10 years
Motor vehicles	4 years
Furniture and equipment	4-10 years

Useful lives of property and equipment are revised and adjusted at least once a year, i.e. if assessed as necessary and is applied perspectively.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

Property and equipment are subject to annual analysis for impairment. When the carrying amount of an asset is greater than its estimated recoverable amount, the asset's value is written down immediately to its recoverable amount.

Intangible assets

Intangible assets are assets acquired separately and are reported at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets include computer software that was acquired apart from hardware, and other intangible assets, such as rights and licences which are legally protected and cannot be taken away from the authorized owner against his wish (for example, patents, copyrights and other commercial rights).

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Intangible assets (continued)

Intangible assets are amortized on a straight-line basis over the estimated useful life. Intangible assets under preparation are not amortised. The useful life of certain categories of intangible assets is as follows:

	Useful life
Software	4-10 years
Patents and licences	4-10 years

At the end of each year the Saving House analyses the carrying amounts of intangible assets and assesses whether there is any indication for impairment. If such indications exist, an estimated recoverable amount is determined and if it is smaller than the carrying amount, it is written down to the asset's recoverable amount.

Impairment on non-financial assets

The Saving House's non-financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists then the recoverable amounts of the asset is estimated.

An impairment loss is recognised if the carrying value of an asset or a cash generating unit, to which the asset belongs, exceeds its recoverable amount. For asset that does not generate largely independent cash inflows that largely are independent, the recoverable amount is determined for cash-generating units to which the asset belongs.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Impairment losses are recognised in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs for sale and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for a given asset is reversed if there is an indication that the loss no longer exists and there are changes in the estimates used to determine the recoverable amount.

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Impairment on non-financial assets (continued)

The increased carrying amount of an asset as a result of the reversal of an impairment loss should not exceed the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognised in the previous years.

Foreclosed assets

Foreclosed assets are recognized upon completed legal procedure to foreclose and to entitle asset with the ownership. Foreclosed assets are recognized at the lower than the cost and assessed value reduced by expected sale costs, so as to fulfill the liabilities towards customs, fully or partially, for the relevant loan. At the moment of recognition of the foreclosed asset, the receivable is derecognized fully or partially from the Balance sheet.

At the date of initial recognition of assets, the Saving House is obligated pursuant to the Decision on the accounting and regulatory treatment of foreclosed assets to reduce the value of foreclosed asset in the Balance sheet, as impairment by at least 20% of the initial carrying amount of the foreclosed asset. If the amount of the closed impairment provision is higher than 20% from the beginning carrying value of the foreclosed asset, the Saving House is obliged to recognize this difference as revaluation reserve on the date when the asset is foreclosed. Revaluation reserve is part of the Saving House's additional equity and it can be excluded from the additional equity if the conditions in the Decision on the methodology for determining capital adequacy are met.

At least once in 12-month period the Saving House is obliged to determine the appraised value of the foreclosed asset and to recognize impairment provision in profit and loss which is equal to the higher amount from:

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

If the Saving House fails to sell the foreclosed asset within a period of 3 years, it is obliged at the end of the third year to reduce the value of the foreclosed asset to zero.

Foreclosed assets are derecognized in case of its sale. The realized surplus at the moment of sale of the asset is recognized in the profit and loss at the date of sale.

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Donations

Donations in the accounting are recorded pursuant to the Decision of the representatives of the Sole Owner and Founder of the Saving House.

Donations which entirely consists of intangible assets and other expenses related with the project "Inclusion and innovation in microfinance" (note 28) are recorded as income systematically and rationally throughout the useful lives of the assets. Donations received are recognized as differed income in the financial statements. Income from donations is recognized in profit and loss as other income.

Provisions

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

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

Employee benefits

Defined contribution plans

The Saving House pays contributions to the pension funds in accordance to the requirements of the Macedonian laws. Contributions, based on salaries, are made to the pension funds, which are responsible for the payment of pensions. There is no additional liability for the Saving House in respect of these plans. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement when they are due. In addition to pension contributions the Saving House also pays contributions for: health insurance, professional additional contribution, contribution for employment in case of unemployment, contribution for past work with increased term. The Saving House does not have additional liabilities for payment related to these plans.

Short-term employee benefits are measured on an undiscounted basis and are recognised when the related service is obtained. Short-term employee benefits include: salaries, compulsory social security contributions, short-term paid absences (paid annual holiday, paid sick leave) and non-monetary benefits (health insurance).

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Employee benefits (continued)

Other long-term employee benefits

In accordance with local regulations the Saving House pays two average monthly net salaries paid in the Republic of North Macedonia in the preceding three months to its employees at the moment of retirement and jubilee awards in accordance with the criteria stated in the Internal acts of the Saving House. The Saving House presents 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 Saving House does not have additional liability for payment on this basis.

Income tax

The current income tax payable is calculated based on the local tax regulation by using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Current tax expense of 10% is calculated on the income for the period, determined as a difference between total income and total expenditures increased by unrecognized expenditures for tax purposes, adjusted by tax credits and tax exemptions. The tax basis is reduced by the amount of revenues from dividends earned per share in the capital of other tax payer – resident of the Republic of North Macedonia, provided that they are taxed at the tax payer which pays the dividend and for the amount of reinvested profit in the last year.

Deferred income tax is recognized on the differences between the accounting value of assets and liabilities in financial statements and their relevant tax basis used during calculation of taxable income and is recorded by applying the liability method. Deferred tax liabilities are recognized for all taxable temporary differences; whereas a deferred tax asset is recognized for all refused temporary differences to the extent of the probability that there will be sufficient future tax profit which will allow for using the temporary differences as refusal item deferred tax liabilities.

Deferred tax assets and liabilities are measured according to the tax rates which are expected to be applied during the period when the liabilities are paid or assets realized, and arise from the prescribed tax rates (and tax laws) valid on the balance sheet date. As of 31 December 2018 and 2017, the Saving House has not recorded deferred tax assets or liabilities, because on these dates there are no temporary differences.

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Leases

The Saving House leases real estate as operating leases. Rental expenses are recognized in the income statement on a straight-line basis over the term of the lease.

Capital and reserves

The share of the owner is classified as equity. Additional expenses, if any, directly related to subscription of shares are recognized as the exemption from equity, net of any tax effects. The subscribed equity is recorded at a special account in the amount entered in the Central Registry at the moment of incorporation, i.e. at the moment of changing the value of equity.

In the statutory reserves, the Saving House allocated at least 5% of the net income until the level of statutory reserves reaches the amount equal to one-tenth of the subscribed capital. Until the minimum required level is reached, the statutory reserve could be used only for covering of losses.

d) Use of assessments and estimates

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

Fair value of financial instruments

The fair values of the financial instruments that are not quoted in active markets are determined using appropriate valuation methods. The Saving House applies own professional judgement when choosing the appropriate methods and assumptions.

In the Republic of North Macedonia, there is insufficient market experience, stability and liquidity for purchases and sales of receivables, as well as other financial assets and liabilities, since there are no published market information. As a result, the fair value can not be adequately and reliably determined in the absence of an active market. Management assesses full exposure to risks even in cases where estimates of the fair value of assets are not realized, in which case a reservation is recognized. The management's opinion is that disclosed accounting values are valid in relation to the current market conditions.

Notes to the Financial Statements (continued)

Introduction (continued)

d) Use of assessments and estimates (continued)

Allowance for impairment on loans

Once a month, the Saving House reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in the income statement, the Saving House makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or the inability to pay is a result of unfavorable economic conditions in the country that directly affect the ability of the borrower to settle its obligations within the prescribed period.

The Saving House's management uses estimates of rates on expected losses based on a Methodology determined by the NBRNM's Decision on credit risk management. The Methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Useful lives of properties, equipment and intangible assets

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

Financial crisis

Development on the financial markets may have effect on the future cash flows of the Saving House that otherwise would be expected under the regular public interest. As a result, future cash flows are subject to possible fluctuations and whether the fluctuations are significant relative to the previously expected cash flows remains uncertain.

e) Changes in the accounting policies, accounting estimates and correction of errors

For the year ended 31 December 2018, there were changes in accounting policies in the classification and measurement of financial assets and liabilities based on the changes in the Methodology. Apart from this, there were no other changes in accounting policies, accounting estimates and error correction.

Notes to the Financial Statements (continued)

Introduction (continued)

f) Compliance with the regulation

The Saving House maintains its accounting records and prepares its financial statements in accordance with the local regulations prescribed by the NBRNM.

The accompanying financial statements are in compliance with legal regulation prescribed by the NBRNM which is in force on each balance sheet date.

The Saving House's management is in charge of implementing full compliance of the Saving House operations with the regulations of the National Bank of the Republic of North Macedonia.

There is no non-compliance with regulations prescribed by the National Bank of the Republic of North Macedonia in terms of solvency and capital adequacy, exposure limits and liquidity of the Saving House.

1. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Saving House, during 2018 hires an outsourced legal entity to test the financial assets and liabilities according to the SPPI (Solely Payments of Principal and Interest) criteria. It has found that all products have passed the SPPI (Solely Payments of Principal and Interest) test. Accordingly, all financial instruments are classified at amortized cost.

(all amounts are expressed in Denar thousand unless otherwise stated)

1 Classification of financial assets and financial liabilities (continued)

A Classification of financial assets and financial liabilities

	At fair value through profit and loss		At fair value through other comprehensive income		At amortized cost	Total
	For trading	At fair value at initial recognition	Debt instruments	Equity instruments		
	<i>In thousand denars</i>					
2018 (current year)						
Financial assets						
Cash and cash equivalents	-	-	-	-	32.478	32.478
Trading assets	-	-	-	-	-	-
Financial assets at fair value through profit or loss, designated as such at initial recognition	-	-	-	-	-	-
Derivatives held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to other customers	-	-	-	-	235.374	235.374
Investments in securities	-	-	-	-	-	-
Other receivables	-	-	-	-	285	285
Total financial assets	-	-	-	-	268.137	268.137
Financial liabilities						
Trading liabilities	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss, designated as such at initial recognition	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Deposits from banks	-	-	-	-	-	-
Deposits from other customers	-	-	-	-	186.865	186.865
Issued debt securities	-	-	-	-	-	-
Borrowings	-	-	-	-	8.599	8.599
Subordinated liabilities and hybrid instruments	-	-	-	-	-	-
Other liabilities	-	-	-	-	7.436	7.436
Total financial liabilities	-	-	-	-	202.900	202.900

(all amounts are expressed in Denar thousand unless otherwise stated)

1 Classification of financial assets and financial liabilities (continued)

A.a. Classification of financial assets and financial liabilities, in accordance with the Methodology before 1 January 2018

<i>In thousand of denars</i>	For trading	At fair value at initial recognition	Held to maturity	Loans and receivables	Available for sale	Other receivables and payables, at amortized cost	Total
2017 (previous year)							
Financial assets							
Cash and cash equivalents	-	-	-	-	-	40.208	40.208
Trading assets	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss, designated as such at initial recognition	-	-	-	-	-	-	-
Derivatives held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans to and advances to other customers	-	-	-	223.475	-	-	223.475
Investments in securities	-	-	-	-	-	-	-
- which are measured at fair value	-	-	-	-	-	-	-
- which are measured at amortized cost	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	280	280
Total financial assets	-	-	-	223.475	-	40.488	263.963
Financial liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss, designated as such at initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Deposits from banks	-	-	-	-	-	-	-
Deposits from other customers	-	-	-	-	-	180.899	180.899
Issued debt securities	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	10.059	10.059
Subordinated liabilities and hybrid instruments	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	5.292	5.292
Total financial liabilities	-	-	-	-	-	196.250	196.250

(all amounts are expressed in Denar thousand unless otherwise stated)

1 Classification of financial assets and financial liabilities (continued)

B. Classification of financial assets and financial liabilities on 1 January 2018 (continued)

B.1. Comparison of the classification and the final and initial accounting value of financial assets and financial liabilities as of 31 December 2017 and 1 January 2018

	classification (descriptively to indicate the category of financial instrument)		accounting value	
	previous category (on 31 December 2017)	new category (on 1 January 2018)	Closing carrying value as of 31.12.2017	Opening carrying value as of 1.1.2018
Financial assets	description		in thousand of denars	
	Financial assets that are measured at amortized cost	Financial assets that are measured at amortized cost		
Cash and cash equivalents			40.208	40.208
Trading assets				
<i>debt securities</i>	-	-	-	-
<i>equity instruments</i>	-	-	-	-
<i>derivatives for trading</i>	-	-	-	-
Financial assets at fair value through profit or loss, designated as such at initial recognition				
<i>debt securities</i>	-	-	-	-
<i>equity instruments</i>	-	-	-	-
<i>loans and advances to banks</i>	-	-	-	-
<i>loans to and advances to other customers</i>	-	-	-	-
Derivatives held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
	Loans and advances that are measured at amortized cost	Financial assets that are measured at amortized cost		
Loans to and advances to other customers			223.475	223.475
Investments in securities				
<i>debt securities</i>	-	-	-	-
- which are measured at fair value through other comprehensive income	-	-	-	-
- which are measured at amortized cost				
<i>equity instruments</i>	-	-	-	-
- which are measured at fair value through other comprehensive income	-	-	-	-
	Other receivables that are measured at amortized cost	Financial assets that are measured at amortized cost		
Other receivables			280	280
Total financial assets	-	-	263.963	263.963

(all amounts are expressed in Denar thousand unless otherwise stated)

1 Classification of financial assets and financial liabilities (continued)

B. Classification of financial assets and financial liabilities on 1 January 2018 (continued)

B.1. Comparison of the classification and the final and initial accounting value of financial assets and financial liabilities as of 31 December 2017 and 1 January 2018 (continued)

	classification (descriptively to indicate the category of financial instrument)		accounting value	
	previous category (on 31 December 2017)	new category (on 1 January 2018)	Closing carrying value as of 31.12.2017	Opening carrying value as of 1.1.2018
	description		in thousand of denars	
Financial liabilities				
Trading liabilities				
deposits from banks	-	-	-	-
deposits from other customers	-	-	-	-
issued debt securities	-	-	-	-
other financial liabilities	-	-	-	-
derivatives for trading	-	-	-	-
Financial liabilities at fair value through profit or loss, designated as such at initial recognition				
deposits from banks	-	-	-	-
deposits from other customers	-	-	-	-
issued debt securities	-	-	-	-
subordinated liabilities	-	-	-	-
other financial liabilities	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Deposits from banks	-	-	-	-
	Financial liabilities that are measured at amortized cost	Financial liabilities that are measured at amortized cost		
Deposits from other customers	-	-	180.899	180.899
Issued debt securities	-	-	-	-
	Financial liabilities that are measured at amortized cost	Financial liabilities that are measured at amortized cost		
Borrowings	-	-	10.059	10.059
Subordinated liabilities and hybrid instruments	-	-	-	-
	Other liabilities that are measured at amortized cost	Other liabilities that are measured at amortized cost		
Other liabilities	-	-	5.292	5.292
Total financial liabilities	-	-	196.250	196.250

(all amounts are expressed in Denar thousand unless otherwise stated)

1 Classification of financial assets and financial liabilities (continued)

B. Classification of financial assets and financial liabilities on 1 January 2018 (continued)

B.2. Reconciliation of the final and the initial accounting value of the financial assets and financial liabilities as of 31.12.2017 and as of 1 January 2018

	Closing carrying value as of 31.12.2017	effect of the initial application of the Methodology on 1.1.2018	Opening carrying value of 1.1.2018
<i>Financial assets</i>			
at amortized cost			
Cash and cash equivalents	40.208	-	40.208
Loans and advances to banks	-	-	-
Loans and advances to other customers	223.475	-	223.475
Investments in securities	-	-	-
<i>debt instruments</i>			
- reclassified from / in held to maturity	-	-	-
- reclassified from / in assets available for sale	-	-	-
- reclassified from / in trading assets	-	-	-
Other receivables	280	-	280
Total financial assets at amortized cost	263.963	-	263.963
at fair value through other comprehensive income			
<i>debt instruments</i>			
- reclassified from / in held to maturity	-	-	-
- reclassified from / in assets available for sale	-	-	-
- reclassified from / in trading assets	-	-	-
<i>equity instruments</i>			
- reclassified from / in assets available for sale	-	-	-
- reclassified from / in trading assets	-	-	-
Total financial assets at fair value through other comprehensive income	-	-	-
at fair value through profit and loss			
Trading assets			
<i>debt instruments</i>			
- reclassified from / in held to maturity	-	-	-
- reclassified from / in assets available for sale	-	-	-
- reclassified from / in trading assets	-	-	-
<i>equity instruments</i>			
- reclassified from / in assets available for sale	-	-	-
- reclassified from / in trading assets	-	-	-
<i>derivatives for trading</i>			
Financial assets at fair value through profit or loss, designated as such at initial recognition	-	-	-
Derivatives held for risk management	-	-	-
Total financial assets at fair value through profit and loss	-	-	-
Total financial assets	263.963	-	263.963

(all amounts are expressed in Denar thousand unless otherwise stated)

1 Classification of financial assets and financial liabilities (continued)

B. Classification of financial assets and financial liabilities on 1 January 2018 (continued)

B.2. Reconciliation of the final and the initial accounting value of the financial assets and financial liabilities as of 31.12.2017 and as of 1 January 2018 (continued)

	Closing carrying value as of 31.12.2017	effect of the initial application of the Methodology on 1.1.2018	Opening carrying value of 1.1.2018
in thousand of denars			
Financial liabilities			
at amortized cost			
Deposits from banks	-	-	-
Deposits from other customers	180.899	-	180.899
Issued debt securities	-	-	-
- reclassified from / into trading liabilities	-	-	-
- reclassified from / into liabilities at FV through Income statement	-	-	-
Borrowings	10.059	-	10.059
- reclassified from / into trading liabilities	-	-	-
- reclassified from / into liabilities at FV through Income statement	-	-	-
Subordinated liabilities and hybrid instruments	-	-	-
- reclassified from / into trading liabilities	-	-	-
- reclassified from / into liabilities at FV through Income statement	-	-	-
Other liabilities	5.292	-	5.292
Total financial liabilities at amortized cost	196.250	-	196.250
at fair value through profit and loss			
Trading liabilities	-	-	-
- reclassified from / into liabilities at FV through Income statement	-	-	-
- reclassified from / into liabilities at amortized cost	-	-	-
Financial assets at fair value through profit or loss, designated as such at initial recognition	-	-	-
- reclassified from / into trading liabilities	-	-	-
- reclassified from / into liabilities at amortized cost	-	-	-
Derivatives held for risk management	-	-	-
Total financial liabilities at fair value through profit and loss	-	-	-
Total financial liabilities	196.250	-	196.250

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management

The Saving House's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the business, and the operational risks are an inevitable consequence of being in business. The Saving House's aim therefore is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Saving House's financial performance.

The Saving House's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks. The Saving House regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Saving House's risk management organization structure ensures existence of clear lines of responsibility, efficient segregation of duties and prevention of conflicts of interest at all levels, including the Sole Owner, the General Manager, its customers and all other related parties.

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

2.1 Credit risk

The Saving House is exposed to credit risk which represents the risk of financial loss due to customer's default on their contractual obligations. Credit risk is the most important risk for the Saving House's operations; therefore the management carefully manages the Saving House's exposure to credit risk. The exposure to this risk arises principally from lending activities.

2.1.1 Credit risk management

Initially, when approving loans and loan commitments, different Credit Committees assess creditworthiness of the clients depending on the type and size of the exposure based on defined criteria. The Saving House's credit risk management, which encompasses identification, measurement, monitoring and control of credit risk, is performed by the following bodies: the Sole owner, General Manager, Credit Committee, Branch Managers, Payment Coordinator, Reporting Coordinator and Internal Audit Sector and it is mainly based on reports and analyses prepared by relevant organization units of the Saving House. The Saving House's management is regularly informed of the credit risk that the Saving House is exposed to.

The Saving House has an internal system of classification of clients whose main goal is determining their creditworthiness and assessing the acceptable level of credit risk when starting the lending.

(all amounts are expressed in Denar thousand unless otherwise stated)

Risk management (continued)

2.1 Credit risk (continued)

2.1.1 Credit risk management (continued)

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

- Guarantors and promissory notes;
- Pledges over items of gold and precious metals;
- Foreign currency pledges;
- Pledges over deposits.

2.1.2 Policies for calculation of allowance for impairment

The impairment losses are identified losses of the Saving House credit portfolio that were incurred at the balance sheet date and for which there is objective evidence of impairment. The Saving House calculates the impairment provision after making the classification of credit exposure in the appropriate risk category.

The classification is made according to the following criteria:

- Client's creditworthiness;
- Client's regularity in settling the liabilities, and
- Collateral quality.

The individual approach encompasses at least the individually significant exposures that are above materiality thresholds set by the Saving House. The materiality threshold is over Denar 160,000 by 01.12.2018 and over Denar 170,000 from 01.12.2018. Impairment provision of individually assessed items on individual basis are determined by evaluation of generated loss on the balance sheet date, which represents the difference between the carrying and present value of projected future cash flows. Effective interest rate is used for discounting the future cash flows.

All non-performing loans are assessed for impairment on individual basis.

The calculated impairment losses on group basis are provisioned on portfolios of homogenous assets that are individually lower than the materiality thresholds. Impairment and provisioning are calculated by using parameters that are obtained for expected loss rates of certain portfolios, which are determined on the basis of the methodology set by NBRNM's Decision on the credit risk management.

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.1 Credit risk (continued)

2.1.2 Policies for calculation of allowance for impairment (continued)

The calculated provision for impairment moves within the following limits:

- From 0%-5% on credit risk exposure classified in risk category A
- Above 5%-20% on credit risk exposure classified in risk category B
- Above 20%-45% on credit risk exposure classified in risk category C
- Above 45%-70% on credit risk exposure classified in risk category D
- Above 70%-100% on credit risk exposure classified in risk category E

Write-off of receivables

The Saving House shall write off receivable upon a executive court decision, when all other circumstances for settlement of the claim have been exhausted.

The Saving House may also write off receivables without a final court decision in the following cases:

- If it has been determined that the borrower is unable and/or not prepared to service the loan, and the Saving House has no valid instrument for forced settlement of the claim;
- If the costs for initiation and conducting a procedure for forced settlement are higher than the amount of the credit exposure.
- If are passed two years from the date when the Saving House was obliged to make impairment or allocate special reserve of 100% in accordance with the Decision of NBRNM for amending the Decision on credit risk from 2015.

The Saving House may write off the maximum amount for write off small amounts of individually insignificant receivables, determined by a Decision of the Sole owner.

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.1 Credit risk (continued)

A. Analysis of the total credit risk exposure

In thousand of Denars	Loans and advances to banks		Loans and advances to other customers		Investments in available-for-sale financial assets		Investments in held-to-maturity financial assets		Cash and cash equivalents		Receivables from fees and commissions		Other receivables		Off-balance sheet exposures		Total	
	Current	Previous	Current	Previous	Current		Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous
	year 2018	year 2017	year 2018	year 2017	year 2018	year 2017	year 2018	year 2017	year 2018	year 2017	year 2018	year 2017	year 2018	year 2017	year 2018	year 2017	year 2018	year 2017
Credit risk exposure classified in Group 1																		
Carrying value before impairment / special reserve	-	-	207.382	-	-	-	-	-	-	-	27	-	25	-	-	-	207.434	-
(Allowance for impairment and special reserve)	-	-	(5.709)	-	-	-	-	-	-	-	(1)	-	(2)	-	-	-	(5.712)	-
Carrying value less impairment and special reserve	-	-	201.673	-	-	-	-	-	-	-	26	-	23	-	-	-	201.722	-
Credit risk exposure classified in Group 2																		
Carrying value before impairment / special reserve	-	-	38.048	-	-	-	-	-	-	-	33	-	-	-	-	-	38.081	-
(Allowance for impairment and special reserve))	-	-	(6.419)	-	-	-	-	-	-	-	(8)	-	-	-	-	-	(6.427)	-
Carrying value less impairment and special reserve	-	-	31.629	-	-	-	-	-	-	-	25	-	-	-	-	-	31.654	-

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.1 Credit risk (continued)

A. Analysis of the total credit risk exposure (continued)

	Loans and advances to banks		Loans and advances to other customers		Investments in available-for-sale financial assets		Investments in held-to-maturity financial assets		Cash and cash equivalents		Receivables from fees and commissions		Other receivables		Off-balance sheet exposures		Total		
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
<i>In thousands of Denars</i>																			
Credit risk exposure classified in Group 3																			
Carrying value before impairment / special reserve	-	-	9.883	-	-	-	-	-	-	-	173	-	-	-	-	-	-	10.056	-
(Allowance for impairment and special reserve)	-	-	(7.811)	-	-	-	-	-	-	-	(167)	-	-	-	-	-	-	(7.978)	-
Carrying value less impairment and special reserve	-	-	2.072	-	-	-	-	-	-	-	6	-	-	-	-	-	2.078	-	
Total carrying value of receivables with credit risk before impairment and special reserve	-	-	255.313	-	-	-	-	-	-	-	233	-	25	-	-	-	255.571	-	
(Total impairment and special reserve)	-	-	(19.939)	-	-	-	-	-	-	-	(176)	-	(2)	-	-	-	(20.117)	-	
Total carrying value of credit risk receivables less impairment and special reserve	-	-	235.374	-	-	-	-	-	-	-	57	-	23	-	-	-	235.454	-	

For the purpose of the financial statements, the Saving House credit risk groups (Group 1, 2, 3) of the Methodology for recording and valuing the accounting items and for preparing the financial statements (appendix to the same decision, "Official Gazette of the Republic of Macedonia" No. 83 / 17) and the risk categories of the Decision on the methodology for credit risk management are connected and reported as follows:

- within Group 1, the credit risk exposures classified in risk category "A";
- within Group 2, credit risk exposures classified in risk categories "B" and "C", which have no status of non-performing credit exposure;
- within Group 3, the credit risk exposures that have the status of non-performing credit exposure.

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.1 Credit risk (continued)

A.a Analysis of the total credit risk exposure on 31 December 2017

	Loans and advances to banks		Loans and advances to other customers		Investments in available-for-sale financial assets		Investments in held-to-maturity financial assets		Cash and cash equivalents		Receivables from fees and commissions		Other receivables		Off-balance sheet exposures		Total		
	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	
	<i>In thousand of Denars</i>																		
I. The carrying amount of the exposures for which the impairment / special reserve is allocated																			
The carrying amount of individually significant exposures, before impairment and special reserve on an individual basis																			
risk category A	-	-	-	101.588	-	-	-	-	-	-	-	4	-	25	-	-	-	-	101.617
risk category B	-	-	-	41.656	-	-	-	-	-	-	-	23	-	-	-	-	-	-	41.679
risk category C	-	-	-	19.126	-	-	-	-	-	-	-	43	-	-	-	-	-	-	19.169
risk category D	-	-	-	3.714	-	-	-	-	-	-	-	8	-	-	-	-	-	-	3.722
risk category E	-	-	-	3.320	-	-	-	-	-	-	-	106	-	-	-	-	-	-	3.426
((Allowance for impairment and special reserve on an individual basis)	-	-	-	(16.981)	-	-	-	-	-	-	-	(126)	-	(2)	-	-	-	-	(17.109)
The carrying amount of individually significant exposures, less impairment and special reserve on an individual basis	-	-	-	152.423	-	-	-	-	-	-	-	58	-	23	-	-	-	-	152.504
The carrying amount of exposures that are assessed on a group basis, before impairment and special reserve on a group basis																			
(individually insignificant exposures (portfolio of small loans))	-	-	-	55.592	-	-	-	-	-	-	-	44	-	-	-	-	-	-	55.636
individually significant exposures that are not impaired on an individual basis	-	-	-	7.537	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.537
((Allowance for impairment and special reserve on a group basis)	-	-	-	(829)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(829)
The carrying amount of exposures that are assessed on a group basis, less impairment and special reserve on a group basis	-	-	-	62.300	-	-	-	-	-	-	-	44	-	-	-	-	-	-	62.344
II. The carrying amount of the exposures for which no impairment / special reserve has been allocated																			
Past due receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Age structure of past due receivables for which no impairment has been allocated																			
up to 30 days	-	-	-	16	-	-	-	-	-	-	-	2	-	-	-	-	-	-	18
The carrying amount of past due receivables for which no impairment has been allocated	-	-	-	16	-	-	-	-	-	-	-	2	-	-	-	-	-	-	18
Non-matured receivables																			
restructured receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	8.736	-	-	-	-	-	-	-	-	-	5	-	-	-	-	8.741
The carrying amount of the non-matured receivables for which no impairment / special reserve has been allocated	-	-	-	8.736	-	-	-	-	-	-	-	-	-	5	-	-	-	-	8.741
Total carrying value of receivables with credit risk before impairment and special reserve	-	-	-	241.285	-	-	-	-	-	-	-	230	-	30	-	-	-	-	241.545
(Total impairment and special reserve)	-	-	-	(17.810)	-	-	-	-	-	-	-	(126)	-	(2)	-	-	-	-	(17.938)
Total carrying value of credit risk receivables less impairment and special reserve	-	-	-	223.475	-	-	-	-	-	-	-	104	-	28	-	-	-	-	223.607

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.1 Credit risk (continued)

2.1.B Securities (fair value) taken for the protection of the credit risk

	Loans and advances to banks		Loans and advances to other customers		Investments in available-for-sale financial assets		Investments in held-to-maturity financial assets		Cash and cash equivalents		Other receivables		Off-balance sheet exposures		Total	
	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017
<i>In thousands of Denars</i>																
<i>Value of collateral for credit exposure</i>																
First-class security instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
cash deposits (in a depot and / or limited to accounts in the bank)	-	-	10.686	11.338	-	-	-	-	-	-	-	-	-	-	10.686	11.338
government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
state unconditional guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
bank guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees by insurance companies and insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees (except bank and insurance companies)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral on real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
property for own use (apartments, houses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
property for doing business	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pledge on movable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other types of security	-	-	22.970	22.707	-	-	-	-	-	-	-	-	-	-	22.970	22.707
Total value of collateral for credit exposure	-	-	33.656	34.045	-	-	-	-	-	-	-	-	-	-	33.656	34.045

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.1 Credit risk (continued)

2.1 C Concentration of credit risk by sectors and activities

	Loans and advances to banks		Loans and advances to other customers		Investments in available-for-sale financial assets		Investments in held-to-maturity financial assets		Cash and cash equivalents		Receivables from fees and commissions		Other receivables		Off-balance sheet exposures		Total			
	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017		
	<i>In thousand of Denars</i>																			
Non-residents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Agriculture, forestry and fisheries	-	-	21.779	21.885	-	-	-	-	-	-	7	7	-	-	-	-	-	-	21.786	21.892
Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Textile industry and production of clothing and footwear	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chemical industry, production of building materials, production and processing of fuels, pharmaceutical industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacture of metals, machinery, tools and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
The rest of the processing industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water supply, waste water disposal, waste management and environmental remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale and retail trade, repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities for accommodation and food service activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Information and communications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial and insurance activities	-	-	-	-	-	-	-	-	-	-	-	-	2	2	-	-	-	-	2	2
Real estate activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional, scientific and technical activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative and support service activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public administration and defense, compulsory social security	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activities of health and social care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Art, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other service activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activities of households as employers, activities of households that produce diverse goods and perform various services for their own needs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activities of extraterritorial organizations and bodies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Individuals	-	-	213.595	201.590	-	-	-	-	-	-	50	97	21	26	-	-	-	-	213.666	201.713
Individual merchants and individuals not regarded as merchants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	235.374	223.475	-	-	-	-	-	-	57	104	23	28	-	-	-	-	235.454	223.607

(all amounts are expressed in Denar thousand unless otherwise stated)

2.2 Liquidity risk

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

2.2.1 Process of liquidity risk management

The Saving House manages the liquidity risk by providing a sufficient amount of liquid assets, primarily cash and cash equivalents in order to enable the Saving House's regular operations.

The Saving House is exposed to daily calls on its available cash resources from deposits and borrowings. The Saving House does not seek to maintain cash resources to meet all of these needs, estimating that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The Saving House's management reviews the report on the balance of its cash accounts and deposits on a daily basis. The management determines the critical days affecting the Saving House's liquidity, or otherwise, the significant dates upon which funds are to be utilized by using its empirical experience. Based upon the identification of accessible funds and the determined daily needs of cash, a decision is made regarding the appropriate use of funds.

The matching of the maturities of assets and liabilities is fundamental to the management of the Saving House.

The Saving House manages its liquidity risk through the constant monitoring of the maturities of its asset and liability components.

Maturity analysis of the financial assets and liabilities, including balance and off- balance sheet items as at 31 December 2018 and 2017 has been prepared by remaining contractual maturities, i.e. the remaining period of the balance sheet date to the contractual maturity date. Presented amounts are gross, i.e. they are not reduced by the amounts of accumulated depreciation, impairment losses and allocated special reserve.

In the presented amounts, the Saving House's reserve requirement that is kept on the account in NBRNM in the amount of 4.562 thousand denars (2017: 4.346 thousand denars) is not presented because it is not available for use by the Saving House.

Classification of the assets and liabilities of the Saving House is presented according the maturity dates as at 31 December 2018 and 2017.

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.2. Liquidity risk (continued)

2.2.1 Process of liquidity risk management (continued)

Maturity analysis of financial assets and liabilities (residual maturity)

<i>In thousand of denars</i>	Less than 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
2018 (current year)							
Financial assets							
Cash and cash equivalents	27.916	-	-	-	-	-	27.916
Held-for-trading assets	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to other customers	9.782	11.205	64.646	67.475	98.399	3.806	255.313
Investments in securities	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-
Income tax receivable (current)	-	-	-	-	-	-	-
Other receivables	257	-	-	-	-	-	257
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total financial assets	37.955	11.205	64.646	67.475	98.399	3.806	283.486
Financial liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to other customers	16.375	17.730	71.832	55.660	21.182	4.086	186.865
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	107	206	925	1.234	3.702	2.468	8.642
Subordinated debt	-	-	-	-	-	-	-
Income tax payable (current)	83	-	-	-	-	-	83
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	349	-	-	-	-	-	349
Total financial liabilities	16.914	17.936	72.757	56.894	24.884	6.554	195.939
Off balance sheet items							
Off balance sheet assets	-	-	-	-	-	-	-
Off balance sheet liabilities	-	-	-	-	-	-	-
Liquidity gap	21.041	(6.731)	(8.111)	10.581	73.515	(2.748)	87.547

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.2. Liquidity risk (continued)

2.2.1 Process of liquidity risk management (continued)

Maturity analysis of financial assets and liabilities (residual maturity) (continued)

<i>In thousand of denars</i>	Less than 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
2017 (previous year)							
Financial assets							
Cash and cash equivalents	35.862	-	-	-	-	-	35.862
Held-for-trading assets	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to other customers	8.774	11.870	65.597	58.606	91.764	4.696	241.307
Investments in securities	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-
Income tax receivable (current)	-	-	-	-	-	-	-
Other receivables	260	-	-	-	-	-	260
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total financial assets	44.896	11.870	65.597	58.606	91.764	4.696	277.429
Financial liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to other customers	10.955	16.655	72.233	52.826	28.230	-	180.899
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	210	302	959	1.234	3.702	3.702	10.109
Subordinated debt	-	-	-	-	-	-	-
Income tax payable (current)	32	-	-	-	-	-	32
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	278	-	1.660	-	-	-	1.938
Total financial liabilities	11.475	16.957	74.852	54.060	31.932	3.702	192.978
Off balance sheet items							
Off balance sheet assets	-	-	-	-	-	-	-
Off balance sheet liabilities	-	-	-	-	-	-	-
Liquidity gap	33.421	(5.087)	(9.255)	4.546	59.832	994	84.451

(all amounts are expressed in Denar thousand unless otherwise stated)

2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from interest rate changes in the market (such as interest rates and credit margins).

2.3.1. Sensitivity analysis of assets and liabilities on the change in market risk

The Saving House presents the results of the performed stress testing in accordance with the Decision on risk management prescribed by the National Bank of the Republic of North Macedonia.

Note: In this note, the Saving House presents the results of the performed stress testing in accordance with the "Risk Management Decision", prescribed by the National Bank.

In the stress test on 31 December 2018, the Saving House started applying new values in the credit risk scenarios. The new assumptions predict an extremely worsening of loans in A and B category and their transition to B, D and E category, not only because of devaluation of the denar, but also due to deterioration of the market conditions.

SAVING HOUSE FULM DOO SKOPJE

Financial statements as of and for the year ended 31 December 2018

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.3. Market risk (continued)

2.3.1. Sensitivity analysis of assets and liabilities on the change in market risk (continued)

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

	Profit/Loss	Own funds	Risk-weighted assets	Capital adequacy ratio
	<i>In thousand of Denars</i>	<i>In thousand of Denars</i>	<i>In thousand of Denars</i>	<i>In %</i>
2018 (current year)				
Amount before sensitivity analysis/stress testing (as at 31 December 2018)	965	91.777	307.408	30%
Effects from scenarios implementation:				
Risk from changes in foreign exchange rates (depreciation of the Denar for 30% and direct credit risk through a deterioration in the quality of the portfolio)	994	92.771	307.395	30%
Scenario 1 (Increase in loans in C, D, E for 100%)	(12.893)	78.884	293.508	27%
Scenario 2 (Increase in loans in C, D, E for 300%)	(37.797)	53.951	268.604	20%
Scenario 3 (Increase in loans C, D, E for 500%)	(64.708)	27.040	241.693	11%
Interest rate risk				
Scenario 1 (changes for 2%)	(3.724)	88.053	307.408	29%
Scenario 2 (changes for 5%)	(9.311)	82.466	307.408	27%
Market price risk of investments in equity securities (not applicable)	-	-	-	-
Combined scenarios, if any (not applicable)	-	-	-	-

SAVING HOUSE FULM DOO SKOPJE

Financial statements as of and for the year ended 31 December 2018

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.3. Market risk (continued)

2.3.1. Sensitivity analysis of assets and liabilities on the changes in market risk (continued)

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

	Profit/Loss	Own funds	Risk-weighted assets	Capital adequacy ratio
	<i>In thousand of Denars</i>	<i>In thousand of Denars</i>	<i>In thousand of Denars</i>	<i>In %</i>
2017 (previous year)				
Amount before sensitivity analysis/stress testing (as at 31 December 2017)	940	93.168	309.533	30%
Effects from scenarios implementation				
Risk from changes in foreign exchange rates (depreciation of the Denar for 30% expressed through indirect credit risk)	1.644	94.811	330.015	29%
Scenario 1 (Increase in loans in C, D, E for 70%)	(1.289)	91.878	321.323	29%
Scenario 2 (Increase in loans in C, D, E for 100%)	(2.934)	90.234	317.598	28%
Scenario 3 (Increase in loans in C, D, E for 150%)	(5.676)	87.492	311.390	28%
Interest rate risk (decreasing of interest rates)				
Scenario 1 (changes for 2%)	(2.065)	91.102	309.533	29%
Scenario 2 (changes for 5%)	(5.169)	87.998	309.533	28%
Market price risk of investments in equity securities (not applicable)	-	-	-	-
Combined scenarios, if any (not applicable)	-	-	-	-

SAVING HOUSE FULM DOO SKOPJE**Financial statements as of and for the year ended 31 December 2018**

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)**2.3. Market risk (continued)****2.3.1. Sensitivity analysis of assets and liabilities on the changes in market risk (continued)****B. Analysis of value exposed to market risk in trading portfolio**

<i>In thousand of Denars</i>	Current year 2018				Previous year 2017			
	As at 31 December	Average value for the period	Highest value for the period	Lowest value for the period	As at 31 December	Average value for the period	Highest value for the period	Lowest value for the period
Amount of interest-bearing instruments exposed to risk	-	-	-	-	-	-	-	-
Amount of foreign currency instruments exposed to risk	-	-	-	-	-	-	-	-
Amount of equity instruments exposed to risk	-	-	-	-	-	-	-	-
Variance (off-setting effect)	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Note: The table under point B from this note is fulfill only if the Saving House in accordance with "Decision on the methodology for determining capital adequacy," define capital required to cover the market risks for trading portfolio.

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.3. Market risk (continued)

2.3.2. Interest rate risk

The Saving House is exposed to risks associated with the effects of fluctuation in the level of market interest rates on its financial positions and cash flows. Interest margins may increase as a result of such changes, but can also decrease or cause a loss in the event of unplanned movements. Risk management activities in assets and liabilities are carried in terms of the Saving House's response to the changes in the interest rates. The Saving House is always careful not to reduce the interest margin. In any case, the final effect will depend on various factors including the stability of the economy, surrounding environment and the rate of inflation.

Note: In preparing this note, the Saving House uses the guidelines from the "Manual for Implementing the Decision on managing the risk of changing the interest rates in the banking portfolio", prescribed by the National Bank. In addition, the Saving House aggregates the data from the reports "FKS Form", "VKS Form" and "PKS Form" from the same manual and appropriately displays them in the columns and rows of the tables below. For the purposes of this note, the Saving House does not carry out the weighting of the interest rate risk exposure by applying a standard interest rate shock. The data are presented for the current and corresponding comparable period (31.12. current year and 31.12. previous year).

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

A. Interest rate sensitivity analysis

<i>in thousand of Denars</i>	Currency	31 December 2018	31 December 2017
Net-weighted position for currency MKD (FKS + VKS + PKS)	MKD	3.642	1.646
Net-weighted position for currency EUR DK (FKS + VKS + PKS)	EUR DK	83	428
Total wighted value – change in the economic value of the banking portfolio		3.725	2.074
Own funds		91.777	93.168
Total wighted value / own funds		4,06%	2,23%

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.3 Market risk (continued)

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

5. Interest rates gap analysis

In thousand of Denars		Less than 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
31 December 2018 (current year)								
Financial Assets								
Cash and cash equivalents	32.327	-	-	-	-	-	-	32.327
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-	-
Loans and advances to other customers	7.574	10.561	52.074	98.788	59.501	3.415		231.913
Investments in securities	-	-	-	-	-	-	-	-
Other interest sensitive assets	-	-	-	-	-	-	-	-
Total interest sensitive financial assets	39.901	10.561	52.074	98.788	59.501	3.415		264.240
Financial Liabilities								
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-	-
Due to other customers	15.669	17.770	131.081	11.076	6.517	4.086		186.199
Debt instruments issued	-	-	-	-	-	-	-	-
Borrowings	104	206	925	1.234	3.702	2.468		8.639
Subordinated debt	-	-	-	-	-	-	-	-
Other interest sensitive liabilities	-	-	-	-	-	-	-	-
Total interest sensitive financial liabilities	15.773	17.976	132.006	12.310	10.219	6.554		194.838
Net balance position	24.128	(7.415)	(79.932)	86.478	49.282	(3.139)		69.402
Off balance sheet interest sensitive assets	-	-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities	-	-	-	-	-	-	-	-
Net off-balance sheet gap	-	-	-	-	-	-		-
Total net-position	24.128	(7.415)	(79.932)	86.478	49.282	(3.139)		69.402

(all amounts are expressed in Denar thousand unless otherwise stated)

2. Risk management (continued)

2.3 Market risk (continued)

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

B. Interest rates gap analysis (continued)

In thousand of Denars	Less than 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
31 December 2017 (previous year)							
Financial Assets							
Cash and cash equivalents	39.955	-	-	-	-	-	39.955
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to other customers	6.651	11.210	54.615	141.668	5.841	393	220.378
Investments in securities	-	-	-	-	-	-	-
Other interest sensitive assets	-	-	-	-	-	-	-
Total interest sensitive financial assets	46.606	11.210	54.615	141.668	5.841	393	260.333
Financial Liabilities							
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to other customers	9.996	16.655	72.234	52.825	28.231	-	179.941
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	205	302	959	1.234	3.702	3.702	10.104
Subordinated debt	-	-	-	-	-	-	-
Other interest sensitive liabilities	-	-	1.641	-	-	-	1.641
Total interest sensitive financial liabilities	10.201	16.957	74.834	54.059	31.933	3.702	191.686
Net balance position	36.405	(5.747)	(20.219)	87.609	(26.092)	(3.309)	68.647
Off balance sheet interest sensitive assets	-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities	-	-	-	-	-	-	-
Net off-balance sheet gap	-	-	-	-	-	-	-
Total net-position	36.405	(5.747)	(20.219)	87.609	(26.092)	(3.309)	68.647

(all amounts are expressed in Denar thousand unless otherwise stated)

2.4 Operating risk

The operating risk is defined as the risk of loss resulting from inadequate internal processes and systems, human factors or external effects. The Saving House has established a framework for managing operational risk based on a policy to manage these risks. It allows, within the framework of different processes of the Saving House, different risks to be identified resulting from these processes, their measurement and undertaking corrective actions, in order to avoid the potential negative effect on the Saving House's financial result and capital position.

3. Capital adequacy

Capital management

The Saving House's objectives when managing capital, which is a broader concept than the equity on the face of balance sheet, are:

- to comply with the capital requirements set by the NBRNM;
- maintaining the Saving House's ability to continue functioning as a successful company and continue to provide positive financial results;
- to maintain a strong capital base to support the development of its business

Capital adequacy and the use of the Saving House's own funds are monitored regularly by the Saving House's management, employing techniques based on the directives required by the regulator, for supervisory purposes. The required information is filed with the NBRNM on a quarterly basis.

The Saving House's own funds consist of: Regular core capital (RCC) consisting of RCC Capital instruments, Compulsory general reserve (general reserve fund), Retained unallocated income and Cumulative comprehensive income or loss.

The risk-weighted assets are classified according to the nature of each asset and counterparty, by means of relevant risk weights. These weights reflect the credit risk and take into consideration each eligible collateral or guarantees.

Capital Adequacy

Note 3 gives an overview of the Statement of capital adequacy rate (AK Form) prepared in accordance with the Manual for implementation of the Decision on the methodology for determining the capital adequacy and the Decision on the conditions and the way of operation of the saving houses. The Saving House is required to maintain capital adequacy ratio which cannot be lower than 20%.

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(all amounts are expressed in Denar thousand unless otherwise stated)

3. Capital Adequacy (continued)

Report
 on capital adequacy ratio
 as at 31 December 2018

No.	Description	Current year 2018	Previous year 2017
1	2	3	4
I	CREDIT RISK WEIGHTED ASSETS		
1	Assets weighted according to credit risk using the standardised approach	239.279	227.968
2	Capital required for credit risk covering	19.142	18.237
II	CURRENCY RISK WEIGHTED ASSETS		
3	Aggregate foreign exchange position	3.681	23.512
4	Net-position in gold	-	-
5	Capital needed for currency risk covering	294	1.881
6	Assets weighted according to currency risk	3.681	23.512
III	OPERATIONAL RISKS WEIGHTED ASSETS		
7	Capital needed for operational risk covering using the base indicator approach	5.156	4.644
8	Capital needed for operational risk covering using the standardised approach	-	-
9	Assets weighted according to operational risk	64.448	58.053
IV	OTHER RISKS WEIGHTED ASSETS		
10	Capital needed for covering the risk of changes in the prices of commodities	-	-
11	Capital needed for covering market risks (11.1+11.2+11.3+11.4+11.5)	-	-
11.1	Capital needed for covering position risk (11.1.1.+11.1.2+11.1.3+11.1.4)	-	-
11.1.1	Capital needed for covering the specific risk of investing in debt instruments	-	-
11.1.2	Capital needed for covering the general risk of investing in debt instruments	-	-
11.1.3	Capital needed for covering the specific risk of investing in equity instruments	-	-
11.1.4	Capital needed for covering the general risk of investing in equity instruments	-	-
11.2	Capital needed for covering settlement/delivery risk	-	-
11.3	Capital needed for covering counterparty risk	-	-
11.4	Capital needed for covering the surpass of exposure limits	-	-
11.5	Capital needed for covering market risks of positions in options	-	-
12	Capital needed for covering other risks (10+11)	-	-
13	Assets weighted according to other risks	-	-
V	RISK WEIGHTED ASSETS	307.408	309.533
14	Capital required to risk coverage	61.482	61.907
VI	OWN FUNDS	91.777	93.168
VII	CAPITAL ADEQUACY (VI/V)	0,30	0,30

(all amounts are expressed in Denar thousand unless otherwise stated)

3. Capital Adequacy (continued)

Report on own funds			
No.	Description	Current year 2018	Previous year 2017
1	2	3	4
A1.	Own funds	91.777	93.168
A2.	Tier 1 Capital	91.777	93.168
A3.	Core Equity Tier 1 Capital (CET1)	91.777	93.168
A3.1	Positions of CET1	94.107	93.168
A3.1.1.	Capital instruments of CET1	75.607	75.607
A3.1.2.	Premium of capital instruments of CET1	-	-
A3.1.3.	Mandatory reserve fund	15.227	15.227
A3.1.4.	Retained unallocated earning	3.161	2.222
A3.1.5.	(-) Accumulated loss from previous years	-	-
A3.1.6.	Current profit or profit at the end of the year	-	-
A3.1.7.	Cumulative comprehensive profit or loss	112	112
A3.2.	(-) Deductions from the CET1	(2.330)	-
A3.2.01.	(-) Loss at the end of the year or current loss	-	-
A3.2.02.	(-) Intangibles	(2.330)	-
A3.2.03.	(-) Deferred tax assets that rely on the future profitability of the Saving House	-	-
A3.2.04.	(-) Investments in own capital instruments from CET1	-	-
A3.2.04.1.	(-) Direct investments in own capital instruments from CET1	-	-
A3.2.04.2.	(-) Indirect investments in own capital instruments from CET1	-	-
A3.2.04.3.	(-) Synthetic investments in own capital instruments from CET1	-	-
A3.2.04.4.	(-) Investments in own capital instruments from CET1 for which the Saving House has a contractual obligation to buy	-	-
A3.2.05.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies in the financial sector, whereas those companies have investments in the Saving House.	-	-
A3.2.06.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies in the financial sector, whereas the Saving House does not have a significant investment	-	-
A3.2.07.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies in the financial sector entities whereas the Saving House has a significant investment	-	-
A3.2.08.	(-) Amount of deductions from the AT1 which exceeds the total amount of AT1	-	-
A3.2.09.	(-) Amount of exceeding the limits on investments in non – financial institutions	-	-
A3.2.10.	(-) Tax costs	-	-
A3.2.11.	(-) Difference between the necessary and actual allowance for impairment provision/ special reserve	-	-
A3.3.	Regulatory adjustments from CET1	-	-
A3.3.1.	(-) Increase of CET1 that arises from the position of securitization	-	-
A3.3.2.	(-) Gains or (+) losses from cash flow risk	-	-
A3.3.3.	(-) Gains or (+) losses on liabilities of the Saving House measured at fair value	-	-
A3.3.4.	(-) Gains or (+) losses related to liabilities based on derivatives measured at fair value	-	-
A3.4.	Positions as a result of consolidation	-	-
A3.4.1.	(+/-) Non controlling (minority) participation that is recognized in CET1 on consolidation basis	-	-
A3.4.2.	Other	-	-
A.3.5.	Other positions from AT1	-	-
A.3.6.		-	-
B4.	Additional Tier 1 Capital (AT1)	-	-
B4.1	Positions in AT1	-	-
B4.1.1.	Capital instruments of AT1	-	-
B4.1.2.	Premium from capital instruments of AT1	-	-
B4.2.	(-) Deductions of AT1	-	-
B4.2.1.	(-) Investments in own capital instruments from AT1	-	-
B4.2.1.1.	(-) Direct investments in own capital instruments from AT1	-	-
B4.2.1.2.	(-) Indirect investments in own capital instruments from AT1	-	-
B4.2.1.3.	(-) Synthetic investments in own capital instruments from AT1	-	-
B4.2.1.4.	(-) Investments in own capital instruments from AT1 for which the Saving House has a contractual obligation to buy	-	-
B4.2.2.	(-) Direct, indirect and synthetic investments in capital instruments from AT1 of the companies in the financial sector, whereas those companies have investments in the Saving House.	-	-
B4.2.3.	(-) Direct, indirect and synthetic investments in capital instruments from AT1 of the companies in the financial sector, whereas the Saving House does not have a significant investment	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

B4.2.4.	(-) Direct, indirect and synthetic investments in capital instruments from AT1 of the companies in the financial sector entities whereas the Saving House has a significant investment	-	-
B4.2.5.	(-) Amount of deductions from the T2 which exceeds the total amount of T2	-	-
B4.2.6.	(-) Tax costs	-	-
B4.3.	Regulatory adjustments from AT1	-	-
B4.3.1.	(-) Increase of AT1 that arises from the position of securitization	-	-
B4.3.2.	(-) Gains or (+) losses from cash flow risk	-	-
B4.3.3.	(-) Gains or (+) losses on liabilities of the Saving House measured at fair value	-	-
B4.3.4.	(-) Gains or (+) losses related to liabilities based on derivatives measured at fair value	-	-
B4.4.	Positions as a result of consolidation	-	-
B4.4.1.	(+/-) Acceptable additional Tier 1 capital that is recognized in AT1 on a consolidated basis	-	-
B4.4.2.	Other	-	-
B4.5.	Other positions from AT1	-	-
B5.	Tier 2 Capital (T2)	-	-
B5.1.	Positions of T2	-	-
B5.1.1.	Capital instruments of T2	-	-
B5.1.2.	Subordinated loans	-	-
B5.1.3.	Premium on capital instruments of T2	-	-
B5.2.	(-) Deductions of T2	-	-
B5.2.1.	(-) Investments in own capital instruments of T2	-	-
B5.2.1.1.	(-) Direct investments in own capital instruments of T2	-	-
B5.2.1.2.	(-) Indirect investments in own capital instruments of T2	-	-
B5.2.1.3.	(-) Synthetic investments in own capital instruments of T2	-	-
B5.2.1.4.	(-) Investments in own capital instruments of T2 for which the Saving House has a contractual obligation to buy	-	-
B5.2.2.	(-) Direct, indirect and synthetic investments in capital instruments from T2 of the companies in the financial sector, whereas those companies have investments in the Saving House.	-	-
B5.2.3.	(-) Direct, indirect and synthetic investments in capital instruments from T2 of the companies in the financial sector, whereas the Saving House does not have a significant investment	-	-
B5.2.4.	(-) Direct, indirect and synthetic investments in capital instruments from T2 of the companies in the financial sector entities whereas the Saving House has a significant investment	-	-
B5.3.	Regulatory adjustments from T2	-	-
B5.3.1.	(-) Increase of T2 that arises from the position of securitization	-	-
B5.3.2.	(-) Gains or (+) losses from cash flow risk	-	-
B5.3.3.	(-) Gains or (+) losses on liabilities of the Saving House measured at fair value	-	-
B5.3.4.	(-) Gains or (+) losses related to liabilities based on derivatives measured at fair value	-	-
B5.4.	Positions as a result of consolidation	-	-
B5.4.1.	(+/-) Acceptable additional Tier 1 capital that is recognized in AT1 on a consolidated basis	-	-
B5.4.2.	Other	-	-
B5.5.	Other positions from T2	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

4. Segment reporting

Segment reporting is carried out according the Saving House's operating segments.

Operating segment is a component of the activities of the Saving House for which the following conditions have been fulfilled:

- Performs activities as a result based on which incomes are generated and expenditures arise;
- Reviews from the Sole Owner, in order to assess the accomplishments and decision making for future business activities of the segment; and
- Financial information for the segment is available.

The Saving House discloses the information independently for each significant operating segment. A segment is considered significant if:

- The incomes of the segment participates with more than 10% in the total income of the Saving House;
- The amount of the profit or loss represents 10% or more in the total income of all operating segments which have made profit, or from the total loss of all the operating segments which have made loss;
- Total assets of the segment participates with 10% or more in the Saving House's total assets;
- Management has assessed that they are significant to follow for the Saving House's management needs.

On 31 December 2018 and 2017, the operating segments of the Saving House are:

- Retail customers – loans given and deposits received;
- Financial institutions;
- State;
- Other significant operating segments.

The Saving House discloses information on the concentration of business activities towards individual significant clients. An important client is a person or a legal entity, as well as persons connected with it, if the Saving House generates 10% or more of its total business income or expenditure. On 31 December 2018 and 2017, there are no significant clients.

The Saving House has no secondary geographical segments and performs its business activities in the Republic of North Macedonia.

(all amounts are expressed in Denar thousand unless otherwise stated)

5. Fair value of financial assets and financial liabilities

a) Cash and cash equivalents

The carrying amount of cash and cash equivalents equals their fair values as they include cash, accounts with banks and bank deposits with short-terms maturity.

b) Loans and advances to banks

Loans and advances to banks are recorded at amortized cost less than the provisions for impairment. The appraised fair value of loans and advances to banks is determined by the discounted expected future cash flows. Appraised future cash flows for determining the fair value are discounted using effective interest rate. The fair value approximates their carrying amount.

c) Loans and advances to other customers

Loans and advances to other customers are measured based on amortized cost decreased by their impairment. The major part of the loans and advances to other customers in the credit portfolio of the Saving House is with adjustable (variable) interest rate and only a smaller part is with fixed interest rate. The appraised fair value of loans and advances to other customers is determined by the discounted expected future cash flows. Appraised future cash flows for determining the fair value are discounted using market interest rate. Due to the insignificant participation of the loans with fixed interest rate in the total loans portfolio, fair value of loans and advances to other customers approximates their carrying amount.

d) Other receivables

The fair value of other receivables equals their carrying amount as they will mature in short-term periods.

e) Deposits from other customers

The fair value of demand deposits as well as time deposits with variable interest rate is equal to their carrying amount. Due to the insignificant share of deposits with fixed interest rate in the total deposits, the fair value of the total deposits from other customers approximates their carrying amount.

f) Borrowings

The fair value of borrowings with variable interest rates does not differ from their carrying amount due to adjustment of the interest rates for specific financial liabilities with market interest rates for similar instruments. The fair value of credit lines regulated with special terms and for which the market does not provide reliable estimates of prices for similar instruments, approximately presents their carrying amount

g) Other liabilities

The fair value of other liabilities equals their carrying amount as they will mature in short-term period.

(all amounts are expressed in Denar thousand unless otherwise stated)

5. Fair value of financial assets and financial liabilities (continued)

	Current year 2018		Previous year 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>In thousand of denars</i>				
Financial Assets				
Cash and cash equivalents	32.478	32.478	40.208	40.208
Held-for-trading assets				
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to other customers	235.374	235.374	223.475	223.475
Investments in securities	-	-	-	-
Investments in associates	-	-	-	-
Income tax receivable (current)	-	-	-	-
Other receivables	285	285	280	280
Assets pledged as collateral	-	-	-	-
Deferred tax assets	-	-	-	-
Financial Liabilities				
Trading liabilities	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Deposits from banks				
Deposits from other customers	186.865	186.865	180.899	180.899
Debt instruments issued	-	-	-	-
Loans payables	8.599	8.599	10.059	10.059
Subordinated debt	-	-	-	-
Income tax payables (current)	83	83	32	32
Deferred tax liabilities	-	-	-	-
Other liabilities	7.436	7.436	5.292	5.292

(all amounts are expressed in Denar thousand unless otherwise stated)

5. Fair value of financial assets and financial liabilities (continued)

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

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

<i>In thousand of denars</i>	Note	Level 1	Level 2	Level 3	Total
31 December 2018 (current year)					
Financial assets measured at fair value					
Held-for-trading assets	19	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in securities available for sale	23.1	-	-	-	-
Total		-	-	-	-
Financial liabilities measured at fair value					
Held-for-trading liabilities	32	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
Total		-	-	-	-
31 December 2017 (previous year)					
Financial assets measured at fair value					
Held-for-trading assets	19	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in securities available for sale	23.1	-	-	-	-
Total		-	-	-	-
Financial liabilities measured at fair value					
Held-for-trading liabilities	32	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
Total		-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

5. Fair value of financial assets and financial liabilities (continued)

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

B.2. Transfers between levels 1 and 2 of fair value

	Current year 2018		Previous year 2017	
	Transfers from level 1 to level 2	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 1
<i>In thousand of denars</i>				
Financial assets measured at fair value				
Held-for-trading assets	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Investments in available-for-sale securities	-	-	-	-
Total	-	-	-	-
Financial liabilities carried at fair value				
Trading liabilities	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Total	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

5. Fair value of financial assets and financial liabilities (continued)

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

B.3. Reconciliation of the movements in fair values measured at level 3 during the year

<i>In thousand of denars</i>	Held-for-trading assets	Financial assets at fair value through profit or loss upon initial recognition	Investments in available-for-sale securities	Total assets	Trading liabilities	Financial liabilities at fair value through profit or loss upon initial recognition	Total liabilities
As of 1 January 2017 (previous year)	-	-	-	-	-	-	-
Gains/(losses) recognized in:	-	-	-	-	-	-	-
- Income statement	-	-	-	-	-	-	-
- Other comprehensive income in the period not recognized in profit or loss	-	-	-	-	-	-	-
Purchase of financial instruments in the period	-	-	-	-	-	-	-
Disposals of financial instruments in the period	-	-	-	-	-	-	-
Issued financial instruments in the period	-	-	-	-	-	-	-
Paid financial instruments in the period	-	-	-	-	-	-	-
Reclassified financial instruments to/(from) Level 3	-	-	-	-	-	-	-
Reclassified in loans and advances	-	-	-	-	-	-	-
As of 31 December 2017 (previous year)	-	-	-	-	-	-	-
Total gains/(losses) recognized in income statement for the assets and liabilities outstanding as of 31 December 2017 (previous year)	-	-	-	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

6. Interest income/(expense), net

A. Structure of interest income and expense according to the type of financial instrument

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Interest income		
Cash and cash equivalents	285	250
Financial assets at fair value through profit or loss upon initial recognition	-	-
Derivative assets held for risk management	-	-
Loans and advances to banks	-	11
Loans and advances to other customers	32.194	30.091
Investments in securities	-	-
Other receivables	-	-
(Allowance for impairment of Interest Income, net)	(114)	(116)
Collected interest previously written off	965	812
Total interest income	33.330	31.048
Interest expense		
Financial liabilities at fair value through profit or loss upon initial recognition	-	-
Derivative liabilities held for risk management	-	-
Deposits from banks	-	-
Deposits from other customers	4.784	5.622
Debt instruments issued	-	-
Borrowings	443	608
Subordinated debt	-	-
Other liabilities	-	-
Total interest expense	5.227	6.230
Interest income/(expense), net	28.103	24.818

(all amounts are expressed in Denar thousand unless otherwise stated)

6. Interest income/(expense), net (continued)

B.. Sector analysis of interest income and expense according to sector

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Interest income		
Non-financial companies	-	-
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	285	261
Other financial institutions (non-banks)	-	-
Households	32.194	30.091
Non-residents	-	-
(Allowance for impairment of Interest Income, net)	(114)	(116)
Collected interest previously written off	965	812
Total interest income	33.330	31.048
Interest expense		
Non-financial companies	-	-
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	443	608
Other financial institutions (non-banks)	-	-
Households	4.784	5.622
Non-residents	-	-
Total interest expense	5.227	6.230
Interest income/(expense), net	28.103	24.818

(all amounts are expressed in Denar thousand unless otherwise stated)

7. Fee and commission income/(expense), net

A. Structure of fee and commission income and expense according to the type of financial activity

	<i>In thousand of denars</i>	
	Current year 2018	Previuos year 2017
Fee and commission income		
Loans	7.905	8.441
Payment's operation	-	-
domestic	-	-
international	-	-
Letter of credit and guarantees	-	-
Brokerage operations	-	-
Asset management	-	-
Fiduciary activities	-	-
Issuing securities	-	-
Other (describe separately income which represent more than 10% of the total fees and commissions income)	-	-
Total fee and commission income	7.905	8.441
Fee and commission expense		
Loans	-	-
Payment's operation	375	378
domestic	375	378
international	-	-
Letter of credit and guarantees	66	82
Brokerage operations	-	-
Asset management	-	-
Fiduciary activities	-	-
Issuing securities	-	-
Other (describe separately expenses which represent more than 10% of the total fees and commissions expense)	-	4
Compensation to the NBRNM	-	-
Compensation for claims taken	-	215
Total fee and commission expense	441	679
Fee and commission income/(expense), net	7.464	7.762

(all amounts are expressed in Denar thousand unless otherwise stated)

7. Fee and commission income/(expense), net (continued)

B. Sector analysis of fee and commission income and expense

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Fee and commission income		
Non-financial companies	-	-
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	-	-
Other financial institutions (non-banks)	-	-
Households	7.905	8.441
Non-residents	-	-
<i>Total fee and commission income</i>	7.905	8.441
Fee and commission expense		
Non-financial companies	-	-
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	375	382
Other financial institutions (non-banks)	-	215
Non-residents	66	82
<i>Total fee and commission expense</i>	441	679
Fee and commission income/(expense), net	7.464	7.762

(all amounts are expressed in Denar thousand unless otherwise stated)

8. Net trading income/(expense)

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
<i>Trading assets</i>		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of equity instruments, net		
realized	-	-
unrealized	-	-
Income from dividends from trading assets	-	-
Income from interest of trading assets	-	-
<i>Trading liabilities</i>		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of trading deposits, net		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of remaining financial liabilities for trading, net		
realized	-	-
unrealized	-	-
Interest expense of financial liabilities held for trading	-	-
<i>Profit/(loss) from fair value change of derivatives held for trade, net</i>		
realized	-	-
unrealized	-	-
Net income/(expense) from trading	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

9. Net income from other financial instruments at fair value

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
<i>Financial assets at fair value through profit or loss upon initial recognition</i>		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Gains/(losses) from changes in fair value of equity instruments, net		
realized	-	-
unrealized	-	-
Dividend income from trading assets at fair value through profit or loss	-	-
Profit/(loss) from changes in fair value of loans and receivables at fair value through profit and loss, net		
realized	-	-
unrealized	-	-
<i>Financial liabilities at fair value through profit or loss upon initial recognition</i>		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from the changes in fair value of deposits at fair value through profit and loss, net		
realized	-	-
unrealized	-	-
Profit/(loss) from the changes in fair value of borrowings at fair value through profit and loss, net		
realized	-	-
unrealized	-	-
Profit/(loss) from the changes in fair value of other financial liabilities at fair value through profit and loss		
realized	-	-
unrealized	-	-
<i>Profit/(loss) from fair value change of derivatives held for risk management at the fair value through profit and loss, net</i>		
realized	-	-
unrealized	-	-
Net income from other financial instruments at fair value	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

10. Foreign exchange gains/(losses), net

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Realized foreign exchange gains/(losses), net	-	-
Unrealized foreign exchange gains/(losses), net	-	-
Foreign exchange differences of allowance for impairment of financial assets, net	-	-
Other foreign exchange differences, net	-	-
Foreign exchange gains/(losses), net	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

11. Other operating Income

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Income from sale of available-for-sale assets	-	-
Dividend from equity instruments available-for-sale	-	-
Net income from investment in subsidiaries and associates	-	-
Capital gain from the sale of:		
Property, plant and equipment	-	-
Intangible assets	-	-
Foreclosed assets	-	-
Non-current assets held-for-sale and group for disposal	-	-
Income from rent	-	-
Income from litigations	20	60
Collected receivables previously written off	621	739
Release from the special reserve and provisions for:		
Contingent commitments based on litigations	-	-
Pensions and other employee benefits	-	-
Restructuring	-	-
Onerous contracts	-	-
Other provisions	-	-
Other (income that represents more than 10% of the total remaining operating income)		
- Income from terminated deposit agreements	92	134
- Income from the project	1.792	1.701
- Other income	31	38
Total other operating income	2.556	2.672

Revenues from the project in the amount of 1.792 thousand denars (2017: 1.701 thousand denars) derive from the Agreement for granting of sub-implementation of project support no. 03-96 / 1 from 20 January 2016 with the Association of Microfinance Organizations (MFO) from Skopje for the purpose of achieving the objectives of the project "Inclusion and Innovation in Microfinance" and the Annexes to the Agreement for Sub-Implementation of Project Supports concluded in the period from 2016 to 2018.

The activities of the Saving House (acts as a sub-implementor) are funded by the Project.

Received funds for the acquisition of fixed assets at initial recognition are treated as deferred income. At each subsequent balance sheet date, part of the deferred income that amounts to the depreciation for the year of the respective fixed assets is recognized as income for the year in the income statement.

The other received funds from the Project are recognized as income at the moment of acquisition or service is rendered.

(all amounts are expressed in Denar thousand unless otherwise stated)

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

In thousand of denars

	Loans and advances to banks	Loans and advances to other customers	Investments in financial assets available for sale	Investments in financial assets held to maturity	Cash and cash equivalents	Fees and commission receivables	Other receivables	Total impairment of financial assets	Special reserve for off-balance sheet exposure	Total
2018 (current year)										
<i>Allowance for impairment and special reserve</i>										
Additional allowance for impairment and special reserve	-	29.714	-	-	-	327	-	30.041	-	30.041
(Release of impairment and special reserve)	-	(27.183)	-	-	-	(250)	-	(27.433)	-	(27.433)
Total impairment losses of financial assets and special reserve for off-balance sheet exposure, net	-	2.531	-	-	-	77	-	2.608	-	2.608
2017 (previous year)										
<i>Allowance for impairment and special reserve</i>										
Additional allowance for impairment and special reserve	-	28.647	-	-	-	290	1	28.938	-	28.938
(Release of impairment and special reserve)	(100)	(27.249)	-	-	-	(244)	-	(27.593)	-	(27.593)
Total impairment losses of financial assets and special reserve for off-balance sheet exposure, net	(100)	1.398	-	-	-	46	1	1.345	-	1.345

(all amounts are expressed in Denar thousand unless otherwise stated)

13. Impairment losses of non-financial assets, net

<i>In thousand of denars</i>	Property and equipment	Intangible assets	Foreclosed assets	Non-current assets held for sale and group for disposal	Other non-financial assets	Non-controlling interest*	Total
2018 (current year)							
Additional impairment loss	-	-	-	-	-	-	-
(Release of impairment loss)	-	-	-	-	-	-	-
Total impairment losses of non-financial assets, net	-	-	-	-	-	-	-
2017 (previous year)							
Additional impairment loss	-	-	72	-	-	-	72
(Release of impairment loss)	-	-	-	-	-	-	-
Total impairment losses of non-financial assets, net	-	-	72	-	-	-	72

* only for consolidated financial statements

(all amounts are expressed in Denar thousand unless otherwise stated)

14. Personnel expenses

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
<i>Short-term benefits for employees</i>		
Salaries	14.470	14.943
Compulsory social and health insurance contributions	5.352	5.508
Short-term paid absences	-	-
Costs for temporary employment	-	-
Share in profit and remuneration	-	-
Non-monetary benefits	-	-
	19.822	20.451
<i>Benefits after termination of employment</i>		
Defined pension benefit plans	-	-
Retirement benefits	-	-
Increase of liability for defined pension benefit plans	-	-
Increase of liability for other long term benefits	-	-
Other benefits upon termination of employment	-	-
	-	-
<i>Termination benefits</i>	-	-
Equity settled share-based payments	-	-
Cash settled share-based payments	-	-
Other (costs for employees that represent more than 10% of the total costs for employees)		
Regres for employees' annual leave	432	360
New Year's compensation for employees	434	156
Jubilee award	-	11
Other	460	445
Total costs for employees	21.148	21.423

During 2018 and 2017, the Saving House, in accordance with the regulations, paid a regres for employees' annual leave and a New Year compensation for all employees. During 2017, the Saving House paid an anniversary prize for over ten years in the Saving House.

(all amounts are expressed in Denar thousand unless otherwise stated)

15. Depreciation and amortization

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Amortization of intangible assets		
Internal developed software	-	-
Software acquired from external suppliers	222	243
Other internally developed intangible assets	-	-
Other intangible assets	178	142
Investments in intangible assets taken under lease	-	-
	400	385
Depreciation of property and equipment		
Buildings	557	556
Vehicles	-	-
Furniture and equipment	600	493
Other equipment	11	13
Other items of property and equipment	-	-
Investments in property and equipment taken under lease	1	1
	1.169	1.063
Total depreciation and amortization	1.569	1.448

16. Other operating expenses

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Loss from sale of assets available for sale	-	-
Software licensing expense	-	-
Deposit insurance premium	457	767
Premium on property and employee insurance	219	138
Materials and services	6.996	5.512
Administrative and marketing expenses	1.939	1.391
Other taxes and contributions	351	323
Rental expense	1.507	1.383
Court litigation expenses	12	19
Provisions for pension and other employee benefits, net	14	292
Provisions for contingent liabilities based on court litigations, net	-	-
Other provisions, net	-	-
Loss from sale of:		
Property and equipment	-	-
Intangible assets	-	-
Foreclosed assets	-	-
non-current assets held for sale and group for disposal	-	-
Other (expenses that represent more than 10% of total other operating expenses)	25	21
Unamortised value of working assets	50	-
Total other operating expenses	11.570	9.846

(all amounts are expressed in Denar thousand unless otherwise stated)

17. Income tax expense

A. Expense/income based on current and deferred tax

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
<i>Current income tax</i>		
Expense/(income) based on current income tax for the year	263	178
Adjustments for previous years	-	-
Benefits of previous unrecognized tax losses, tax loans or temporary differences from previous years	-	-
Changes in accounting policies and errors	-	-
Other	-	-
	263	178
<i>Deferred income tax</i>		
Deferred income tax that arises from temporary differences for the year	-	-
Recognition of previous unrecognized tax losses	-	-
Change in tax rate	-	-
Introduction of new taxes	-	-
Benefits of previous unrecognized tax losses, tax loans or temporary differences from previous years	-	-
Other	-	-
Total expense/(return) on income tax	263	178

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
<i>Current income tax</i>		
Recognized in the income statement	263	178
Recognized in the equity and reserves	-	-
	263	178
<i>Deferred income tax</i>		
Recognized in the income statement	-	-
Recognized in the equity and reserves	-	-
	-	-
Total expense/(return) on income tax	263	178

(all amounts are expressed in Denar thousand unless otherwise stated)

17. Income tax expense (continued)

B. Reconciliation between average effective tax rate and applicable tax rate

	<i>In %</i>	<i>In thousand of denars</i>	<i>In %</i>	<i>In thousand of denars</i>
	Current year 2018		Previous year 2017	
Profit/ (loss) before taxation	-	1.228	-	1.118
Income tax as per applicable tax rate	10,0	123	10,0	112
Effects from different tax rates in other countries	-	-	-	-
Corrections for previous years and changes in tax rate	-	-	-	-
Taxed income abroad	-	-	-	-
Expense unrecognized for tax purposes	19,1	234	14,0	157
Tax-exempt income	-	-	-	-
Tax exemption unrecognized in income statement	(7,7)	(94)	(8,1)	(91)
Recognition of previous unrecognized tax losses	-	-	-	-
Benefits of previous unrecognized tax losses, tax loans or temporary differences from previous years	-	-	-	-
Changes in deferred tax	-	-	-	-
Other	-	-	-	-
Total expense/(return) on income tax		263		178
Average effective tax rate	21,4		15,9	

For the fiscal year 2018 and 2017, the Saving House used the right to decrease the tax base for the amount of realized investments from the profit (reinvested earnings: amount of 940 thousand denars and 906 thousand denars respectively).

(all amounts are expressed in Denar thousand unless otherwise stated)

17. Income tax expense (continued)

C. Income tax from other profit/(losses) in the period which are not disclosed in the Income statement

In thousands of denars	Current year 2018			Previous year 2017		
	Before taxation	(expenditure) /return of income tax	Less income tax	Before taxation	(expenditure)/ return of income tax	Less income tax
Revalued reserve for assets available for sale	-	-	-	-	-	-
Reserve for instruments for protection against cash flow risk	-	-	-	-	-	-
Reserve for instruments for protection against the risk net-investment in international operations	-	-	-	-	-	-
Reserve from currency differences from investment in foreign operations	-	-	-	-	-	-
Share in the remaining profits/(losses) from affiliates which are not disclosed in the Income statement	-	-	-	-	-	-
Other profits/(losses) which are not disclosed in the Income statement	-	-	-	-	-	-
Total other profits/(losses) which are not disclosed in the Income statement	-	-	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

19. Held-for-trading assets

Structure of trading assets by the type of the financial instrument

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Trading securities		
<i>Debt securities for trading</i>		
Treasury bills for trading	-	-
Government bills for trading	-	-
Other instruments in the money market	-	-
Government bonds	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Equity instruments for trading</i>		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Trading derivatives</i>		
Agreements dependent on interest rate change	-	-
Agreements dependent on exchange rate change	-	-
Agreements dependent on changes in price of securities	-	-
Other contracts that meet the requirements of IFRS 9	-	-
	-	-
Total trading assets	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

20. Financial assets at fair value through through profit or loss upon initial recognition

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
<i>Debt securities</i>		
Treasury bills	-	-
Government bills	-	-
Other instruments in the money market	-	-
Government bonds issued	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Equity instruments</i>		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
Loans and advances to banks	-	-
Loans and advances to other customers	-	-
Total financial assets at fair value through profit or loss upon initial recognition	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

21. Derivative assets held for risk management

<i>In thousand of denars</i>					
		Current year 2018		Previous year 2017	
		Derivative assets	(Derivative liabilities)	Derivative assets	(Derivative liabilities)
A	Derivatives for protection against risk/Derivatives held for risk management				
A.1	<i>By type of the variable</i>				
	Derivatives held for risk management				
	Agreements dependent on interest rate change	-	-	-	-
	Agreements dependent on exchange rate change	-	-	-	-
	Agreements dependent on changes in price of securities	-	-	-	-
	Other contracts that meet the requirements of IFRS 9	-	-	-	-
	Total derivatives held for risk management	-	-	-	-
A.2	<i>By type of protection against risk</i>				
	Protection against risk of fair value	-	-	-	-
	Protection against risk of cash flows	-	-	-	-
	Protection against risk of net investment in foreign operations	-	-	-	-
	Total derivatives held for risk management	-	-	-	-
B.	Inherent derivatives				
	Agreements dependent on interest rate change	-	-	-	-
	Agreements dependent on exchange rate change	-	-	-	-
	Agreements dependent on changes in price of securities	-	-	-	-
	Other contracts that meet the requirements of IFRS 9	-	-	-	-
	Total inherent derivatives	-	-	-	-
	Total derivatives held for risk management	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

22. Loans and advances

Risks and uncertainties

The Saving House management has recorded provisions for impairment for all known and foreseeable risks as of the date of the financial statements.

The Saving House continues to be collateralized primarily by promissory notes and guarantors, deposits and gold and other precious metals. Depending on the classification of loans, the Saving House's management is maximizing its efforts to realize collateral on a timely basis.

The Saving House's operation could be influenced by the financial trends in case of worsening of the overall global and local economic environment.

The Saving House's management is reacting appropriately to any new developments to entire the market and economy. Some of the undertaken measures are: Strengthening the monitoring of large customers and industry sectors to which the Saving House is mostly exposed to, making appropriate balance of interest rates from loans and interest payable for deposits, reassessment of the relationships with the corresponding banks and other participants on the local financial market, where possible increase of collateral limits. All the aforementioned is focusing to protect and develop current and future customer/depositor base and achievement of the Saving House's goals and objectives for 2019 and beyond.

(all amounts are expressed in Denar thousand unless otherwise stated)

22. Loans and advances (continued)

22.2 Loans and advances to other customers

A. Structure of the loans and advances to other customers by the type of the debtor

	<i>In thousand of denars</i>			
	Current year 2018		Previous year 2017	
	Short-term	Long-term	Short-term	Long-term
Non-financial companies				
Receivables upon principal	-	-	-	-
Interest receivables	-	-	-	-
Government				
Receivables upon principal	-	-	-	-
Interest receivables	-	-	-	-
Non-profit institutions that serve households				
Receivables upon principal	-	-	-	-
Interest receivables	-	-	-	-
Financial companies, besides banks				
Receivables upon principal	-	-	-	-
Interest receivables	-	-	-	-
Households				
Receivables upon principal	-	-	-	-
Housing loans	-	-	-	-
Customer loans	8.253	222.476	13.560	203.319
Vehicle loans	-	-	-	-
Mortgage loans	-	-	-	-
Credit cards	-	-	-	-
Other loans	7	23.102	14	23.082
Interest receivables	1.475	-	1.309	-
Non-residents, except banks				
Receivables upon principal	-	-	-	-
Interest receivables	-	-	-	-
Current maturity	75.898	(75.898)	71.126	(71.126)
Total loans and advances to other customers before impairment	85.633	169.680	86.009	155.275
(Allowance for impairment)	(12.002)	(7.937)	(10.646)	(7.163)
Total loans and advances to other customers, net of allowance for impairment	73.631	161.743	75.363	148.112

(all amounts are expressed in Denar thousand unless otherwise stated)

22. Loans and advances (continued)

22.2 Loans and advances to other customers (continued)

<i>In thousands of denars</i>	Current year 2018				Previous year 2017			
	Impair- ment loss for Group 1	Impair- ment loss for Group 2	Impair- ment loss for Group 3	Total impair- ment	Impair- ment loss for Group 1	Impair- ment loss for Group 2	Impair- ment loss for Group 3	Total impairment
Movement in allowance for impairment								
As at 1 January	-	-	-	17.809	-	-	-	16.424
Impairment loss for the year								
Additional impairment	-	-	-	29.714	-	-	-	28.647
Release impairment	-	-	-	(27.183)	-	-	-	(27.249)
Transfer to:								
- Impairment loss for Group 1	-	-	-	-	-	-	-	-
- Impairment loss for Group 2	-	-	-	-	-	-	-	-
- Impairment loss for Group 3 (Foreclosed assets based on outstanding receivables)	-	-	-	-	-	-	-	-
Foreign exchange gain/losses (Written off receivables)	-	-	-	(401)	-	-	-	(13)
As at 31 December	-	-	-	19.939	-	-	-	17.809

B. Structure of loans and advances to other clients by type of collateral

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
<i>(current carrying amount of loans and advances)</i>		
First-class security instruments		
Cash deposits (in vault and/or restricted in accounts held with the bank)	8.688	8.754
Government securities	-	-
Government unconditional guarantees	-	-
Bank guarantees	-	-
Guarantees from insurance companies and insurance policies	-	-
Corporate guarantees (besides banks and guarantees from insurance companies)	-	-
Guarantees from individuals	207.658	194.069
Mortgage on real estate	-	-
Property for private use (flats, houses)	-	-
Property for business	-	-
Pledge over movables	-	-
Other types of collateral	19.028	20.652
Unsecured	-	-
Total loans and advances to other customers, net of allowance for impairment	235.374	223.475

(all amounts are expressed in Denar thousand unless otherwise stated)

24. Investment in associates and subsidiaries

A. Percentage of the Saving House's share in associates and subsidiaries

Name of subsidiaries and associates	Country	<i>In %</i>			
		Share in ownership in %		Percentage of voting right	
		Current year 2018	Previous year 2017	Current year 2018	Previous year 2017
	-	-	-	-	-
	-	-	-	-	-

B. Financial information for associates - 100%

Name of associates	<i>In thousand of denars</i>				
	Total assets	Total liabilities	Total capital and reserves	Income	Profit/(loss) for the financial year
Current year 2018	-	-	-	-	-
Previous year 2017	-	-	-	-	-
	-	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

25. Other receivables

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Trade receivables	-	-
Prepaid expenses	121	59
Deferred income	-	-
Fees and commission receivables	232	230
Receivables from employees	-	-
Advances for intangible assets	-	-
Advances for property and equipment	-	-
Other (receivables representing more than 10% of the total other receivables)		
Petty inventory	13	13
Stock of materials	71	76
Other receivables	25	30
Total other receivables before allowance for impairment	462	408
(Allowance for impairment)	(177)	(128)
Total other receivables, net of allowance for impairment	285	280

<i>In thousand of denars</i>	Current year 2018				Previous year 2017			
	Impair- ment loss for Group 1	Impair- ment loss for Group 2	Impair- ment loss for Group 3	Total impairment	Impair- ment loss for Group 1	Impair- ment loss for Group 2	Impair- ment loss for Group 3	Total impairment
Movement in allowance for impairment								
As at 1 January	-	-	-	128	-	-	-	81
Impairment loss for the year								
Additional impairment	-	-	-	327	-	-	-	291
Release impairment	-	-	-	(250)	-	-	-	(244)
Transfer to:								
- Impairment loss for Group 1	-	-	-	-	-	-	-	-
- Impairment loss for Group 2	-	-	-	-	-	-	-	-
- Impairment loss for Group 3	-	-	-	-	-	-	-	-
(Foreclosed assets based on outstanding receivables)	-	-	-	-	-	-	-	-
Foreign exchange gain/losses (Written off receivables)	-	-	-	(28)	-	-	-	-
As at 31 December	-	-	-	177	-	-	-	128

(all amounts are expressed in Denar thousand unless otherwise stated)

26. Assets pledged as collateral

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Debt securities	-	-
Equity instruments	-	-
Loans and advances to banks	-	-
Loans and advances to other customers	-	-
Other receivables	-	-
Total pledged assets	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

27. Foreclosed assets

In thousand of denars

	Land	Buildings	Equipment	Residential buildings and apartments	Other valuables	Total
Beginning carrying amount						
As at 1 January 2017 (previous year)	-	-	-	-	140	140
Foreclosed during the year (sold during the year)	-	-	-	-	-	-
(transfer into assets for own use)	-	-	-	-	-	-
As at 31 December 2017 (previous year)	-	-	-	-	140	140
As at 1 January 2018 (current year)	-	-	-	-	140	140
Foreclosed during the year (sold during the year)	-	-	-	-	-	-
(transfer into assets for own use)	-	-	-	-	-	-
As at 31 December 2018 (current year)	-	-	-	-	140	140
Impairment						
As at 1 January 2017 (previous year)	-	-	-	-	68	68
Impairment loss during the year (sold during the year)	-	-	-	-	72	72
(transfer into assets for own use)	-	-	-	-	-	-
As at 31 December 2017 (previous year)	-	-	-	-	140	140
As at 1 January 2018 (current year)	-	-	-	-	-	-
Impairment loss during the year (sold during the year)	-	-	-	-	140	140
(transfer into assets for own use)	-	-	-	-	-	-
As at 31 December 2018 (current year)	-	-	-	-	140	140
Net carrying amount						
As at 1 January 2017 (previous year)	-	-	-	-	72	72
As at 31 December 2017 (previous year)	-	-	-	-	-	-
As at 31 December 2018 (current year)	-	-	-	-	-	-

As at 31 December 2018 and 2017, the foreclosed assets of the Saving House on the basis of uncollected receivables are with a total net carrying amount of zero denars. Their fair value as at 31 December 2018 is 140 thousand denars (2017: 140 thousand denars).

(all amounts are expressed in Denar thousand unless otherwise stated)

28. Intangible assets

A. Reconciliation of the present carrying amount

	Internally developed software	Software from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in progress	Investments in intangible assets taken under lease	Non-controlling interest *	Total
<i>In thousands of denars</i>								
Purchase value								
As at 1 January 2017 (previous year)	-	4.234	-	1.408	537	-	-	6.179
Increases by new supplies	-	-	-	39	1.614	-	-	1.653
Increases by internal development	-	-	-	-	-	-	-	-
Increases by business combinations	-	-	-	-	-	-	-	-
(disposal and write off)	-	-	-	-	-	-	-	-
(disposal through business combination)	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-	-
As at 31 December 2017 (previous year)	-	4.234	-	1.447	2.151	-	-	7.832
As at 1 January 2018 (current year)	-	4.234	-	1.447	2.151	-	-	7.832
Increases by new supplies	-	-	-	57	3.535	-	-	3.592
Increases by internal development	-	-	-	-	-	-	-	-
Increases by business combinations	-	-	-	-	-	-	-	-
(disposal and write off)	-	(3.742)	-	-	-	-	-	(3.742)
(disposal through business combinations)	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale)	-	-	-	-	-	-	-	-
Transfer from intangible asset in progress	-	3.289	-	1.251	(4.540)	-	-	-
As at 31 December 2018 (current year)	-	3.781	-	2.755	1.146	-	-	7.682

(all amounts are expressed in Denar thousand unless otherwise stated)

28. Intangible assets (continued)
A Reconciliation of the present carrying amount (continued)

In thousands of denars

	Internally developed software	Software from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in progress	Investments in intangible assets taken under lease	Non-controlling interest *	Total
Depreciation and impairment								
As at 1 January 2017 (previous year)	-	3.798	-	105	-	-	-	3.903
Depreciation for the year	-	243	-	142	-	-	-	385
Impairment loss during the year	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	-	-	-	-	-
As at 31 December 2017 (previous year)		4.041		247				4.288
As at 1 January 2018 (current year)	-	4.041	-	247	-	-	-	4.288
Amortization for the year	-	222	-	178	-	-	-	400
Impairment loss during the year	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-
(Disposal and write off)	-	(3.693)	-	-	-	-	-	(3.693)
As at 31 December 2018 (current year)		570		425				995
Net carrying amount								
As at 1 January 2017 (previous year)	-	436	-	1.303	537	-	-	2.276
As at 31 December 2017 (previous year)	-	193	-	1.200	2.151	-	-	3.544
As at 31 December 2018 (current year)	-	3.211	-	2.330	1.146	-	-	6.687

(all amounts are expressed in Denar thousand unless otherwise stated)

28. Intangible assets (continued)

B. Carrying amount of the intangible assets where there is a limit of ownership and / or are pledged as collateral for liabilities of the Saving House

	Internally developed software	Software from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in progress	Investments in intangible assets taken under lease	Total
<i>In thousand of denars</i>							
Present carrying value as at:							
31 December 2017 (previous year)	-	-	-	-	-	-	-
31 December 2018 (current year)	-	-	-	-	-	-	-

As at 31 December 2018, the Saving House does not have intangible assets on which there is a limitation of ownership and/ or are pledged as collateral for the liabilities of the Saving House.

Saving House FULM has concluded Agreement for Sub-Implementation of Project Support No. 03-96/ 1 with the Association of the Microfinance Organizations (MFO) from Skopje for the purpose of achieving the goals of the project "Inclusion and innovation in microfinance". The activities of the Saving House (that has the role of a sub-implementor) are funded by the Project.

As a result of the activities, intangible assets in the amount of 3.592 thousand denars were put into use. Intangible assets in progress from the previous year are put into use in the current 2018 year in the amount of 1.005 thousand denars. Intangible assets include intangible assets in progress in the amount of 1.146 thousand denars for software that has not been put into use until the balance sheet date.

(all amounts are expressed in Denar thousand unless otherwise stated)

29. Property and equipment

A. Reconciliation of the carrying amount

	Land	Buildings	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in progress	Investments in property and equipment taken under lease	Total
<i>In thousand of denars</i>									
Purchase value									
As at 1 January 2017 (previous year)	-	22.254	1.666	7.806	294	-	-	6	32.026
increases	-	-	-	886	-	-	-	-	886
increase through business combinations	-	-	-	-	-	-	-	-	-
(disposal and write off)	-	-	-	(56)	-	-	-	-	(56)
(disposal through business combinations)	-	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
other transfers	-	-	-	-	-	-	-	-	-
As at 31 December 2017 (previous year)	-	22.254	1.666	8.636	294	-	-	6	32.856
As at 1 January 2018 (current year)	-	22.254	1.666	8.636	294	-	-	6	32.856
increases	-	-	-	1.496	36	-	-	-	1.532
increase through business combinations	-	-	-	-	-	-	-	-	-
(disposal and write off)	-	-	-	(39)	-	-	-	-	(39)
(disposal through business combinations)	-	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
other transfers	-	-	-	-	-	-	-	-	-
As at 31 December 2018 (current year)	-	22.254	1.666	10.093	330	-	-	6	34.349

(all amounts are expressed in Denar thousand unless otherwise stated)

29. Property and equipment (continued)**A. Reconciliation of the carrying amount (continued)**

	Land	Buildings	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in progress	Investments in property and equipment taken under lease	Total
<i>In thousands of denars</i>									
Depreciation and impairment									
As at 1 January 2017 (previous year)	-	561	1.666	6.232	213	-	-	3	8.675
Depreciation for the year	-	556	-	493	13	-	-	1	1.063
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(56)	-	-	-	-	(56)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer for non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
As at 31 December 2017 (previous year)	-	1.117	1.666	6.669	226	-	-	4	9.682
As at 1 January 2018 (current year)	-	1.117	1.666	6.669	226	-	-	4	9.682
Depreciation for the year	-	557	-	600	11	-	-	1	1.169
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(39)	-	-	-	-	(39)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer for non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
As at 31 December 2018 (current year)	-	1.674	1.666	7.230	237	-	-	5	10.812
Net carrying amount									
As at 1 January 2017 (previous year)	-	21.693	-	1.574	81	-	-	3	23.351
As at 31 December 2017 (previous year)	-	21.137	-	1.967	68	-	-	2	23.174
As at 31 December 2018 (current year)	-	20.580	-	2.863	93	-	-	1	23.537

(all amounts are expressed in Denar thousand unless otherwise stated)

29. Property and equipment (continued)

B. Carrying amount of the items of property, plant and equipment over which there is limited ownership and/or are pledged as collateral/pledge for the Saving House's liabilities

	Land	Buildings	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in progress	Investments in property and equipment taken under lease	Total
<i>In thousand of denars</i>									
Carrying amount:									
As at 31 December 2017 (previous year)	-	21.137	-	-	-	-	-	-	21.137
As at 31 December 2018 (current year)	-	20.580	-	-	-	-	-	-	20.580

As at 31 December 2018 and 31 December 2017, all of the property, plant and equipment are owned by the Saving House.

On 29 December 2015, the Saving House acquired real estate at St. Cyril and Methodius no. 48 Skopje with a cost value in amount of 22.254 thousand denars which is pledged as collateral to the obligations under the long-term loan obtained from Komercijalna Banka AD Skopje (see note 36).

As at 31 December 2018, the carrying amount of the pledged real estate is in amount of 20.580 thousand denars (2017: 21.137 thousand denars).

(all amounts are expressed in Denar thousand unless otherwise stated)

30. Current and deferred tax assets and liabilities

30.1 Current tax assets and current tax liabilities

Income tax receivables (current)
 Income tax liabilities (current)

<i>In thousand of denars</i>	
Current year 2018	Previous year 2017
-	-
83	32

30.2 Deferred tax assets and deferred tax liabilities

A. Recognized deferred tax assets and deferred tax liabilities

	Current year 2018			Previous year 2017		
	Deferred tax assets	(Deferred tax liabilities)	On net basis	Deferred tax assets	(Deferred tax liabilities)	On net basis
<i>In thousand of denars</i>						
Derivative assets held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to other customers	-	-	-	-	-	-
Investments in securities	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Unutilized tax losses and unutilized tax loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Deferred tax assets/liabilities recognized in the income statement	-	-	-	-	-	-
Investments in financial assets available for sale	-	-	-	-	-	-
Protection against cash flow risk	-	-	-	-	-	-
Deferred tax assets liabilities recognized in the capital	-	-	-	-	-	-
Total recognized deferred tax assets/liabilities	-	-	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

30. Current and deferred tax assets and liabilities (continued)

B. Unrecognized deferred tax assets

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Tax losses	-	-
Tax credits	-	-
Total unrecognized deferred tax assets	-	-

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

<i>In thousand of denars</i>	Recognized in the course of the year in:			As at 31 December
	As at 1 January	Income statement	Capital	
Previous year 2017				
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to other customers	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unutilized tax losses and utilized tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available for sale	-	-	-	-
Protection against cash flow risk	-	-	-	-
Total recognized deferred tax assets-liabilities	-	-	-	-
Current year 2018				
Derivative assets held for risk management	-	-	-	-
Placement with and loans to banks	-	-	-	-
Placements with and loans to other customers	-	-	-	-
Investment in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unutilized tax losses and unutilized tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available for sale	-	-	-	-
Protection against cash flow risk	-	-	-	-
Total recognized deferred tax assets/liabilities	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

31. Non-current assets held-for-sale and disposal group

A. Non-current assets held for sale

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Intangible assets	-	-
Property and equipment	-	-
Total non-current assets held for sale	-	-

B. Disposal group

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
<i>Group of assets for disposal</i>		
Financial assets	-	-
Intangible assets	-	-
Property and equipment	-	-
Investment in associates	-	-
Income tax receivables	-	-
Other assets	-	-
<i>Total group of assets for disposal</i>	-	-
<i>Liabilities directly related to the group of assets for disposal</i>		
Financial liabilities	-	-
Special reserve	-	-
Income tax liabilities	-	-
Other liabilities	-	-
<i>Total liabilities directly related to the group of assets for disposal</i>	-	-

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

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Profit/(loss) recognized from the sale of assets held-for-sale and disposal group	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

32. Trading liabilities

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
<i>Deposits from banks</i>		
Current accounts, demand deposits and overnight deposits	-	-
Time deposits	-	-
Other deposits	-	-
	-	-
<i>Deposits from other customers</i>		
Current accounts, demand deposits and overnight deposits	-	-
Time deposits	-	-
Other deposits	-	-
	-	-
<i>Issued debt securities</i>		
Money market instruments	-	-
Deposit certificates	-	-
Issued bonds	-	-
Other	-	-
	-	-
<i>Other financial liabilities</i>	-	-
<i>Trading derivatives</i>		
Agreements depending on interest rate change	-	-
Agreements depending on exchange rate change	-	-
Agreements depending on the securities price change	-	-
Other contracts that meet the requirements of IFRS 9	-	-
	-	-
Total trading liabilities	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

33. Financial liabilities at fair value through profit or loss upon initial recognition

	<i>In thousand of denars</i>			
	Current year 2018		Previous year 2017	
	Current carrying amount	Contractual value, paid at maturity	Current carrying amount	Contractual value, paid at maturity
<i>Deposits from banks</i>				
Current accounts, demand deposits and overnight deposits	-	-	-	-
Time deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Deposits from other customers</i>				
Current accounts, demand deposits and overnight deposits	-	-	-	-
Time deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Issued debt securities</i>				
Money market instruments	-	-	-	-
Deposit certificates	-	-	-	-
Issued bonds	-	-	-	-
Other	-	-	-	-
	-	-	-	-
<i>Subordinated debt</i>	-	-	-	-
<i>Other financial liabilities</i>	-	-	-	-
Total financial liabilities at fair value through the profit and loss determined as such at initial recognition	-	-	-	-

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Movement of changes in the bank's creditworthiness, for financial liabilities that are measured at fair value		
As at 1 January	-	-
Recognized in the Other comprehensive income for the year (Transfer to other reserve funds)	-	-
As at 31 December	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

34. Deposits

34.1 Deposits from banks

	<i>In thousand of denars</i>			
	Current year 2018		Previous year 2017	
	Short-term	Long-term	Short-term	Long-term
Current accounts	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Demand deposits	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Time deposits	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Restricted deposits	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Other deposits	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Deposit interest liabilities	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Current maturity	-	-	-	-
Total deposits from banks	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

34. Deposits (continued)

34.2 Deposits from other customers

	<i>In thousand of denars</i>			
	Current year 2018		Previous year 2017	
	Short-term	Long-term	Short-term	Long-term
Non-financial companies				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Government				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Non-profit institutions in service of households				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Financial companies, other than banks				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Households				
Current accounts	-	-	-	-
Demand deposits	4.994	-	3.834	-
Time deposits	26.831	136.515	29.208	126.693
Restricted deposits	398	17.461	1.686	18.520
Other deposits	-	-	-	-
Interest payable on deposits	666	-	958	-
	32.889	153.976	35.686	145.213
Non-residents, other than banks				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Current maturity	73.048	(73.048)	64.157	(64.157)
Total deposits from other customers	105.937	80.928	99.843	81.056

(all amounts are expressed in Denar thousand unless otherwise stated)

35. Debt instruments issued

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Money market instruments	-	-
Deposit certificates	-	-
Issued bonds	-	-
Other	-	-
Interest payable on issued securities	-	-
Total issued debt securities	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

36. Borrowings

A. Borrowings structure according to liability type and creditor's sector

	<i>In thousand denars</i>			
	Current year 2018		Previous year 2017	
	Short-term	Long-term	Short-term	Long-term
Banks				
Residents				
Loans payable	1	8.595	2	9.822
Repo-transactions	-	-	-	-
Interest payables	3	-	5	-
Non-residents				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Non-financial companies				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Government				
Loans payable	-	-	-	230
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Non-profit institutions in service of households				
Loans payable	-	-	-	-
Interest payables	-	-	-	-
Financial companies, other than banks				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Nonresidents, except for banks				
Non-financial entities				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Government				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Non-profit institutions in service of households				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Financial companies, other than banks				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Households				
Loans payable	-	-	-	-
Interest payables	-	-	-	-
Current maturity	1.234	(1.234)	1.464	(1.464)
Total loans payable	1.238	7.361	1.471	8.588

(all amounts are expressed in Denar thousand unless otherwise stated)

36 Borrowings (continued)

B Borrowings according to the creditor

	<i>In thousands of denars</i>			
	Current year 2018		Previous year 2017	
	Short-term	Long-term	Short-term	Long-term
<i>domestic sources:</i>				
MBDP	-	-	-	230
Komerrijalna Banka	4	8.595	7	9.822
	4	8.595	7	10.052
<i>foreign sources:</i>				
Current maturity	1.234	(1.234)	1.464	(1.464)
Total borrowings	1.238	7.361	1.471	8.588

On 29 December 2003, the Saving House concluded a framework commission loan agreement in the amount of EUR 200.000 with Sparkasse Bank for placement of funds from the IFAD-2 credit line for agricultural support in the Republic of North Macedonia (MBDP) under the following conditions:

- Maturity according the cumulative amortization plans with the final users;
- Annual interest rate of 1,3%.

The loan is secured with a blank promissory notes without “protest” clause and a promissory statements signed by authorized personnel in favor of MBDP.

As at 31 December 2018, loan liabilities to MBDP amounted to zero denars (2017: 230 thousand denars).

On 29 December 2015, the Saving House concluded a Long-Term Loan Agreement in the amount of 12.340 thousand denars from Komerrijalna Banka AD Skopje with a 120-month repayment period and an interest rate set at the reference rate of the NBRNM + 2.25 p.p. yearly decursive. The loan is secured by pledge of construction objects (see note 29). During 2018, an Annex to the agreement was signed, which reduced the interest rate in the amount of the reference rate of NBRNM + 1.25 p.p. annually.

(all amounts are expressed in Denar thousand unless otherwise stated)

37. Subordinated debt

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
<i>Subordinated deposits liabilities</i>	-	-
Interest payables	-	-
	-	-
<i>Subordinated loans liabilities</i>	-	-
Interest payables	-	-
	-	-
<i>Subordinated issued debt securities liabilities</i>	-	-
Interest payables	-	-
	-	-
Redeemable preference shares	-	-
	-	-
Total subordinated debt	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

38. Special reserve and provisions

	Special reserves for off-balance sheet credit exposures	Provisions for contingent liabilities based on litigations	Provisions for pensions and other employee benefits	Provisions for restructuring	Provisions for unfavorable agreements	Other provisions	Total
<i>In thousand of denars</i>							
As at 1 January 2017 (previous year)	-	-	-	-	-	-	-
Additional provisions during the year	-	-	292	-	-	-	292
(provisions used during the year)	-	-	-	-	-	-	-
(release of provisions during the year)	-	-	-	-	-	-	-
As at 31 December 2017 (previous year)	-	-	292	-	-	-	292
As at 1 January 2018 (current year)	-	-	292	-	-	-	292
Additional provisions during the year	-	-	71	-	-	-	71
(provisions used during the year)	-	-	-	-	-	-	-
(release of provisions during the year)	-	-	(57)	-	-	-	(57)
As at 31 December 2018 (current year)	-	-	306	-	-	-	306

The Saving House in 2018 set aside reserves for the future benefits of the employees on the basis of retirement benefits and jubilee awards in the net amount of 14 thousand denars (2017: 292 thousand denars).

(all amounts are expressed in Denar thousand unless otherwise stated)

39. Other liabilities

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Trade payables	309	248
Received advances	-	-
Fee and commission liabilities	14	20
Accrued expenses	-	-
Deferred income from previous years	48	47
Short - term liabilities to employees	-	-
Short - term liabilities for employee benefits	-	-
Other: (liabilities more than 10% of the total other liabilities)		
deferred revenue - a project	7.025	3.292
liabilities for claims taken	-	1.641
Other	40	44
Total other liabilities	7.436	5.292

On 2 April 2016, the Saving House undertook loans receivables according the Agreement for undertaking loans and regulating the repayments of undertaken receivables (loan portfolio) no. 03-326 / 1 in the amount of 15.880 thousand denars, and created liability in the amount of 15.880 thousand denars for using a monetary claim with 3% fee of the amount of undertaken receivables based on principal on the date of signing the Agreement. During 2018, the Saving House has repaid the obligation and on the balance sheet date it is zero denars (2017: 1.641 thousand denars) based on principal.

On 20 January 2016, Saving House concluded Agreement for Sub-Implementation of Project Support No. 03-96/ 1 with the Union of Microfinance Organizations (MFO) from Skopje in order to achieve the objectives of the project "Inclusion and innovation in microfinance", where the Saving House is a sub-implementer, for which MFO has concluded a Co-operative agreement with USAID number AID-165 -A-15-00001 from 28 September 2015 with project number 07 / 12-15 / 2743, recorded in the Secretariat for European Affairs. On the basis of the relevant contractual provisions, the MFI provided amounts of USD 240.097 to the Saving House.

The activities of the Saving House (where acts as sub-implementor) are funded by the Project. During 2018, for the aims of the Project, the Saving House requested and used USD 105.084 (2017: 55.674 USD) and acquired PPE and intangible assets (software licenses, small inventory) and other expenses. In accordance with the contractual provisions, the PPE and intangible assets acquired within the Project are in ownership by the sub-implementer. On 28 September 2016, the Saving House concluded Software Implementation Agreement no. 03-518 / 1 with ASPEKT DOO Skopje, for which part of the funds in amount of 3.289 thousand denars (2017: 1.613 thousand denars) were used for the preparation of the intangible asset for business purposes.

(all amounts are expressed in Denar thousand unless otherwise stated)

39. Other liabilities (continued)

The assets are subject to amortization which is recognized separately among with other operating income in the income statement. At each balance sheet date, part of the deferred income will be recognized as an income in the income statement which equals the amount of amortization calculated and recognized for the same year.

The remaining received funds from the Project are received at the moment of procurement or execution of the service.

(all amounts are expressed in Denar thousand unless otherwise stated)

40. Subscribed capital

A. Subscribed capital

<i>In denars</i>		<i>Number of issued shares</i>				<i>In thousand of denars</i>	
Nominal value per share		Ordinary shares		Preference shares non-redeemable		Total subscribed capital	
Ordinary shares	Preference shares - non-redeemable	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017
As at 1 January – fully paid	-	-	-	-	-	75.607	75.607
Subscribed shares during the year	-	-	-	-	-	-	-
Realization of share options	-	-	-	-	-	-	-
Division/ increase of nominal value per share	-	-	-	-	-	-	-
Other changes during the year (specify in detail)	-	-	-	-	-	-	-
As at 31 December – fully paid	-	-	-	-	-	75.607	75.607

(all amounts are expressed in Denar thousand unless otherwise stated)

40. Subscribed capital (continued)

B. Dividends

B.1 Announced and paid dividends by the Saving House

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Declared dividends and paid dividends for the year	-	-

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Dividend per ordinary share	-	-
Dividend per preference share	-	-

B.2 Announced dividend after the balance sheet date (the liabilities for dividends are not shown in the Balance sheet)

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Announced dividends after 31 December	-	-

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Dividend per ordinary share	-	-
Dividend per preference share	-	-

C. Shareholders with ownership over 5% of the shares with the right of vote

	<i>In thousand of denars</i>		<i>In %</i>	
	Current year 2018	Previous year 2017	Current year 2018	Previous year 2017
Shareholder's name	Subscribed capital (nominal value)	Subscribed capital (nominal value)	voting right	voting right
ZG FULM Skopje	75.607	75.607	100%	100%
Total	-	-	-	-

Statutory reserve

In accordance with local legislation, the Saving House is required to calculate and set aside at least 5% of the net profit for the year in legal reserves until the level of statutory reserves reaches an amount equal to one-tenth of the subscribed capital. While the statutory reserve does not exceed the specified minimum amount, it can only be used to cover the losses.

(all amounts are expressed in Denar thousand unless otherwise stated)

41. Earnings per share

A. Basic earnings per share

Net - Profit attributable to holders of ordinary shares

Net profit for the year

Dividend for non-redeemable priority shares

Correction of net profit entitled to the holders of the ordinary shares (list separately)

<i>In thousand of denars</i>	
Current year 2018	Previous year 2017
-	-
-	-
-	-
-	-

Net profit attributable to holders of ordinary shares

Weighted average number of ordinary shares

Issued ordinary shares as of 1 January

Effects of the changes in the number of ordinary shares during the year (list separately)

<i>Number of shares</i>	
Current year 2018	Previous year 2017
-	-
-	-
-	-
-	-

Weighted average number of ordinary shares on 31 December

Basic earnings per share (in denars)

B Diluted earnings per share

Net profit entitled to the holders of the ordinary shares (diluted)

Net profit for the year entitled to the holders of the ordinary shares (diluted)

Correction of net profit entitled to the holders of the ordinary shares for effects of all emitted potential ordinary shares (list separately)

<i>In thousand of denars</i>	
Current year 2018	Previous year 2017
-	-
-	-
-	-

Net profit entitled to the holders of the ordinary shares (diluted)

Weighted average number of the ordinary shares (diluted)

Ordinary shares issued on 1 January

Effect from issue of potential ordinary shares (list separately)

<i>Number of shares</i>	
Current year 2018	Previous year 2017
-	-
-	-
-	-
-	-

Weighted average number of the ordinary shares (diluted) on 31 December

Diluted earnings per share (in denars)

(all amounts are expressed in Denar thousand unless otherwise stated)

42. Commitments and contingencies

Commitments

As at 31 December 2018, the commitments of the Saving House for capital procurements are in amount of 308 thousand denars and relate to software upgrades (2017: none)

Litigations

As at 31 December 2018, there are no legal proceedings against the Saving House (2017: no). No provision is recorded at the balance sheet date, as professional legal advice shows that there is no likelihood of significant losses. In addition, various legal disputes and receivables may arise in the future during the regular operation of the Saving House. The related risks are analyzed by the likelihood of their occurrence. Although the outcome of this issue can not always be reliably determined, the Saving House Management believes that they will not result in material liabilities.

42.1 Contingent liabilities

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Unsecured payment guarantees	-	-
in denars	-	-
in foreign currency	-	-
in denars with foreign currency clause	-	-
Unsecured performance guarantees	-	-
in denars	-	-
in foreign currency	-	-
in denars with foreign currency clause	-	-
Unsecured letter of credit	-	-
in denars	-	-
in foreign currency	-	-
in denars with foreign currency clause	-	-
Unused overdraft for current accounts	-	-
Unused credit card limits	-	-
Commitments for crediting and unused credit limits	-	-
Issued covered collateral	-	-
Covered letter of credit	-	-
Other covered potential liabilities	-	-
Total contingent liabilities before the special reserve	-	-
(Special reserve)	-	-
Total contingent liabilities less special reserve	-	-

42. Commitments and contingencies (continued)

42.2 Contingent assets

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
List separately the more significant contingent assets:	-	-
Total contingent assets	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

43. Activities on behalf of third parties

	<i>In thousand of denars</i>					
	Current year 2018			Previous year 2017		
	Assets	Liabilities	Net position	Assets	Liabilities	Net position
Administration of assets on behalf and for account of third parties						
Denar deposits	-	-	-	-	-	-
Foreign currency deposits	-	-	-	-	-	-
Denar loans	-	-	-	-	-	-
Foreign currency loans	-	-	-	-	-	-
Other denar receivables	-	-	-	-	-	-
Other foreign currency receivables	-	-	-	-	-	-
Asset management on behalf and for account of third parties						
Denar deposits	-	-	-	-	-	-
Foreign currency deposits	-	-	-	-	-	-
Denar loans	-	-	-	-	-	-
Foreign currency loans	-	-	-	-	-	-
Other denar receivables	-	-	-	-	-	-
Other foreign currency receivables	-	-	-	-	-	-
Trust accounts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES

The related parties are consisted of personnel with special rights and obligations in the Saving House and their relatives, the Founder of the Saving House. All transactions with related parties are in the normal course of business of the Saving House and do not significantly differ from the conditions under which transactions are conducted with other entities.

A. Balance sheet

<i>In thousand of denars</i>	Parent company	Subsidiaries	Associates	Key management personnel	Other related parties	Total
As at 31 December 2018 (current year)						
Assets						
Current accounts						
Trading assets	-	-	-	-	-	-
Loans and receivables						
mortgage loans	-	-	-	-	-	-
consumer loans	-	-	-	-	54	54
financial lease receivables	-	-	-	-	-	-
factoring and forfeiting of receivables	-	-	-	-	-	-
other loans and receivables	-	-	-	-	-	-
Investment in securities	-	-	-	-	-	-
(Allowance for impairment)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	-	-	-	-	54	54
Liabilities						
Trading liabilities	-	-	-	-	-	-
Deposits	-	-	-	1.043	3.483	4.526
Issued securities	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total	-	-	-	1.043	3.483	4.526
Contingent liabilities						
Issued guarantees	-	-	-	-	-	-
Issued letters of credit	-	-	-	-	-	-
Other contingent liabilities (Provision)	-	-	-	-	-	-
Total	-	-	-	-	-	-
Contingent assets						
Received guarantees	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
Total	-	-	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

44. Transactions with related parties (continued)

<i>In thousand of denars</i>	Parent company	Subsidiaries	Associates	Key management personnel	Other related parties	Total
As at 31 December 2017 (previous year)						
Assets						
Current accounts	-	-	-	-	-	-
Trading assets	-	-	-	-	-	-
Loans and receivables						
mortgage loans	-	-	-	-	-	-
consumer loans	-	-	-	-	13	13
financial lease receivables	-	-	-	-	-	-
Factoring and forfeiting of receivables	-	-	-	-	-	-
other loans and receivables	-	-	-	-	-	-
Investment in securities (Allowance for impairment)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	-	-	-	-	13	13
Liabilities						
Trading liabilities	-	-	-	-	-	-
Deposits	-	-	-	1.250	1.699	2.949
Issued securities	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Other liabilities	-	-	-	-	5	5
Total	-	-	-	1.250	1.704	2.954
Contingent liabilities						
Issued guarantees	-	-	-	-	-	-
Issued letters of credit	-	-	-	-	-	-
Other contingent liabilities (Special reserve)	-	-	-	-	-	-
Total	-	-	-	-	-	-
Contingent assets						
Received guarantees	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
Total	-	-	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

44. Transactions with related parties (continued)

B. Income and expenditures arising from related party transactions

<i>In thousand of denars</i>	Parent company	Subsidiaries	Associates	Key management personnel	Other related parties	Total
As at 31 December 2018 (current year)						
Income						
Interest Income	-	-	-	-	4	4
Fee and commission income	-	-	-	-	2	2
Net gains from trading	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from sale of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
Total	-	-	-	-	6	6
Expense						
Interest expense	-	-	-	38	63	101
Fee and commission expense	-	-	-	-	-	-
Net trading losses	-	-	-	-	-	-
Expenditures for procurement of non-current assets	-	-	-	-	-	-
Impairment of financial assets, net	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
Total	-	-	-	38	63	101

(all amounts are expressed in Denar thousand unless otherwise stated)

44. Transactions with related parties (continued)

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

<i>In thousands of denars</i>	Parent company	Subsidiaries	Associates	Key management personnel	Other related parties	Total
As at 31 December 2017 (previous year)						
Income						
Interest Income	-	-	-	-	2	2
Fee and commission income	-	-	-	-	-	-
Net gains from trading	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from sale of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
Total	-	-	-	-	2	2
Expense						
Interest expense	-	-	-	44	60	104
Fee and commission expense	-	-	-	-	-	-
Net trading losses	-	-	-	-	-	-
Expenditures for procurement of non-current assets	-	-	-	-	-	-
Impairment of financial assets, net	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
Total	-	-	-	44	60	104

(all amounts are expressed in Denar thousand unless otherwise stated)

44. Transactions with related parties (continued)

C. Remuneration for the management of the Saving House

	<i>In thousand of denars</i>	
	Current year 2018	Previous year 2017
Short-term benefits for employees	7.196	6.986
Benefits after employment termination	-	-
Benefits due to employment termination	-	-
Payments to employees on the basis of shares, settled by equity instruments	-	-
Payments to employees on the basis of shares, settled by monetary funds	-	-
Other (more than 10%)	-	-
Payments to members of the Single parent	863	868
Total	8.059	7.854

According to the Banking Law, as related parties of the Saving House are considered:

- persons with special rights and responsibilities in the Saving House and persons related to them;
- shareholders with a qualified contribution to the Saving House (direct or indirect ownership of at least 5 % of the total number of shares, or voting right shares or that enable a significant influence on the Saving House's managing), affiliates and entities, as well as the responsible persons of these shareholders - legal entities;
- Other persons related to the Saving House.

In other related parties, the Saving house disclosed the transactions with the Sole Owner.

(all amounts are expressed in Denar thousand unless otherwise stated)

45. Leases

A. Lessor

A.1 Receivables from financial leases

In thousands of denars

As at 31 December 2018 (current year)
The present value of the minimum lease payments

Total

As at 31 December 2017 (previous year)
The present value of the minimum lease payments

Total

Total finance lease receivables	Maturity period for financial lease receivables		
	Up to 1 year	From 1 to 5 years	Over 5 years
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

A.2 Receivables from irrevocable operating leases

In thousand of denars

As at 31 December 2018 (current year)
The present value of the minimum lease payments

Total

As at 31 December 2017 (previous year)
The present value of the minimum lease payments

Total

Total finance lease receivables	Maturity period for financial lease receivables		
	Up to 1 year	From 1 to 5 years	Over 5 years
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Value of property given under operating lease:

As at 31 December 2018 (current year)

As at 31 December 2017 (previous year)

Total

In thousand of denars

Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Total
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

45. Leases (continued)

B. Lessee

B.1 Liabilities from financial leases

	Total finance lease receivables	Maturity period for financial lease receivables		
		Up to 1 year	From 1 to 5 years	Over 5 years
<i>In thousand of denars</i>				
As at 31 December 2018 (current year)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-
As at 31 December 2017 (previous year)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

45. Leases (continued)

B. Lessee (continued)

B.1 Liabilities from financial leases (continued)

In thousand of denars

Value of property taken under financial lease:

Cost value

As at 1 January 2017 (previous year)

increases

(disposal and write-offs)

Other

As at 31 December 2017 (previous year)

As at 1 January 2018 (current year)

increases

(disposal and write-offs)

Other

As at 31 December 2018 (current year)

Accumulated depreciation and impairment

As at 1 January 2017 (previous year)

depreciation for the year

impairment loss during the year

(release of impairment loss during the year)

(disposal and write-offs)

Other

As at 31 December 2017 (previous year)

As at 1 January 2018 (current year)

depreciation for the year

impairment loss during the year

(release of impairment loss during the year)

(disposal and write-offs)

Other

As at 31 December 2018 (current year)

Net carrying amount

At 1 January 2017 (previous year)

At 31 December 2017 (previous year)

At 31 December 2018 (current year)

	Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Total
Cost value	-	-	-	-	-	-	-
As at 1 January 2017 (previous year)	-	-	-	-	-	-	-
increases	-	-	-	-	-	-	-
(disposal and write-offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
As at 31 December 2017 (previous year)	-	-	-	-	-	-	-
As at 1 January 2018 (current year)	-	-	-	-	-	-	-
increases	-	-	-	-	-	-	-
(disposal and write-offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
As at 31 December 2018 (current year)	-	-	-	-	-	-	-
Accumulated depreciation and impairment							
As at 1 January 2017 (previous year)	-	-	-	-	-	-	-
depreciation for the year	-	-	-	-	-	-	-
impairment loss during the year	-	-	-	-	-	-	-
(release of impairment loss during the year)	-	-	-	-	-	-	-
(disposal and write-offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
As at 31 December 2017 (previous year)	-	-	-	-	-	-	-
As at 1 January 2018 (current year)	-	-	-	-	-	-	-
depreciation for the year	-	-	-	-	-	-	-
impairment loss during the year	-	-	-	-	-	-	-
(release of impairment loss during the year)	-	-	-	-	-	-	-
(disposal and write-offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
As at 31 December 2018 (current year)	-	-	-	-	-	-	-
Net carrying amount							
At 1 January 2017 (previous year)	-	-	-	-	-	-	-
At 31 December 2017 (previous year)	-	-	-	-	-	-	-
At 31 December 2018 (current year)	-	-	-	-	-	-	-

(all amounts are expressed in Denar thousand unless otherwise stated)

45. Leases (continued)

B. Lessee

B.2 Irrevocable operating lease liabilities

	Total finance lease receivables	Maturity period for financial lease receivables		
		Up to 1 year	From 1 to 5 years	Over 5 years
<i>In thousand of denars</i>				
As at 31 December 2018 (current year)				
The present value of the minimum lease payments	266	266	-	-
	-	-	-	-
	-	-	-	-
Total	266	266	-	-
As at 31 December 2017 (previous year)				
The present value of the minimum lease payments	244	244	-	-
	-	-	-	-
	-	-	-	-
Total	244	244	-	-

31 December 2018

46. Share based payments

	<i>In thousand of denars</i>			
	Current year 2018		Previous year 2017	
Date of granting of option	-	-	-	-
Date of option expiry	-	-	-	-
Price of option realization	-	-	-	-
Share price on the date the option is granted	-	-	-	-
Variance	-	-	-	-
Expected dividend return	-	-	-	-
Interest rate	-	-	-	-
Fair value on the date the option is granted	-	-	-	-

	Current year 2018		Previous year 2017	
	Number of options for share	Weighted average prices of options for share	Number of options for share	Weighted average prices of options for share
As at 1 January	-	-	-	-
Changes during the year:				
options given to the members of Supervisory Board	-	-	-	-
options given to the members of Board of Directors	-	-	-	-
other given options	-	-	-	-
forfeited options	-	-	-	-
realized options	-	-	-	-
options with expired deadline	-	-	-	-
As at 31 December	-	-	-	-

47. Events after the reporting period

In 2018, the National Bank of the Republic of North Macedonia Council adopted a new Decision on the methodology for credit risk management ("Official Gazette of the Republic of Macedonia" No. 149/18), which comes into force on 1 July 2019. The amendments were made to comply with the requirements of the International Financial Reporting Standard (IFRS) 9.

In 2018, a new Law on Personal Income Tax and the Law on Changes and Amendments to the Law on Income Tax were adopted which come into force on 1 January 2019.

After 31 December 2018 - the reporting date, until the date of the approval of these financial statements, except for the above, there are no adjusting events reflected in the financial statements and no events occurred that are materially significant for disclosure in these financial statements.



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