

## **Financial reports and Independent Auditors' Report**

### **Savings House FULM doo, Skopje**

**31 December 2014**

# Contents

	Page
Independent Auditors' Report	1
Income statement	3
Statement of comprehensive income	4
Balance sheet	5
Statement of changes in equity	7
Statement of cash flows	11
Notes to the financial statements	13

## Independent Auditors' Report

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

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### **Report on financial statements**

We have audited the accompanying financial statements of Savings House FULM doo, Skopje ("Savings House") which comprise the Balance sheet as at 31 December 2014, and the Income statement, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 3 to 124.

### ***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulation of the National Bank of the Republic of 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 International Standards on Auditing. 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 misstatements.

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 Savings House's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Savings House's internal control.

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

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

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Savings House as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the regulation of the National Bank of the Republic of Macedonia.

#### *Other issues*

Financial statement of the Savings House as at and for the year ended 31 December 2013 have been audited by another auditor, which in its report as at on 03 March 2014 expressed an unqualified opinion on those financial statements.

#### **Report on other legal and regulatory matters**

The Savings House's Management is also responsible for the preparation of the Annual report for the Savings House's performance for 2014 in accordance with Article 384 of the Law on Trade Companies. Our responsibility is to express an opinion about whether the Annual report is consistent with the historical financial information presented in the Annual account and the audited financial statements of the Savings House as at and for the year that ended on 31 December 2014, in accordance with ISA 720 and the requirements of Article 34, paragraph 1, point (d) of the Law on Audit (Official Gazette nr.184/2014).

In our opinion, the historical financial information presented in the Annual report for the Savings House's as at and for the year that ended on 31 December 2014, is consistent, in all material respects, with the historic financial information presented in the Annual account and the audited financial statements of the Savings House as at and for the year that ended on 31 December 2014.

Skopje,  
06 March 2015

Grant Thornton DOO

  
Director  
Ruza Filipceva



  
Certified Auditor  
Suzana Stavrik

Financial statements  
31 December 2014

## Income statement

	Notes	in Denar thousand	
		2014	2013
Interest income		26,182	28,535
Interest expense		(4,795)	(7,116)
<b>Net interest income (expense)</b>	6	<b>21,387</b>	<b>21,419</b>
Fee and commission income		4,569	3,130
Fee and commission expense		(447)	(483)
<b>Net fee and commission income(expense)</b>	7	<b>4,122</b>	<b>2,647</b>
Net income from trading	8	-	-
Net income from other financial instruments carried at fair value	9	-	-
Foreign exchange gains/(losses), net	10	(1)	(3)
Other operating income	11	415	910
Participation in income of associates	24	-	-
Correction of value of financial assets, net.	12	38	852
Impairment losses of non-financial assets, net	13	-	-
Personnel expenses	14	(13,873)	(13,306)
Depreciation and amortization	15	(994)	(1,005)
Other operating expenses	16	(10,360)	(10,937)
Participation in losses of associates	24	-	-
<b>Profit / (loss) before taxation</b>		<b>734</b>	<b>577</b>
Income tax	17	(198)	(146)
<b>Profit / (loss) for the year from continuing operations</b>		<b>536</b>	<b>431</b>
<b>Profit / (loss) from group of assets and liabilities held for sale *</b>		-	-
<b>Profit/(loss) for the financial year</b>		<b>536</b>	<b>431</b>
<b>Profit / (loss) for the financial year, attributable to:*</b>			
Savings House's shareholders		-	-
minority interest		-	-
<b>Earnings by share</b>	41		
Basic earnings per share (in Denar)		-	-
Diluted earnings per share (in Denar)		-	-

\*For consolidated financial statements only

## Statement of comprehensive income

	Notes	in Denar thousand	
		2014	2013
<b>Profit/(loss) for the financial year</b>		<b>536</b>	<b>431</b>
<b>Other profits/(losses) not recognized in profit or loss (prior to taxation)</b>			
Revalorization reserve for assets available-for-sale			
- Unrealized net-changes in fair value of assets available for sale		-	-
- Realized profits/(losses) of assets available for sale, reclassified in profit and loss, net		-	-
Revaluation reserves for foreclosed assets			
- Revaluation reserve as at the date of foreclosure		112	-
- Decrease of the revaluation reserve, reclassified in profit and loss		-	-
Reserve for protection against risk of cash flows			
- Unrealized net-changes in fair value of instruments for protection against risk of cash flows		-	-
- Realized profits/losses from instruments for protection against risk of cash flows,		-	-
Reserve for instruments for the protection against risk of net investments in foreign operations		-	-
Reserve for Foreign exchange differences from investments in foreign operations		-	-
Share in other profit/(loss) of associates not recognized in profit or loss	24	-	-
Other profit/(loss) not recognized in profit or loss		-	-
Income tax from other profits/(losses) not recognized in profit or loss	17	-	-
<b>Other profit/(loss) from the period not recognized in profit or loss</b>		<b>112</b>	<b>-</b>
<b>Comprehensive profit/ (loss) for the financial year</b>		<b>648</b>	<b>431</b>
<b>Comprehensive income/(loss) for the financial year, attributed to: *</b>			
Savings House's shareholders		-	-
minority interest		-	-

\*For consolidated financial statements only

Financial statements  
31 December 2014

## Balance sheet

		in Denar thousand	
	Notes	2014	2013
<b>Assets</b>			
Cash and cash equivalents	18	31,529	36,000
Trading assets	19	-	-
Financial assets at fair value through profit and loss at initial recognition	20	-	-
Derivative assets held for risk management	21	-	-
Loans and receivable from banks	22.1	8,558	12,371
Loans and receivables from customers	22.2	176,302	166,167
Investments in securities	23	3,166	23,618
Investments in associates (accounted for using the equity method)	24	-	-
Income tax receivables (current)	30.1	-	10
Other receivables	25	163	258
Pledged assets	26	-	-
Foreclosed assets	27	112	-
Intangible assets	28	1,002	1,214
Property and equipment	29	1,000	943
Deferred tax assets	30.2	-	-
Non - current assets held for sale and group for disposal	31	-	-
<b>Total assets</b>		<b>221,832</b>	<b>240,581</b>
<b>Liabilities</b>			
Trading liabilities	32	-	-
Financial assets at fair value through profit and loss at its/ their initial recognition	33	-	-
Derivative liabilities held for risk management	21	-	-
Due to banks	34.1	-	-
Due to customers	34.2	125,562	143,451
Issued debt securities	35	-	-
Borrowings	36	3,140	4,593
Subordinated liabilities	37	-	-
Special reserve and provisions	38	-	-
Income tax liabilities (current)	30.1	51	-
Deferred tax liabilities	30.2	-	-
Other liabilities	39	1,597	1,703
Liabilities related to disposal group of assets	31	-	-
<b>Total liabilities</b>		<b>130,350</b>	<b>149,747</b>

See accompanying Notes to the financial statements

Financial statements  
31 December 2014

## Balance sheet (continued)

	Notes	in Denar thousand	
		2014	2013
<b>Equity and reserves</b>			
Subscribed capital	40	75,607	75,607
Share premium		-	-
Treasury shares		-	-
Other equity instruments		-	-
Revaluation reserves		112	-
Other reserves		15,227	14,796
Retained earnings / (Accumulated losses)		536	431
<b>Total equity and reserves attributable to the Savings House's shareholders</b>		<b>91,482</b>	<b>90,834</b>
<b>Minority interest *</b>		<b>-</b>	<b>-</b>
<b>Total equity and reserves</b>		<b>91,482</b>	<b>90,834</b>
<b>Total liabilities and equity and reserves</b>		<b>221,832</b>	<b>240,581</b>
<hr/>			
Contingent liabilities	42.1	-	-
Contingent assets		-	-

\*For consolidated financial statements only

These financial statements have been approved by the Sole owner of the Savings House on 26 February 2015.

Signed on behalf of the Savings House by:



MA Eleonora Zgonjanin  
Petrovik  
General Manager



Jovanka Todorova  
Finance coordinator



Sasho Pavlovski  
Finance coordinator



Financial statements  
31 December 2014

## Statement of changes in equity

	Equity					Revaluation reserves			Other reserves			Retained earnings			Total equity and reserves attributable to the shareho.			Total equity and reserves
	Subscribed capital	Share premium	Treasury shares	Other equity instruments	Revaluation reserve of assets available for sale	Reval. Reserve for fore-closed assets	Risk Reserve	Forex reserve.	Other revaluati on reserves	Statutory reserve	Capital component s of hybrid financial instrument s.	Other reserves	Attribu t. to share hol.	Limited for distrib. to sharehol.	(Accum. loss)	Savings House	Mino -rity inte- rest *	Total equity and reserves
<b>At 01 January 2013</b>	75,607	-	-	-	-	-	-	-	-	14,001	-	-	795	-	-	<b>90,403</b>	-	<b>90,403</b>
Corrections to the opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 01 January 2013, corrected</b>	<b>75,607</b>	-	-	-	-	-	-	-	-	<b>14,001</b>	-	-	<b>795</b>	-	-	<b>90,403</b>	-	<b>90,403</b>
<b>Comprehensive profit/ (loss) for the financial year</b>																		
Profit /(loss) for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	431	-	-	<b>431</b>	-	<b>431</b>
Other profit/(loss) not recognized in profit or loss																		
Changes in fair value of assets available – for – sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of risk protection of cash flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of risk protection of net investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

See accompanying Notes to the financial statements

Financial statements  
31 December 2014

## Statement of changes in equity (continued)

	Equity					Revaluation reserves				Other reserves		Retained earnings			Total equity and reserves attributable to the shareho.		Minority interest *	Total equity and reserves
	Subscribed capital	Share premium	(Treas. shares)	Other equity instruments	Reval. Reserve of assets available for sale	Reval. Reserve for fore-closed assets	Risk Reserve	Forex reserve.	Other revaluation reserves	Statutory reserve	Capital components of hybrid financial instruments.	Other reserves	Attribut. to sharehol.	Limited for distrib. to sharehol.	(Accum. loss)	of the Savings House		
Foreign exchange differences from investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax (assets) / liabilities recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other profits/ (losses) not recognized in profit or loss (in detail)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total unrealized profit/(loss) recognized in equity and reserves</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Comprehensive profit/ (loss) for the financial year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders, recognized in equity and reserves:</b>																		
Shares issued during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to statutory reserve	-	-	-	-	-	-	-	-	-	795	-	-	(795)	-	-	-	-	-
Distribution to other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sold treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other changes in equity and reserves</i>																		
Covering losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of reserves according to NBRM's decision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders, recognized in equity and reserves</b>	-	-	-	-	-	-	-	-	-	795	-	-	(795)	-	-	-	-	-
<b>On 31 December 2013 / 01 January 2014</b>	<b>75,607</b>	-	-	-	-	-	-	-	-	<b>14,796</b>	-	-	<b>431</b>	-	-	<b>90,834</b>	-	<b>90,834</b>
Corrections to the opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 01 January 2014, corrected</b>	<b>75,607</b>	-	-	-	-	-	-	-	-	<b>14,796</b>	-	-	<b>431</b>	-	-	<b>90,834</b>	-	<b>90,834</b>

See accompanying Notes to the financial statements

Financial statements  
31 December 2014

## Statement of changes in equity (continued)

	Equity				Revaluation reserves				Other reserves			Retained earnings				Total equity and reserves attributable to the shareho. of the Savings House	Minority interest *	Total equity and reserves
	Subscribe d capital	Share prem- ium	Treasury shares	Other equity instruments	Reval. Reserve of assets available for sale	Reval. Reserve for fore-closed assets	Risk Reserve	Forex reserve.	Other reser.	Statutory reserve	Capital componen ts of hybrid financial instrument s.	Other reserves	Attribut. to sharehol .	Limited for distrib. to sharehol.	(Accu mulat ed loss)			
<b>Comprehensive profit/ (loss) for the financial year</b>																		
Profit/(loss) for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	536	-	-	536	-	<b>536</b>
<i>Other profit/(loss) not recognized in profit or loss</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of assets available – for – sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of protection against risk of cash flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of protection against risk of net investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences from investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax (assets) / liabilities recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other profits/ (losses) not recognized in profit or loss (in detail)	-	-	-	-	-	112	-	-	-	-	-	-	-	-	-	112	-	<b>112</b>
Total unrealized profit/(loss) recognized in equity and reserves	-	-	-	-	-	112	-	-	-	-	-	-	-	-	-	112	-	<b>112</b>
<b>Comprehensive profit/ (loss) for the financial year</b>	-	-	-	-	-	<b>112</b>	-	-	-	-	-	-	<b>536</b>	-	-	<b>648</b>	-	<b>648</b>

See accompanying Notes to the financial statements

Financial statements  
31 December 2014

## Statement of changes in equity (continued)

	Equity					Revaluation reserves	Other reserves					Retained earnings	Total equity and reserves attributable to the shareho. of the Savings House			Minority interest *	Total equity and reserves	
	Subscribed capital	Share premium	Treasury shares	Other equity instruments	Revaluation reserve of assets available for sale	Reval. Reserve for fore-closed assets	Risk Reserve	Forex reserve.	Other revaluation reserves	Statutory reserve	Capital components of hybrid financial instruments.	Other reserves	Attribut. to sharehol.	Limited for distrib. to sharehol.	(Accum. loss)			
<b>Transactions with shareholders, recognized in equity and reserves:</b>																		
Shares issued during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to statutory reserve	-	-	-	-	-	-	-	-	-	431	-	-	(431)	-	-	-	-	-
Distribution to other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sold treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other changes in equity and reserves</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Covering losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of reserves according to NBRM's decision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders, recognized in equity and reserves</b>	-	-	-	-	-	-	-	-	-	431	-	-	(431)	-	-	-	-	-
<b>At 31 December 2014</b>	<b>75,607</b>	-	-	-	-	<b>112</b>	-	-	-	<b>15,227</b>	-	-	<b>536</b>	-	-	<b>91,482</b>	-	<b>91,482</b>

\*For consolidated financial statements only

## Statement of cash flows

		<i>in Denar thousand</i>	
	Notes	2014	2013
<b>Cash flows from operating activity</b>			
Profit / (Loss) before taxation		734	577
Adjustment for:			
Minority interest, included in consolidated income statement *		-	-
<i>Amortization and depreciation of:</i>			
Intangible assets		544	560
Property and equipment		450	445
<i>Capital gain from:</i>			
Sale of intangible assets		-	-
Sale of property and equipment		(2)	-
Sale of foreclosed assets		-	-
<i>Capital loss from:</i>			
Sale of intangible assets		-	-
Sale of property and equipment		-	-
Sale of foreclosed assets		-	-
Interest income		(26,182)	(28,535)
Interest expense		4,795	7,116
Net trading expenses / (income)		-	-
<i>Impairment losses of financial assets, net</i>		(38)	(852)
additional impairment losses		21,404	19,237
release of impairment losses		(21,442)	(20,089)
<i>Impairment losses of non – financial assets, net</i>			
additional impairment losses		-	-
release of impairment losses		-	-
<i>Special reserve</i>		-	(577)
additional provisions		-	632
release of provisions		-	(1,209)
Dividends		-	-
Participation in profit / (loss) of associates		-	-
Other adjustments		(51)	18
Received interest		26,110	28,649
Paid interest		(4,841)	(7,241)
<b>Profit / (Loss) from operations before changes in operating assets</b>		<b>1,519</b>	<b>160</b>
<i>(Increase) / decrease of operating assets:</i>			
Trading assets		-	-
Derivative assets held for risk management		-	-
Loans and receivable from banks		4,000	(5,000)
Loans and receivables from customers		(10,139)	7,082
Pledged assets		-	-
Foreclosed assets		(112)	-
Obligatory deposit in foreign currency		-	-

Statement of cash flows (continued)	in Denar thousand	
	Year that ended on 31 December	
	2014	2013
Obligatory deposit held with NBRM according to special regulations	-	-
Other receivables	185	24
Deferred tax assets	-	-
Non - current assets held for sale and group for disposal	-	-
<i>Increase / (decrease) in operating liabilities:</i>		
Trading liabilities	-	-
Derivative liabilities held for risk management	-	-
Due to banks	-	-
Due to customers	(17,845)	3,749
Other liabilities	(130)	188
Liabilities related to disposal group of assets	-	-
<b>Net cash flow from operating activities before taxation</b>	<b>(22,522)</b>	<b>6,203</b>
(Paid) / received income tax	(137)	(69)
<b>Net cash flow from operating activities</b>	<b>(22,659)</b>	<b>6,134</b>
<b>Cash flow from investment activity</b>		
(Investments in securities)	-	(4,707)
Inflows from sale of investment in securities	20,452	-
(Outflows from investment in subsidiaries and associates)	-	-
Inflows from disposal of investment in subsidiaries and associates	-	-
(Purchase of intangible assets)	(332)	(463)
Inflows from sale of intangible assets	-	-
(Purchase of property and equipment)	(483)	(207)
Inflows from sale of property and equipment	2	-
(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	-	-
<b>Net cash flow from investing activity</b>	<b>19,639</b>	<b>(5,377)</b>
<b>Cash flow from financing activity</b>		
(Repayment of debt securities issued)	-	-
Inflows from debt securities issued	-	-
(Repayment of borrowings)	(1,451)	(1,940)
Increase of borrowings	-	-
(Repayment of issued subordinated debts)	-	-
Inflows from issued subordinated debts	-	-
Inflows from issued shares / equity instruments during the period	-	-
(Purchase of treasury shares)	-	-
Sold treasury shares	-	-
(Dividends paid)	-	-
(Other outflows from financing)	-	-
Other inflows from financing	-	-
<b>Net cash flow from financing activity</b>	<b>(1,451)</b>	<b>(1,940)</b>
Effect from allowance for impairment of cash and cash equivalents	-	-
Effect from foreign exchange differences of cash and cash equivalents	-	-
<b>Net increase / (decrease) of cash and cash equivalents</b>	<b>(4,471)</b>	<b>(1,183)</b>
Cash and cash equivalents as at 01 January	36,000	37,183
<b>Cash and cash equivalents at 31 December</b>	<b>18</b>	<b>31,529</b>
		<b>36,000</b>

\*For consolidated financial statements only

## Notes to the financial statements

### 1 Introduction

#### a) General information

Savings House FULM DOO, Skopje (hereinafter: "Savings House") is a limited liability company established on 24 March 1999. The Savings House is headquartered in Skopje at number 48 Mito Hadzivasilev Jasmin Street. The Savings House performs its operations in the Republic of Macedonia through its headquarters and network of 5 branches.

The core business of the Savings House is as follows:

- Collecting Denar deposits from individuals;
- Approving borrowings to individuals and self-employed individuals who have no legal capacity of entity; and
- Other services defined by the law.

The Savings House is controlled by the Association of Citizens "Financial Services for the People of Macedonia" which is the Savings House's sole shareholder.

The Savings House has no investments in subsidiaries and associates. The Savings House is not listed on the Macedonian Stock Exchange.

As at 31 December 2014, the Bank employs 24 employees (2013: 26 employees).

The Savings House's financial statements for the year ended 31 December 2014 were approved by the sole shareholder of the Savings House at the meeting held at 27 February 2015.

## Notes to the financial statements (continued)

**b) Basis of preparation****Statement of compliance**

Financial statements of the Savings House have been prepared in accordance with the Company Law ("Official Gazette of the Republic of Macedonia" no. 28/04, 84/05, 25/07, 87/08, 42/10, 48/10, 24/11, 166/12, 70/13, 119/13, 120/13, 187/13, 38/14, 41/14, 138/14), Law on Banks ("Official Gazette of the Republic of Macedonia" no. 67/07, 90/09, 67/10 and 26/13), law regulation passed by the National Bank of the Republic of Macedonia (hereinafter "NBRM"), as well as in compliance with the Decision on the Methodology for recording and valuation of accounting items and for the preparation of financial statements (hereinafter "Methodology") ("Official Gazette of the Republic of Macedonia" no. 169/10, 50/13, 110/13) and the Decision on the types and content of financial statements of banks ("Official Gazette of the Republic of Macedonia" no. 196/10, 152/11, 54/12, 166/13), issued by the NBRM, applicable as of 31 December 2014.

The financial statements are separate financial statements.

Financial statements have been prepared as at and for the years that ended on 31 December 2014 and 2013. Where necessary, presentation of comparative data is adjusted according to changes in presentation in the current year.

The accompanying financial statements were prepared at historical cost principle, unless otherwise stipulated in the accounting policies presented hereunder, under the going concern assumption. The presented financial statements are expressed in thousands of Denars (MKD). The Denar represents the functional and reporting currency of the Savings House for the purpose of reporting to NBRM.

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

The 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 1 d).

Financial statements of the Savings House were prepared in compliance with the accounting policies published in Note 1 c) to the financial statements.



## Notes to the financial statements (continued)

**c) Significant accounting policies**

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

**Interest income and expense**

Interest income and expense are recognized in the profit and loss 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 through allocating the interest income and 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 Savings House estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

**Fee and Commission Income**

Fees and commissions, except the fees on approval of loans, are generally recognized on an accrual basis over the period of service rendering. Other fees relating to the management of approved loans are deferred over the life of the loan and amortized using the effective interest rate method. The fees for issuing a loan form, for reviewing a loan request and for credit analyses, are recognized on accrual basis at the moment when the service is being rendered.

**Foreign Exchange Translation**

Transactions denominated in foreign currencies have been translated into Denars at rates set by the National Bank of the Republic of Macedonia ("NBRM") at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Denars at the end of reporting period using official rates of exchange ruling on that date. Foreign exchange gains or losses arising upon the translation of transactions, and the assets and liabilities denominated in foreign currencies are credited or charged to the profit and loss.

Notes to the financial statements (continued)  
Significant accounting policies (continued)

Foreign Exchange Translation (continued)

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

Official foreign exchange rates used in presentation of the most significant balance sheet positions denominated in foreign currencies are the following:

	<b>2014 MKD</b>	<b>2013 MKD</b>
1 EUR	61.4814	61.5113
1 USD	50.5604	44.6284

**Financial assets**

Financial assets are classified into the following specified categories: cash and cash equivalents, held- to-maturity financial assets and loans to and liabilities from banks and customers. The classification depends on the nature and the purposes of the financial assets and is determined at initial recognition. Financial assets are recognized and derecognized on a settlement date which is the date when the asset is delivered. The Savings House recognizes the financial assets in the Balance Sheet when it becomes a party to the contractual provisions of the instrument.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash, account balances on demand deposits with banks, balances on accounts with the Central Bank and time deposits with maturities of less than 3 months following the depositing date.

**Held-to-maturity financial assets**

Held-to-maturity financial assets of the Savings House are financial assets with fixed or determinable payments and fixed maturity and include short-term government bills in Denars issued by the Ministry of Finance of the Republic of Macedonia on behalf of the Government of the Republic of Macedonia, that the Savings House has the positive intention and ability to hold to maturity. If the Savings House sells or reclassifies a significant amount of the held-to-maturity financial assets, i.e. over 10% of the total held- to-maturity securities before they reach the maturity date, the entire category of these assets will be reclassified as available-for-sale financial assets. These securities are measured at amortized cost using the effective interest rate method.

**Loans originated by the Savings House**

Loans originated by the Savings House are financial assets with fixed or determinable payments that are not quoted in active markets. Loans are initially recognized at fair value, including any transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

Interest on loans originated by the Savings 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 and uncollectibility.

Notes to the financial statements (continued)  
Significant accounting policies (continued)

### **Impairment of financial assets**

The Savings House assesses on a monthly basis and at each end of reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

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

### **Impairment losses on loans and advances**

Allowances for impairment and uncollectibility are determined if there is an objective evidence that the Savings House cannot collect all amounts due to 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 on financial assets in the profit and loss.

The allowances for impairment of loans and other assets are determined according to the regulation of the NBRM ruling on each end of reporting period, according to which the Savings House is liable to classify the assets in groups, according to their specific level of risk and to estimate the outcome of potential losses which are calculated by applying objective and subjective metrics, as at 31 December 2014 and 31 December 2013.

The allowances for impairment and uncollectibility 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. Allowances for losses on impairment and uncollectibility 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 by effective loan interest rate.
- If there is objective proof of uncollectability of loans in the loan portfolio that may not be identified on a specific basis, the allowances for losses on impairment are determined at level of risk for specific loan portfolio. These rates of expected losses are determined on the basis of the methodology which defined by NBRM's Decision for credit risk management.

Notes to the financial statements (continued)  
Significant accounting policies (continued)

Impairment Losses on Loans and Advances (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 as 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 allowance for losses on impairment and uncollectibility. Further collections are recorded as reduction of losses on impairment and uncollectibility in the income statement.

**Derecognition of financial assets**

The Savings 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.

**Financial liabilities**

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

**Deposits from customers**

Deposits from customers include demand and time deposits from individuals.

These financial liabilities are initially recognized at fair value net of transaction costs incurred whereas subsequently, they are carried at their amortized purchasing value.

**Loans Payable**

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

**Other liabilities**

Other payables are stated at their nominal amounts.

**Derecognition of financial liabilities**

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

Notes to the financial statements (continued)  
Significant accounting policies (continued)

### Equipment

Equipment is recorded at cost, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred to replace a component of an item of 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 equipment. All other expenditures are recognized in the profit and loss as an expense as incurred. Depreciation is charged at estimated rates so as to write off the cost of assets over their estimated useful lives, using the straight-line method. No depreciation is provided on construction in progress until the constructed assets are put into use. The annual depreciation rates are as follows:

Computers	4 years
Vehicles	4 years
Furniture and office equipment	4 – 10 years
Investment in leased real estate	5 years

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

The Savings House annually reviews its equipment for impairment. Where the carrying amount on an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

### 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. Expenditure on software is amortized on a straight-line basis over the estimated useful life, which is four years. The Savings House annually reviews its intangible assets and assess whether there is any indication for impairment. If such indications exist, an estimate is performed to assess whether the carrying amount is recoverable. If the carrying amount exceeds the recoverable amount, it is written down to the recoverable amount.

### Impairment of Tangible and Intangible Assets

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

Notes to the financial statements (continued)  
Significant accounting policies (continued)

### 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 Savings 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 Savings House is obliged to recognize this difference as revalorization reserve on the date when the asset is foreclosed. Revalorization reserve is part of the Savings 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 Savings 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:

- The negative difference between the estimated value and net value of the foreclosed asset; and
- 20% from the net carrying value of the foreclosed asset.

If the Savings House fails to sell the foreclosed assets within a period of 5 years, at the end of the fifth year it must 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.

### Donation policy

Donation in the accounting is recorded pursuant to the Decision of the representatives of the Sole owner and Founder of the Savings House.

Donations which entirely consist of office equipment are recorded as income systematically and rationally during the useful life of assets. Received donations are treated as deferred income in accompanying financial statements. Income from donations is recognized in the current profit and loss as other operating income.

Notes to the financial statements (continued)  
Significant accounting policies (continued)

### Provisions

Provisions are recognized when the Savings House has a present obligation (legal or constructive) as a result of a past event and it is probable that the Savings 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 cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

### Employment Benefits

Health, pension and social insurance contributions from gross wages and salaries are being paid by the Savings House during the year at the statutory rates. Such contributions represent defined contribution benefit plans and are recognized as an expense when employees have rendered services entitling them to the contributions. There is no additional liability to these plans. The Savings House, in the course of 2014, paid holiday pay for its employees.

As at 31 December 2014, the Savings House does not have defined plans for severance payment or options for other compensation. The Savings House's management estimates that present value of future liabilities toward employees relating to severance payment and jubilee expenses are not significant as at 31 December 2014 and 2013.

### 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 current tax rate of 10% is calculated on the profit for the period as the difference between total income and total expenses increased by unrecognized expenses for tax purposes, corrected for the tax credit and tax exemptions and releases.

The tax basis is reduced by the amount of revenues from dividends earned by share in the capital of other tax payer – resident of the Republic of Macedonia, provided that they are taxed at the tax payer which pays the dividend. Income tax expense for the previously presented period shall be calculated at a rate of 10% on unrecognized expenses for tax purposes corrected by the tax credit and tax releases and exemptions, as well as on the distributed income for dividends to legal entities – non-residents and natural persons. Undistributed earnings are not subject to taxation.



Notes to the financial statements (continued)  
Significant accounting policies (continued)

Income tax expense (continued)

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 stem from the prescribed tax rates (and tax laws) valid on the balance sheet date.

As at 31 December 2014 and 2013, the Savings House does not record deferred tax assets and liabilities as there are no temporary differences on the aforementioned date.

**Leases**

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

**Equity 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 Savings 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 loss recovery. When the statutory reserve exceed the minimum level, after recovery of all losses according to the annual statements, it can be used for distribution of dividends based on a Decision of the Sole owner, but only if, for the current year, it has not reached the minimum for distribution as prescribed by the Law on Trade Companies or by the Savings House's Statute.

**d) Use of estimates and judgments**

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

**Fair value of financial instruments**

The fair value of financial instruments for which no active market exists is assessed by means of appropriate valuation methods. The Savings House applies professional judgment in selecting appropriate methods and assumptions.



Notes to the financial statements (continued)  
Significant accounting policies (continued)

Use of estimates and judgment (continued)

In the Republic of Macedonia, sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables and other financial assets or liabilities, for which published market prices are presently not available. As a result, the fair value cannot readily or reliably be determined in the absence of an active market. The Management assesses its overall risk exposure, and in instances in which it estimates that the value of assets stated in its books may have not been realized, it recognizes a provision. In the opinion of management, the reported carrying amounts are the most valid and useful reporting values under the present market conditions.

**Allowance for Loan Losses**

Once a month, the Savings House reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in the income statement, the Savings 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 in the Bank, or national or local economic conditions that correlate with defaults on assets in the Bank.

The Savings House's management uses estimates of rates on expected losses based on a Methodology determined by the NBRM'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 Tangible and Intangible Assets**

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

**Financial Crises**

Developments on the financial markets may have an effect on the future cash flows of the Savings 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 accounting policies, estimates and error correction**

During 2014 and 2013 the Savings House did not make changes to the accounting policies, accounting estimates or correction of errors.

Notes to the financial statements (continued)  
Significant accounting policies (continued)

**f) Compliance to legislative regulations**

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

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

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

There is no lack of compliance with regulations prescribed by the National Bank of the Republic of Macedonia in terms of solvency and capital adequacy, exposure limits and solvency of the Savings House.

## Notes to the financial statements (continued)

**2 Risk management**

The Savings 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 Savings House's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Savings House's financial performance.

The Savings 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 Savings House regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Savings 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 Savings 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 Savings House's operations; therefore the management carefully manages the Savings House's exposure to credit risk. The exposure to this risk arises principally from lending.

**2.1.1 Management of credit risk**

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 Savings 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 Savings House. The Savings House's management is regularly informed of the credit risk that the Savings House is exposed to.

Notes to the financial statements (continued)  
Risk management (continued)

Credit risk management (continued)

The Savings House has an internal system of client classification the main purpose of which is to determine their creditworthiness and assess the acceptable level of credit risk at the start of lending. The Savings 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:

- Sureties and promissory notes
- Pledges over items of gold and precious metals
- Foreign currency pledges
- Pledges over deposits

### 2.1.2 Impairment and Provisioning Policies

The impairment losses are identified losses of the Savings House credit portfolio that were incurred at the balance sheet date and for which there is objective evidence of impairment. The Savings 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 Savings House. The materiality threshold is over Denar 115,000 by 01.12.2014 and over Denar 130,000 from 01.12.2014. 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 NBRM's Decision on the credit risk management.

Individually important exposures for which there is no identified impairment on individual basis, and which can be grouped in homogenous portfolios according to credit risk similarity, are included in the collective assessment for impairment calculation.

Notes to the financial statements (continued)  
Risk management (continued)

Credit risk management (continued)

The calculated impairment provision is within the following parameters:

- From 0% to 5% of credit exposure, classified in risk category A
- From 5% to 20% of credit exposure, classified in risk category B
- From 20% to 45% of credit exposure, classified in risk category V
- From 45% to 70% of credit exposure, classified in risk category G
- From 70% to 100% of credit exposure, classified in risk category D

**Write off receivables**

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

The Savings 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 Savings 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.

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

The Savings House may conduct single write off claims for consumer loans given to borrowers who have received an act by the Ministry of Finance for acquiring the right to a tax credit and based on an Act for exercising the right to single write off the debt by the Commission for acting upon requests for single write off debts of citizens pursuant to the Law on Single Write off Citizens' Debts.

The single write off is made by writing off the borrower from records of the Savings House and recording a claim from the Republic of Macedonia based on tax credit, which may be at the most 10% of the amount of the written off debt.

## Notes to the financial statements (continued)

## Risk management (continued)

## Credit risk management (continued)

## A. Analysis of total credit risk exposure

	Loans and receivable from banks		Loans and receivables from customers		Investments in financial assets available – for – sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Fees and commission receivables		Other receivables		Off-balance exposures			Total
<i>in Denar thousand</i>	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>I. Carrying value of exposure with impairment provision/ special reserve</b>																		
<b>Carrying value of individually significant exposures, before impairment provision and special reserve, on individual basis</b>																		
Risk category A	9,008	13,022	75,139	56,831	-	-	-	-	-	-	7	2	-	-	-	-	84,154	69,855
Risk category B	-	-	37,725	22,426	-	-	-	-	-	-	49	10	-	-	-	-	37,774	22,436
Risk category V	-	-	12,089	27,056	-	-	-	-	-	-	51	11	-	-	-	-	12,140	27,067
Risk category G	-	-	2,207	1,357	-	-	-	-	-	-	8	2	-	-	-	-	2,215	1,359
Risk category D	-	-	7,654	8,234	-	-	-	-	-	-	94	130	-	-	-	-	7,748	8,364
(Impairment provision and special reserve on individual basis)	(450)	(651)	(18,727)	(18,389)	-	-	-	-	-	-	(121)	(135)	-	-	-	-	(19,298)	(19,175)
<b>Carrying value of individually significant exposures, less impairment provision and special reserve on individual basis</b>	<b>8,558</b>	<b>12,371</b>	<b>116,087</b>	<b>97,515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124,733</b>	<b>109,906</b>

**Carrying value of exposures recognized collectively, before impairment provision and special reserve, on a collective basis**

## Credit risk management (continued)

[illegible]

Notes to the financial statements (continued)  
Risk management (continued)

## Credit risk management (continued)

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

	Loans and receivable from banks		Loans and receivables from customers		Investments in financial assets available – for – sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Fees and commission receivables		Other receivables		Off-balance exposures		Total	
<i>in Denar thousand</i>	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Non-matured receivables</b>																		
Restructured receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	7,486	<b>7,692</b>	-	-	3,166	23,618	31,529	36,000	2	-	-	-	-	-	42,183	67,310
<i>Carrying value for non- matured receivables for which no impairment provision/ special reserve has been allocated</i>	-	-	7,486	7,692	-	-	3,166	23,618	31,529	36,000	2	-	-	-	-	-	42,183	67,310
<b>Total carrying value for credit risk receivables prior to impairment provision and special reserves</b>	<b>9,008</b>	<b>13,022</b>	<b>196,096</b>	<b>185,875</b>	-	-	<b>3,166</b>	<b>23,618</b>	<b>31,529</b>	<b>36,000</b>	<b>234</b>	<b>158</b>	-	-	-	-	<b>240,033</b>	<b>258,673</b>
<b>(Total impairment provision and special reserve)</b>	<b>(450)</b>	<b>(651)</b>	<b>(19,794)</b>	<b>(19,708)</b>	-	-	-	-	-	-	<b>(121)</b>	<b>(135)</b>	-	-	-	-	<b>(20,365)</b>	<b>(20,494)</b>
<b>Total carrying value for credit risk receivables less impairment provision and special reserve</b>	<b>8,558</b>	<b>12,371</b>	<b>176,302</b>	<b>166,167</b>	-	-	<b>3,166</b>	<b>23,618</b>	<b>31,529</b>	<b>36,000</b>	<b>113</b>	<b>23</b>	-	-	-	-	<b>219,668</b>	<b>238,179</b>



Notes to the financial statements (continued)  
Risk management (continued)

Credit risk management (continued)

The estimated fair value of collateral and other increases in collateral of financial assets are presented in the following table:

**B. Collateral value (fair value) for mitigating of credit risk**

	Loans and receivable from banks		Loans and receivables from customers		Investments in financial assets available – for – sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Other receivables		Off-balance exposures		Total	
<i>in Denar thousand</i>	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<i>Value of collateral for credit exposure assessed for impairment on individual basis</i>																
First-class collateral instruments:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash deposits (depot and /or limited accounts in the Savings House)	-	-	9,074	9,445	-	-	-	-	-	-	-	-	-	-	9,074	9,445
Government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government unconditional guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from insurance companies and insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees (apart from banking and insurance companies)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property pledge																
Property for own use (flats, houses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movable property pledge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other types of pledge	-	-	16,855	16,429	-	-	-	-	-	-	-	-	-	-	16,855	16,429
<b>Total value of collateral for credit exposure assessed for impairment on individual basis</b>	<b>-</b>	<b>-</b>	<b>25,929</b>	<b>25,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,929</b>	<b>25,874</b>

## Notes to the financial statements (continued)

## Risk management (continued)

## Credit risk management (continued)

**B. Collateral value (fair value) for mitigating of credit risk (continued)**

	Loans and receivable from banks		Loans and receivables from customers		Investments in financial assets available – for – sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Other receivables		Off-balance exposures			Total
<i>in Denar thousand</i>	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<i>Value of collateral for credit exposure assessed for impairment on collective basis</i>																
First class instruments for guarantee																
Cash deposits (depot and /or limited accounts in the Savings House)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government unconditional guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from insurance companies and insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees (apart from banking and insurance companies)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property pledge																
Property for own use (flats, houses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movable property pledge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other types of pledge	-	-	4,427	3,692	-	-	-	-	-	-	-	-	-	-	4,427	3,692
<b>Total value of collateral for credit exposure assessed for impairment on collective basis</b>	-	-	<b>4,427</b>	<b>3,692</b>	-	-	-	-	-	-	-	-	-	-	<b>4,427</b>	<b>3,692</b>

Notes to the financial statements (continued)  
Risk management (continued)

## Credit risk management (continued)

### C. Concentration of credit risk by sectors and activities

The following table presents the Savings House's credit risk exposure according to recorded amounts, categorized by industrial sectors as at 31 December 2014 and 2013:

[illegible]



## Notes to the financial statements (continued)

## Risk management (continued)

## Credit risk management (continued)

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

	Loans and receivable from banks		Loans and receivables from customers		Investments in financial assets available – for – sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Fees and commission receivables		Other receivables		Off-balance exposures			Total
<i>in Denar thousand</i>	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Exterritorial organizations and bodies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Individuals	-	-	155,778	146,254	-	-	-	-	-	-	102	22	-	-	-	-	155,880	146,276
Sole traders and individuals that are not considered as traders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8,558</b>	<b>12,371</b>	<b>176,302</b>	<b>166,167</b>	<b>-</b>	<b>-</b>	<b>3,166</b>	<b>23,618</b>	<b>31,529</b>	<b>36,000</b>	<b>113</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219,668</b>	<b>238,179</b>

Notes to the financial statements (continued)  
Risk management (continued)

Credit risk management (continued)

*D. Concentration of credit risk by geographical location*

The following table presents the Savings House's credit risk exposure according to recorded amounts, categorized by geographical location as at 31 December 2014 and 2013:

<i>in Denar thousand</i>	Loans and receivable from banks		Loans and receivables from customers		Investments in financial assets available – for – sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Fees and commission receivables		Other receivables		Off-balance exposures		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Geographical location</b>																		
Republic of Macedonia	8,558	12,371	176,302	166,167	-	-	3,166	23,618	31,529	36,000	113	23	-	-	-	-	219,668	238,179
EU member countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe (other)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OECD member countries (without the European member- countries of OECD)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (list individually the exposure higher than 10% of the total credit exposure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8,558</b>	<b>12,371</b>	<b>176,302</b>	<b>166,167</b>	<b>-</b>	<b>-</b>	<b>3,166</b>	<b>23,618</b>	<b>31,529</b>	<b>36,000</b>	<b>113</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219,668</b>	<b>238,179</b>

## 2.2 Liquidity risk

Liquidity risk represents a risk of Savings 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. Liquidity risk management

The main objective of the Savings House's liquidity management is to maintain adequate liquid assets, primarily cash and cash equivalents, to enable normal business operation of the Savings House.

The Savings House is exposed to daily calls on its available cash resources from deposits and borrowings. The Savings 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 Savings 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 Savings 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 Savings House.

The Savings 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 2014 and 2013 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.

The tables do not show the Savings House's obligatory reserve of Denar 3,134 thousand which is kept at NBRM's account (2013: Denar 3,555 thousand), as it is not at the Savings House's disposal.

Notes to the financial statements (continued)  
Risk management (continued)

Liquidity risk (continued)

*Analysis according to the maturity of financial assets (residual maturity)  
in Denar thousand*

	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
<b>31 December 2014</b>							
<b>Financial assets</b>							
Cash and cash equivalents	28,395	-	-	-	-	-	28,395
Trading assets	-	-	-	-	-	-	-
Financial assets at fair value through profit and loss at initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and receivable from banks	8	-	9,000	-	-	-	9,008
Loans and receivables from customers	8,246	12,035	63,470	47,352	62,865	2,184	196,152
Investments in securities	-	-	3,230	-	-	-	3,230
Investment in associates	-	-	-	-	-	-	-
Income tax receivables (current)	-	-	-	-	-	-	-
Other receivables	155	-	-	-	-	-	155
Pledged assets	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>36,804</b>	<b>12,035</b>	<b>75,700</b>	<b>47,352</b>	<b>62,865</b>	<b>2,184</b>	<b>236,940</b>
<b>Financial liabilities</b>							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit and loss at its / their initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to customers	9,324	16,282	70,166	24,132	5,658	-	125,562
Issued debt securities	-	-	-	-	-	-	-
Borrowings	270	255	768	853	994	-	3,140
Subordinated liabilities	-	-	-	-	-	-	-
Income tax liabilities (current)	51	-	-	-	-	-	51
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	1,574	-	23	-	-	-	1,597
<b>Total financial liabilities</b>	<b>11,219</b>	<b>16,537</b>	<b>70,597</b>	<b>24,985</b>	<b>6,652</b>	<b>-</b>	<b>130,350</b>
<b>Off-balance entries</b>							
Off-balance assets	-	-	-	-	-	-	-
Off-balance liabilities	-	-	-	-	-	-	-
<b>Net liquidity gap</b>	<b>25,585</b>	<b>(4,502)</b>	<b>4,743</b>	<b>22,367</b>	<b>56,213</b>	<b>2,184</b>	<b>106,590</b>



Notes to the financial statements (continued)  
Risk management (continued)

## Liquidity risk (continued)

Analysis according to the maturity of financial assets and liabilities (residual maturity) (continued)  
in Denar thousand

	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
<b>31 December 2013</b>							
<b>Financial assets</b>							
Cash and cash equivalents	32,444	-	-	-	-	-	32,444
Trading assets	-	-	-	-	-	-	-
Financial assets at fair value through profit and loss at initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and receivable from banks	22	4,000	9,000	-	-	-	13,022
Loans and receivables from customers	8,131	12,582	68,232	43,312	52,368	1,330	185,955
Investments in securities	-	10,000	14,000	-	-	-	24,000
Investment in associates	-	-	-	-	-	-	-
Income tax receivables (current)	10	-	-	-	-	-	10
Other receivables	217	-	-	-	-	-	217
Pledged assets	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>40,824</b>	<b>26,582</b>	<b>91,232</b>	<b>43,312</b>	<b>52,368</b>	<b>1,330</b>	<b>255,648</b>
<b>Financial liabilities</b>							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit and loss at its / their initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to customers	14,569	28,528	66,445	30,127	3,782	-	143,451
Issued debt securities	-	-	-	-	-	-	-
Borrowings	343	322	838	1,084	2,006	-	4,593
Subordinated liabilities	-	-	-	-	-	-	-
Income tax liabilities (current)	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	1,703	-	-	-	-	-	1,703
<b>Total financial liabilities</b>	<b>16,615</b>	<b>28,850</b>	<b>67,283</b>	<b>31,211</b>	<b>5,788</b>	<b>-</b>	<b>149,747</b>
<b>Off-balance entries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Off-balance assets	-	-	-	-	-	-	-
Off-balance liabilities	-	-	-	-	-	-	-
<b>Net liquidity gap</b>	<b>24,209</b>	<b>(2,268)</b>	<b>23,949</b>	<b>12,101</b>	<b>46,580</b>	<b>1,330</b>	<b>105,901</b>

Notes to the financial statements (continued)  
Risk management (continued)

### 2.3 Market risks

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 the interest changes in the market rates (such as interest rates and credit spreads).

#### *Interest risk*

The Savings 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 Savings House's response to the changes in the interest rates. The Savings 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.

#### *Currency risk*

The Savings House takes on exposure to effects on fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

Notes to the financial statements (continued)  
Risk management (continued)

Market risks (continued)

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

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

	<b>Profit/(loss)</b>	<b>Own funds</b>	<b>Risk-weighted assets</b>	<b>Capital adequacy</b>
	<i>in Denar thousand</i>	<i>in Denar thousand</i>	<i>in Denar thousand</i>	<i>ratio</i>
<i>in Denar thousand</i>				<i>in %</i>
2014				
Amount before sensitivity analysis/stress tests (31.12.2014)	536	90,946	212,778	43%
<b>Effects from used scenarios</b>				
Currency risk (Denar depreciation by 30% presented through indirect credit risk)	9,001	99,947	271,319	37%
Scenario 1 (increase of the loans classified in risk categories C, D and E by 70%)	(1,801)	89,145	260,517	34%
Scenario 2 (increase of the loans classified in risk categories C, D and E by 100%)	(6,430)	84,516	255,888	33%
Scenario 3 (increase of the loans classified in risk categories C, D and E by 150%)	(14,145)	76,801	248,172	31%
Risks from changes in interest rates				
Scenario 1 (change by 2%)	(1,120)	89,826	212,778	42%
Scenario 2 (change by 5%)	(2,810)	88,136	212,778	41%
Risk of change in the market price of the investments in equity securities	-	-	-	-
Combined scenarios, if any (not applicable)	-	-	-	-

Notes to the financial statements (continued)  
Risk management (continued)

Market risks (continued)

A. Analysis of sensitivity of assets and liabilities to changes in market risk (continued)

	Profit/(loss) <i>in Denar thousand</i>	Own funds <i>in Denar thousand</i>	Risk-weighted assets <i>in Denar thousand</i>	Capital adequacy ratio <i>in %</i>
2013				
Amount before sensitivity analysis/stress tests (31.12.2013)	431	90,403	190,117	48%
<b>Effects from used scenarios</b>				
Currency risk (Denar depreciation by 30% presented through indirect credit risk)	8,999	99,402	245,623	40%
Scenario 1 (increase of the loans classified in risk categories C, D and E by 70%)	(5,855)	84,548	230,769	37%
Scenario 2 (increase of the loans classified in risk categories C, D and E by 100%)	(12,221)	78,182	224,402	35%
Scenario 3 (increase of the loans classified in risk categories C, D and E by 150%)	(22,831)	67,572	213,793	32%
Risks from changes in interest rates				
Scenario 1 (change by 2%)	(1,638)	88,765	190,117	47%
Scenario 2 (change by 5%)	(4,103)	86,300	190,117	45%
Risk of change in the market price of the investments in equity securities	-	-	-	-
Combined scenarios, if any (not applicable)	-	-	-	-

Notes to the financial statements (continued)  
Risk management (continued)

Market risks (continued)

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

<i>in Denar thousand</i>	2014				2013			
	At 31 December	Average value	Highest value (maximum)	Lowest value (minimum)	At 31 December	Average value	Highest value (maximum)	Lowest value (minimum)
Value exposed to risk in interest-bearing instruments	-	-	-	-	-	-	-	-
Value exposed to risk in instruments in foreign currency	-	-	-	-	-	-	-	-
Value exposed to risk in equity instruments	-	-	-	-	-	-	-	-
Variance (Off-setting effect)	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

Notes to the financial statements (continued)  
Risk management (continued)

Market risks (continued)

**2.3.2. Analysis of the risk of changes in interest rates of financial assets and liabilities (trading assets are not included)**

A. Analysis of sensitivity from changes in interest rates

Changes of economic value of the portfolio from bank activities at 31 December 2014

	Position	Currency	Amount
1.1	Net weighted position of currencies MKD (FIR + VIR + AIR)	MKD	1,271
1.2	Net weighted position for MKD cl. EUR currency (FIR + VIR + AIR)	MKD cl. EUR	(138)
	<b>Total weighted value – changes in the economic value of the portfolio of banking activities</b>		<b>1,133</b>
2	Own funds		90,946
4	<b>Total weighted value/assets (2/3*100)</b>		<b>1,25%</b>

Changes of economic value of the portfolio from bank activities at 31 December 2013

	Position	Currency	Amount
1.1	Net weighted position of currencies MKD (FIR + VIR + AIR)	MKD	1,856
1.2	Net weighted position for MKD cl. EUR currency (FIR + VIR + AIR)	MKD cl. EUR	(207)
	<b>Total weighted value – changes in the economic value of the portfolio of banking activities</b>		<b>1,649</b>
2	Own funds		90,403
4	<b>Total weighted value/assets (2/3*100)</b>		<b>1.82%</b>

Notes to the financial statements (continued)  
Risk management (continued)

Market risks (continued)

Analysis of the risk of changes in interest rates of financial assets and liabilities (trading assets are not included) (continued)

B. Analysis of Reconciliation of Interest Rates

The table below summarized the assets and liabilities of the Savings House, groups according to the expected changes in interest rates at 31 December 2014 and 2013 (in Denar thousand)

<i>in Denar thousand</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 interest-bearing assets/liabilities
<b>31 December 2014</b>							
<b>Financial assets</b>							
Cash and cash equivalents	31,314	-	-	-	-	-	31,314
Financial assets at fair value through profit and loss at initial recognition	-	-	-	-	-	-	-
Loans and receivable from banks	-	-	8,550	-	-	-	8,550
Loans and receivables from other customers	6,454	11,234	49,617	44,947	59,707	2,102	174,061
Investments in securities	-	-	3,166	-	-	-	3,166
Other unmentioned interest sensitive assets	-	-	-	-	-	-	-
<b>Total interest sensitive financial assets</b>	<b>37,768</b>	<b>11,234</b>	<b>61,333</b>	<b>44,947</b>	<b>59,707</b>	<b>2,102</b>	<b>217,091</b>
<b>Financial liabilities</b>							
Financial liabilities designated at fair value through profit and loss at its / their initial recognition	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to customers	8,416	16,282	70,166	24,132	5,658	-	124,654
Issued debt securities	-	-	-	-	-	-	-
Borrowings	266	255	768	853	994	-	3,136
Subordinated liabilities and hybrid instruments	-	-	-	-	-	-	-
Other unmentioned interest sensitive liabilities	-	-	-	-	-	-	-
<b>Total interest sensitive financial liabilities</b>	<b>8,682</b>	<b>16,537</b>	<b>70,934</b>	<b>24,985</b>	<b>6,652</b>	<b>-</b>	<b>127,790</b>
<b>Net-balance position</b>	<b>29,086</b>	<b>(5,303)</b>	<b>(9,601)</b>	<b>19,962</b>	<b>53,055</b>	<b>2,102</b>	<b>89,301</b>
Off-balance interest sensitive assets positions	-	-	-	-	-	-	-
Off-balance interest sensitive liabilities positions	-	-	-	-	-	-	-
<b>Net off-balance position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net position</b>	<b>29,086</b>	<b>(5,303)</b>	<b>(9,601)</b>	<b>19,962</b>	<b>53,055</b>	<b>2,102</b>	<b>89,301</b>

Notes to the financial statements (continued)  
Risk management (continued)

Market risks (continued)

Analysis of the risk of changes in interest rates of financial assets and liabilities (trading assets are not included) (continued)

B. Analysis of Reconciliation of Interest Rates (continued)

<i>in Denar thousand</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 interest- bearing assets/liabilitie s
<b>31 December 2013</b>							
<b>Financial assets</b>							
Cash and cash equivalents	35,566	-	-	-	-	-	35,566
Financial assets at fair value through profit and loss at initial recognition	-	-	-	-	-	-	-
Loans and receivable from banks	-	3,800	8,550	-	-	-	12,350
Loans and receivables from other customers	6,480	11,743	54,151	89,291	2,483	147	164,295
Investments in securities	-	9,920	13,698	-	-	-	23,618
Other unmentioned interest sensitive assets	-	-	-	-	-	-	-
<b>Total interest sensitive financial assets</b>	<b>42,046</b>	<b>25,463</b>	<b>76,399</b>	<b>89,291</b>	<b>2,483</b>	<b>147</b>	<b>235,829</b>
<b>Financial liabilities</b>							
Financial liabilities designated at fair value through profit and loss at its / their initial recognition	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to customers	13,616	28,528	66,444	33,910	-	-	142,498
Issued debt securities	-	-	-	-	-	-	-
Borrowings	337	322	838	1,084	2,006	-	4,587
Subordinated liabilities and hybrid instruments	-	-	-	-	-	-	-
Other unmentioned interest sensitive liabilities	-	-	-	-	-	-	-
<b>Total interest sensitive financial liabilities</b>	<b>13,953</b>	<b>28,850</b>	<b>67,282</b>	<b>34,994</b>	<b>2,006</b>	<b>-</b>	<b>147,085</b>
<b>Net-balance position</b>	<b>28,093</b>	<b>(3,387)</b>	<b>9,117</b>	<b>54,297</b>	<b>477</b>	<b>147</b>	<b>88,744</b>
Off-balance interest sensitive assets positions	-	-	-	-	-	-	-
Off-balance interest sensitive liabilities positions	-	-	-	-	-	-	-
<b>Net off-balance position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net position</b>	<b>28,093</b>	<b>(3,387)</b>	<b>9,117</b>	<b>54,297</b>	<b>477</b>	<b>147</b>	<b>88,744</b>



## Notes to the financial statements (continued)

## Risk management (continued)

## Market risks (continued)

**2.3.3 Foreign currency risk**

The following tables summarize the net foreign currency risk position of the Savings House's monetary assets and liabilities at 31 December 2014 and 2013.

	<i>in Denar thousand</i>	MKD	EUR	USD	Other	Total
<b>31 December 2014</b>						
<b>Monetary assets</b>						
Cash and cash equivalents		31,529	-	-	-	31,529
Trading assets		-	-	-	-	-
Financial assets at fair value through profit and loss at initial recognition		-	-	-	-	-
Derivative assets held for risk management		-	-	-	-	-
Loans and advances to banks		8,558	-	-	-	8,558
Loans and advances to customers		176,302	-	-	-	176,302
Investments in securities		3,166	-	-	-	3,166
Investment in associates		-	-	-	-	-
Income tax receivables (current)		-	-	-	-	-
Other receivables		163	-	-	-	163
Pledged assets		-	-	-	-	-
Deferred tax assets		-	-	-	-	-
<b>Total monetary assets</b>		<b>219,718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219,718</b>
<b>Monetary liabilities</b>						
Trading liabilities		-	-	-	-	-
Financial liabilities designated at fair value through profit and loss at its / their initial recognition		-	-	-	-	-
Derivative liabilities held for risk management		-	-	-	-	-
Due to banks		-	-	-	-	-
Due to customers		125,562	-	-	-	125,562
Issued debt securities		-	-	-	-	-
Borrowings		3,140	-	-	-	3,140
Subordinated liabilities		-	-	-	-	-
Income tax liabilities (current)		51	-	-	-	51
Deferred tax liabilities		-	-	-	-	-
Other liabilities		1,597	-	-	-	1,597
<b>Total monetary liabilities</b>		<b>130,350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130,350</b>
<b>Net-position</b>		<b>89,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,368</b>

Notes to the financial statements (continued)  
Risk management (continued)

Market risks (continued)  
Currency risk (continued)

	<i>in Denar thousand</i>	MKD	EUR	USD	Other	Total
<b>31 December 2013</b>						
<b>Monetary assets</b>						
Cash and cash equivalents		36,000	-	-	-	36,000
Trading assets		-	-	-	-	-
Financial assets at fair value through profit and loss at initial recognition		-	-	-	-	-
Derivative assets held for risk management		-	-	-	-	-
Loans and advances to banks		12,371	-	-	-	12,371
Loans and advances to customers		166,167	-	-	-	166,167
Investments in securities		23,618	-	-	-	23,618
Investment in associates		-	-	-	-	-
Income tax receivables (current)		10	-	-	-	10
Other receivables		258	-	-	-	258
Pledged assets		-	-	-	-	-
Deferred tax assets		-	-	-	-	-
<b>Total monetary assets</b>		<b>238,424</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>238,424</b>
<b>Monetary liabilities</b>						
Trading liabilities		-	-	-	-	-
Financial liabilities designated at fair value through profit and loss at its / their initial recognition		-	-	-	-	-
Derivative liabilities held for risk management		-	-	-	-	-
Due to banks		-	-	-	-	-
Due to customers		143,451	-	-	-	143,451
Issued debt securities		-	-	-	-	-
Borrowings		4,593	-	-	-	4,593
Subordinated liabilities		-	-	-	-	-
Income tax liabilities (current)		-	-	-	-	-
Deferred tax liabilities		-	-	-	-	-
Other liabilities		1,703	-	-	-	1,703
<b>Total monetary liabilities</b>		<b>149,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>149,747</b>
<b>Net-position</b>		<b>88,677</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,677</b>

Notes to the financial statements (continued)  
Risk management (continued)

## 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 Savings 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 Bank, 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 Savings House's financial result and capital position.

## Notes to the financial statements (continued)

**3 Capital adequacy  
Capital Management**

The Savings 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 NBRM;
- to safeguard the Savings House's ability to continue as a going concern so that it can continue to provide returns for shareholder and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

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

The Savings House's own funds comprise of: Core Capital (Tier 1), in which paid-in capital, retained earnings and reserves formed from retained earnings are included. At 31 December 2014 the Savings House had no revaluation reserves in the additional capital (Tier 2).

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 ratio**

The statement on the capital adequacy ratio is prepared in accordance with the Guidelines for implementation of the Decision on the methodology for determining capital adequacy.

## Notes to the financial statements (continued)

## Capital adequacy (continued)

Ord. No.	Description	31 December 2014	31 December 2013
1	2	3	4
<b>I</b>	<b>Credit risk weighted assets</b>		
1	Credit risk weighted assets with the standardized approach	167,488	144,730
2	Capital necessary to cover credit risk	13,399	11,578
<b>II</b>	<b>FOREIGN CURRENCY RISK WEIGHTED ASSETS</b>		
3	Aggregate foreign currency position	-	-
4	Net-position of gold	-	-
5	Capital necessary to cover currency risk	-	-
6	Foreign exchange risk weighted assets	-	-
<b>III</b>	<b>OPERATING RISK WEIGHTED ASSETS</b>		
7	Capital necessary to cover operating risk with the basic indicator approach	3,623	3,631
8	Capital necessary to cover operating risk with the standardized approach	-	-
9	Operating risk weighted assets	45,290	45,388
<b>IV</b>	<b>OTHER RISK WEIGHTED ASSETS</b>		
10	Capital necessary to cover the risk from price changes of goods	-	-
	Capital necessary to cover market risks		
11	(11.1+11.2+11.3+11.4+11.5)	-	-
	Capital necessary to cover position risks		
11.1	(11.1.1+11.1.2+11.1.3+11.1.4)	-	-
	Capital necessary to cover the specific risk from investment in debt instruments		
11.1.1		-	-
	Capital necessary to cover the general risk from investment in debt instruments		
11.1.2		-	-
	Capital necessary to cover the specific risk from investment in equity securities		
11.1.3		-	-
	Capital necessary to cover the general risk from investment in equity securities		
11.1.4		-	-
11.2	Capital necessary to cover the settlement risk	-	-
11.3	Capital necessary to cover counterpart risk	-	-
11.4	Capital necessary to cover overdraft of exposure limits	-	-
11.5	Capital necessary to cover market risks from options	-	-
12	Capital necessary to cover the other risks (10+11)	-	-
13	Other risk weighted assets	-	-
<b>V</b>	<b>RISK WEIGHTED ASSETS</b>	<b>212,778</b>	<b>190,118</b>
14	Capital necessary to cover the risks	17,022	15,209
<b>VI</b>	<b>OWN FUNDS</b>	<b>90,946</b>	<b>90,403</b>
<b>VII</b>	<b>CAPITAL ADEQUACY (VI/V)</b>	<b>43%</b>	<b>48%</b>

## Notes to the financial statements (continued)

## Capital adequacy (continued)

## Report on own funds

Ord. No.	DESCRIPTION	31 December 2014	31 December 2013
	<b>Core capital</b>		
	<b>Paid-in and subscribed ordinary and non-cumulative preference shares</b>	<b>75,607</b>	<b>75,607</b>
1	Nominal value	75,607	75,607
1.1.1	Nominal value of ordinary shares	75,607	75,607
1.1.2	Nominal value of non-cumulative preference shares	-	-
1	Premium	-	-
1.2.1	Premium of ordinary shares	-	-
1.2.2	Premium of non-cumulative preference shares	-	-
2	<b>Reserves and retained earnings and loss</b>	<b>15,227</b>	<b>14,796</b>
2.1	Reserve fund	15,227	14,796
2.2	Retained earnings limited for distribution to shareholders	-	-
2.3	Accumulated loss from previous years	-	-
2.4	Current profit	-	-
3	<b>Positions arising from consolidation</b>	-	-
3.1	Minority interest	-	-
3.2	Reserves from exchange rate differences	-	-
3.3	Other differences	-	-
4	<b>Deduction</b>	-	-
4.1	Loss at the year end or current loss	-	-
4.2	Treasury shares	-	-
4.3	Intangible assets	-	-
4.4	Differences between amounts of the required and recognized impairment/special reserve	-	-
4.5	Amount of unallocated impairment and special reserve as a result of accounting time lag	-	-
4.6	Unrealized loss from equity instruments available-for-sale	-	-
4.7	Other deductions	-	-
I	<b>CORE CAPITAL</b>	<b>90,834</b>	<b>90,403</b>
	<b>Additional capital</b>		
5	<b>Paid-in and subscribed cumulative preference shares and premium on such share</b>	-	-
5.1	Nominal value	-	-
5.2	Premium	-	-
6	<b>Revaluation reserves</b>	<b>112</b>	-
7	<b>Hybrid instruments</b>	-	-
8	<b>Subordinated instruments</b>	-	-
9	<b>Amount of cumulative priority shares and subordinated instruments that may be included in the additional capital</b>	-	-
II	<b>ADDITIONAL CAPITAL</b>	<b>112</b>	-
	<i>Deduction from core capital and additional capital</i>	-	-
10	Capital investments in other banks and financial institutions with more than 10% share participation in such institutions	-	-
11	<b>Investments in subordinated and hybrid capital investments and other instruments of institutions referred to in 10 10</b>	-	-
12	Aggregate amount of investments in capital, subordinated and hybrid instruments and other instruments exceeding 10% of (I+II)	-	-
13	<b>Direct capital investments in insurance and reinsurance companies exceeding 10% of their capital</b>	-	-
14	Investments in financial instruments issued by the insurance and reinsurance companies where the Savings House owns over 10% of their capital	-	-
15	Amounts representing excess of limits of investments in non – financial institutions	-	-
16	Positions arising from consolidations (negative amounts)	-	-
III	<b>DEDUCTIONS</b>	-	-
IV	<b>Core capital after deductions</b>	<b>90,834</b>	<b>90,403</b>
V	<b>Additional capital after deduction</b>	<b>112</b>	-

## Notes to the financial statements (continued)

*Report on own funds (continued)*

		Own funds	
VI	Core capital	90,834	90,403
VII	Additional capital	112	-
VIII	OWN FUNDS	90,946	90,403

## Notes to the financial statements (continued)

**4 Segment reporting**

Segment reporting is based on the business activities according to the Savings House's operating segment.

Operating segment is a component of the activities of the Savings 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 Shareholder, 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 Savings 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 Savings House;
- the amount of the profit or loss represents 10% or more from 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 participate with 10% or more in the Savings House's total assets;
- management has assessed that they are significant to follow for the Saving House's management needs.

As of 31 December 2014 and 2013 the Savings House's operating segments are as follows

- retail customers – loans given and deposits received;
- financial institutions;
- state
- other significant operating segments.

The Saving House discloses information for the concentration of the business activities towards separate significant clients. Significant client is a personal banking client or a legal entity as well as the parties involved, if the Saving House realizes 10% or more from its total business income or expenditure. As at 31 December 2014 and 2013 there are no significant clients in existence.

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









## Notes to the financial statements (continued)

## Segment reporting (continued)

## C. Geographic areas

	<i>in Denar thousand</i>	Republic of Macedonia	EU member countries	Europe (other coun- tries)	OECD member countries	Other	Other insignificant geographic segments	Non- allocated	Total
<b>2014</b>									
<b><i>Total revenues</i></b>		25,924	-	-	-	-	-	-	25,924
<b><i>Total assets</i></b>		221,832	-	-	-	-	-	-	221,832
<b>2013</b>									
<b><i>Total revenues</i></b>		24,976	-	-	-	-	-	-	24,976
<b><i>Total assets</i></b>		240,581	-	-	-	-	-	-	240,581

## Notes to the financial statements (continued)

**5 Fair value of financial assets and 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 receivable from banks**

Loans and advances to banks are recorded at amortized cost less 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 receivable from customers**

Loans and receivables from customers are measured based on depreciated purchasing costs depreciated by their impairment value. The major part of the loans and receivable from customers in the credit portfolio of the Savings House is with adjustable (variable) interest rate and only a smaller part is with fixed interest rate. The appraised fair value of loans and receivable from customers 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.

**d) Investments in securities**

Investment in securities includes interest bearing assets held to maturity. The fair value of these financial assets is their carrying amount, considering their carrying amount is determined based on the discounted cash flows.

**e) Other receivables**

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

**f) Due to Banks**

Due to the insignificant risk of changes in value, the fair value of demand and time deposits is equal to their carrying amounts.

**g) Due to customers**

The fair value of the sight deposits and the time deposits with variable interest rate is equal to their carrying amount.

**h) Borrowings**

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 value.

**i) Other liabilities**

The fair value of other receivables equals their carrying value as they will mature shortly.

## Notes to the financial statements (continued)

*Fair value of financial assets and liabilities (continued)***A. Fair Value of Financial Assets and Financial Liabilities**

<i>in Denar thousand</i>		<b>2014</b>		<b>2013</b>
	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
<b>Financial assets</b>				
Cash and cash equivalents	31,529	31,529	36,000	36,000
Trading assets	-	-	-	-
Financial assets at fair value through profit and loss at initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Loans and receivable from banks	8,558	8,558	12,371	12,371
Loans and receivables from customers	176,302	176,302	166,167	166,167
Investments in securities	3,166	3,166	23,618	23,618
Investment in associates	-	-	-	-
Income tax receivables (current)	-	-	10	10
Other receivables	163	163	258	258
Pledged assets	-	-	-	-
Deferred tax assets	-	-	-	-
<b>Financial liabilities</b>				
Trading liabilities	-	-	-	-
Financial liabilities designated at fair value through profit and loss at its / their initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Due to banks	-	-	-	-
Due to customers	125,562	125,562	143,451	143,451
Issued debt securities	-	-	-	-
Borrowings	3,140	3,140	4,593	4,593
Subordinated liabilities	-	-	-	-
Income tax liabilities (current)	51	51	-	-
Deferred tax liabilities	-	-	-	-
Other liabilities	1,597	1,597	1,703	1,703

## Notes to the financial statements (continued)

*Fair value of financial assets and liabilities (continued)**B. Levels of fair value of financial assets and liabilities, assessed by fair value**B1. Levels of fair value of financial assets and liabilities, assessed by fair value*

<i>in Denar thousand</i>	Notes	Level 1	Level 2	Level 3	Total
<b>2014</b>					
<b>Financial assets at fair value</b>					
Trading assets	19	-	-	-	-
Financial assets at fair value through profit and loss at initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investment in securities available for sale	23.1		-	-	-
<b>Total</b>		-	-	-	-
<b>Financial liabilities at fair value</b>					
Trading liabilities	32	-	-	-	-
Financial liabilities designated at fair value through profit and loss at its / their initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
<b>Total</b>		-	-	-	-

## Notes to the financial statements (continued)

*Fair value of financial assets and liabilities (continued)**B. Levels of fair value of financial assets and liabilities, assessed by fair value (continued)**B1. Levels of fair value of financial assets and liabilities, assessed by fair value (continued)*

<i>in Denar thousand</i>	Notes	Level 1	Level 2	Level 3	Total
<b>2013</b>					
<b>Financial assets at fair value</b>					
Trading assets	19	-	-	-	-
Financial assets at fair value through profit and loss at initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investment in securities available for sale	23.1	-	-	-	-
<b>Total</b>		-	-	-	-
<b>Financial liabilities at fair value</b>					
Trading liabilities	32	-	-	-	-
Financial liabilities designated at fair value through profit and loss at its / their initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
<b>Total</b>		-	-	-	-



## Notes to the financial statements (continued)

*Fair value of financial assets and liabilities (continued)**B. Levels of fair value of financial assets and liabilities, assessed by fair value (continued)**B2. Transfers between levels 1 and 2 by fair value*

<i>in Denar thousand</i>	2014			2013	
	Transfers between level 1 and level 2	Transfers between level 2 and level 1	Transfers between level 1 and level 2	Transfers between level 2 and level 1	
<b>Financial assets at fair value</b>					
Trading assets	-	-	-	-	-
Financial assets at fair value through profit and loss at initial recognition	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-
Investment in securities available for sale	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>Financial liabilities at fair value</b>					
Trading liabilities	-	-	-	-	-
Financial liabilities designated at fair value through profit and loss at its / their initial recognition	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

## Notes to the financial statements (continued)

*Fair value of financial assets and liabilities (continued)**B. Levels of fair value of financial assets and liabilities, assessed by fair value (continued)**B.3 Reconciliation of the movements in the fair values measured at level 3 during the year*

<i>in Denar thousand</i>	Trading asset s	Financial assets at fair value through profit and loss at its/ their initial recognition.	Investment in securities available- for-sale	<b>Total assets</b>	Trading liabilities	Financial liabilities at fair value through profit and loss at its/ their initial recognition.	<b>Total liabilities</b>
<b>At 1 January 2014</b>							
Profits/ (losses) recognized in:	-	-	-	-	-	-	-
- Statement of Income	-	-	-	-	-	-	-
- Other profits/(losses)							
not recognized in the statement of income	-	-	-	-	-	-	-
Financial instruments purchased in the period	-	-	-	-	-	-	-
Financial instruments sold in the period	-	-	-	-	-	-	-
Financial instruments issued in the period	-	-	-	-	-	-	-
Financial instruments paid for in the period	-	-	-	-	-	-	-
Reclassified financial instruments to/(from)							
Level 3	-	-	-	-	-	-	-
Reclassified in loans and advances	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	-	-	-	-	-	-
<b>Total profit/(loss) recognized in profit and loss for financial assets and liabilities held until 31 December 2014</b>	-	-	-	-	-	-	-

## Notes to the financial statements (continued)

*Fair value of financial assets and liabilities (continued)**B. Levels of fair value of financial assets and liabilities, assessed by fair value (continued)**B3. Reconciliation of movements in fair value during the year, measured in Level 3 (continued)*

<i>in Denar thousand</i>	Trading assets	Financial assets at fair value through profit and loss at its/ their initial recognition.	Investment in securities available- for-sale	<b>Total assets</b>	Trading liabilities	Financial liabilities at fair value through profit and loss at its/ their initial recognition.	<b>Total liabilities</b>
<b>At 1 January 2013</b>							
Profits/ (losses)							
recognized in:	-	-	-	-	-	-	-
- Statement of Income	-	-	-	-	-	-	-
- Other profits/(losses)							
not recognized in the statement of income	-	-	-	-	-	-	-
Financial instruments purchased in the period	-	-	-	-	-	-	-
Financial instruments sold in the period	-	-	-	-	-	-	-
Financial instruments issued in the period	-	-	-	-	-	-	-
Financial instruments paid for in the period	-	-	-	-	-	-	-
Reclassified financial instruments to/(from)							
Level 3	-	-	-	-	-	-	-
Reclassified in loans and advances	-	-	-	-	-	-	-
<b>At 31 December 2013</b>	-	-	-	-	-	-	-
<b>Total profit/(loss) recognized in profit and loss for financial assets and liabilities held until 31 December 2013</b>	-	-	-	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**6 Net interest income (expense)***A. Structure of interest income and expense according to the type of financial instruments*

	2014	2013
<b>Interest income</b>		
Cash and cash equivalents	626	696
Financial assets at fair value through profit and loss at initial recognition	-	-
Derivative assets held for risk management	-	-
Loans and receivable from banks	348	556
Loans and receivables from other customers	23,647	25,429
Investments in securities	419	788
Other receivables	-	-
(Allowance for impairment of interest income, net)	(76)	(82)
Collected interest previously written off	1,218	1,148
<b>Total interest income</b>	<b>26,182</b>	<b>28,535</b>
<b>Interest expense</b>		
Financial liabilities designated at fair value through profit and loss at its / their initial recognition	-	-
Derivative liabilities held for risk management	-	-
Due to banks	-	-
Due to customers	4,776	7,089
Issued debt securities	-	-
Borrowings	19	27
Subordinated liabilities	-	-
Other liabilities	-	-
<b>Total interest expense</b>	<b>4,795</b>	<b>7,116</b>
<b>Net interest income(expense)</b>	<b>21,387</b>	<b>21,419</b>

*B. Sector analysis of interest income and expenses according to sector*

	2014	2013
<b>Interest income</b>		
Non-financial companies	-	-
State	419	788
Non-profit institutions providing services to households	-	-
Banks	974	1,252
Other financial institutions (non-banking)	-	-
Households	23,647	25,429
Non-residents	-	-
(Allowance for impairment of interest income, net)	(76)	(82)
Collected interest previously written off	1,218	1,148
<b>Total interest income</b>	<b>26,182</b>	<b>28,535</b>
<b>Interest expense</b>		
Non-financial companies	-	-
State	-	-
Non-profit institutions providing services to households	-	-
Banks	19	27
Other financial institutions (non-banking)	-	-
Households	4,776	7,089
Non-residents	-	-
<b>Total interest expense</b>	<b>4,795</b>	<b>7,116</b>
<b>Net interest income (expense)</b>	<b>21,387</b>	<b>21,419</b>

Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**7 Net fee and commission income(expense)****A. Structure of fee and commission income and expense according to the type of financial instruments**

	<b>2014</b>	<b>2013</b>
<b>Fee and commission income</b>		
Loans	4,569	3,130
Payment operations		
- in the country	-	-
- abroad	-	-
Letter of credit and guarantees	-	-
Brokerage operations	-	-
Asset management	-	-
Fiduciary activities	-	-
Issuing securities	-	-
Other	-	-
<b>Total fee and commission income</b>	<b>4,569</b>	<b>3,130</b>
<b>Fee and commission expense</b>		
Loans	-	-
Payment operations		
- in the country	317	260
- abroad	-	-
Letter of credit and guarantees	95	138
Brokerage operations	-	-
Asset management	-	-
Fiduciary activities	-	-
Issuing securities	-	-
Other	35	85
<b>Total fee and commission expense</b>	<b>447</b>	<b>483</b>
<b>Net fee and commission income(expense)</b>	<b>4,122</b>	<b>2,647</b>

**B. Sector analysis of fees and commission income and revenue**

	<b>2014</b>	<b>2013</b>
<b>Fee and commission income</b>		
Non-financial companies	-	-
State	-	-
Non-profit institutions providing services to households	-	-
Banks	-	-
Other financial institutions (non-banking)	-	-
Households	4,569	3,130
Non-residents	-	-
<b>Total fee and commission income</b>	<b>4,569</b>	<b>3,130</b>
<b>Fee and commission expense</b>		
Non-financial companies	-	-
State	-	-
Non-profit institutions providing services to households	-	-
Banks	352	345
Other financial institutions (non-banking)	-	-
Households	-	-
Non-residents	95	138
<b>Total fee and commission expense</b>	<b>447</b>	<b>483</b>
<b>Net fee and commission income(expense)</b>	<b>4,122</b>	<b>2,647</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**8 Net income from trading**

	2014	2013
<b>Trading assets</b>		
Profit/(loss) from fair value changes of 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	-	-
<b>Trading liabilities</b>		
Profit/(loss) from fair value changes of 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 trade	-	-
<i>Profit/(loss) from fair value change of derivatives held for trading, net</i>		
- realized	-	-
- unrealized	-	-
<b>Net income from trading</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**9 Net income from other financial instruments carried at fair value**

	2014	2013
<b>Financial assets at fair value through profit and loss at initial recognition</b>		
Profit/(loss) from fair value changes of debt securities, net		
- realized	-	-
- unrealized	-	-
Profit/(loss) from fair value changes of equity instruments, net		
- realized	-	-
- unrealized	-	-
Income from dividends from financial assets at fair value through profit and loss	-	-
Profit/(loss) from the changes in fair value of loans and receivables at fair value through profit and loss, net		
- realized	-	-
- unrealized	-	-
<b>Financial liabilities designated at fair value through profit and loss at its / their initial recognition</b>		
Profit/(loss) from fair value changes of 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, net		
- realized	-	-
- unrealized	-	-
<i>Profit/(loss) from fair value changes of derivatives held for risk management at fair value through profit and loss, net</i>		
- realized	-	-
- unrealized	-	-
<b>Net income from other financial instruments carried at fair value</b>	<b>-</b>	<b>-</b>

**10 Foreign exchange gains/(losses), net**

	2014	2013
Realized foreign exchange gains / (losses), net		-
Unrealized foreign exchange gains / (losses), net		
- foreign exchange differences of allowance for impairment of financial assets, net	-	-
- foreign exchange differences on off-balance exposure, net	-	-
- other foreign exchange differences, net	(1)	(3)
<b>Foreign exchange gains/(losses), net</b>	<b>(1)</b>	<b>(3)</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**11 Other operating income**

	2014	2013
Profit from the sale of assets available – for – sale	-	-
Dividends from equity instruments available – for – sale	-	-
Net income from investment in subsidiaries and associates	-	-
Capital gain from the sale of:		
- property and equipment	-	-
- intangible assets	-	-
- foreclosed assets	-	-
- non - current assets held for sale and group for disposal	-	-
Income from rent	-	-
Income from litigations	193	151
Collected receivables previously written off		
Release of special reserve and provisions for:		
- off – balance sheet credit exposure	-	-
- contingent commitments based on litigations	-	-
- pensions and other employee benefits	-	-
- restructuring	-	-
- adverse contracts	-	-
- other provisions	-	577
Other		
- income from paid damages from insurance	78	40
- other	144	142
<b>Total other operating income</b>	<b>415</b>	<b>910</b>



## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**12 Allowance for impairment of financial assets, net**

	Loans and receivable from banks	Loans and receivables from customers	Investment in finan. assets available-for- sale	Investment in finan. assets held to maturity	Cash and cash equivalents	Fees and commission receivables	Other receivables	<b>Total</b>
<b>2014</b>								
<i>Allowance for impairment, on individual basis</i>								
Additional allowance for impairment	3	19,097	-	-	-	198	-	19,298
(Release of allowance for impairment)	(204)	(18,694)	-	-	-	(187)	-	(19,085)
	<b>(201)</b>	<b>403</b>	-	-	-	<b>11</b>	-	<b>213</b>
<i>Allowance for impairment, on group basis</i>								
Additional allowance for impairment	-	2,103	-	-	-	3	-	2,106
(Release of allowance for impairment)	-	(2,355)	-	-	-	(2)	-	(2,357)
	-	<b>(252)</b>	-	-	-	<b>1</b>	-	<b>(251)</b>
<b>Total allowance for impairment of financial assets, net</b>	<b>(201)</b>	<b>151</b>	-	-	-	<b>12</b>	-	<b>(38)</b>
<b>2013</b>								
<i>Allowance for impairment, on individual basis</i>								
Additional allowance for impairment	642	15,530	-	-	-	54	-	16,226
(Release of allowance for impairment)	(71)	(16,807)	-	-	-	(80)	-	(16,958)
	<b>571</b>	<b>(1,277)</b>	-	-	-	<b>(26)</b>	-	<b>(732)</b>
<i>Allowance for impairment, on group basis</i>								
Additional allowance for impairment	-	3,011	-	-	-	-	-	3,011
(Release of allowance for impairment)	-	(3,131)	-	-	-	-	-	(3,131)
	-	<b>(120)</b>	-	-	-	-	-	<b>(120)</b>
<b>Total allowance for impairment of financial assets, net</b>	<b>571</b>	<b>(1,397)</b>	-	-	-	<b>(26)</b>	-	<b>(852)</b>

Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**13 Impairment losses of non-financial assets, net**

	Property and equipment	Intangible assets	Foreclosed assets	Non - current assets held for sale and group for disposal	Other non-financial assets	Uncontrolled participation	Total
<b>2014</b>							
Additional impairment loss	-	-	-	-	-	-	-
(Release of impairment loss)	-	-	-	-	-	-	-
<b>Total impairment loss of non-financial assets, net</b>	-	-	-	-	-	-	-
<b>2013</b>							
Additional impairment loss	-	-	-	-	-	-	-
(Release of impairment loss)	-	-	-	-	-	-	-
<b>Total impairment loss of non-financial assets, net</b>	-	-	-	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**14 Personnel expenses**

	2014	2013
<b>Short - term employee benefits</b>		
- Salaries	10,115	9,844
- Mandatory contribution for social and health insurance	3,409	3,387
- Short - term paid leave of absence	-	-
- Expenses for temporary employment	-	-
- Interest in profit and rewards	-	-
- Non-monetary benefits	-	-
	<b>13,524</b>	<b>13,231</b>
<b>Benefits after employment</b>		
- Contribution to pension plans for defined contributions	-	-
- Benefits at retirement	-	-
- Increasing the obligation for pension plans and defined benefits	-	-
- Increasing the obligation for other long-term benefits	-	-
- Other benefits after the termination of employment	-	-
	-	-
<b>Benefits due to termination of employment</b>		
Employee payment based on shares, settled with equity instruments	-	-
Employee payment based on shares, settled in cash	-	-
Other	349	75
	<b>349</b>	<b>75</b>
<b>Total personnel expenses</b>	<b>13,873</b>	<b>13,306</b>

According to the law, the Savings House, during 2014 provided a holiday pay for its employees.

**15 Depreciation and amortization**

	2014	2013
<b>Amortization of intangible assets</b>		
Internally developed software	-	-
Acquired software from external suppliers	544	560
Other internally developed intangible assets	-	-
Other intangible assets	-	-
Investments in intangible assets under lease	-	-
	<b>544</b>	<b>560</b>
<b>Depreciation of property and equipment</b>		
Buildings	-	-
Transport vehicles	5	9
Furniture and office equipment	403	422
Other equipment	7	14
Other items of property and equipment	-	-
Investment in property and equipment under lease	35	-
	<b>450</b>	<b>445</b>
<b>Total depreciation and amortization</b>	<b>994</b>	<b>1,005</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**16 Other operating expenses**

	2014	2013
Loss due to the sale of assets available – for – sale	-	-
Expenses for software licensing	-	-
Insurance premiums on deposits	766	994
Insurance premiums on property and employees	148	232
Materials and services	5,160	5,388
Administrative and marketing expenses	1,502	1,457
Other taxes and contributions	214	247
Expenses for rent	2,419	2,400
Expenses for litigation	114	145
Special reserve for off-balance exposure, net	-	-
Provisions for pensions and other employee benefits, net	-	-
Provisions for contingent commitments based on litigations, net	-	-
Other provisions, net	-	-
Loss from the sale of:		
- property and equipment	-	-
- intangible assets	-	-
- foreclosed assets	-	-
- non - current assets held for sale and group for disposal	-	-
Expenses due to initial recognition of foreclosed assets	-	-
Other	37	74
<b>Total other operating expenses</b>	<b>10,360</b>	<b>10,937</b>

**17 Income tax****A. Expenses/income for current and deferred income tax**

	2014	2013
<b>Current income tax</b>		
Expenses / (income) for current income tax for the year	198	146
Adjustments for previous years	-	-
Benefits from previously unrecognized tax losses, tax balance or temporary differences from previous years	-	-
Changes in accounting policies and errors	-	-
Other	-	-
	<b>198</b>	<b>146</b>
<b>Deferred income tax</b>		
Deferred income tax that arises from temporary differences for the year	-	-
Recognition of previously unrecognized tax losses	-	-
Changes in the tax rate	-	-
Introducing new taxes	-	-
Benefits from previously unrecognized tax losses, tax balance or temporary differences from previous years	-	-
Other	-	-
	<b>-</b>	<b>-</b>
<b>Total expenses/(return) of income tax</b>	<b>198</b>	<b>146</b>
	<b>2014</b>	<b>2013</b>
<b>Current income tax</b>		
Recognized in the Income statement	<b>198</b>	<b>146</b>
Recognized in equity and reserves	-	-
	<b>198</b>	<b>146</b>
<b>Deferred income tax</b>		
Recognized in the Income statement	-	-
Recognized in equity and reserves	-	-
	<b>-</b>	<b>-</b>
<b>Total expenses/(return) of income tax</b>	<b>198</b>	<b>146</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

*Income tax (continued)**B. Reconciliation of the effective average tax rate with the variable tax rate*

	in % 2014		in % 2013	
Profit/(loss) before taxation	-	734	-	577
Income tax in accordance with the applicable tax rate	10.0%	73	-	-
Effect from various tax rates in other countries	-	-	-	-
Adjustment for previous years and changes in the tax rate	-	-	-	-
Taxed income abroad	-	-	-	-
Expenses unrecognized for tax purposes	17.0%	125	25.3%	146
Tax exempted income	-	-	-	-
Tax exemptions unrecognized in the Income statement	-	-	-	-
Recognition of previously unrecognized tax losses	-	-	-	-
Benefits from previously unrecognized tax losses, tax balance or temporary differences from previous years	-	-	-	-
Changes of deferred tax	-	-	-	-
Other	-	-	-	-
<b>Total expenses/(return) of income tax</b>	-	<b>198</b>	-	<b>146</b>
<b>Average effective tax rate</b>	<b>27.0%</b>	-	<b>25.3%</b>	-

*C. Income tax for other profit/ (losses) during the period, not shown in profit and loss*

	2014			2013		
	Before taxation	(expense)/income tax return	Less income tax	Before taxation	(expense)/income tax return	Less income tax
Revalorization reserve for assets available-for-sale	-	-	-	-	-	-
Reserve for protection against risk of cash flows	-	-	-	-	-	-
Reserve for instruments for the protection against risk of net investments in foreign operations	-	-	-	-	-	-
Reserve for Foreign exchange differences from investments in foreign operations	-	-	-	-	-	-
Share in other profit/(loss) of associates not recognized in profit or loss	-	-	-	-	-	-
Other profit/(loss) not recognized in profit or loss	-	-	-	-	-	-
<b>Other profit/(loss) from the period not recognized in profit or loss</b>	-	-	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**18 Cash and cash equivalents**

	2014	2013
Cash in hand	215	430
Current account and deposits with the NBRM, except for obligatory foreign currency reserves	3,134	3,555
Current accounts and deposits with foreign banks	-	-
Current accounts and deposits with domestic banks	28,180	32,011
Treasury bills traded on the secondary market	-	-
Government bills traded on the secondary market	-	-
Term deposits with a maturity period less than, or equal to three months	-	-
Other short - term highly liquid assets	-	-
Interest receivables	-	4
(Allowance for impairment)	-	-
<b>Included in cash and cash equivalents for the purpose of the Statement of cash flows</b>	<b>31,529</b>	<b>36,000</b>
Obligatory foreign currency reserves	-	-
Limited deposits	-	-
(Allowance for impairment)	-	-
<b>Total</b>	<b>31,529</b>	<b>36,000</b>

	2014	2013
<b>Movements of provision for impairment</b>		
At 1 January	-	-
Allowance for impairment for the year	-	-
- additional allowance for impairment	-	-
- (release of allowance for impairment)	-	-
(Foreclosed assets)	-	-
Effect of exchange rate differences	-	-
(Written-off receivables)	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>

No interest was calculated and paid on obligatory reserve in Denars in 2014 (2013: 1% p.a.).

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**19 Trading assets****A. Trading assets structure according to type of financial instrument**

	2014	2013
Trading Securities		
Debt securities for trading		
- Treasury bills for trading	-	-
- Government bills for trading	-	-
- Other instruments on the money market	-	-
- Bonds issued by the government	-	-
- Corporative bonds	-	-
- Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
Equity instruments for trading		
- Equity instruments issued by banks	-	-
- Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
Trade derivatives		
- Contracts dependent on the interest rate change	-	-
- Contracts dependent on the exchange rate change	-	-
- Contracts dependent on the change of price of securities	-	-
- Other contracts that meet the criteria of IAS 39	-	-
	-	-
<b>Total assets for trading</b>	<b>-</b>	<b>-</b>

Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

*Trading assets (continued)***B. Reclassified trading assets****B1. Balance of the reclassified trading assets**

		2014		2013	
	Reclassified amount (at the date of reclassification)	carrying value as at 31.12.2014	fair value as at 31.12.2014	carrying value as at 31.12.2014	fair value as at 31.12.2014
<b>Trading assets reclassified in 2014 in:</b>					
- available-for-sale financial assets	-	-	-	-	-
- loans and advances to banks	-	-	-	-	-
- loans and advances to customers	-	-	-	-	-
<hr/>					
<b>Trading assets reclassified in 2013 in:</b>					
- available-for-sale financial assets	-	-	-	-	-
- loans and advances to banks	-	-	-	-	-
- loans and advances to customers	-	-	-	-	-



## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

*Trading assets (continued)***B. Reclassified trading assets (continued)****B2. Profit/ (loss) from reclassified trading assets**

	Reclassified during 2014		Reclassified during 2013		Other profit/(loss) 2013
	Income statement 2014	Other profit/(loss) 2014	Income statement 2014	Other profit/(loss) 2014	Income statement 2013
<b>Period preceding reclassification</b>	-	-	-	-	-
Trading assets reclassified in available- for-sale financial assets	-	-	-	-	-
- trade income, net	-	-	-	-	-
Trading assets reclassified in loans and advances to banks	-	-	-	-	-
- trade income, net	-	-	-	-	-
Trading assets reclassified in loans and advances to customers	-	-	-	-	-
<b>Period following reclassification</b>	-	-	-	-	-
Trading assets reclassified in available- for-sale financial assets	-	-	-	-	-
- interest income	-	-	-	-	-
- impairment provision for financial assets, net - changes in fair value, net	-	-	-	-	-
- changes in fair value, net	-	-	-	-	-
Trading assets reclassified in loans and advances to banks	-	-	-	-	-
- interest income	-	-	-	-	-
- impairment provision for financial assets, net	-	-	-	-	-
Trading assets reclassified in loans and advances to customers	-	-	-	-	-
- interest income	-	-	-	-	-
- impairment provision for financial assets, net	-	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

*Trading assets (continued)**B. Reclassified trading assets (continued)**B3. Profit/ (loss) that would have been recognized in profit and loss, had the assets not have been reclassified*

	Reclassified during 2014	Reclassified during 2013	
	Income statement 2014	Income statement 2014	Income statement 2013
Trading assets reclassified in available- for- sale financial assets	-	-	-
- trade income, net	-	-	-
Trading assets reclassified in loans and advances to banks	-	-	-
- trade income, net	-	-	-
Trading assets reclassified in loans and advances to customers	-	-	-
- trade income, net	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**20 Financial assets at fair value through profit and loss at initial recognition**

	2014	2013
<i>Debt securities</i>		
- Treasury bills	-	-
- Government bills	-	-
- Other instruments on the money market	-	-
- Bonds issued by the government	-	-
- Corporative bonds	-	-
- Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Equity instruments</i>		
- Equity instruments issued by banks	-	-
- Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
Loans and receivable from banks	-	-
Loans and receivables from customers	-	-
<b>Total financial assets at fair value through profit and loss, at initial recognition</b>	-	-

Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**21 Derivative assets and liabilities held for risk management**

	Derivative assets	2014 (Derivative liabilities)	Derivative assets	2013 (Derivative liabilities)
<b>A. Derivatives for risk protection /Derivatives held for risk management</b>				
A.1 According to type of variability				
<b>Derivatives held for risk management</b>				
Contracts dependent on the change of interest rate	-	-	-	-
Contracts dependent on the change of exchange rate	-	-	-	-
Contracts dependent on the change of price of securities	-	-	-	-
Other contracts that meet the criteria of IAS 39	-	-	-	-
<b>Total derivatives held for risk management</b>	-	-	-	-
A.2 According to risk protection				
Fair value risk protection	-	-	-	-
Cash flow risk protection	-	-	-	-
Risk protection of net investment in foreign operations	-	-	-	-
<b>Total derivatives held for risk management</b>	-	-	-	-
<b>B. Embedded derivatives</b>				
Contracts dependent on the change of interest rate	-	-	-	-
Contracts dependent on the change of exchange rate	-	-	-	-
Contracts dependent on the change of price of securities	-	-	-	-
Other contracts that meet the criteria of IAS 39	-	-	-	-
<b>Total embedded derivatives</b>	-	-	-	-
<b>Total derivatives held for risk management</b>	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**22 Loans and advances****22.1 Loans and receivable from banks**

	2014		2013	
	short-term	long-term	short-term	long-term
Loans to banks	-	-	-	-
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
Term deposits, maturity over three months	9,000	-	13,000	-
- Domestic banks	9,000	-	13,000	-
- Foreign banks	-	-	-	-
Repo	-	-	-	-
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
Other receivables	-	-	-	-
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
Interest receivables	8	-	22	-
Current maturity	-	-	-	-
<b>Total loans and advances to banks before allowance for impairment</b>	<b>9,008</b>	<b>-</b>	<b>13,022</b>	<b>-</b>
(Allowance for impairment)	(450)	-	(651)	-
<b>Total loans and receivable to banks less allowance for impairment</b>	<b>8,558</b>	<b>-</b>	<b>12,371</b>	<b>-</b>

	2014	2013
<b>Movements of provision for impairment</b>		
At 1 January	651	80
Allowance for impairment for the year		
- additional allowance for impairment	3	642
- (release of allowance for impairment)	(204)	(71)
(Foreclosed assets)	-	-
Effect of exchange rate differences	-	-
(Written-off receivables)	-	-
<b>At 31 December</b>	<b>450</b>	<b>651</b>

Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

Loans and advances (continued)

**22.2 Loans and receivables from customers****A. Structure of loans and advance to clients by type of borrower**

	short-term	2014 long-term	short-term	2013 long-term
Non-financial companies				
- receivables per principal	-	-	-	-
- interest receivables	-	-	-	-
State				
- receivables per principal	-	-	-	-
- interest receivables	-	-	-	-
Non-profit institutions providing services to households				
- receivables per principal	-	-	-	-
- interest receivables	-	-	-	-
Financial companies, except banks				
- receivables per principal	-	-	-	-
- interest receivables	-	-	-	-
Households				
- receivables per principal				
housing loans	-	-	-	-
consumer loans	28,794	143,567	33,426	129,323
car loans	-	-	-	-
mortgages	-	-	-	-
credit cards	-	-	-	-
other loans	1,355	21,362	1,443	20,750
- interest receivables	1,018	-	933	-
- Non-residents, except banks				
- receivables per principal	-	-	-	-
- interest receivables	-	-	-	-
Current maturity	52,576	(52,576)	53,088	(53,088)
<b>Total loans and advances to other customers before allowance for impairment</b>	<b>83,743</b>	<b>112,353</b>	<b>88,890</b>	<b>96,985</b>
(Allowance for impairment)	(10,986)	(8,808)	(11,589)	(8,119)
<b>Total loans and advances to customers less allowance for impairment</b>	<b>71,544</b>	<b>104,758</b>	<b>77,301</b>	<b>88,866</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

*Loans and advances to customers (continued)**A. Structure of loans and advances to customers by type of debtor (continued)*

	2014	2013
<b>Movements of allowance for impairment, individual basis</b>		
At 1 January	18,389	19,673
Allowance for impairment for the year		
- additional allowance for impairment	19,097	15,530
- (release of allowance for impairment)	(18,694)	(16,807)
(Foreclosed assets)	(63)	-
Effect of exchange rate differences	-	-
(Written-off receivables)	(2)	(7)
<b>At 31 December</b>	<b>18,727</b>	<b>18,389</b>
<b>Movements of allowance for impairment, group basis</b>		
At 1 January	1,319	1,439
Allowance for impairment for the year		
- additional allowance for impairment	2,103	3,011
- (release of allowance for impairment)	(2,355)	(3,131)
(Foreclosed assets)	-	-
Effect of exchange rate differences	-	-
(Written-off receivables)	-	-
<b>At 31 December</b>	<b>1,067</b>	<b>1,319</b>
<b>Total allowance for impairment of loans and advances to customers</b>	<b>19,794</b>	<b>19,708</b>

*B. Structure of loans and advances to customers per type of collateral*

	2014	2013
(Current carrying value of loans and advances)	-	-
First class instruments for guarantee	-	-
- Cash deposits (depot and /or limited accounts in the Savings House)	7,507	7,692
- Government securities	-	-
- Government unconditional guarantees	-	-
- Bank guarantees	-	-
Guarantees from insurance companies and insurance policies	-	-
Corporate guarantees (apart from banking and insurance companies)	-	-
Guarantees from individuals	153,119	143,337
Property pledge	-	-
- Property for own use (flats, houses)	-	-
- Property for operating activities	-	-
Movable property pledge	-	-
Other types of guarantees	15,676	15,138
Unsecured	-	-
<b>Total loans and advances to customers less allowance for impairment</b>	<b>176,302</b>	<b>166,167</b>

**Risks and uncertainties**

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

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

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

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

*Loans and advances to customers (continued)*

The Savings House's management is reacting appropriately to any new developments to the market and economy as a whole. Some of the undertaken measures are: Strengthening the monitoring of large customers and industry sectors to which the Savings 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 Savings House's goals and objectives for 2015 and beyond.

As at 31 December 2014, non-functional loans included in loans and advances to customers are Denar 10,350 thousand (2013: Denar 10,113 thousand).



## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**23 Investments in securities****23.1 Investments in financial assets available – for – sale***A. Structure of investments in financial assets available for sale by type of financial instrument*

	2014	2013
<i>Debt securities</i>		
Treasury bills	-	-
Government bills	-	-
Other instruments on the money market	-	-
Government issued bonds	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Equity instruments</i>		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<b>Total investment in financial instruments available – for – sale before allowance for impairment</b>	-	-
(Allowance for impairment)	-	-
<b>Total investment in financial instruments available – for – sale less allowance for impairment</b>	-	-

	2014	2013
<b>Movements of provision for impairment</b>		
At 1 January	-	-
Allowance for impairment for the year		
- additional allowance for impairment	-	-
- (release of allowance for impairment)	-	-
(Foreclosed assets)	-	-
Effect of exchange rate differences	-	-
(Written-off receivables)	-	-
<b>At 31 December</b>	-	-

Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

Investments in securities (continued)

Investment in financial assets available – for – sale (continued))

*B. Reclassified financial assets available – for – sale**B1. Balance of reclassified assets available – for – sale*

		2014		2013	
	Reclassified amount (at the date of reclassification)	Carrying value as at 31.12.2014	fair value as at 31.12.2014	Carrying value as at 31.12.2013	fair value as at 31.12.2013
<b>Assets available- for- sale reclassified in 2014 in:</b>					
- loans and advances to banks	-	-	-	-	-
- loans and advances to customers	-	-	-	-	-
	-	-	-	-	-
<b>Assets available- for- sale reclassified in 2013 in:</b>					
- loans and advances to banks	-	-	-	-	-
- loans and advances to customers	-	-	-	-	-
	-	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Investments in securities (continued)

## Investment in financial assets available – for – sale (continued))

*B2. Reclassified financial assets available – for – sale (continued)**B2. Gains and losses from the reclassified assets available – for – sale*

	Income statement (current year)	Other gains / (losses) (current year)	Income statement (previous year)	Other gains / (losses) (previous year)
<b>Period preceding reclassification</b>				
Assets available – for – sale reclassified in loans and advances to banks				
- interest income	-	-	-	-
- impairment provision for financial assets, net	-	-	-	-
- changes in fair value, net	-	-	-	-
Assets available-for-sale reclassified to loans and advances to customers				
- interest income	-	-	-	-
- impairment provision for financial assets, net	-	-	-	-
- changes in fair value, net	-	-	-	-
<b>Period following reclassification</b>				
Assets available – for – sale reclassified in loans and advances to banks				
- interest income	-	-	-	-
- impairment provision for financial assets, net	-	-	-	-
- amount posted to General Ledger from revaluation reserves	-	-	-	-
Assets available-for-sale reclassified to loans and advances to customers				
- interest income	-	-	-	-
- impairment provision for financial assets, net	-	-	-	-
- amount posted to General Ledger from revaluation reserve	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Investments in securities (continued)

## Investment in financial assets available – for – sale (continued))

*B. Reclassified financial assets available – for –sale (continued)**B3. Gains and losses that would have been recognized, had the assets not have been reclassified*

	Income statement (current year)	Other gains / (losses) (current year)	Income statement (previous year)	Other gains / (losses) (previous year)
Assets available – for – sale reclassified in loans and advances to banks				
- interest income	-	-	-	-
- impairment provision for financial assets, net	-	-	-	-
Assets available-for-sale reclassified to loans and advances to customers				
- interest income	-	-	-	-
- impairment provision for financial assets, net	-	-	-	-
- changes in fair value, net	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

*Investments in securities (continued)***23.2 Investment in financial assets held– to- maturity**

	2014	2013
<i>Debt securities</i>		
Treasury bills	-	-
Government bills	3,166	23,618
Other instruments on the money market	-	-
Government issued bonds	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	<b>3,166</b>	<b>23,618</b>
Quoted	-	-
Unquoted	3,166	23,618
<b>Total investments in financial instruments held-to-maturity before allowance for impairment</b>	<b>3,166</b>	<b>23,618</b>
(Allowance for impairment)	-	-
<b>Total investment in financial instruments held-to-maturity less allowance for impairment</b>	<b>3,166</b>	<b>23,618</b>

	2014	2013
<b>Movements of provision for impairment</b>		
At 1 January	-	-
Allowance for impairment for the year		
- additional allowance for impairment	-	-
- (release of allowance for impairment)	-	-
(Foreclosed assets)	-	-
Effect of exchange rate differences	-	-
(Written-off receivables)	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>

Government bills in amount of Denar 3,166 thousand (2013: Denar 23,168 thousand ) issued by the Ministry of Finance of the Republic of Macedonia have the period of maturity from 6-12 months (2013: from 3-6 months) and bear interest from 3.15% to 3.60% p.a. (2013: from 3.15% to 3.60% p.a.).

**24 Investment in subsidiaries and associates***A. Percentage of the Savings House's interest in subsidiaries and associates*

Name of subsidiaries and associates	Country	Percentage of interest in ownership		Percentage of right to vote	
		2014	2013	2014	2013
-	-	-	-	-	-
-	-	-	-	-	-

*B. Financial information of associates – 100%*

Name of associates	Total assets	Total liabilities	Total equity and reserves	Income	Profit/(loss) for the financial year
2014					
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2013					
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**25 Other receivables**

	2014	2013
Trade receivables	-	-
Prepaid expenses	24	69
Calculated deferred income	-	-
Fees and commission receivables	234	158
Receivables from the employees	-	-
Advances for intangible assets	-	-
Advances for property and equipment	-	-
Other		
Small inventory	13	43
Other receivables	13	123
<b>Total other receivables before allowance for impairment</b>	<b>284</b>	<b>393</b>
(Allowance for impairment)	(121)	(135)
<b>Total other receivables less allowance for impairment</b>	<b>163</b>	<b>258</b>

	2014	2013
<b>Movements of provision for impairment</b>		
At 1 January	135	161
Allowance for impairment for the year		
- additional allowance for impairment	201	54
- (release of allowance for impairment)	(189)	(80)
(Foreclosed assets)	(26)	-
Effect of exchange rate differences	-	-
(Written-off receivables)	-	-
<b>At 31 December</b>	<b>121</b>	<b>135</b>

**26 Pledged assets**

	2014	2013
Debt securities	-	-
Equity instruments	-	-
<b>Total pledged assets</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**27 Foreclosed assets**

	Land	Buildings	Equipment	Residential facilities and apartments	Other	Total
<b>Cost</b>						
At 1 January 2013	-	-	-	-	-	-
Foreclosed during the year	-	-	-	-	-	-
(Sold during the year)	-	-	-	-	-	-
(Transfer to own assets)	-	-	-	-	-	-
<b>At 31 December 2013</b>	-	-	-	-	-	-
At 1 January 2014	-	-	-	-	-	-
Foreclosed during the year	-	-	-	-	140	140
(Sold during the year)	-	-	-	-	-	-
(Transfer to own assets)	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	-	-	-	<b>140</b>	<b>140</b>
<b>Impairment</b>						
At 1 January 2013	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-
(Sold during the year)	-	-	-	-	-	-
(Transfer to own assets)	-	-	-	-	-	-
<b>At 31 December 2013</b>	-	-	-	-	-	-
At 1 January 2014	-	-	-	-	-	-
Impairment loss	-	-	-	-	28	28
(Sold during the year)	-	-	-	-	-	-
(Transfer to own assets)	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	-	-	-	<b>28</b>	<b>28</b>
<b>Current carrying value</b>						
At 1 January 2013	-	-	-	-	-	-
<b>At 31 December 2013</b>	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	-	-	-	<b>112</b>	<b>112</b>

As at 31 December 2014, the current carrying value of the Savings House's foreclosed assets amounts to Denar 112 thousand (2013: none). As at 31 December 2014, their fair value is in the amount of Denar 140 thousand (2013: none).

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**28 Intangible assets**

Intangible assets as at 31 December 2014 consist of acquired software from external suppliers. Movements of carrying values for the reviewed periods are as follows:

**A. Reconciliation of the current carrying amount**

	Internally developed software	Acquired software from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in preparation	Investments in intangible assets under lease	Uncontrolled participation	Total
<b>Cost</b>								
At 1 January 2013	-	3,251	-	-	-	-	-	3,251
Increase through new acquisitions	-	463	-	-	-	-	-	463
Increase through internal development	-	-	-	-	-	-	-	-
Increase through business combinations	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	-	-	-	-	-
(Disposal through business combinations)	-	-	-	-	-	-	-	-
(transfer to non – current assets held for sale)	-	-	-	-	-	-	-	-
transfer from property and equipment in progress	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
<b>At 31 December 2013</b>	-	<b>3,714</b>	-	-	-	-	-	<b>3,714</b>
At 1 January 2014	-	3,714	-	-	-	-	-	3,714
Increase through new acquisitions	-	332	-	-	-	-	-	332
Increase through internal development	-	-	-	-	-	-	-	-
Increase through business combinations	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	-	-	-	-	-
(Disposal through business combinations)	-	-	-	-	-	-	-	-
(transfer to non – current assets held for sale)	-	-	-	-	-	-	-	-
transfer from property and equipment in progress	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	<b>4,046</b>	-	-	-	-	-	<b>4,046</b>



## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Intangible assets (continued)

## A. Reconciliation of the current carrying amount (continued)

	Internally developed software	Acquired software from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in preparation	Investments in intangible assets under lease	Uncontrolled participation	Total
<b>Depreciation and impairment</b>								
At 1 January 2013	-	<b>1,940</b>	-	-	-	-	-	<b>1,940</b>
Depreciation for the year	-	560	-	-	-	-	-	560
Impairment loss during the year	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	-	-	-	-	-
<b>At 31 December 2013</b>	-	<b>2,500</b>	-	-	-	-	-	<b>2,500</b>
At 1 January 2014	-	<b>2,500</b>	-	-	-	-	-	<b>2,500</b>
Depreciation for the year	-	544	-	-	-	-	-	544
Impairment loss during the year	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	<b>3,044</b>	-	-	-	-	-	<b>3,044</b>
<b>Current carrying value</b>								
At 1 January 2013	-	<b>1,311</b>	-	-	-	-	-	1,311
<b>At 31 December 2013</b>	-	<b>1,214</b>	-	-	-	-	-	<b>1,214</b>
<b>At 31 December 2014</b>	-	<b>1,002</b>	-	-	-	-	-	<b>1,002</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Intangible assets (continued)

*B. Carrying value of intangible assets that have ownership limitations and/or are pledged as collateral for the Savings House's liabilities*

	Internally developed software	Acquired software from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in preparation	Investments in intangible assets under lease	Total
Current carrying amount :							
<b>At 31 December 2013</b>	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	-	-	-	-	-	-

At 31 December 2014 and 2013, the Savings House has no intangible assets that have ownership limitations and/or are encumbered to securitize liability settlement.

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**29 Property and equipment****A. Reconciliation of the current carrying amount**

	Land	Buildings	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in preparation	Investments in property and equipment assets under lease	Total
<b>Cost</b>									
At 1 January 2013	-	-	1,666	6,684	416	-	-	-	8,766
Increase	-	-	-	207	-	-	-	-	207
Increase through business combinations	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(54)	-	-	-	-	(54)
(Disposal through business combinations)	-	-	-	-	-	-	-	-	-
(transfer to non – current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non – current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
<b>At 31 December 2013</b>	<b>-</b>	<b>-</b>	<b>1,666</b>	<b>6,837</b>	<b>416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,919</b>
At 1 January 2014	-	-	1,666	6,837	416	-	-	-	8,919
Increase	-	-	-	216	57	-	-	234	507
Increase through business combinations	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(231)	(45)	-	-	-	(276)
(Disposal through business combinations)	-	-	-	-	-	-	-	-	-
(transfer to non – current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non – current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	<b>-</b>	<b>-</b>	<b>1,666</b>	<b>6,822</b>	<b>428</b>	<b>-</b>	<b>-</b>	<b>234</b>	<b>9,150</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Property and equipment (continued)

## A. Reconciliation of the current carrying amount (continued)

	Land	Buildings	Transport vehicles	Furniture and office Equipment	Other equipment	Other items of property and equipment	Property and equipment in preparation	Investments in property and equipment assets under lease	Total
<b>Depreciation and impairment</b>									
At 1 January 2013	-	-	1,652	5,548	385	-	-	-	7,585
Depreciation for the year	-	-	9	422	14	-	-	-	445
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(54)	-	-	-	-	(54)
(transfer to non – current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non – current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
<b>At 31 December 2013</b>	-	-	<b>1,661</b>	<b>5,916</b>	<b>399</b>	-	-	-	<b>7,976</b>
At 1 January 2014	-	-	1,661	5,916	399	-	-	-	7,976
Depreciation for the year	-	-	5	403	7	-	-	35	450
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(231)	(45)	-	-	-	(276)
(transfer to non – current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non – current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	-	<b>1,666</b>	<b>6,088</b>	<b>361</b>	-	-	<b>35</b>	<b>8,150</b>
<b>Current carrying value</b>									
At 1 January 2013	-	-	14	1,136	31	-	-	-	1,181
<b>At 31 December 2013</b>	-	-	<b>5</b>	<b>921</b>	<b>17</b>	-	-	-	<b>943</b>
<b>At 31 December 2014</b>	-	-	-	<b>734</b>	<b>67</b>	-	-	<b>199</b>	<b>1,000</b>

**As at and for the year ended 31 December 2014**

**Property and equipment (continued)**

At 31 December 2014 and 2013, all property and equipment are owned by the Savings House. The Savings House has no mortgages or other encumbrances over its property and equipment.

[illegible]

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the 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**

	2014	2013
Income tax receivables (current)	-	10
Income tax liabilities (current)	51	-
	<b>51</b>	<b>10</b>

**30.2 Deferred tax assets and deferred tax liabilities****A. Recognized deferred tax assets and deferred tax liabilities**

	2014			2013		
	Deferred tax assets	(Deferred tax liabilities)	Net basis	Deferred tax assets	(Deferred tax liabilities)	Net basis
Derivative assets held for risk management	-	-	-	-	-	-
Loans and receivable from banks	-	-	-	-	-	-
Loans and receivables from customers	-	-	-	-	-	-
Investments in securities	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Deferred tax assets/liabilities recognized in the Income Statement</b>	-	-	-	-	-	-
Investments in financial assets available – for – sale	-	-	-	-	-	-
Cash flow risk protection	-	-	-	-	-	-
<b>Deferred tax assets/liabilities recognized in equity</b>	-	-	-	-	-	-
<b>Total recognized deferred tax assets/ liabilities</b>	-	-	-	-	-	-

**B. Unrecognized deferred tax assets**

	2014	2013
Tax losses	-	-
Tax credits	-	-
<b>Total unrecognized deferred tax assets</b>	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Current and deferred tax assets and liabilities (continued)

## Deferred tax assets and deferred tax liabilities (continued)

*B. Reconciliation of the movement of deferred tax assets and tax liabilities during the year*

	Recognized during the year in:			
	As of 01 January	Income statement	Equity	At 31 December
<b>2014</b>				
Derivative assets held for risk management	-	-	-	-
Loans and receivable from banks	-	-	-	-
Loans and receivables from customers	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available – for – sale	-	-	-	-
Cash flow risk protection	-	-	-	-
<b>Total recognized deferred tax assets/ liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2013</b>				
Derivative assets held for risk management	-	-	-	-
Loans and receivable from banks	-	-	-	-
Loans and receivables from customers	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available – for – sale	-	-	-	-
Cash flow risk protection	-	-	-	-
<b>Total recognized deferred tax assets/ liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

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

	2014	2013
<b>Intangible assets</b>	-	-
Property and equipment	-	-
<b>Total non – current assets held for sale</b>	-	-

*B. Disposal group*

	2014	2013
Disposal group of assets		
Financial assets	-	-
Intangible assets	-	-
Property and equipment	-	-
Investment in associates	-	-
Income tax receivables	-	-
Other assets	-	-
<b>Total disposal group of assets</b>	-	-
Liabilities directly related to disposal group		
Financial liabilities	-	-
Special reserve	-	-
Income tax liabilities	-	-
Other liabilities	-	-
<b>Total liabilities directly related to the disposal group</b>	-	-

*C. Gains / (losses) recognized from the sale of assets held for sale and disposal group*

	2014	2013
Gains / (losses) recognized from the sale of assets held for sale and disposal group	-	-
	-	-



## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**32 Trading liabilities**

	2014	2013
<i>Due to banks</i>		
- Current accounts, demand deposits and overnight deposits	-	-
- Term deposits	-	-
- Other deposits	-	-
	-	-
<i>Due to customers</i>		
- Current accounts, demand deposits and overnight deposits	-	-
- Term deposits	-	-
- Other deposits	-	-
	-	-
<i>Issued debt securities</i>		
- Money market instruments	-	-
- Deposit certificates	-	-
- Issued bonds	-	-
- Other	-	-
	-	-
Other financial liabilities	-	-
<i>Trade derivatives</i>		
- Contracts dependent on the interest rate change	-	-
- Contracts dependent on the exchange rate change	-	-
- Contracts dependent on the price of securities	-	-
- Other contracts that meet the criteria of IAS 39	-	-
	-	-
<b>Total trading liabilities</b>	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**33 Financial liabilities designated at fair value through profit and loss at its / their initial recognition**

	2014		2013	
	Current carrying amount	Contractual value, paid at maturity	Current carrying amount	Contractual value, paid at maturity
<i>Due to banks</i>				
Current accounts, demand deposits and overnight deposits	-	-	-	-
Term deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Due to customers</i>				
Current accounts, demand deposits and overnight deposits	-	-	-	-
Term deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Issued debt securities</i>				
Money market instruments	-	-	-	-
Deposit certificates	-	-	-	-
Issued bonds	-	-	-	-
Other	-	-	-	-
	-	-	-	-
<i>Subordinated liabilities</i>	-	-	-	-
<i>Other financial liabilities</i>	-	-	-	-
<b>Total financial liabilities through profit and loss at its/ their initial recognition</b>	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**34 Deposits****34.1 Due to banks**

	short-term	2014 long-term	short-term	2013 long-term
Current accounts				
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
Demand deposits				
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
Term deposits				
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
Limited deposits				
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
Other deposits				
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
Interest payable on deposits				
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
Current maturity	-	-	-	-
<b>Total due to banks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Deposits (continued)

## 34.2 Due to customers

	short-term	2014 long-term	short-term	2013 long-term
Non-financial companies				
- Current accounts	-	-	-	-
- Demand deposits	-	-	-	-
- Term deposits	-	-	-	-
- Limited deposits	-	-	-	-
- Other deposits	-	-	-	-
- Interest	-	-	-	-
	-	-	-	-
State				
- Current accounts	-	-	-	-
- Demand deposits	-	-	-	-
- Term deposits	-	-	-	-
- Limited deposits	-	-	-	-
- Other deposits	-	-	-	-
- Interest	-	-	-	-
	-	-	-	-
Non-profit institutions providing services to households				
- Current accounts	-	-	-	-
- Demand deposits	-	-	-	-
- Term deposits	-	-	-	-
- Limited deposits	-	-	-	-
- Other deposits	-	-	-	-
- Interest	-	-	-	-
	-	-	-	-
Financial companies, except banks				
- Current accounts	-	-	-	-
- Demand deposits	-	-	-	-
- Term deposits	-	-	-	-
- Limited deposits	-	-	-	-
- Other deposits	-	-	-	-
- Interest	-	-	-	-
	-	-	-	-
Households				
- Current accounts	-	-	-	-
- Demand deposits	3,016	-	2,005	-
- Term deposits	32,918	71,787	36,798	82,853
- Limited deposits	2,222	14,711	5,057	15,785
- Other deposits	-	-	-	-
- Interest	908	-	953	-
	<b>39,064</b>	<b>86,498</b>	<b>44,813</b>	<b>98,638</b>
- Non-residents, except banks				
- Current accounts	-	-	-	-
- Demand deposits	-	-	-	-
- Term deposits	-	-	-	-
- Limited deposits	-	-	-	-
- Other deposits	-	-	-	-
- Interest	-	-	-	-
	-	-	-	-
Current maturity	<b>56,708</b>	<b>(56,708)</b>	<b>64,728</b>	<b>(64,728)</b>
<b>Total due to other customers</b>	<b>95,772</b>	<b>29,790</b>	<b>109,541</b>	<b>33,910</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**35 Issued debt securities**

	2014	2013
Money market instruments	-	-
Deposit certificates	-	-
Issued bonds	-	-
Other	-	-
Interest on issued securities	-	-
<b>Total issued debt securities</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**36 Borrowings***A. The structure of borrowings according to the type of liabilities and the donor's sector*

	2014		2013	
	short-term	long-term	short-term	long-term
Banks				
- Residents				
Borrowings	12	-	17	-
Interest	-	-	-	-
Interest payables	-	-	-	-
- non-residents	-	-	-	-
Borrowings	-	-	-	-
Interest	-	-	-	-
Interest payables	-	-	-	-
Non-financial companies				
Borrowings	-	-	-	-
Interest	-	-	-	-
Interest payables	-	-	-	-
State				
Borrowings	-	3,124	-	4,570
Interest	-	-	-	-
Interest payables	4	-	6	-
Non-profit institutions providing services to households				
Borrowings	-	-	-	-
Interest payables	-	-	-	-
Financial companies, except banks				
Borrowings	-	-	-	-
Interest	-	-	-	-
Interest payables	-	-	-	-
- Non-residents, except banks				
Borrowings	-	-	-	-
Interest	-	-	-	-
Interest payables	-	-	-	-
- State				
Borrowings	-	-	-	-
Interest	-	-	-	-
Interest payables	-	-	-	-
- Non-profit institutions providing services to households				
Borrowings	-	-	-	-
Interest	-	-	-	-
Interest payables	-	-	-	-
- Financial companies, except banks				
Borrowings	-	-	-	-
Interest	-	-	-	-
Interest payables	-	-	-	-
- Households				
Borrowings	-	-	-	-
Interest payables	-	-	-	-
Current maturity	1,277	(1,277)	1,480	(1,480)
<b>Total borrowings</b>	<b>1,293</b>	<b>1,847</b>	<b>1,503</b>	<b>3,090</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Borrowings (continued)

## B. Borrowings according to the borrower

	2014		2013	
	short-term	long-term	short-term	long-term
<i>Domestic sources:</i>				
Macedonian Bank for Development Promotion (MBDP)	4	3,124	6	4,570
Komercijalna Banka	12	-	17	-
	16	3,124	23	4,570
<i>Foreign sources:</i>				
	-	-	-	-
	-	-	-	-
	-	-	-	-
Current maturity	1,277	(1,277)	1,480	(1,480)
<b>Total borrowings</b>	<b>1,293</b>	<b>1,847</b>	<b>1,503</b>	<b>3,090</b>

As of 29 December 2003, the Savings House entered into the Framework Commissioned Agreement on the placement of funds from IFAD-2 credit line, for agriculture support in RM, with Sparkasse Bank AD, Skopje in the amount of EUR 200.000. The loan carries an interest rate of 1.3% p.a. and is due according to the cumulative repayments schedule.

## 37 Subordinated liabilities

	2014	2013
<i>Subordinated deposit liabilities</i>	-	-
Interest payables	-	-
	-	-
<i>Subordinated credit liabilities</i>	-	-
First Investment Bank AD Sofia	-	-
Interest payables	-	-
	-	-
Subordinated debt on securities issued	-	-
Interest payables	-	-
	-	-
Redeemable preference shares	-	-
<b>Total subordinated debt</b>	<b>-</b>	<b>-</b>

**As at and for the year ended 31 December 2014**

### 38 Special reserve and provisions

Special reserve and provisions	Special reserve and off-balance credit exposure	Provisions for potential liabilities based on litigations	Provisions for pensions and other employee benefits	Restructuring provisions	Provisions for adverse contracts	Other provisions	Total
At 1 January 2013	-	-	-	-	-	577	577
Additional provisions during the year	-	-	-	-	-	632	632
(used provisions during the year)	-	-	-	-	-	-	-
(release of provisions during the year)	-	-	-	-	-	(1,209)	(1,209)
Effect of exchange rate differences	-	-	-	-	-	-	-
<b>At 31 December 2013</b>	-	-	-	-	-	-	-
At 1 January 2014	-	-	-	-	-	-	-
Additional provisions during the year	-	-	-	-	-	-	-
(used provisions during the year)	-	-	-	-	-	-	-
(release of provisions during the year)	-	-	-	-	-	-	-
Effect of exchange rate differences	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	-	-	-	-	-	-



## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**39 Other liabilities**

	2014	2013
Trade payables	274	220
Received advances	-	-
Fee and commission liabilities	79	43
Accrued expenses	-	-
Deferred income from the previous year	29	24
Short – term liabilities to employees	1,131	1,070
Short – term liabilities for employee benefits	-	-
Others		
Payments from litigated loans	14	72
Grants	24	232
Other	46	42
<b>Total other liabilities</b>	<b>1,597</b>	<b>1,703</b>

Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**40 Subscribed capital****A. Subscribed capital**

	Nominal value per share		ordinary shares		Number of issued shares		Total subscribed capital	
	ordinary shares	preference shares not for sale	2014	2013	2014	2013	2014	2013
At 01 January – fully paid	-	-	-	-	-	-	-	-
Recorded shares during the year	-	-	-	-	-	-	75,607	75,607
Realization of share option	-	-	-	-	-	-	-	-
Division / increase of nominal value per share	-	-	-	-	-	-	-	-
Other changes during the year	-	-	-	-	-	-	-	-
Conversion from preference to ordinary shares	-	-	-	-	-	-	-	-
<b>At 31 December – fully paid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,607</b>	<b>75,607</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Subscribed capital (continued)

*B. Dividends**B1. Announced dividends and paid dividends by the Savings House*

	2014	2013
Announced dividends and paid dividends for the year	-	-

	2014	2013
Ordinary share dividend (In Denars)	-	-
Preference share dividend	-	-

*B2. Announced dividends after the balance sheet date (the liabilities for dividends are not shown in the balance sheet)*

	2014	2013
Issued dividends after 31 December	-	-

	2014	2013
Ordinary share dividend	-	-
Preference share dividend	-	-

*B. Shareholders with more than 5% voting share*

	2014 Subscribed capital (Nominal value)	2013 Subscribed capital (Nominal value)	2014 Voting right	<i>in %</i> 2013 Voting right
<i>Shareholder's name</i>				
ZG FULM Skopje	75,607	75,607	75,607	100%
	<b>75,607</b>	<b>75,607</b>	<b>75,607</b>	<b>100%</b>

In accordance with the local regulations, the Savings House is required to set aside 5% of its net profit for the year in a statutory reserve until the level of reserve reaches 1/10 of the subscribed capital. Until the minimum required level is reached, the statutory reserve could be used only for loss recovery.

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**41 Earnings by share***A. Basic earnings by share*

	2014	2013
<i>Net - profit attributable to holders of ordinary shares</i>	-	-
Net - profit for the year	-	-
Dividends for preference shares not for sale	-	-
Changes of net-profit attributable to holders of ordinary shares	-	-
<b>Net profit/(loss) attributable to holders of ordinary shares</b>	<b>-</b>	<b>-</b>

	<i>Number of shares</i>	
	2014	2013
<i>Weighted average number of ordinary shares</i>		
Issued ordinary shares as of 1 January	-	-
Effects from changes in the number of ordinary shares during the year	-	-
<i>Weighted average number of ordinary shares as of 31 December</i>	-	-
<b>Basic earnings per share (in Denars)</b>	<b>-</b>	<b>-</b>

*B. Diluted earnings per share*

	2014	2013
<i>Net - profit attributable to holders of ordinary shares (diluted)</i>	-	-
Net profit attributable to holders of ordinary shares	-	-
Adjustments of net-profit attributable to holders of ordinary shares about the effect of all issued potentially ordinary shares	-	-
<b>Net - profit attributable to holders of ordinary shares (diluted)</b>	<b>-</b>	<b>-</b>

	<i>Number of shares</i>	
	2014	2013
<i>Weighted average number of ordinary shares (diluted)</i>	-	-
Issued ordinary shares as of 1 January	-	-
Effects of issuing potential ordinary shares	-	-
<i>Weighted average number of ordinary shares (diluted) as of 31 December</i>	-	-
<b>Diluted earnings per share (in Denars)</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**42 Commitments and contingencies****42.1 Contingent liabilities**

	2014	2013
Unsecured payment guarantees		
- in Denar	-	-
- in foreign currency	-	-
- in Denar with foreign clause	-	-
Uncovered performance guarantees	-	-
- in Denar	-	-
- in foreign currency	-	-
- in Denar with foreign clause	-	-
Uncovered letter of credit	-	-
- in Denar	-	-
- in foreign currency	-	-
- in Denar with foreign clause	-	-
Unused overdraft for current accounts	-	-
Unused credit card limits	-	-
Foreclosed liabilities for crediting and unused credit limits	-	-
Issued covered collateral	-	-
Covered letter of credit	-	-
Other commitments	-	-
<b>Total commitments before the special reserve</b>	-	-
(Special reserves)	-	-
<b>Total commitments less special reserve</b>	-	-

*Taxation risk*

The Savings House's financial statements and accounting records are subject to tax control by the tax authorities in the period for 5 years after the tax report for the financial year is submitted and can cause additional tax liabilities. According to the estimates of the Savings House's management there are no additional conditions that can bring forth potential materially significant liabilities on these grounds.

*Commitments*

As at 31 December 2014, the Savings House had no commitments for capital purchases.

*Litigation procedures*

As at December 2014, no provisions for litigations losses are recorded. The Savings House's management regularly reviews the potential risks of loss from court litigations and potential claims which would be filed against the Savings House in future periods. Even though the outcome of these matters cannot be determined with high degree of certainty, the Savings House's management believes that they would not result in material liabilities.

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Commitments and contingencies (continued)

**42.2 Contingent assets**

	2014	2013
<b>Total contingent assets</b>	-	-

**43 Activities on behalf of third parties**

	2014			2013		
	Assets	Liabilities	Net-position	Assets	Liabilities	Net-position
Asset administration on behalf and at the expense of third parties						
Deposits in Denar	-	-	-	-	-	-
Deposits in foreign currencies	-	-	-	-	-	-
Loans in Denar	-	-	-	-	-	-
Loans in foreign currencies	-	-	-	-	-	-
Other receivables in Denar	-	-	-	-	-	-
Other receivables in foreign currencies	-	-	-	-	-	-
Asset management on behalf and at the expense of third parties						
Deposits in Denar	-	-	-	-	-	-
Deposits in foreign currencies	-	-	-	-	-	-
Loans in Denar	-	-	-	-	-	-
Loans in foreign currencies	-	-	-	-	-	-
Other receivables in Denar	-	-	-	-	-	-
Other receivables in foreign currencies	-	-	-	-	-	-
Trust accounts	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**44 Related party transactions**

Related parties include persons with special rights and responsibilities at the Savings House and related parties thereof, the founder of the Savings House. All related party transactions take place during the regular operation of the Savings House and their value does not differ materially from the conditions under which other entities' transactions take place.

**A. Balance sheet**

	Parent Company	Subsidiaries	Associates	Managemen t of the Savings House	Other related parties	Total
<b>At 31 December 2014</b>						
<b>Assets</b>						
Current accounts	-	-	-	-	-	-
Trading assets	-	-	-	-	-	-
Loans and advances						
- Mortgage loans	-	-	-	-	-	-
- Consumer loans	-	-	-	-	-	-
- Financial leasing receivables	-	-	-	-	-	-
- Factoring and forfeiting receivables	-	-	-	-	-	-
- Other loans and advances	-	-	-	-	-	-
Investments in securities	-	-	-	-	-	-
(Allowance for impairment)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Liabilities</b>						
Trading liabilities	-	-	-	-	-	-
Deposits	-	-	-	1,303	-	1,303
Issued securities	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-
Other liabilities	-	-	-	386	-	386
<b>Total</b>	-	-	-	<b>1,689</b>	-	<b>1,689</b>
<b>Contingent liabilities</b>						
Issued guarantees	-	-	-	-	-	-
Issued letter of credit	-	-	-	-	-	-
Other commitments	-	-	-	-	-	-
(Special reserves)	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Contingent assets</b>						
Received guarantees	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Related party transactions (continued)

## A. Balance sheet (continued)

	Parent Company	Subsidiaries	Associates	Managemen t of the Savings House	Other related parties	Total
<b>At 31 December 2013</b>						
<b>Assets</b>						
Current accounts	-	-	-	-	-	-
Trading assets	-	-	-	-	-	-
Loans and advances						
- Mortgage loans	-	-	-	-	-	-
- Consumer loans	-	-	-	-	-	-
- Financial leasing receivables	-	-	-	-	-	-
- Factoring and forfeiting receivables	-	-	-	-	-	-
- Other loans and advances	-	-	-	-	-	-
Investments in securities	-	-	-	-	-	-
(Allowance for impairment)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Liabilities</b>						
Trading liabilities	-	-	-	-	-	-
Deposits	-	-	-	1,234	-	1,234
Issued securities	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-
Other liabilities	-	-	-	355	231	586
<b>Total</b>	-	-	-	<b>1,589</b>	<b>231</b>	<b>1,820</b>
<b>Contingent liabilities</b>						
Issued guarantees	-	-	-	-	-	-
Issued letter of credit	-	-	-	-	-	-
Other commitments	-	-	-	-	-	-
(Special reserves)	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Contingent assets</b>						
Received guarantees	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-



## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Related party transactions (continued)

## B. Income and expenses from other related party transactions

	Parent Company	Subsidiaries	Associates	Managem nt of the Savings House	Other related parties	Total
<b>2014</b>						
<b>Income</b>						
Interest income	-	-	-	-	-	-
Fee and commission income	-	-	-	-	-	-
Net income from trading	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gain from the sale of non - current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Expenses</b>						
Interest expense	-	-	-	41	-	41
Fee and commission expense	-	-	-	-	-	-
Net losses from trading	-	-	-	-	-	-
Expenses from purchase of non - current assets	-	-	-	-	-	-
Allowance for impairment of financial assets, net	-	-	-	-	-	-
Other expenses	-	-	-	-	29	29
Transfers between entities	-	-	-	-	-	-
<b>Total</b>	-	-	-	41	29	70
<b>2013</b>						
<b>Income</b>						
Interest income	-	-	-	-	-	-
Fee and commission income	-	-	-	-	-	-
Net income from trading	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gain from the sale of non - current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Expenses</b>						
Interest expense	-	-	-	60	-	60
Fee and commission expense	-	-	-	-	-	-
Net losses from trading	-	-	-	-	-	-
Expenses from purchase of non - current assets	-	-	-	-	-	-
Allowance for impairment of financial assets, net	-	-	-	-	-	-
Other expenses	-	-	-	-	621	621
Transfers between entities	-	-	-	-	-	-
<b>Total</b>	-	-	-	60	621	681

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Related party transactions (continued)

*C. Expenses for the Savings House's Management*

	2014	2013
Short - term employee benefits	4,614	4,338
Benefits after employment	-	-
Benefits due to termination of employment	-	-
Employee payment based on shares, settled with equity instruments	-	-
Employee payment based on shares, settled in cash	-	-
Other	660	695
<b>Total</b>	<b>5,274</b>	<b>5,033</b>

According to the Banking Law, related parties are considered: persons with special rights and responsibilities in the Savings House and persons related to them; shareholders with a qualified contribution to the Savings 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 Savings House's managing), affiliates and entities, as well as the responsible persons of these shareholders - legal entities, Savings House's subsidiaries and other persons related to the Savings House. In other related parties, the transactions with the Founder of the Savings House are revealed.

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**45 Leases****A. Lessor****A1. Finance lease receivables**

	Total financial lease receivables	Maturity period for financial lease receivables up to 1 year	From 1 to 5 years	Over 5 years
<b>At 31 December 2014</b>	-	-	-	-
Current value of minimum lease payments	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 31 December 2013</b>	-	-	-	-
Current value of minimum lease payments	-	-	-	-
<b>Total</b>	-	-	-	-

**A2. Irrevocable operating lease receivables**

	Total irrevocable operating lease receivables	Maturity period for irrevocable operating lease receivables up to 1 year	From 1 to 5 years	Over 5 years
<b>At 31 December 2014</b>	-	-	-	-
Current value of minimum lease payments	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 31 December 2013</b>	-	-	-	-
Current value of minimum lease payments	-	-	-	-
<b>Total</b>	-	-	-	-

	Land	Buildings	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Total
Value of property under operational lease:							
At 31 December 2014	-	-	-	-	-	-	-
At 31 December 2013	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

**B. Lessee****B1. Financial lease liabilities**

	Total financial lease liabilities	Maturity period for financial lease liabilities up to 1 year	From 1 to 5 years	Over 5 years
<b>At 31 December 2014</b>	-	-	-	-
Current value of minimum lease payments	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 31 December 2013</b>	-	-	-	-
Current value of minimum lease payments	-	-	-	-
<b>Total</b>	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

## Leases (continued)

## B. Lessee (continued)

## B.1 Financial lease liabilities (continued)

	Land	Buildings	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Total
<i>Value of property under financial lease:</i>							
<b>Cost</b>							
At 1 January 2013	-	-	-	-	-	-	-
- additions	-	-	-	-	-	-	-
- (disposal and write offs)	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
<b>At 31 December 2013</b>	-	-	-	-	-	-	-
At 1 January 2014	-	-	-	-	-	-	-
- additions	-	-	-	-	-	-	-
- (disposal and write offs)	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	-	-	-	-	-	-
<b>Accumulated depreciation and impairment</b>							
At 1 January 2013	-	-	-	-	-	-	-
- depreciation for the year	-	-	-	-	-	-	-
- impairment loss during the year	-	-	-	-	-	-	-
- (release of impairment loss during the year)	-	-	-	-	-	-	-
- (disposal and write offs)	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
<b>At 31 December 2013</b>	-	-	-	-	-	-	-
At 1 January 2014	-	-	-	-	-	-	-
- depreciation for the year	-	-	-	-	-	-	-
- impairment loss during the year	-	-	-	-	-	-	-
- (release of impairment loss during the year)	-	-	-	-	-	-	-
- (disposal and write offs)	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	-	-	-	-	-	-

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

*Leases (continued)**B. Lessee (continued)**B1. B.1 Financial lease liabilities (continued)*

	Land	Buildings	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Total
<b>Current carrying value</b>							
At 1 January 2013	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	-	-	-	-	-	-	-

*B2. Irrevocable operating lease liabilities*

	Total irrevocable leases liabilities	Maturity period for irrevocable operational leases liabilities		
		up to 1 year	From 1 to 5 years	Over 5 years
At 31 December 2014	-	-	-	-
Current value of minimum lease payments	529	529	-	-
<b>Total</b>	<b>529</b>	<b>529</b>	<b>-</b>	<b>-</b>
At 31 December 2013	-	-	-	-
Current value of minimum lease payments	461	461	-	-
<b>Total</b>	<b>461</b>	<b>461</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

As at and for the year ended 31 December 2014

(All the amounts are expressed in Denar thousand, unless otherwise stated)

**46 Share based payments**

	2014	2013
Date of giving option	-	-
Date of option expiry	-	-
Price of option realization	-	-
Share price on the date the option is given	-	-
Variance	-	-
Expected dividend return	-	-
Interest rate	-	-
Fair value on the date the option is given	-	-

	2014		2013	
	Number of share options	Weighted average price of share options	Number of share options	Weighted average price of share options
<b>At 1 January</b>				
Changes during the year:				
- options given to the Supervisory Board members	-	-	-	-
- options given to the Board of Directors members	-	-	-	-
- Other given options	-	-	-	-
- Forfeited options	-	-	-	-
- Realized options	-	-	-	-
- Options with expired deadline	-	-	-	-
<b>At 31 December</b>	-	-	-	-

**47 Events after the reporting date**

As of the balance sheet date to the date when these financial statements were approved for issuance, there were no events which would be disclosed.



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