

**STEDILNICA FULM DOO, SKOPJE**

**Financial Statements and  
Independent Auditors' Report  
for the year ended December 31, 2013**

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## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MANAGEMENT AND SOLE SHAREHOLDER OF STEDILNICA FULM DOO, SKOPJE**

We have audited the accompanying financial statements (page 3 to 121) of Stedilnica FULM DOO, Skopje (hereinafter referred to as the "Savings House"), which comprise the balance sheet as at December 31, 2013 and the income statement, statement of comprehensive income, statement of changes in equity and reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing and Audit Law of the Republic of Macedonia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 of Stedilnica FULM DOO, Skopje for the year ended December 31, 2013 are prepared, in all material respects, in accordance with accounting regulative of the Republic of Macedonia.

(Continued)

**INDEPENDENT AUDITORS' REPORT**

**TO THE MANAGEMENT AND SOLE SHAREHOLDER OF STEDILNICA FULM DOO, SKOPJE  
(Continued)**

*Report on Other Legal and Regulatory Requirements*

Management is responsible for the preparation of the Saving House's annual report (Appendix 1 to the financial statements) and the Saving House's annual account (Appendix 2 to the financial statements) in accordance with the Company Law, which were adopted and approved by the management of the Saving House and submitted to the Central Register of the Republic of Macedonia on February 26, 2014. Our responsibility is to express an opinion on the consistency of the annual report with the annual account and the financial statements of the Saving House. We have performed our audit procedures in accordance with the Audit Law of the Republic of Macedonia and International Standard on Auditing 720 – The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. In our opinion, the historical financial information disclosed in the annual report is consistent with the annual account and the accompanying audited financial statements of the Saving House for the year ended December 31, 2013.

Deloitte DOO

Lidija Nanus  
Certified Auditor  
Director

Aleksandar Arizanov  
Certified Auditor

March 3, 2014

**INCOME STATEMENT**

**For the period from January 1 to December 31, 2013**  
**(In thousands of Denars)**

	<u>Note</u>	<u>2013</u>	<u>2012</u>
Interest income		28,535	31,754
Interest expense		(7,116)	(8,585)
<b>Net interest income/(expense)</b>	6	21,419	23,169
Fee and commission income		3,130	3,077
Fee and commission expense		(483)	(544)
<b>Net fee and commission income/(expense)</b>	7	2,647	2,533
Trading income, net	8	-	-
Net income from other financial instruments carried at fair value	9	-	-
Foreign exchange gains/(losses), net	10	(3)	(1)
Other operating income	11	910	745
Share of profit of associates	24	-	-
Impairment losses of financial assets, net	12	852	(25)
Impairment losses of non-financial assets, net	13	-	-
Personnel expenses	14	(13,306)	(12,566)
Depreciation and amortization	15	(1,005)	(894)
Other operating expenses	16	(10,937)	(12,020)
Share of loss of associates	24	-	-
<b>Profit/(Loss) before tax</b>		577	941
Income tax	17	(146)	(146)
<b>Profit/(loss) for the year from continued operations</b>		<b>431</b>	<b>795</b>
Profit/(loss) on held-for-sale group of assets and liabilities			
<b>Profit/(Loss) for the year</b>		<b>431</b>	<b>795</b>
<b>Profit/(Loss) for the period attributable to:</b>			
Shareholders			
Non-controlling interest			
<b>Earnings per share</b>	41		
Basic (in Denars)		-	-
Diluted (in Denars)		-	-

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the Sole Shareholder of the Savings House as of January 29, 2014.

Signed on behalf of Stedilnica FULM DOO, Skopje:

Eleonora Zgonjanin Petrovic  
General Manager

Jovanka Todorova  
Finance Coordinator

Saso Pavlovski  
Finance Coordinator

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the period from January 1 to December 31, 2013**  
**(In thousands of Denars)**

	<u>Note</u>	<u>2013</u>	<u>2012</u>
<b>Profit/(loss) for the year</b>		<b>431</b>	<b>795</b>
<b>Other gains/(losses) for the period, not recognized in the Income statement (before tax)</b>			
Revaluation reserve of assets available for sale		-	-
- unrealized net- changes in fair value of assets available for sale		-	-
- realized net gains/(losses) from assets available for sale, reclassified in the Income statement		-	-
Revaluation reserve of foreclosed assets		-	-
- revaluation reserve at the date of foreclosure		-	-
- decrease of revaluation reserve		-	-
Reserve for instruments for hedging cash flow risk		-	-
- unrealized net changes in fair value of instruments for hedging cash flow risk		-	-
- realized net gains/(losses) from instruments for hedging cash flow risk, reclassified in the Income statement		-	-
Reserve for instruments for hedging net-investment in international operations risk		-	-
Foreign exchange reserve of investment in operations abroad		-	-
Share in other gains/(losses) of associates not recognized in the income statement	24	-	-
Other gains/(losses) not recognized in the Income statement		-	-
Income tax on other gains/(losses) not recognized in the Income statement	17	-	-
<b>Total other gains/(losses) in the period not recognized in the income statement</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>431</b>	<b>795</b>

The accompanying notes are an integral part of these financial statements.

**BALANCE SHEET**

**As of December 31, 2013**  
**(In thousands of Denars)**

	<b>Note</b>	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>			
Cash and cash equivalents	18	36,000	37,183
Held-for-trading assets	19	-	-
Financial assets at fair value through profit or loss upon initial recognition	20	-	-
Derivative assets held for risk management	21	-	-
Loans and advances to banks	22.1	12,371	7,947
Loans and advances to other customers	22.2	166,167	171,961
Investments in securities	23	23,618	18,911
Investments in associates	24	-	-
Income tax receivable (current)	30.1	10	86
Other receivables	25	258	280
Assets pledged as collateral	26	-	-
Foreclosed assets	27	-	-
Intangible assets	28	1,214	1,311
Property and equipment	29	943	1,181
Deferred tax assets	30.2	-	-
Non-current assets held-for-sale and disposal group	31	-	-
<b>Total assets</b>		<b>240,581</b>	<b>238,860</b>
<b>LIABILITIES</b>			
Trading liabilities	32	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	33	-	-
Derivative liabilities held for risk management	21	-	-
Due to banks	34.1	-	-
Due to other customers	34.2	143,451	139,825
Debt instruments issued	35	-	-
Borrowings	36	4,593	6,535
Subordinated debt	37	-	-
Special reserve and provisions	38	-	577
Income tax payable (current)	30.1	-	-
Deferred tax liabilities	30.2	-	-
Other liabilities	39	1,703	1,520
Liabilities related to disposal group	31	-	-
<b>Total liabilities</b>		<b>149,747</b>	<b>148,457</b>
<b>EQUITY</b>			
Subscribed capital	40	75,607	75,607
Share premium		-	-
Treasury shares		-	-
Other equity instruments		-	-
Revaluation reserves	40	-	-
Other reserves	40	14,796	14,001
Retained earnings		431	795
<b>Total equity and reserves</b>		<b>90,834</b>	<b>90,403</b>
<b>Non-controlling interest</b>		-	-
<b>Total liabilities, equity and reserves</b>		<b>240,581</b>	<b>238,860</b>
Contingent liabilities	42	-	-
Contingent assets	42	-	-

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY AND RESERVES**  
**For the period from January 1 to December 31, 2013**  
**(In thousands of Denars)**

	Equity				Revaluation reserves				Other reserves			Retained earnings				Total equity and reserves, attributable to the shareholders of the bank	Total equity and reserves
	Subscribed capital	Share premium	(Treasury shares)	Other equity. Instruments	Revalued reserves for assets available for sale	Reserves for risk mitigation	Foreign exchange reserves on investment in foreign operations	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders	Limited for distribution to shareholders	(Accumulated loss)			
As of January 1, 2012 (Previous Year)	75,607	-	-	-	-	-	-	-	13,735	-	-	266	-	-	-	89,608	89,608
Opening balance restatement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As of January 1, 2012 (Previous Year), restated	75,607	-	-	-	-	-	-	-	13,735	-	-	266	-	-	-	89,608	89,608
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	-	795	-	-	-	795	795
Other gains/(losses) not recognized in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of financial assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of instruments for hedging cash flow risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of instruments for hedging net-investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange gains/(losses) of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets/(liabilities) recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains/(losses) not recognized in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total unrealized gains/(losses) recognized directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	-	-	795	-	-	-	795	795

The accompanying notes are an integral part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY AND RESERVES (Continued)

For the period from January 1 to December 31, 2013

(In thousands of Denars)

	Equity				Revaluation reserves				Other reserves			Retained earnings			Total equity and reserves, attributable to the shareholders of the bank	Total equity and reserves
	Subscribed capital	Share premium	(Treasury shares)	Other equity. Instruments	Revalued reserves for assets available for sale	Reserves for risk mitigation	Foreign exchange reserves on investment in foreign operations	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders	Limited for distribution to shareholders	(Accumulated loss)		
Transactions with the shareholders, recognized directly in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share issued in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of statutory reserve	-	-	-	-	-	-	-	-	266	-	-	(266)	-	-	-	-
Allocation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves – transfer from allocated reserves for purchasing of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves – other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders, recognized directly in equity and reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>266</b>	<b>-</b>	<b>-</b>	<b>(266)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As of December 31, 2012 (Previous Year) / January 1, 2013 (Current Year)</b>	<b>75,607</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,001</b>	<b>-</b>	<b>-</b>	<b>795</b>	<b>-</b>	<b>-</b>	<b>90,403</b>	<b>90,403</b>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY AND RESERVES (Continued)**  
**For the period from January 1 to December 31, 2013**  
**(In thousands of Denars)**

	Equity				Revaluation reserves				Other reserves			Retained earnings				Total equity and reserves, attributable to the shareholders of the bank	Total equity and reserves
	Subscribed capital	Share premium	(Treasury shares)	Other equity. Instruments	Revalued reserves for assets available for sale	Reserves for risk mitigation	Foreign exchange reserves on investment in foreign operations	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders	Limited for distribution to shareholders	(Accumulated loss)			
<b>As of December 31, 2012 (Previous Year)/</b>																	
<b>January 1, 2013 (Current Year)</b>																	
<b>Total comprehensive income for the year</b>																	
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	-	431	-	-	-	431	431
Other gains/(losses) not recognized in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of financial assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of instruments for hedging cash flow risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of instruments for hedging net-investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange gains/(losses) of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets/(liabilities) recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains/(losses) not recognized in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total unrealized gains/(losses) recognized directly in equity</b>																	
<b>Total comprehensive income for the year</b>												<b>431</b>				<b>431</b>	<b>431</b>

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY AND RESERVES (Continued)

For the period from January 1 to December 31, 2013

(In thousands of Denars)

	Equity				Revaluation reserves				Other reserves			Retained earnings				Total equity and reserves, attributable to the shareholders of the bank	Total equity and reserves
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revalued reserves for assets available for sale	Reserves for risk mitigation	Foreign exchange reserves on investment in foreign operations	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders	Limited for distribution to shareholders	(Accumulated loss)			
Transactions with the shareholders, recognized directly in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share issued in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of statutory reserve	-	-	-	-	-	-	-	-	795	-	-	(795)	-	-	-	-	-
Allocation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with the shareholders, recognized directly in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transactions with shareholders, recognized directly in equity and reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>795</b>	<b>-</b>	<b>-</b>	<b>(795)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As of December 31, 2013 (Current Year)</b>	<b>75,607</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,796</b>	<b>-</b>	<b>-</b>	<b>431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,834</b>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**

**For the period from January 1 to December 31, 2013**  
**(In thousands of Denars)**

	<b>2013</b>	<b>2012</b>
<b>Cash flow from operating activities</b>		
Profit / (loss) before taxation	577	941
<i>Adjustment for:</i>		
Depreciation of:	-	-
Intangible assets	560	515
Property and equipment	445	379
Capital gain from:		
Sale of intangible assets	-	-
Sale of property and equipment	-	-
Sale of foreclosed assets	-	-
Capital loss from:		
Sale of intangible assets	-	-
Sale of property and equipment	-	-
Sale of foreclosed assets	-	-
Interest income	(28,535)	(31,754)
Interest expense	7,116	8,585
Net trading income	-	-
Impairment losses of financial assets, net	(852)	25
Additional impairment losses	19,237	14,872
Release of impairment losses	(20,089)	(14,847)
Impairment losses of non-financial assets, net	-	-
Additional impairment losses	-	-
Release of impairment losses	-	-
Special reserve:	(577)	375
Additional provisions	632	533
Release of provisions	(1,209)	(158)
Dividend income	-	-
Share of profit / (loss) of associates	-	-
Other adjustments	18	(34)
Interest received	28,649	31,754
Interest paid	(7,241)	(8,677)
<b>Profit from operations before changes in operating assets:</b>	<b>160</b>	<b>2,109</b>
<i>(Increase)/decrease of operating assets:</i>		
Trading assets	-	-
Derivative assets held for risk management	-	-
Loans and advances to banks	(5,000)	8,200
Loans and advances to other customers	7,082	(3,158)
Assets pledged as collateral	-	-
Foreclosed assets	-	-
Obligatory deposit in foreign currency	-	-
Obligatory deposit held with NBRM according to special regulations	-	-
Other receivables	24	68
Deferred tax assets	-	-
Non-current assets held-for-sale and disposal group	-	-
<i>Increase/(decrease) in operating liabilities:</i>		
Trading liabilities	-	-
Derivative liabilities held for risk management	-	-
Due to banks	-	-
Due to other customers	3,749	(7,174)
Other liabilities	188	189
Liabilities directly related to group or assets for disposal	-	-
<b>Net cash flow from operating activities before taxation</b>	<b>6,203</b>	<b>234</b>
(Paid)/received income tax	(69)	(289)
<b>Net cash flow from operating activities</b>	<b>6,134</b>	<b>(55)</b>

**STATEMENT OF CASH FLOWS (Continued)**  
**For the period from January 1 to December 31, 2013**  
**(In thousands of Denars)**

	<b>2013</b>	<b>2012</b>
<b>Cash flow from investing activities</b>		
(Investments in securities)	(4,707)	-
Inflows from sale of investment in securities	-	6,965
(Outflows from investment in subsidiaries and associates)	-	-
Inflows from disposal of investment in subsidiaries and associates	-	-
(Purchase of intangible assets)	(463)	(758)
Inflows from sale of intangible assets	-	-
(Purchase of property and equipment)	(207)	(793)
Inflows from sale of property and equipment	-	-
(Outflows from non-current assets held-for-sale)	-	-
Inflows from non-current assets held-for-sale	-	-
(Other outflows from investing activity)	-	-
Other inflows from investing activity	-	-
<b>Net cash flow from investing activities</b>	<b>(5,377)</b>	<b>5,414</b>
<b>Cash flow from financing activities</b>		
(Repayment of debt securities issued)	-	-
Issued debt securities	-	-
(Repayment of borrowings)	(1,940)	(2,246)
Increase of borrowings	-	-
(Repayment of issued subordinated debts)	-	-
Issued subordinated debts	-	-
Inflows from issued shares/equity instruments during the period	-	-
(Purchase of treasury shares)	-	-
Disposal of treasury shares	-	-
(Dividends paid)	-	-
(Other financing outflows)	-	-
Other financing inflows from financing	-	-
<b>Net cash flow from financing activities</b>	<b>(1,940)</b>	<b>(2,246)</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>(1,183)</b>	<b>3,113</b>
Cash and cash equivalents as of 1 January	37,183	34,070
<b>Cash and cash equivalents as of December 31</b>	<b>36,000</b>	<b>37,183</b>

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**1. INTRODUCTION**

**a) General Information**

“Stedilnica FULM DOO, Skopje (hereinafter referred to as the “Savings House”) is a limited liability company set up as of March 24, 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 HQ 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 is not listed on the Macedonian Stock Exchange.

The Savings House's financial statements for the year ended December 31, 2013 were approved by the sole shareholder of the Savings House as of January 29, 2014.

**b) Basis of Preparation of the Financial Statements**

**Accounting Standards**

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 and 166/12), Law on Banks („Official Gazette of the Republic of Macedonia “ no. 67/07, 90/09, 67/10 and 26/13), law regulation passed by NBRM, the Decision on the Methodology for recording and valuation of accounting items and for the preparation of financial statements (hereinafter referred to as the “Methodology”) (“Official Gazette of the Republic of Macedonia” no. 196/10, 165/12, 50/13 and 110/13) and the Decision on the types and content of financial statements of banks (“Official Gazette of the Republic of Macedonia” no. 169/10, 152/11, 54/12 and 166/13), issued by the NBRM, applicable as of December 31, 2013.

**Standards in Issue not yet Adopted**

At the date of authorization of these financial statements by the management of the Savings House, there were no standards in issue but not yet effective.

**Presentation of Financial Statements**

The accompanying financial statements of the Savings House have been presented in accordance with the Guidelines on the prescribed form and content of the annual financial statements of the banks („Official Gazette of the Republic of Macedonia” no. 169/2010, 152/2011, 54/2012 and 166/13), (hereinafter referred to as the “Guidelines”), which in certain aspects differ from the presentation of certain positions in the financial statements in accordance with the requirements of the International Accounting Standard (IAS) 1 - Presentation of Financial Statements.

The Savings House's management estimates the influence of the changes in IAS, the new IFRS and their interpretation on the financial statements, as well as the requirements on the form and contents in accordance with the Guidelines and valuation of assets, liabilities, revenues and expenses in accordance with the Methodology.

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 presentation of the financial statements in accordance with the 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 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**1. INTRODUCTION (Continued)**

**b) Basis of Preparation of the Financial Statements (Continued)**

**Presentation of Financial Statements (Continued)**

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 are presented in Note 1 d).

The Savings House's financial statements have been prepared in accordance with the accounting policies disclosed in Note 1 c) to the financial statements.

**c) Summary of Significant Accounting Policies**

**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 and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the 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 acquisition and origination of 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.

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

**Financial Assets**

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 is recognized the financial assets 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**1. INTRODUCTION (Continued)**

**c) Summary of Significant Accounting Policies (Continued)**

**Held-to-maturity Financial Assets**

Held-to-maturity financial assets of the Savings House includes 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. Held-to-maturity financial assets are financial assets with fixed or determinable payments and fixed maturities that the Savings House has a 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 Bank is included in interest income and is recognized on an accrual basis.

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

**Impairment of Financial Assets**

Up to December 1, 2013, the Savings House at least quarterly assesses at each end of reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. As from December 1, 2013, the Saving House monthly assesses 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 objective evidence that the Savings House cannot collect all amounts due on a claim according to the original contractual terms. A provision for loan impairment is reported as a reduction of the carrying amount of the loan. Additions to provisions are made through impairment losses on financial assets in the profit and loss.

The allowances for impairment and uncollectibility are determined according to the regulative 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 of December 31, 2013 and 2012, by applying the following percentages:

<u>Risk Category</u>	<u>Percent</u>	
	<u>December 31, 2013</u>	<u>December 31, 2012</u>
A	0% - 5%	0% - 10%
B	5% - 20%	10% - 25%
V	20% - 45%	25% - 50%
G	45% - 70%	50% - 75%
D	70% - 100%	75% - 100%



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**1. INTRODUCTION (Continued)**

**c) Summary of Significant Accounting Policies (Continued)**

**Impairment Losses on Loans and Advances (Continued)**

The allowances for impairment and uncollectibility are determined on the basis of the degree (size) of the risk of uncollectibility 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 un-collectability 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. Up to December 1, 2013, these losses are determined on the basis of historical data on loan classification of borrowers and express the current economic environment of the borrowers. As from December 1, 2013 the rates of the expected losses are determined based on the methodology set down by NBRM according to the Decision on the Credit Risk Management.
- 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. Up to December 1, 2013, all allowances for losses on impairment and uncollectibility are reviewed and tested at least quarterly, and any further changes in the amount and timing of expected future cash flows in comparison to previous assessments result in changes in allowances for losses on impairment and uncollectibility recorded in the profit and loss. As from December 1, 2013, all allowances for losses on impairment and uncollectibility are reviewed and tested at least monthly, and any further changes in the amount and timing of expected future cash flows in comparison to previous assessments result in changes in allowances for losses on impairment and uncollectibility 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 profit and loss.

**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.

**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. Subsequently are measured at amortized cost.

**Loans Payable**

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

**Other Payables**

Other payables are stated at their nominal amounts.

**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**  
**December 31, 2013**

**1. INTRODUCTION (Continued)**

**c) Summary of Significant Accounting Policies (Continued)**

**Equipment**

Equipment is recorded at cost, less accumulated depreciation and accumulated impairment losses. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in the profit and loss as an expense as incurred. Depreciation is charged at estimated rates so as to write off the cost of assets over their estimated useful lives, using the straight-line method. No depreciation is provided on construction in progress until the constructed assets are put into use. The annual depreciation rates are as follows:

Computers	4 years
Vehicles	4 years
Furniture and office equipment	4-10 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 Bank annually reviews its property and 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 of the current period. A reversal of an impairment loss is recognized as income immediately.

**Provisions**

Provisions are recognized when the Savings House has a present obligation (legal or constructive) as a result of a past event, 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 to the national organizations at the statutory rates. Such contributions represent defined contribution benefit plans and are recognized as an expense when employees have rendered services entitling them to the contributions. There is no additional liability to these plans.

The Savings House does not have defined plans for severance payment or options for other compensations as of December 31, 2013. The Savings House's management estimates that present value of future liabilities towards employees relating to severance payment and jubilee expenses is not material as of December 31, 2013 and 2012.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**1. INTRODUCTION (Continued)**

**c) Summary of Significant Accounting Policies (Continued)**

**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.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is to be settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

As of December 31, 2013 and 2012, 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.

**d) Critical Accounting Judgments and Estimates**

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

**Fair Value of Financial Instruments**

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

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 readily 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**

Up to December 1, 2013, once in every three months the Savings House reviewed its loan portfolios to assess impairment. As from December 1, 2013 and pursuant to the New Decision on Credit Risk Management set by NBRM (Official Gazette 15/13) the Saving House reviews its loan portfolios at least once a month in order to assess if there are indications for loan 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.

Up to December 1, 2013, the Saving House's management used estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. As from December 1, 2013 the rates have been used for expected losses determined on the methodology set by NBRM according to the 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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**1. INTRODUCTION (Continued)**

**d) Critical Accounting Judgments and Estimates**

**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 affect 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 the Accounting Policies, Accounting Estimated and Correction of Inaccuracies**

In the course of 2013 and 2012 the Savings House did not make changes to the accounting policies, accounting estimates or correction of errors.

**d) Compliance with Regulation**

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.

**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 and adherence to limits. 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 Shareholder, 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.

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 Sole Shareholder, 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**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.1 Credit Risk (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 gold and precious metals
- Foreign currency pledges
- Pledges over deposits

**2.1.1 Impairment and Provisioning Policies**

The impairment losses are identified losses of the Savings House credit portfolio that 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 have been over Denar 150,000 up to December 1, 2013 and Denar 115,000 as from December 1, 2013. 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 over a year.

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 from historical data on the certain portfolios non-payment up to December 1, 2013 whereas as from December 1, 2013 the expected loss rates of certain portfolios are determined on the basis of the methodology set by NBRM according to the 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.

As of December 31, 2012, the calculated impairment provision is within the following parameters:

- From 0% to 10% of credit exposure, classified in risk category A
- Over 10% to 25% of credit exposure, classified in risk category B
- Over 25% to 50% of credit exposure, classified in risk category V
- Over 50% to 75% of credit exposure, classified in risk category G
- Over 75% to 100% of credit exposure, classified in risk category D

As of December 31, 2013, the calculated impairment provision is within the following parameters:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.1 Credit Risk (Continued)**

**A. Analysis of Maximum Exposure to Credit Risk**

The following table is prepared according to the Decision on Credit Risk Management (Official Gazette no. 50/13 and 157/13).

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
In thousands of Denars	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
I. Carrying amount of exposure with an allowance for impairment/special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying amount of individually significant exposures, before the allowance for impairment and the special reserve, on individual basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category A	13,022	8,027	56,831	117,126	-	-	-	-	-	-	2	6	-	-	-	-	69,855	125,159
Risk category B	-	-	22,426	28,656	-	-	-	-	-	-	10	13	-	-	-	-	22,436	28,669
Risk category V	-	-	27,056	6,539	-	-	-	-	-	-	11	7	-	-	-	-	27,067	6,546
Risk category G	-	-	1,357	1,061	-	-	-	-	-	-	2	0	-	-	-	-	1,359	1,061
Risk category D	-	-	8,234	7,265	-	-	-	-	-	-	130	153	-	-	-	-	8,364	7,418
(Allowance for impairment and special reserve, on individual basis)	(651)	(80)	(18,389)	(19,673)	-	-	-	-	-	-	(135)	(161)	-	-	-	-	(19,175)	(19,914)
Carrying amount of individually significant exposures, reduced by allowance for impairment and the special reserve, on individual basis	12,371	7,947	97,515	140,974	-	-	-	-	-	-	20	18	-	-	-	-	190,906	148,939

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.1 Credit Risk (Continued)**

**A. Analysis of Maximum Exposure to Credit Risk (Continued)**

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012
<i>In thousands of Denars</i>																		
<i>Carrying amount of Exposures assessed on group basis, before allowance for impairment and the special reserve on group basis</i>																		
Individually insignificant exposures (portfolio of small-amount loans)	-	-	37,403	9,427	-	-	-	-	-	-	3	2	-	-	-	-	37,406	9,429
Individually significant exposures that are not impaired on individual basis	-	-	24,876	15,652	-	-	-	-	-	-	-	-	-	-	-	-	24,876	15,652
(Allowance for impairment and special reserve, group basis)	-	-	(1,319)	(1,439)	-	-	-	-	-	-	-	-	-	-	-	-	(1,319)	(1,439)
<b>Carrying amount of exposures assessed on group basis, less the allowance for impairment and the special reserve, group basis</b>	<b>-</b>	<b>-</b>	<b>60,960</b>	<b>23,640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,963</b>	<b>23,642</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.1 Credit Risk (Continued)**

**A. Analysis of Maximum Exposure to Credit Risk (Continued)**

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012
<i>In thousands of Denars</i>																		
II. Carrying amount of exposures without allowance for impairment/special reserve																		
Past due receivables																		
<i>Aging structure of past due receivables for which there is no allowance for impairment</i>																		
up to 30 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Carrying amount of receivables for which there is no allowance for impairment</i>																		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-matured receivables																		
Restructured receive.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	7,692	7,347	-	-	23,618	18,911	36,000	37,183	-	-	-	-	-	-	67,310	63,441
<i>Carrying amount of undue receivables for which there is no allowance for impairment /special reserve</i>																		
	-	-	7,692	7,347	-	-	23,618	18,911	36,000	37,183	-	-	-	-	-	-	67,310	63,441



NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

2. RISK MANAGEMENT (Continued)

2.1 Credit Risk (Continued)

A. Analysis of Maximum Exposure to Credit Risk (Continued)

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012
<i>In thousands of Denars</i>																		
Total Carrying amount of the credit risk receivables before the allowance for impairment and special reserve	13,022	8,027	185,875	193,073	-	-	23,618	18,911	36,000	37,183	158	181	-	-	-	-	258,673	257,375
(Total allowance for impairment and special reserve)	(651)	(80)	(19,708)	(21,112)	-	-	-	-	-	-	(135)	(161)	-	-	-	-	(20,494)	(21,353)
Total Carrying amount of the credit risk receivables less the allowance for impairment and special reserve	12,371	7,947	166,167	171,961	-	-	23,618	18,911	36,000	37,183	23	20	-	-	-	-	238,179	236,022

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.1 Credit Risk (Continued)**

**B. Value of Collateral (Fair Value) for Mitigating of Credit Risk**

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Other receivables		Off-balance sheet exposure		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
<i>In thousands of Denars</i>	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<i>Value of collateral of the credit exposure assessed for impairment on individual basis</i>																
First class collateral instruments																
cash deposits (in depot and/or limited on the Savings House accounts)	-	-	9,445	8,743	-	-	-	-	-	-	-	-	-	-	9,445	8,743
Government securities	-	-	-	-	-	-	23,618	18,911	-	-	-	-	-	-	23,618	18,911
Government unconditional guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from insurance companies and insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees (except for banks and insurance companies)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from individuals	-	-	223,880	326,587	-	-	-	-	-	-	-	-	-	-	223,880	326,587
Property pledge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property for own use (flats, houses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pledge over movables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other types of collateral	-	-	16,429	12,511	-	-	-	-	-	-	-	-	-	-	16,429	12,511
<b>Total value of collateral of credit exposure assessed for impairment on individual basis</b>	-	-	249,754	347,841	-	-	23,618	18,911	-	-	-	-	-	-	273,372	366,752

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.1 Credit Risk (Continued)**

**B. Value of Collateral (Fair Value) for Mitigating of Credit Risk (Continued)**

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Other receivables		Off-balance sheet exposure		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<i>In thousands of Denars</i>																
Value of collateral of the credit exposure assessed for impairment on group basis																
First class collateral instruments																
cash deposits (in depot and/or limited on the Savings House accounts)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government unconditional guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from insurance companies and insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees (except for banks and insurance companies)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from individuals	-	-	121,697	41,058	-	-	-	-	-	-	-	-	-	-	121,697	41,058
Property pledge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property for own use (flats, houses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pledge over movables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other types of guarantee	-	-	3,692	3,346	-	-	-	-	-	-	-	-	-	-	3,692	3,346
<b>Total value of collateral of credit exposure which is assessed for allowance for impairment, group basis</b>	-	-	125,389	44,404	-	-	-	-	-	-	-	-	-	-	125,389	44,404

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**  
**2.1 Credit Risk (Continued)**  
**C. Concentration of Credit Risk by Industry**

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<i>In thousands of Denars</i>																		
<i>Industry</i>																		
Non-residents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture, hunting and forestry	-	-	19,913	21,106	-	-	-	-	-	-	1	1	-	-	-	-	19,914	21,107
Ore and stone extraction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Industry for clothing and footwear	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chemical industry, production of construction materials, production and processing of fuels, pharmaceutical industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production of metals, machines, tools and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other processing industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity supply, gas, steam and air conditioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water supply, disposal of wastewater, waste management and remediation activities on the environment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale and retail trade; repair of motor vehicles, motorcycles, and items for personal use and for households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.1 Credit Risk (Continued)**

**C. Concentration of Credit Risk by Industry (Continued)**

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<i>In thousands of Denars</i>																		
Transport and warehousing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hotels and restaurants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Information and communications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and insurance activities	12,371	7,947	-	-	-	-	-	-	32,441	33,741	-	-	-	-	-	-	44,812	41,688
Activities related to real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional, scientific and technical activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative and utility services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public administration and defense; mandatory social security	-	-	-	-	-	-	23,618	18,911	3,559	3,442	-	-	-	-	-	-	27,177	22,353
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health care and social work	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Art, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other utility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private households with employed persons, household activities that produce goods and perform a diverse range of services for own needs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exterritorial organizations and bodies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Individuals	-	-	146,254	150,855	-	-	-	-	-	-	22	19	-	-	-	-	146,276	150,874
Individual merchants and individuals not regarded as merchants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,371</b>	<b>7,947</b>	<b>166,167</b>	<b>171,961</b>			<b>23,618</b>	<b>18,911</b>	<b>36,000</b>	<b>37,183</b>	<b>23</b>	<b>20</b>					<b>238,179</b>	<b>236,022</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.1 Credit Risk (Continued)**

**D. Concentration of Credit Risk by Geographical Location**

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalents		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012	Current year 2013	Previous year 2012
<i>In thousands of Denars</i>																		
<i>Geographical location</i>																		
Republic of Macedonia	12,371	7,947	166,167	171,961	-	-	23,618	18,911	36,000	37,183	23	20	-	-	-	-	238,179	236,022
EU member countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe (other)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OECD member countries (without the European member-countries of OECD)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (over 10% of total credit risk exposure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,371</b>	<b>7,947</b>	<b>166,167</b>	<b>171,961</b>	<b>-</b>	<b>-</b>	<b>23,618</b>	<b>18,911</b>	<b>36,000</b>	<b>37,183</b>	<b>23</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>238,179</b>	<b>236,022</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**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 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 a 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 of December 31, 2013 and 2012 has been prepared by remaining contractual maturities, i.e. the remaining period of the balance sheet date to the contractual maturity date. The amounts in the analysis 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 3,555 thousand (2012: Denar 3,442 thousand) held on the Central Bank's account, as it is not at the Savings House's disposal.

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

2. RISK MANAGEMENT (Continued)

2.2 Liquidity Risk (Continued)

2.2.1 Liquidity Risk Management (Continued)

**Maturity of Financial Assets and Liabilities (residual maturity)**

Classification of the structure of the Saving House's assets and liabilities was made according to their date of maturity as of December 31, 2013 and 2012.

<i>In thousands of Denars</i>	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
<b>2013 (current year)</b>							
<b>Financial assets</b>							
Cash and cash equivalents	32,444	-	-	-	-	-	32,444
Trading assets	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	22	4,000	9,000	-	-	-	13,022
Loans and advances to customers	8,131	12,582	58,119	43,312	52,368	1,330	175,842
Investments in securities	-	10,000	14,000	-	-	-	24,000
Investments in associates	-	-	-	-	-	-	-
Current income tax receivables	10	-	-	-	-	-	10
Other receivables	217	-	-	-	-	-	217
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>40,824</b>	<b>26,582</b>	<b>81,119</b>	<b>43,312</b>	<b>52,368</b>	<b>1,330</b>	<b>245,535</b>
<b>Financial liabilities</b>							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to other customers	14,569	28,528	66,445	30,127	3,782	-	143,451
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	343	322	838	1,084	2,006	-	4,593
Subordinated debt	-	-	-	-	-	-	-
Current income tax liabilities	-	-	-	-	-	-	-
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>149,747</b>
<b>Off-balance items</b>							
Off-balance assets	-	-	-	-	-	-	-
Off-balance liabilities	-	-	-	-	-	-	-
<b>Net liquidity gap</b>	<b>24,209</b>	<b>(2,268)</b>	<b>13,836</b>	<b>12,101</b>	<b>46,580</b>	<b>1,330</b>	<b>95,788</b>



NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

2. RISK MANAGEMENT (Continued)

2.2 Liquidity Risk (Continued)

2.2.1 Liquidity Risk Management (Continued)

Maturity of Financial Assets and Liabilities (residual maturity) (Continued)

<i>In thousands of Denars</i>	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
<b>2012 (previous year)</b>							
<b>Financial assets</b>							
Cash and cash equivalents	33,741	-	-	-	-	-	33,741
Trading assets	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	27	4,000	4,000	-	-	-	8,027
Loans and advances to customers	8,197	12,308	56,534	45,937	56,768	2,113	181,857
Investments in securities	7,000	12,000	-	-	-	-	19,000
Investments in associates	-	-	-	-	-	-	-
Current income tax receivables	86	-	-	-	-	-	86
Other receivables	388	-	-	-	-	-	388
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>49,439</b>	<b>28,308</b>	<b>60,534</b>	<b>45,937</b>	<b>56,768</b>	<b>2,113</b>	<b>243,099</b>
<b>Financial liabilities</b>							
Trading liabilities							
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to other customers	13,914	11,869	66,114	40,598	7,330	-	139,825
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	408	394	1,161	1,303	2,951	318	6,535
Subordinated debt	-	-	-	-	-	-	-
Current income tax liabilities	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	1,520	-	-	-	-	-	1,520
<b>Total financial liabilities</b>	<b>15,842</b>	<b>12,263</b>	<b>67,275</b>	<b>41,901</b>	<b>10,281</b>	<b>318</b>	<b>147,880</b>
<b>Off-balance items</b>							
Off-balance assets	-	-	-	-	-	-	-
Off-balance liabilities	-	-	-	-	-	-	-
<b>Net liquidity gap</b>	<b>33,597</b>	<b>16,045</b>	<b>(6,741)</b>	<b>4,036</b>	<b>46,487</b>	<b>1,795</b>	<b>95,219</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.3 Market Risk**

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

**2.3.1 Sensitivity Analysis of Assets and Liabilities on the Change in Market Risk**

**A. Sensitivity Analysis on the Changes of Market Risk on Assets and Liabilities**

The following table shows the results of a stress test conducted according to the Decision on Risk Management set by NBRM.

	<u>Profit/Loss</u> <i>in thousands of Denars</i>	<u>Own funds</u> <i>in thousands of Denars</i>	<u>Risk weighted assets</u> <i>in thousands of Denars</i>	<u>Capital adequacy ratio</u> <i>in %</i>
<b>2013 (current year)</b>				
Amount before sensitivity analysis (as of December 31, 2013)	431	90,403	190,117	48%
<b>Effects from scenarios implementation</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 the risk categories V, G and D by 70%)	(5,855)	84,548	230,769	37%
Scenario 2 ((increase of the loans classified in the risk categories V, G and D by 100%)	(12,221)	78,182	224,402	35%
Scenario 3 ((increase of the loans classified in the risk categories V, G and D by 150%)	(22,831)	67,572	213,793	32%
Interest rate risk				
Scenario 1 (change by 2%)	(1,638)	88,765	190,117	47%
Scenario 1 (change by 5%)	(4,103)	86,300	190,117	45%
Risk of change in the market price of the investments in securities (n/a)				
Mixed scenarios, if any (n/a)				

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.3 Market Risk (Continued)**

**2.3.1 Sensitivity Analysis of Assets and Liabilities on the Change in Market Risk (Continued)**

**A. Sensitivity Analysis on the Changes of Market Risk on Assets and Liabilities (Continued)**

	<b>Profit/Loss</b> <i>in thousands of Denars</i>	<b>Own funds</b> <i>in thousands of Denars</i>	<b>Risk weighted assets</b> <i>in thousands of Denars</i>	<b>Capital adequacy ratio</b> <i>in %</i>
<b>2012 (previous year)</b>				
Amount before sensitivity analysis (as of December 31, 2012)	795	89,608	144,149	62%
<b>Effects from scenarios implementation</b>				
Currency risk				
(Denar depreciation by 30% presented through indirect credit risk)	9,104	98,712	201,831	49%
Scenario 1 (increase of the loans classified in the risk categories V, G and D by 70%)	(7,945)	90,767	193,885	47%
Scenario 2 ((increase of the loans classified in the risk categories V, G and D by 100%)	(11,351)	87,361	190,480	46%
Scenario 3 ((increase of the loans classified in the risk categories V, G and D by 150%)	(17,026)	81,686	184,805	44%
Interest rate risk				
Scenario 1 (change by 2%)	(2,448)	87,160	144,149	60%
Scenario 1 (change by 5%)	(6,114)	83,494	144,149	58%
Risk of change in the market price of the investments in securities (n/a)				
Mixed scenarios, if any (n/a)				

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.3 Market Risk (Continued)**

**2.3.1 Sensitivity Analysis of Assets and Liabilities on the Change in Market Risk (Continued)**

**B. Analysis of Value Exposed to Market Risk in Trading Portfolio**

	Current Year 2013				Previous Year 2012			
	As of December 31,	Average value for the period	Highest value for the period (maximum)	Lowest value for the period (minimum)	As of December 31,	Average value for the period	Highest value for the period (maximum)	Lowest value for the period (minimum)
<i>In thousands of Denars</i>								
Amount of interest-bearing instruments exposed to risk (N/A)	-	-	-	-	-	-	-	-
Amount of foreign currency instruments exposed to risk (N/A)	-	-	-	-	-	-	-	-
Amount of equity instruments exposed to risk (N/A)	-	-	-	-	-	-	-	-
Variance (off-setting effect) (N/A)	-	-	-	-	-	-	-	-
<b>Total</b>								

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.3 Market Risk (Continued)**

**2.3.2 Sensitivity Analysis of Changes in Interest Rates of Financial Assets and Liabilities (Excluding Trading Assets)**

**A. Interest Rate Sensitivity Analysis**

Schedule "VPV" prepared in accordance with the "Guidelines for implementing the Decision on managing the interest rate risk in the banking portfolio" for the years ended December 31, 2013 and 2012 are as follows:

<i>In thousands of Denars</i>	<b>Currency</b>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
Net weighed position for currency MKD (FKS+VKS+PKS)	MKD	1,856	2,779
Net weighed position for currency EUR (FKS+VKS+PKS)	EUR DK	(207)	(338)
Net weighed position for currency MKD (FKS+VKS+PKS)		-	-
Net weighed position for other currencies (FKS+VKS+PKS)		-	-
<b>Total weighted value – Change in the economic value of the banking portfolio</b>		<b>1,649</b>	<b>2,441</b>
Own funds		<b>90,403</b>	<b>89,608</b>
<b>Total weighted value/ own funds</b>		<b>1,82%</b>	<b>2,72%</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.3 Market Risk (Continued)**

**2.3.2 Sensitivity Analysis of Changes in Interest Rates of Financial Assets and Liabilities (Excluding Trading Assets)**

**B. Analysis of Reconciliation of Interest Rates**

The Savings House is exposed to risks associated with the effects of fluctuation in the level of market interest rates on its financial position 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.

The table below summarizes the analysis of compliance of the interest rates of financial assets and liabilities as of December 31, 2013 and 2012.

	<i>In thousands of Denars</i>	<b>Less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 2 years</b>	<b>From 2 to 5 years</b>	<b>Over 5 years</b>	<b>Вкупно каматозносни средства / обврски</b>
<b>December 31, 2013 (Current Year)</b>								
<b>FINANCIAL ASSETS</b>								
Cash and cash equivalents		35,566	-	-	-	-	-	35,566
Financial assets at fair value through profit or loss upon initial recognition		-	-	-	-	-	-	-
Loans and advances to banks		-	3,800	8,550	-	-	-	12,350
Loans and advances to 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 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 at fair value through profit or loss upon initial recognition		-	-	-	-	-	-	-
Due to banks		-	-	-	-	-	-	-
Due to other customers		13,616	28,528	66,444	33,910	-	-	142,498
Debt instruments issued		-	-	-	-	-	-	-
Borrowings		337	322	838	1,084	2,006	-	4,587
Subordinated debt		-	-	-	-	-	-	-
Other interest sensitive liabilities		-	-	-	-	-	-	-
<b>Total interest sensitive financial assets</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 sheet gap</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 sheet interest sensitive assets		-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities		-	-	-	-	-	-	-
<b>Net off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net-gap</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**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.3 Market Risk (Continued)**

**2.3.2 Sensitivity Analysis of Changes in Interest Rates of Financial Assets and Liabilities (Excluding Trading Assets) (Continued)**

**B. Analysis of Reconciliation of Interest Rates (Continued)**

	<i>In thousands of Denars</i>							Total interest bearing assets/ liabilities
		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	
<b>December 31, 2012 (Previous Year)</b>								
<b>FINANCIAL ASSETS</b>								
Cash and cash equivalents		36,602	-	-	-	-	-	36,602
Financial assets at fair value through profit or loss upon initial recognition		-	-	-	-	-	-	-
Loans and advances to banks		-	3,960	3,960	-	-	-	7,920
Loans and advances to other customers		6,454	11,517	52,883	42,775	53,108	1,969	168,706
Investments in securities		6,993	11,918	-	-	-	-	18,911
Other interest sensitive assets		-	-	-	-	-	-	-
<b>Total interest sensitive financial assets</b>		<b>50,049</b>	<b>27,395</b>	<b>56,843</b>	<b>42,775</b>	<b>53,108</b>	<b>1,969</b>	<b>232,139</b>
<b>FINANCIAL LIABILITIES</b>								
Financial liabilities at fair value through profit or loss upon initial recognition		-	-	-	-	-	-	-
Due to banks		-	-	-	-	-	-	-
Due to other customers		12,838	11,869	66,114	40,598	7,330	-	138,749
Debt instruments issued		-	-	-	-	-	-	-
Borrowings		400	394	1,161	1,303	2,951	317	6,526
Subordinated debt		-	-	-	-	-	-	-
Other interest sensitive liabilities		-	-	-	-	-	-	-
<b>Total interest sensitive financial assets</b>		<b>13,238</b>	<b>12,263</b>	<b>67,275</b>	<b>41,901</b>	<b>10,281</b>	<b>317</b>	<b>145,275</b>
<b>Net balance sheet gap</b>		<b>36,811</b>	<b>15,132</b>	<b>(10,432)</b>	<b>874</b>	<b>42,827</b>	<b>1,652</b>	<b>86,864</b>
Off balance sheet interest sensitive assets		-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities		-	-	-	-	-	-	-
<b>Net off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net-gap</b>		<b>36,811</b>	<b>15,132</b>	<b>(10,432)</b>	<b>874</b>	<b>42,827</b>	<b>1,652</b>	<b>86,864</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.3 Market Risk (Continued)**

**2.3.3 Foreign 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. The tables below sum the net foreign exchange position of the Bank's monetary assets and liabilities on December 31, 2013 and 2012.

	<i>In thousands of Denars</i>	<b>MKD</b>	<b>EUR</b>	<b>USD</b>	<b>Other currencies</b>	<b>Total</b>
<b>2013 (Current Year)</b>						
<b>Monetary assets</b>						
Cash and cash equivalents		36,000	-	-	-	36,000
Trading assets		-	-	-	-	-
Financial assets carried at a 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
Investments in associates		-	-	-	-	-
Current income tax receivables		10	-	-	-	10
Other receivables		258	-	-	-	258
Assets pledged as collateral		-	-	-	-	-
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 carried at a fair value through profit and loss at initial recognition		-	-	-	-	-
Derivative liabilities held for risk management		-	-	-	-	-
Due to banks		-	-	-	-	-
Due to other customers		143,451	-	-	-	143,451
Debt instruments issued		-	-	-	-	-
Borrowings		4,593	-	-	-	4,593
Subordinated debt		-	-	-	-	-
Income tax payable (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 foreign currency position</b>		<b>88,677</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,677</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**2. RISK MANAGEMENT (Continued)**

**2.3 Market Risk (Continued)**

**2.3.3 Foreign Currency Risk (Continued)**

	<i>In thousands of Denars</i>	<b>MKD</b>	<b>EUR</b>	<b>USD</b>	<b>Other currencies</b>	<b>Total</b>
<b>2012 (Previous Year)</b>						
<b>Monetary assets</b>						
Cash and cash equivalents		37,183	-	-	-	37,183
Trading assets		-	-	-	-	-
Financial assets carried at a fair value through profit and loss at initial recognition		-	-	-	-	-
Derivative assets held for risk management		-	-	-	-	-
Loans and advances to banks		7,947	-	-	-	7,947
Loans and advances to customers		171,961	-	-	-	171,961
Investments in securities		18,911	-	-	-	18,911
Investments in associates		-	-	-	-	-
Current income tax receivables		86	-	-	-	86
Other receivables		280	-	-	-	280
Assets pledged as collateral		-	-	-	-	-
Deferred tax assets		-	-	-	-	-
<b>Total monetary assets</b>		<b>236,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>236,368</b>
<b>Monetary liabilities</b>						
Trading liabilities		-	-	-	-	-
Financial liabilities carried at a fair value through profit and loss at initial recognition		-	-	-	-	-
Derivative liabilities held for risk management		-	-	-	-	-
Due to banks		-	-	-	-	-
Due to other customers		139,825	-	-	-	139,825
Debt instruments issued		-	-	-	-	-
Borrowings		6,535	-	-	-	6,535
Subordinated debt		-	-	-	-	-
Income tax payable (current)		-	-	-	-	-
Deferred tax liabilities		-	-	-	-	-
Other liabilities		1,520	-	-	-	1,520
<b>Total monetary liabilities</b>		<b>147,880</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,880</b>
<b>Net foreign currency position</b>		<b>88,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,488</b>

**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 this 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**  
**December 31, 2013**

**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 regulator;
- 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. As of December 31, 2013 the Savings House has no Additional Capital (Tier 2).

The risk-weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees.

**Own Funds**

The table below gives an overview of the Report on own funds (Form SS) prepared in accordance with the Guidelines for Implementation of the Decision on the methodology for determining capital adequacy, according to the applicable prescribed regulation from NBRM as at December 31, 2013 and 2012. Starting from July 1, 2013 the Decision on Capital Adequacy (Official Gazette 47/12 and 50/13) for the saving houses' capital adequacy calculation has come into effect.

	In thousands of Denars Current Year 2013
<b>CORE CAPITAL</b>	
<b>Paid and registered ordinary and non-cumulative preferred shares and their premium</b>	<b>75,607</b>
Nominal value	75,607
Nominal value of ordinary shares	75,607
Nominal value of non-cumulative preferred shares	
Premium	
Premium from ordinary shares	
Premium from non-cumulative preferred shares	
<b>Reserves and retained earnings or losses</b>	<b>14,796</b>
Reserved Fund	14,796
Retained earnings restricted for distributions to shareholders	-
Accumulated loss from previous periods	-
Current profit	-
<b>Items as result of consolidation</b>	-
Minority interest	-
Exchange rate reserves	-
Other differences	-
<b>Deductible items</b>	-
Current loss	-
Repurchased treasury shares	-
Intangible assets	-
..Difference between the necessary and the actual allowance for impairment/special reserve	-
Amount of allocated allowance for impairment and special reserve as a result of accounting delay	-
Unrealized loss on available-for-sale financial assets	-
Other deductible items	-
<b>CORE CAPITAL</b>	<b>90,403</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**3. CAPITAL ADEQUACY (Continued)**

**Own Funds (Continued)**

	In thousands of Denars Current Year 2013
<b>ADDITIONAL CAPITAL</b>	
Paid and registered cumulative preferred shares and related premium	-
Nominal value	-
Premium	-
Revaluation reserve	-
Hybrid instruments	-
Subordinated instruments	-
<b>Amount of cumulative preferred shares and subordinated instruments that can be part of additional capital</b>	-
<b>ADDITIONAL CAPITAL</b>	-
<b>DEDUCTIBLE ITEMS FROM CORE AND ADDITIONAL CAPITAL</b>	-
Investments in capital of other banks or financial institutions which represent more than 10% of the capital of those institutions	-
Investments in subordinated and hybrid instruments and other instruments of the institutions under No. 10	-
Aggregate amount of capital investment, subordinated and hybrid capital instrument and other instruments which exceeds 10% of core and additional capital	-
Investments in capital of insurance and reinsurance companies which exceeds 10% of the capital in these companies	-
Investments in financial instruments issued by the insurance and reinsurance companies where the bank possess over 10% of the capital thereof	-
Amount for exceeding the limits for investment in non-financial institutions	-
Positions as a result of consolidation (negative amounts)	-
<b>DEDUCTIBLE ITEMS</b>	-
<b>CORE CAPITAL AFTER DEDUCTION</b>	<b>90,403</b>
<b>ADDITIONAL CAPITAL AFTER DEDUCTION</b>	-
<b>Own funds</b>	-
<b>Core capital</b>	<b>90,403</b>
<b>Additional capital</b>	-
<b>OWN FUNDS</b>	<b>90,403</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**3. CAPITAL ADEQUACY (Continued)**

**Own Funds (Continued)**

	In thousands of Denars Previous Year 2012
<b>CORE CAPITAL</b>	
<b>Paid and registered ordinary and non-cumulative preferred shares and their premium</b>	<b>75,607</b>
Nominal value	75,607
Nominal value of ordinary shares	75,607
Nominal value of non-cumulative preferred shares	
Premium	
Premium from ordinary shares	-
Premium from non-cumulative preferred shares	-
<b>Reserves and retained earnings or losses</b>	<b>14,001</b>
Reserved Fund	14,001
Retained earnings restricted for distributions to shareholders	
Accumulated loss from previous periods	
Current profit	
Unrealized loss from own securities available for sale	
<b>Items as result of consolidation</b>	<b>-</b>
Minority interest	
Exchange rate reserves	
Other differences	
<b>Deductible items</b>	<b>-</b>
Current loss	
Own shares	
Intangible assets	
Net negative revaluation reserve	
Difference between the necessary and the actual allowance for impairment/special reserve	
Amount of allocated allowance for impairment and special reserve as a result of accounting delay	
Ordinary shares, reserves and retained earnings and deductible items	89,608
Amount of other items which can be included in core capital	-
<b>CORE CAPITAL</b>	<b>89,608</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**3. CAPITAL ADEQUACY (Continued)**

**Own Funds (Continued)**

	In thousands of Denars Previous Year 2012
<b>CORE CAPITAL</b>	
Paid and registered ordinary and non-cumulative preferred shares and their premium	-
Nominal value	
Premium	
Revaluation reserve	
Hybrid capital instruments	
Subordinated instruments	
<b>Amount of cumulative preferred shares and subordinated instruments that can be part of additional capital</b>	-
<b>ADDITIONAL CAPITAL</b>	-
<b>DEDUCTIBLE ITEMS FROM CORE AND ADDITIONAL CAPITAL I</b>	
Investments in capital of other banks or financial institutions which represent more than 10% of the capital of those institutions	
Investments in subordinated and hybrid instruments and other instruments of the institutions under No. 12	
Aggregate amount of capital investment, subordinated and hybrid capital instrument and other instruments which exceeds 10% of (I+II)	
Direct capital investments in insurance and reinsurance companies and pension fund managing companies	
Investment in financial instruments issued by the insurance and reinsurance companies and pension fund managing companies	
Amount for exceeding the limits for investment in non-financial institutions	
Positions as a result of consolidation (negative amounts)	
<b>DEDUCTIBLE ITEMS</b>	-
<b>CORE CAPITAL AFTER DEDUCTION</b>	<b>89,608</b>
<b>ADDITIONAL CAPITAL AFTER DEDUCTION</b>	-
<b>ADDITIONAL CAPITAL II</b>	
Subordinated instruments from additional capital II	
Additional capital I and II	
Allowed amount of additional capital I and II	
Additional capital I	
Additional capital II	
Surplus of core capital	<b>78,076</b>
Surplus of core capital (150%)	<b>117,114</b>
Surplus of core capital (250%)	<b>195,190</b>
<b>Allowed amount of additional capital II</b>	
<b>Own funds</b>	
<b>Core capita</b>	<b>89,608</b>
<b>Additional capital I</b>	-
<b>Additional capital II</b>	-
<b>OWN FUNDS</b>	<b>89,608</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**3. CAPITAL ADEQUACY (Continued)**

**Capital Adequacy Ratio**

The table below gives an overview of the Report of the rate of capital adequacy (Form AK) prepared in accordance with the Guidelines for Implementation of the Decision on the methodology for determining capital adequacy, according to the applicable regulation prescribed by NBRM as of December 31, 2013 and 2012. Starting from July 1, 2013 the Decision on Capital Adequacy (Official Gazette 47/12 and 50/13) for the saving houses' capital adequacy calculation has come into effect.

	<b>In thousands of Denars</b>
	<b>Current Year</b>
	<b>2013</b>
<b>CREDIT RISK WEIGHTED ASSETS</b>	
Credit risk-weighted assets with the application of standardized approach	144,730
Capital necessary to cover credit risk	11,578
<b>FOREIGN CURRENCIES RISK WEIGHTED ASSETS</b>	
Aggregate foreign currency position	-
Net position in gold	-
Capital necessary to cover currency risk	-
Foreign currencies weighted assets	-
<b>OPERATING RISK WEIGHTED ASSETS</b>	
Capital necessary to cover operating risk with the application of the basic indicator approach	3,631
Capital necessary to cover operating risk with the application of standardized approach	-
Operating risk weighted assets	45,388
<b>OTHER RISK WEIGHTED ASSETS</b>	
Capital necessary to cover the risk from price changes of goods	-
Capital necessary to cover market risk (11.1+11.2+11.3+11.4+11.5)	-
Capital necessary to cover position risk (11.1.1+11.1.2+11.1.3+11.1.4)	-
Capital necessary to cover specific risk from investments in debt instruments	-
Capital necessary to cover general risk from investments in debt instruments	-
Capital necessary to cover the specific risk from investments in equity instruments	-
Capital necessary to cover the general risk from investments in equity instruments	-
Capital necessary to cover the settlement risk	-
Capital necessary to cover the counterpart risk	-
Capital necessary to cover overdraft of exposure limits	-
Capital necessary to cover market risks from options	-
Capital necessary to cover other risk (10+11)	-
Other risk weighted assets	-
<b>RISK WEIGHTED ASSETS</b>	<b>190,117</b>
Capital necessary to cover the risks	15,209
<b>OWN FUNDS</b>	<b>90,403</b>
<b>CAPITAL ADEQUACY RATIO (VI/V)</b>	<b>48%</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**3. CAPITAL ADEQUACY (Continued)**

**Capital Adequacy Ratio (Continued)**

	In thousands of Denars Previous Year 2012
<b>Credit risk weighted assets</b>	
Balance sheet credit risk weighted assets	144,149
Off-balance sheet credit risk weighted assets	
<b>Credit risk weighted assets</b>	<b>144,149</b>
Capital necessary to cover credit risk	11,532
<b>Foreign currencies weighted assets</b>	
Aggregate foreign currency position	
Net position in gold	
Capital necessary to cover currency risk	
<b>Foreign currencies weighted assets</b>	
<b>Other risk weighted assets</b>	
Capital necessary to cover the risk from price changes of goods	
Capital necessary to cover market risk	-
Capital necessary to cover specific risk from investments in debt instruments	
Capital necessary to cover general risk from investments in debt instruments	
Capital necessary to cover the specific risk from investments in shares	
Capital necessary to cover the general risk from investments in shares	
Capital necessary to cover the settlement risk	
Capital necessary to cover the counterpart risk	
Capital necessary to cover overdraft of exposure limits	
Capital necessary to cover market risks from options	
Capital necessary to cover other risk	-
<b>Other risk weighted assets</b>	
<b>Risk weighted assets</b>	<b>144,149</b>
Capital necessary to cover the risks	<b>11,532</b>
<b>Own funds</b>	<b>89,608</b>
<b>Capital adequacy ratio</b>	<b>62%</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**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% of 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 Savings House's management needs.

As of December 31, 2013 and 2012 the Savings House's operating segments are as follows

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

The Savings 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 Savings House realizes 10% or more from its total business income or expenditure. As of December 31, 2013 and 2012 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**  
**December 31, 2013**

**4. SEGMENT REPORTING (Continued)**

**A. Primary Business Segments**

	Operating Segments						Unallocated	Total
	Retail Customers	Financial Institutions	Government	Employees	All Other Insignificant Operating Segments			
<i>In thousands of Denars</i>								
<b>2013 (Current Year)</b>								
Net Interest income/(expense)	19,406	1,225	788	-	-	-	-	21,419
Net Income/(expenses) from fees and commission	3,130	(345)	-	-	(138)	-	-	2,647
Net Income from trading	-	-	-	-	-	-	-	-
Net Income from other financial instruments carried at their fair value	-	-	-	-	-	-	-	-
Other operating income	864	-	-	-	46	-	-	910
Income realized between segments	-	-	-	-	-	-	-	-
<b>Total Income per segment</b>	<b>23,400</b>	<b>880</b>	<b>788</b>	<b>-</b>	<b>(92)</b>	<b>-</b>	<b>-</b>	<b>24,976</b>
Allowance for impairment of financial assets, net	1,423	(571)	-	-	-	-	-	852
Impairment loss of non-financial assets, net	-	-	-	-	-	-	-	-
Amortization and depreciation	-	-	-	-	-	(1,005)	(1,005)	-
Restructuring costs	-	-	-	-	-	-	-	-
Cost for investment in property and equipment	-	-	-	-	-	-	-	-
Other expenses	-	-	-	(13,306)	-	(10,940)	(24,246)	-
<b>Total Expenses per segment</b>	<b>1,423</b>	<b>(571)</b>	<b>-</b>	<b>(13,306)</b>	<b>-</b>	<b>(11,945)</b>	<b>(24,399)</b>	<b>-</b>
<b>Financial result per segment</b>	<b>24,823</b>	<b>309</b>	<b>788</b>	<b>(13,306)</b>	<b>(92)</b>	<b>(11,945)</b>	<b>577</b>	<b>(146)</b>
Income Tax								<b>431</b>
<b>Profit/(loss) for the financial year</b>								
Total assets per segment	166,167	47,941	23,618	-	-	-	237,726	-
Unallocated assets per segment	-	-	-	-	-	2,855	2,855	-
<b>Total assets</b>							<b>240,581</b>	
Total liabilities per segment	143,451	4,593	-	1,070	-	-	149,114	-
Unallocated liabilities per segment	-	-	-	-	-	633	633	-
<b>Total liabilities</b>							<b>149,747</b>	

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**4. SEGMENT REPORTING (Continued)**

**A. Primary Business Segments (Continued)**

	Operating Segments						
					All Other Insignificant Operating Segments		
<i>In thousands of Denars</i>	Retail Customers	Financial Institutions	Government	Employees		Unallocated	Total
<b>2012 (Previous Year)</b>							
Net Interest income/(expense)	20,343	1,863	963	-	-	-	23,169
Net Income/(expenses) from fees and commission	3,077	(467)	-	-	(77)	-	2,533
Net Income from trading	-	-	-	-	-	-	-
Net Income from other financial instruments carried at their fair value	-	-	-	-	-	-	-
Other operating income	656	-	-	3	86	-	745
Income realized between segments	-	-	-	-	-	-	-
<b>Total Income per segment</b>	<b>24,076</b>	<b>1,396</b>	<b>963</b>	<b>3</b>	<b>9</b>	<b>-</b>	<b>26,447</b>
Allowance for impairment of financial assets, net	(107)	82	-	-	-	-	(25)
Impairment loss of non-financial assets , net	-	-	-	-	-	-	-
Amortization and depreciation	-	-	-	-	-	(894)	(894)
Restructuring costs	-	-	-	-	-	-	-
Cost for investment in property and equipment	-	-	-	-	-	-	-
Other expenses	-	-	-	(12,566)	-	(12,021)	(24,587)
<b>Total Expenses per segment</b>	<b>(107)</b>	<b>82</b>	<b>-</b>	<b>(12,566)</b>	<b>-</b>	<b>(12,915)</b>	<b>(25,506)</b>
<b>Financial result per segment</b>	<b>23,969</b>	<b>1,478</b>	<b>963</b>	<b>(12,563)</b>	<b>9</b>	<b>(12,915)</b>	<b>941</b>
Income Tax							(146)
<b>Profit/(loss) for the financial year</b>							<b>795</b>
Total assets per segment	171,961	44,550	18,911	-	-	-	235,422
Unallocated assets per segment						3,438	3,438
<b>Total assets</b>							<b>238,860</b>
Total liabilities per segment	139,825	6,535	-	1,048	-	-	147,408
Unallocated liabilities per segment						1,049	1,049
<b>Total liabilities</b>							<b>148,457</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**4. SEGMENT REPORTING (Continued)**

**B. Concentration of Total Income and Expense by Significant Customer**

	Operating Segments						All other Insignificant Operating Segments	Unallocated	Total
	Retail Customers	Corporate Banking	Investment Banking	Treasury	Investments in Equity Securities	Retail Brokerage			
<i>In thousands of Denars</i>									
<b>2013 (Current Year)</b>									
Customer 1	-	-	-	-	-	-	-	-	-
Income	-	-	-	-	-	-	-	-	-
(expenses)									
Customer 2	-	-	-	-	-	-	-	-	-
Income	-	-	-	-	-	-	-	-	-
(expenses)									
Customer 3	-	-	-	-	-	-	-	-	-
Income	-	-	-	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-	-	-	-
<b>Total per segment</b>	-	-	-	-	-	-	-	-	-
<b>2012 (Previous Year)</b>									
Customer 1									
Income	-	-	-	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-	-	-	-
Customer 2									
Income	-	-	-	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-	-	-	-
Customer 3									
Income	-	-	-	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-	-	-	-
<b>Total per segment</b>	-	-	-	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**4. SEGMENT REPORTING (Continued)**

**C. Geographical Location**

<i>In thousands of Denars</i>	<b>Republic of Macedonia</b>	<b>EU members</b>	<b>Europe - other</b>	<b>OECD member states (without EU countries- members of OECD</b>	<b>Other (list separately significant geographical segments)</b>					<b>Other Insignificant geographical segments</b>	<b>Unallocated</b>	<b>Total</b>
					<b>Other</b>							
<b>2013 (Current Year)</b>		-	-	-	-	-	-	-	-	-	-	-
Total income	24,976	-	-	-	-	-	-	-	-	-	-	24,976
Total assets	240,581	-	-	-	-	-	-	-	-	-	-	240,581
<b>2012 (Previous Year)</b>												
Total income	26,447	-	-	-	-	-	-	-	-	-	-	26,447
Total assets	238,860	-	-	-	-	-	-	-	-	-	-	238,860
		-	-	-	-	-	-	-	-	-	-	

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

**A. Fair Value of Financial Assets and Financial Liabilities**

<i>In thousands of Denars</i>	<b>December 31, 2013</b>		<b>December 31, 2012</b>	
	<b>Carrying amount</b>	<b>Fair Value</b>	<b>Carrying amount</b>	<b>Fair Value</b>
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	36,000	36,000	37,183	37,183
Trading assets	-	-	-	-
Financial assets carried at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	12,371	12,371	7,947	7,947
Loans and advances to customers	166,167	166,167	171,961	171,961
Investments in securities	23,618	23,618	18,911	18,911
Investments in associates	-	-	-	-
Income tax receivable (current)	10	10	86	86
Other receivables	258	258	280	280
Assets pledged as collateral	-	-	-	-
Deferred tax assets	-	-	-	-
<b>FINANCIAL LIABILITIES</b>				
Trading liabilities	-	-	-	-
Financial liabilities carried at a fair value through profit and loss at initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Due to banks	-	-	-	-
Due to other customers	143,451	143,451	139,825	139,825
Debt securities issued	-	-	-	-
Borrowings	4,593	4,593	6,535	6,535
Subordinated debt	-	-	-	-
Income tax payable (current)	-	-	-	-
Deferred tax liabilities	-	-	-	-
Other liabilities	1,703	1,703	1,520	1,520

*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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)**

**A. Fair Value of Financial Assets and Financial Liabilities (Continued)**

*a) Loans and Advances to Banks*

Loans and advances 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.

*b) Loans and Receivables from Other Customers*

Loans are stated net of provisions for impairment. The major part of the loans and advances to customers is with variable interest rate. The appraised fair value of loans and advances to customers is determined by the discounted expected future cash flows. Appraised future cash flows for determining the fair value are discounted using current market interest rate. The fair value approximates their carrying amount.

*c) Investments in Securities*

Investment in securities include 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.

*d) Other Receivables*

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

*e) 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.

*f) Due to Other Customers*

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

*g) 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.

*h) Other Liabilities*

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)**

**B. Levels of Fair Value of Financial Assets and Liabilities, Measured at Fair Value**

**B.1 Levels of Fair Value of Financial Assets and Liabilities, Measured at Fair Value**

<i>In thousands of Denars</i>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>December 31, 2013 (Current Year)</b>					
<b>Financial assets measured at fair value</b>					
Held-for-trading assets	19	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in available-for-sale securities	23.1	-	-	-	-
<b>Total</b>					
<b>Financial liabilities measured at fair value</b>					
Trading liabilities	32	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
<b>Total</b>					
<b>December 31, 2012 (Previous Year)</b>					
<b>Financial assets measured at fair value</b>					
Held-for-trading assets	19	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in available-for-sale securities	23.1	-	-	-	-
<b>Total</b>					
<b>Financial liabilities measured at fair value</b>					
Trading liabilities	32	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
<b>Total</b>					

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)**

**B. Levels of Fair Value of Financial Assets and Liabilities, Measured at Fair Value (Continued)**

**B.2 Transfers between Levels 1 and 2 of Fair Value**

	Current Year 2013		Previous Year 2012	
	Transfers from Level 1 to Level 2	Transfers from Level 2 to Level 1	Transfers from Level 1 to Level 2	Transfers from Level 2 to Level 1
<i>In thousands of Denars</i>				
<b>Financial assets measured at fair value</b>				
Held-for-trading assets	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Investments in available-for-sale securities	-	-	-	-
<b>Total</b>			-	-
<b>Financial liabilities carried at fair value</b>				
Trading liabilities	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
<b>Total</b>			-	-



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)**

**B. Levels of Fair Value of Financial Assets and Liabilities, Measured at Fair Value (Continued)**

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

<i>In thousands of Denar</i>	<b>Held-for- trading assets</b>	<b>Financial assets at fair value through profit or loss upon initial recognition</b>	<b>Investments in available- for-sale securities</b>	<b>Total assets</b>	<b>Trading liabilities</b>	<b>Financial liabilities at fair value through profit or loss upon initial recognition</b>	<b>Total liabilities</b>
<b>As of January 1, 2012 (Previous Year)</b>	-	-	-	-	-	-	-
Gains/(losses) recognized in:	-	-	-	-	-	-	-
- Income statement	-	-	-	-	-	-	-
- Other comprehensive income in the period not recognized in profit or loss	-	-	-	-	-	-	-
Purchase of financial instruments in the period	-	-	-	-	-	-	-
Disposals of financial instruments in the period	-	-	-	-	-	-	-
Issued financial instruments in the period	-	-	-	-	-	-	-
Paid financial instruments in the period	-	-	-	-	-	-	-
Reclassified financial instruments to/(from) Level 3	-	-	-	-	-	-	-
Reclassified in loans and advances	-	-	-	-	-	-	-
<b>As of December 31, 2012 (Previous Year)</b>	-	-	-	-	-	-	-
<b>Total gains/(losses) recognized in income statement for the assets and liabilities outstanding as of December 31, 2012 (Previous year)</b>	-	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**5. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)**

**B. Levels of Fair Value of Financial Assets and Liabilities, Measured at Fair Value (Continued)**

**B.3 Reconciliation of the Movements in Fair Values Measured at Level 3 During the Year (Continued)**

<i>In thousands of Denar</i>	<b>Held-for- trading assets</b>	<b>Financial assets at fair value through profit or loss upon initial recognition</b>	<b>Investments in available- for-sale securities</b>	<b>Total assets</b>	<b>Trading liabilities</b>	<b>Financial liabilities at fair value through profit or loss upon initial recognition</b>	<b>Total liabilities</b>
<b>As of January 1, 2013 (Current Year)</b>							
Gains/(losses) recognized in:							
- Income statement	-	-	-	-	-	-	-
- Other comprehensive income in the period not recognized in profit or loss	-	-	-	-	-	-	-
Purchase of financial instruments in the period	-	-	-	-	-	-	-
Disposals of financial instruments in the period	-	-	-	-	-	-	-
Issued financial instruments in the period	-	-	-	-	-	-	-
Paid financial instruments in the period	-	-	-	-	-	-	-
Reclassified financial instruments to/(from) Level 3	-	-	-	-	-	-	-
Reclassified in loans and advances	-	-	-	-	-	-	-
<b>As of December 31, 2013 (Current Year)</b>	-	-	-	-	-	-	-
<b>Total gains/(losses) recognized in income statement for the assets and liabilities outstanding as of December 31, 2013 (Current Year)</b>							

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

**A. Structure of Interest Income and Expense According to the Type of Financial Instrument**

	<b>In thousands of Denars</b>	
	<b>Current Year 2013</b>	<b>Previous Year 2012</b>
<b>Interest income</b>		
Cash and cash equivalents	696	1,438
Financial assets carried at a fair value through profit and loss at initial recognition	-	-
Derivative assets held for risk management	-	-
Loans and advances to banks	556	462
Loans and advances to customers	25,429	27,271
Investments in securities	788	963
Other receivables	-	-
(Allowance for impairment of Interest Income, net)	(82)	(105)
Collected interest previously written off	1,148	1,725
<b>Total interest income</b>	<b>28,535</b>	<b>31,754</b>
<b>Interest expense</b>		
Financial liabilities carried at a fair value through profit and loss at initial recognition	-	-
Derivative liabilities held for risk management	-	-
Due to banks	-	-
Due to other customers	7,089	8,548
Debt instruments issued	-	-
Borrowings	27	37
Subordinated debt	-	-
Other liabilities	-	-
<b>Total interest expense</b>	<b>7,116</b>	<b>8,585</b>
<b>Net interest income/(expense)</b>	<b>21,419</b>	<b>23,169</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**6. NET INTEREST INCOME/(EXPENSE) (Continued)**

**B. Sector Analysis of Interest Income and Expense According to Sector**

	<b>In thousands of Denars</b>	
	<b>Current Year 2013</b>	<b>Previous Year 2012</b>
<b>Interest income</b>		
Non-financial companies	-	-
Government	788	963
Not for profit institutions that serve to household	-	-
Banks	1,252	1,900
Other financial institutions (non-banks)	-	-
Households	25,429	27,271
Non-residents	-	-
(Allowance for impairment of Interest Income, net)	(82)	(105)
Collected interest previously written off	1,148	1,725
<b>Total interest income</b>	<b>28,535</b>	<b>31,754</b>
<b>Interest expense</b>		
Non-financial companies	-	-
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	27	37
Other financial institutions (non-banks)	-	-
Households	7,089	8,548
Non-residents	-	-
<b>Total interest expense</b>	<b>7,116</b>	<b>8,585</b>
<b>Net interest income/(expense)</b>	<b>21,419</b>	<b>23,169</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**7. NET FEES AND COMMISSION INCOME/(EXPENSE)**

**A. Structure of Fee and Commission Income and Expense According to the Type of Financial Activity**

	In thousands of Denars	
	Current Year	Previous Year
	2013	2012
<b>Fee and commission income</b>		
Loans	3,130	3,077
Payment's operation		
domestic	-	-
international	-	-
Letter of credit and guarantees	-	-
Brokerage operations	-	-
Asset management	-	-
Fiduciary activities	-	-
Issuing securities	-	-
Other (describe separately income which represent more than 10% of the total fees and commissions income)	-	-
<b>Total fee and commission income</b>	<b>3,130</b>	<b>3,077</b>
<b>Fee and commission expense</b>		
Loans	-	-
Payment operations		
domestic	260	309
international	-	-
Letter of credit and guarantees	138	77
Brokerage operations	-	-
Asset management	-	-
Fiduciary activities	-	-
Issuing securities	-	-
Other (describe separately expenses which represent more than 10% of the total fees and commissions expense)	-	-
Purchase of government bonds	42	99
Commission to NBRM	-	-
Commission paid for approval for ZKDF loans to banks	43	59
<b>Total fee and commission expense</b>	<b>483</b>	<b>544</b>
<b>Net fee and commission income/(expense)</b>	<b>2,647</b>	<b>2,533</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**7. NET FEES AND COMMISSION INCOME/(EXPENSE) (Continued)**

**B. Sector Analysis of Fee and Commission Income and Expense**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
<b>Fee and commission income</b>		
Non-financial companies	-	-
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	-	-
Other financial institutions (non-banks)	-	-
Households	3,130	3,077
Non-residents	-	-
<b>Total fee and commission income</b>	<b>3,130</b>	<b>3,077</b>
<b>Fee and commission expense</b>		
Non-financial companies	-	-
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	345	467
Other financial institutions (non-banks)	-	-
Households	138	77
<b>Total fee and commission expense</b>	<b>483</b>	<b>544</b>
<b>Net fee and commission income/(expense)</b>	<b>2,647</b>	<b>2,533</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**8. TRADING INCOME, NET**

	<b>In thousands of Denars</b>	
	<b>Current Year 2013</b>	<b>Previous Year 2012</b>
<i>Trading assets</i>	-	-
Profit/(loss) from fair value changes on debt securities, net	-	-
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of owned instruments, net	-	-
realized	-	-
unrealized	-	-
Income from dividends from trading assets	-	-
Income from interest of trading assets	-	-
<i>Trading liabilities</i>	-	-
Profit/(loss) from fair value changes on debt securities, net	-	-
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of trading deposits, net	-	-
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of remaining financial liabilities for trading, net	-	-
realized	-	-
unrealized	-	-
Interest expense of financial liabilities held for trading	-	-
<i>Profit/(loss) from fair value change of derivatives held for trade, net</i>	-	-
realized	-	-
unrealized	-	-
<b>Net income from trading</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
<i>Financial assets at fair value through profit or loss upon initial recognition</i>	-	-
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of owned instruments, net		
realized	-	-
unrealized	-	-
Income from dividends from financial assets at fair value through profit and loss	-	-
Profit/(loss) from changes in fair value of loans and receivables at fair value through profit and loss, net		
realized	-	-
unrealized	-	-
<i>Financial liabilities at fair value through profit or loss upon initial recognition</i>		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from the changes in fair value of deposits at fair value through profit and loss, net		
realized	-	-
unrealized	-	-
Profit/(loss) from the changes in fair value of borrowings at fair value through profit and loss, net		
realized	-	-
unrealized	-	-
Profit/ (loss) from the changes in fair value of other financial liabilities at fair value through profit and loss.		
realized	-	-
unrealized	-	-
<i>Profit/(loss) from fair value change of derivatives held for risk management at the fair value through profit and loss, net</i>		
realized	-	-
unrealized	-	-
<b>Net income from other financial instruments at fair value</b>	<b>-</b>	<b>-</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. FOREIGN EXCHANGE GAINS/(LOSSES), NET**

	In thousands of Denars Current Year 2013	Previous Year 2012
Realized foreign exchange gains/(losses), net	-	-
Unrealized foreign exchange gains/(losses), net	-	-
Foreign exchange differences of allowance for impairment of financial assets, net	(3)	(1)
Other foreign exchange differences, net		
<b>Net foreign exchange gain/(loss)</b>	<b>(3)</b>	<b>(1)</b>

**11. OTHER OPERATING INCOME**

	In thousands of Denars Current Year 2013	Previous Year 2012
Gains from the sale available-for-sale assets	-	-
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	151	242
Collected receivables previously written off		-
Release from the special reserve and provisions for:	-	
Off-balance credit exposure	-	-
Contingent commitments based on litigations	-	-
Pensions and other employee benefits		-
Restructuring	-	-
Adverse contracts	-	-
Other provisions	577	-
Other (income that represents more than 10% of the total remaining operating income)	-	-
Income from previous years expenses	41	52
Income from bad debts	-	255
Income from collected claims from insurance companies	40	53
Income from grant related to assets	6	33
Income from rent	-	3
Other income	95	107
<b>Total other operating income</b>	<b>910</b>	<b>745</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**12. IMPAIRMENT LOSSES OF FINANCIAL ASSETS, NET**

	Loans and advances to banks	Loans and advances to other customers	Investment in financial assets available-for- sale	Investment in financial assets held- to-maturity	Cash and cash equivalents	Fees and commision receivables	Other receivables	Total
<b>2013 (Current Year)</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>-</b>	<b>-</b>	<b>-</b>	<b>(26)</b>	<b>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(120)</b>
<b>Total allowance for impairment on financial assets, net</b>	<b>571</b>	<b>(1,397)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26)</b>	<b>-</b>	<b>(852)</b>
<b>2012 (Previous Year)</b>								
<i>Allowance for impairment, on individual basis</i>								
Additional allowance for impairment	-	13,245	-	-	-	15	-	13,260
(Release of allowance for impairment)	(82)	(12,454)	-	-	-	(15)	-	(12,551)
	<b>(82)</b>	<b>791</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>709</b>
<i>Allowance for impairment, on group basis</i>								
Additional allowance for impairment	-	1,610	-	-	-	1	-	1,611
(Release of allowance for impairment)	-	(2,294)	-	-	-	(1)	-	(2,295)
		<b>(684)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(684)</b>
<b>Total allowance for impairment on financial assets, net</b>	<b>(82)</b>	<b>107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. IMPAIRMENT LOSSES OF NON-FINANCIAL ASSETS, NET**

	<i>In thousands of Denars</i>					
	<b>Property and Equipment</b>	<b>Intangible Assets</b>	<b>Foreclosed Assets</b>	<b>Non-current Assets held-for- sale and Group for Disposal</b>	<b>Other non- financial assets</b>	<b>Total</b>
<b>2013 (Current Year)</b>						
Additional impairment losses	-	-	-	-	-	-
(Release of impairment losses)	-	-	-	-	-	-
<b>Total impairment losses of non-financial assets, net</b>						
<b>2012 (Previous Year)</b>						
Additional impairment losses	-	-	-	-	-	-
(Release of impairment losses)	-	-	-	-	-	-
<b>Total impairment losses of non-financial assets, net</b>	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**14. PERSONNEL EHPENSES**

	In thousands of Denars	
	Current	Previous
	Year	Year
	2013	2012
<b>Short term employee benefits</b>		
Salaries	9,844	9,032
Mandatory contribution for social and health insurance	3,387	3,170
Short-term paid leave of absence	-	-
Expenses for temporary employment	-	-
Share in profit and remuneration	-	-
Non-monetary benefits	-	-
	<u>13,231</u>	<u>12,202</u>
<b>Benefits after termination of employment</b>		
Contribution to pension plans for defined contributions	-	-
Retirement benefits	-	-
Increasing of the obligation for retirement benefits	-	-
Increasing of the obligation for other long-term benefits	-	-
Other benefits after termination of employment	-	-
	<u>-</u>	<u>-</u>
<b>Benefits due to termination of employment</b>	-	38
Employee payments based on shares, settled with owned instruments	-	-
Employee share-based payments, settled in cash	-	-
Other (costs for employees that represent more than 10% of the total costs for employees)	16	26
Food and transportation	-	-
Vacation allowances	-	285
Seminars and education	59	15
	<u>75</u>	<u>364</u>
<b>Total personnel expenses</b>	<u>13,306</u>	<u>12,566</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**15. DEPRECIATION AND AMORTIZATION**

	In thousands of Denars	
	Current	Previous
	Year	Year
	2013	2012
<b>Amortization of intangible assets</b>		
Internally developed software	-	-
Software purchased from external suppliers	560	515
Other internally developed intangible assets	-	-
Other intangible assets	-	-
Investment in intangible assets under lease	-	-
	<u>560</u>	<u>515</u>
<b>Amortization of property, plant and equipment</b>		
Construction objects	-	-
Transport vehicles	9	9
Furniture and office equipment	422	328
Other equipment	14	42
Other items of property and equipment	-	-
Investment in property and equipment under lease	-	-
	<u>445</u>	<u>379</u>
<b>Total depreciation</b>	<u>1,005</u>	<u>894</u>

**16. OTHER OPERATING EXPENSES**

	In thousands of Denars	
	Current	Previous
	Year	Year
	2013	2012
Losses on sale of assets available-for-sale	-	-
Expenses for software licensing	-	-
Insurance premiums on deposits	994	1,013
Insurance premiums on property and employees	232	159
Materials and services	5,388	6,196
Administrative and marketing expenses	1,457	1,484
Other taxes and contributions	247	246
Rent	2,400	2,319
Litigation expenses	145	163
Special reserve for off-balance exposure, net	-	-
Provisions for pensions and other employee benefits	-	-
Provisions for contingent commitments based on litigation, net	-	-
Other provisions	-	375
Loss from the sale of:	-	-
Property and equipment	-	-
Intangible assets	-	-
Foreclosed assets	-	-
Non-current assets held-for-sale and group for disposal	-	-
Other (expenses that do not represent more than 10% of total other operating expense)	74	65
<b>Total other operating expenses</b>	<u>10,937</u>	<u>12,020</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**17. INCOME TAX**

**A. Expense/Income Based on Current and Deferred Income Tax**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
<b>Current income tax</b>		
Expense /(income) for current income tax for the year	146	146
Adjustments for previous year	-	-
Benefits from previously unrecognized tax losses, tax balance or temporary differences from previous years	-	-
Changes in accounting policies and errors	-	-
Other	-	-
	<b>146</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, balance or temporary differences from previous years	-	-
Other	-	-
	<b>146</b>	<b>146</b>
<b>Total income tax expenses/(returns)</b>	<b>146</b>	<b>146</b>

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
<b>Current income tax</b>		
Recognized in profit and loss	146	146
Recognized in equity	-	-
	<b>146</b>	<b>146</b>
<b>Deferred income tax</b>		
Recognized in profit and loss	-	-
Recognized in equity	-	-
	<b>146</b>	<b>146</b>
<b>Total income tax expenses/(returns)</b>	<b>146</b>	<b>146</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**17. INCOME TAX (Continued)**

**B. Reconciliation of the Effective Average Tax Rate with the Applicable Tax Rate**

	In %	In thousands of Denars	In %	In thousands of Denars
	Current Year 2013		Previous Year 2012	
Profit/(loss) before taxation		577		941
Income tax in accordance with the applicable tax rate	-	-	-	-
Effect from various tax rates in other countries	-	-	-	-
Adjustments for previous years and changes in the tax rate	-	-	-	-
Taxed income from abroad	-	-	-	-
Expenses unrecognized for tax purposes	25,3%	146	15,60%	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>146</b>		<b>146</b>
<b>Average effective tax rate</b>	<b>25,3%</b>		<b>15,6%</b>	

Effective from January 1, 2009, amendments of the local Income Tax Law have been introduced, with the major change on the taxation of the 2009 net profit. Such change provide entirely exemption of income tax, after taxation of certain expenses not deductible for tax purposes, if net profit for the year is not intended for distribution of dividends, and will be taxed at the time dividends are paid.

For the fiscal year 2013, the Savings House has taken advantage of the income tax exemption for the above.

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

## 17. INCOME TAX (Continued)

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

<i>In thousands of Denars</i>	Current Year 2013 (Expenditure)/ return of income			Previous Year 2012 (Expenditure)/ return of income		
	Before taxation	tax	Less income tax	Before taxation	tax	Less income tax
Revalued reserve for assets available for sale	-	-	-	-	-	-
Reserve for instruments for protection against cash flow risk	-	-	-	-	-	-
Reserve for instruments for protection against the risk net-investment in international operations	-	-	-	-	-	-
Reserve from currency differences from investment in international operations	-	-	-	-	-	-
Share in the remaining profits/(losses) from affiliates which are not disclosed in the Income statement	-	-	-	-	-	-
Other profits/(losses) which are not disclosed in the Income statement	-	-	-	-	-	-
<b>Total other profits/(losses) which are not disclosed in the Income statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**18. CASH AND CASH EQUIVALENTS**

	<b>In thousands of Denars</b>	
	<b>Current Year 2013</b>	<b>Previous Year 2012</b>
Cash on hand	430	580
Accounts and deposits with NBRM, except for mandatory reserves in foreign currency	3,555	3,442
Current accounts and deposits with foreign banks		
Current accounts and deposits with domestic banks	32,011	33,159
Treasury bills traded on the secondary market	-	-
Government bills traded on the secondary market	-	-
Time deposits with maturities less than, or equal to three months	-	-
Other short-term highly liquid assets	-	-
Receivables based in interest	4	2
(Allowance for impairment loss)	-	-
<b>Included in cash and cash equivalents for the purpose of the statement of cash flows</b>	<b>36,000</b>	<b>37,183</b>
Obligatory foreign currency reserves	-	-
Restricted deposits	-	-
(Allowance for impairment loss)	-	-
<b>Total</b>	<b>36,000</b>	<b>37,183</b>

	<b>In thousands of Denars</b>	
	<b>Current Year 2013</b>	<b>Previous Year 2012</b>
<b>Movement of allowance for impairment</b>		
As of January 1	-	-
Allowance for impairment for the year	-	-
Additional allowance for impairment	-	-
(release from allowance for impairment)	-	-
Effect of foreign exchange differences	-	-
(Written off receivables)	-	-
<b>As of December 31</b>	<b>-</b>	<b>-</b>

Interest income is accrued on the mandatory reserves at a rate of 1% p.a. (2012: 1% p.a.).

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**19. TRADING ASSETS**

**A. Structure of Trading Assets by the Type of the Financial Instrument**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
<b>Trading securities</b>		
<i>Debt securities for trading</i>		
Treasury bills for trading	-	-
Government bills for trading	-	-
Other instruments on the money market	-	-
Bonds issued by government	-	-
Corporate bonds	-	-
Other debt instruments	-	-
Quoted	-	-
Unquoted	-	-
<i>Equity instruments for trading</i>		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
Quoted	-	-
Unquoted	-	-
<b>Derivatives for trading</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 IAS 39	-	-
<b>Total trading assets</b>	-	-

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

19. TRADING ASSETS (Continued)

B. Reclassified Trading Assets

B.1 Condition of Reclassified Trading Assets

		Current Year 2013		Previous Year 2012	
		Carrying amount as of	Fair value as of	Carrying amount as of	Fair value as of
		December 31, 2013	December 31, 2013	December 31, 2012	December 31, 2012
		(Current Year)	(Current Year)	(Previous Year)	(Previous Year)
<i>In thousands of Denars</i>					
Reclassified amount (date of reclassification)					
<b>Trading assets reclassified in 2013 (current year)</b>					
in:					
- financial assets available for sale	-	-	-	-	-
- loans and advances to banks	-	-	-	-	-
- loans and advances to other clients	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
<b>Trading assets reclassified in 2012 (previous year)</b>					
in:					
- financial assets available for sale	-	-	-	-	-
- loans and advances to banks	-	-	-	-	-
- loans and advances to other clients	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**19. TRADING ASSETS (Continued)**

**B. Reclassified Trading Assets (Continued)**

**B.2 Gains and Losses from Reclassification of Trading Assets**

	Reclassified during 2013 (Current Year)		Reclassified during 2012 (Previous Year)		Other gains/ (losses)	
	Income statement 2013 (Current Year)	Other gains/ (losses) 2013 (Current Year)	Income statement 2013 (Current Year)	Other gains/ (losses) 2013 (Current Year)	Income statement 2012 (Previous Year)	2012 (Previous Year)
<i>In thousands of Denars</i>						
<b>Period before reclassification</b>						
Trading assets reclassified in financial assets available for sale	-	-	-	-	-	-
- net-income from trading	-	-	-	-	-	-
Trading assets reclassified in loans and advances from banks	-	-	-	-	-	-
- net-income from trading	-	-	-	-	-	-
Trading assets reclassified in loans and advances from other clients	-	-	-	-	-	-
- net-income from trading	-	-	-	-	-	-
<b>Period after reclassification</b>						
Trading assets reclassified in financial assets available for sale	-	-	-	-	-	-
- interest income	-	-	-	-	-	-
- impairment of the value of the financial assets, on net-basis	-	-	-	-	-	-
- changes in the fair value, on net-basis	-	-	-	-	-	-
Trading assets reclassified in loans and advances from banks	-	-	-	-	-	-
- interest income	-	-	-	-	-	-
- impairment of the value of the financial assets, on net-basis	-	-	-	-	-	-
Trading assets reclassified in loans and advances from other clients	-	-	-	-	-	-
- interest income	-	-	-	-	-	-
- impairment of the value of the financial assets, on net-basis	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**19. TRADING ASSETS (Continued)**

**B. Reclassified Trading Assets (Continued)**

**B.3 Gains and Losses which would have been recognized in the Income Statement if the assets have not been reclassified**

<i>In thousands of Denars</i>	Reclassified during 2013 (Current Year)	Reclassified during 2012 (Previous Year)	
	Income statement 2013 (Current Year)	Income statement 2013 (Current Year)	Income statement 2012 (Previous Year)
Trading assets reclassified in financial assets available for sale	-	-	-
- net-income from trading	-	-	-
Trading assets reclassified in loans and advances from banks	-	-	-
- net-income from trading	-	-	-
Trading assets reclassified in loans and advances from other clients	-	-	-
- net-income from trading	-	-	-
			-
			-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AT INITIAL RECOGNITION**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
<i>Debt securities for trading</i>		
Treasury bills for trading	-	-
Government bills for trading	-	-
Other instruments on the money market	-	-
Bonds issued by government	-	-
Corporate bonds	-	-
Other debt instruments	-	-
Quoted	-	-
Unquoted	-	-
	-	-
<i>Equity instruments for trading</i>		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
Quoted	-	-
Unquoted	-	-
	-	-
Loans and advances to banks	-	-
Loans and advances to other clients	-	-
<b>Total financial assets at fair value through profit or loss, at initial recognition</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**21. DERIVATIVE ASSETS HELD FOR RISK MANAGEMENT**

		Current Year 2013		In thousands of Denars Previous Year 2012	
		derivative assets	(derivative liabilities)	derivative assets	(derivative liabilities)
<b>A.</b>	<b>Derivatives for risk protection/ Derivatives held for risk management</b>				
A.1	<i>According to type of variability</i>				
	<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	<i>According to risk protection</i>				
	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.</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**  
**December 31, 2013**

**22. LOANS AND ADVANCES**

**22.1 LOANS AND ADVANCES TO BANKS**

	<b>Current Year 2013</b>		<b>In thousands of Denars Previous Year 2012</b>	
	<b>Short-term</b>	<b>Long-term</b>	<b>Short-term</b>	<b>Long-term</b>
Loans to banks				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Time deposits, maturity over three months	13,000	-	8,000	-
Domestic banks	13,000	-	8,000	-
Foreign banks	-	-	-	-
Repo				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Other receivables				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Interest based receivables	22	-	27	-
Current maturity	-	-	-	-
<b>Total loans and advances to banks before allowance for impairment</b>	<b>13,022</b>	<b>-</b>	<b>8,027</b>	<b>-</b>
(Allowance for impairment)	(651)	-	(80)	-
<b>Total loans and receivables from banks less allowance for impairment</b>	<b>12,371</b>	<b>-</b>	<b>7,947</b>	<b>-</b>

	<b>In thousands of Denars</b>	
	<b>Current Year 2013</b>	<b>Previous Year 2012</b>
<b>Movement of allowance for impairment</b>		
Balance as of January 1	80	162
Allowance for impairment for the year		
Additional allowance for impairment	642	-
(release of allowance for impairment) (foreclosed assets)	(71)	(82)
-	-	-
Effect of foreign exchange differences	-	-
(Written - off receivables)	-	-
<b>Balance as of December 31</b>	<b>651</b>	<b>80</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**22. LOANS AND ADVANCES (Continued)**

**22.2 LOANS AND ADVANCES TO OTHER CUSTOMERS**

**A. Structure of Loans and Advances to Other Customers by Type of Customer**

	<b>Current Year 2013</b>		<b>In thousands of Denars Previous Year 2012</b>	
	<b>Short-term</b>	<b>Long-term</b>	<b>Short-term</b>	<b>Long-term</b>
Non-financial entities				
principal amount	-	-	-	-
interest receivables	-	-	-	-
Government				
principal amount	-	-	-	-
interest receivables	-	-	-	-
Not for profit institutions that serve to households				
principal amount	-	-	-	-
interest receivables	-	-	-	-
Financial entities, apart from banks				
principal amount	-	-	-	-
Interest receivables	-	-	-	-
Households				
principal amount	-	-	-	-
housing loans	-	-	-	-
consumer loans	25,673	137,076	22,315	146,087
auto loans	-	-	-	-
mortgages	-	-	-	-
credit cards	-	-	-	-
other loans	474	21,719	673	22,957
interest receivables	933	-	1,041	-
Non-residents, apart from banks				
principal amount	-	-	-	-
interest receivables	-	-	-	-
Current maturity	51,680	(51,680)	52,823	(52,823)
<b>Total loans and advances to other customers before allowance for impairment</b>	<b>78,760</b>	<b>107,115</b>	<b>76,852</b>	<b>116,221</b>
(Allowance for impairment)	(5,589)	(14,119)	(5,223)	(15,889)
<b>Total loans and receivables from other customers less allowance for impairment</b>	<b>73,171</b>	<b>92,996</b>	<b>71,629</b>	<b>100,332</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**22. LOANS AND ADVANCES (Continued)**

**22.2 LOANS AND ADVANCES TO OTHER CUSTOMERS (Continued)**

**A. Structure of Loans and Advances to Other Customers by Type of Customer (Continued)**

	<b>In thousands of Denars</b>	
	<b>Current Year 2013</b>	<b>Previous Year 2012</b>
<b>Movements of allowance for impairment, individual basis</b>		
Balance as of January 1	19,673	18,882
Allowance for impairment for the year		
additional allowance for impairment	15,530	13,245
(release of allowance for impairment)	(16,807)	(12,454)
(foreclosed assets)	-	-
Effect of foreign exchange differences		-
(Written-off receivables)	(7)	-
<b>Balance as of December 31</b>	<b>18,389</b>	<b>19,673</b>
<b>Movements of allowance for impairment, group basis</b>		
Balance as of January 1	1,439	2,123
Allowance for impairment for the year		
additional allowance for impairment	3,011	1,610
(release of allowance for impairment)	(3,131)	(2,294)
(foreclosed assets)	-	-
Effect of foreign exchange differences	-	-
(Written-off receivables)	-	-
<b>Balance as of December 31</b>	<b>1,319</b>	<b>1,439</b>
<b>Total loans and advances from other customers less allowance for impairment</b>	<b>19,708</b>	<b>21,112</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**22. LOANS AND ADVANCES (Continued)**

**22.2 LOANS AND ADVANCES TO OTHER CUSTOMERS (Continued)**

**B. Structure of Loans and Advances to Other Customers by Type of Security**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
<i>(current carrying amount of loans and advances)</i>	-	-
First class security instruments	-	-
Cash deposits (in depot and/or limited bank accounts)	7,692	7,347
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	143,337	150,621
Property pledge	-	-
Property for own use (apartments and houses)	-	-
Property for operating activities	-	-
Moveable Property pledge	-	-
Other types of guarantees	15,138	13,993
Unsecured	-	-
<b>Total loans and advances from other clients less allowance for impairment</b>	<b>166,167</b>	<b>171,961</b>

As of December 31, 2013, non-performing loans included in the loans and advances by clients amounted to Denar 10,113 thousand (2012: Denar 11,453 thousand).

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013****22. LOANS AND ADVANCES (Continued)****22.2 LOANS AND ADVANCES TO OTHER CUSTOMERS (Continued)****Risks and Uncertainties**

The Savings House's management has recorded provisions for impairment losses for all known and foreseeable risks as of the date of the financial statements. The Savings House's portfolio contains a number of debtors whose ability to service and repay their debts has been impacted by economic developments in the Republic of Macedonia.

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 efforts to realize collateral on a timely basis.

The Savings House's operation could be influenced by the financial trends in case of worsening of the overall global and local economic environment. The management of the Savings House is reacting appropriately to any new developments to the market and economy as a whole. Some of the measures undertaken are: limiting long-term financing as compared to the short-term financing, developing of the loan products with higher interest margins, strengthening monitoring of the 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 markets, where possible increase of collateral limits. All the above is focusing to protect and develop current and future customer/depositor base and achievement of the Savings House's goals and objectives for 2014 and beyond.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**23. INVESTMENTS IN SECURITIES**

**23.1 INVESTMENTS IN FINANCIAL ASSETS AVAILABLE-FOR-SALE**

**A. Structure of Investment in Financial Assets available for sale according to the type of the Financial Instrument**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
<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 for trading</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>	-	-

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
<b>Movements of allowance for impairment</b>		
Balance as of January 1	-	-
Allowance for impairment for the year:		
additional allowance for impairment	-	-
(release of allowance for impairment)	-	-
Effect of foreign exchange differences	-	-
(Written-off receivables)	-	-
<b>Balance as of December 31</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**23. INVESTMENTS IN SECURITIES (Continued)**

**23.1 INVESTMENTS IN FINANCIAL ASSETS AVAILABLE-FOR-SALE (Continued)**

**B. Reclassified Financial Assets Available for Sale**

**B.1 Condition of Reclassified Assets Available for Sale**

		Current Year 2013		Previous Year 2012		
	<i>In thousands of Denars</i>	Reclassified amount (date of reclassification)	Carrying amount as of December 31, 2013 (Current Year)	Fair value as of December 31, 2013 (Current Year)	Carrying amount as of December 31, 2012 (Previous Year)	Fair value as of December 31, 2012 (Previous Year)
<b>Assets available for sale reclassified in 2013 (Current Year) in:</b>						
- loans and advances to banks		-	-	-	-	-
- loans and advances to other clients		-	-	-	-	-
		-	-	-	-	-
<b>Assets available for sale reclassified in 2012 (Previous Year) in:</b>						
- loans and advances to banks		-	-	-	-	-
- loans and advances to other clients		-	-	-	-	-
		-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**23. INVESTMENTS IN SECURITIES (Continued)**

**23.2 INVESTMENTS IN FINANCIAL ASSETS AVAILABLE-FOR-SALE (Continued)**

**B. Reclassified Financial Assets Available for Sale (Continued)**

**B.2 Gains and Losses from the Reclassified Assets Available for Sale**

	<i>In thousands of Denars</i>			
	Income statement 2013 (Current Year)	Other gains/ (losses) 2013 (Current Year)	Income statement 2012 (Previous Year)	Other gains/ (losses) 2012 (Previous Year)
<b>Period before reclassification</b>				
Assets available for sale reclassified in loans and advances from banks				
- Interest income	-	-	-	-
- Impairment of the financial assets, on net-basis	-	-	-	-
- changes in the fair value, on net-basis	-	-	-	-
Assets available for sale reclassified in loans and advances from other clients				
- Interest income	-	-	-	-
- Impairment of the financial assets, on net-basis	-	-	-	-
- changes in the fair value, on net-basis	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Period after reclassification</b>				
Assets available for sale reclassified in loans and advances from banks				
- Interest income	-	-	-	-
- Impairment of the financial assets, on net-basis	-	-	-	-
- Amounts reversed from revaluation reserves	-	-	-	-
Assets available for sale reclassified in loans and advances from other clients				
- Interest income	-	-	-	-
- Impairment of the financial assets, on net-basis	-	-	-	-
- Changes in the fair value, on net-basis	-	-	-	-
- Amounts reversed from revaluation reserves	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**23. INVESTMENTS IN SECURITIES (Continued)**

**23.1 INVESTMENTS IN FINANCIAL ASSETS AVAILABLE-FOR-SALE (Continued)**

**B. Reclassified Financial Assets Available for Sale (Continued)**

	<i>In thousands of Denars</i>			
	Income statement 2013 (Current Year)	Other gains/ (losses) 2013 (Current Year)	Income statement 2012 (Previous Year)	Other gains/ (losses) 2012 (Previous Year)
Assets available for sale reclassified in loans and advances from banks				
- Interest income	-	-	-	-
- impairment of the financial assets, on net-basis	-	-	-	-
- changes in fair value, on net-basis	-	-	-	-
Assets available for sale reclassified in loans and advances from other clients				
- Interest income	-	-	-	-
- changes in the value of the financial assets, on net-basis	-	-	-	-
- changes in fair value, on net-basis	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**23. INVESTMENTS IN SECURITIES (Continued)**

**23.2 INVESTMENTS IN FINANCIAL ASSETS HELD-TO-MATURITY**

	In thousands of Denars	
	Current Year	Previous Year
	2013	2012
<i>Debt securities</i>		
Treasury bills	-	-
Government bills	23,618	18,911
Other instruments on the money market	-	-
Government issued bonds	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	<b>23,618</b>	<b>18,911</b>
Quoted		-
Unquoted	<b>23,618</b>	<b>18,911</b>
<b>Total investment in financial instruments held-to-maturity before allowance for impairment</b>	<b>23,618</b>	<b>18,911</b>
(Allowance for impairment)	-	-
<b>Total investment in financial instruments available held-to-maturity less allowance for impairment</b>	<b>23,618</b>	<b>18,911</b>

	In thousands of Denars	
	Current Year	Previous Year
	2013	2012
<b>Movements of allowance for impairment</b>		
Balance as of January 1	-	-
Allowance for impairment for the year:		
additional allowance for impairment	-	-
(release of allowance for impairment)	-	-
Foreign exchange differences	-	-
(Written-off receivables)	-	-
<b>Balance as of December 31</b>	<b>-</b>	<b>-</b>

Government bills in the amount of Denar 23,618 thousand (2012: Denar 18,911 thousand) issued by the Ministry of Finance of the Republic of Macedonia refers to government bills with foreign currency clause with period of maturity from 6 to 12 months which bear interest at the rate of 3.15% to 4.25 p.a., depending on the maturity period.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**24. INVESTMENTS IN ASSOCIATES**

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

Name of subsidiaries and associates	Country	In %			
		Percentage of interest in ownership		Percentage of voting right	
		Current Year 2013	Previous Year 2012	Current Year 2013	Previous Year 2012
		-	-	-	-

**B. Financial information for associates – 100%**

Name of associates	In thousands of Denars				
	Total assets	Total liabilities	Total equity and reserves	Income	Profit/(Loss) for the financial year
Current Year 2013	-	-	-	-	-
Previous Year 2012	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**25. OTHER RECEIVABLES**

	In thousands of Denars	
	Current Year	Previous Year
	2013	2012
Trade receivables	-	-
Prepaid expenses	69	83
Deferred income	-	-
Fees and commission receivables	158	181
Receivables from the employees	-	-
Advances for intangible assets	-	-
Advances for property and equipment	-	-
Other (receivables representing more than 10% of the total other receivables)	-	-
Small inventory	43	53
Claims receivable	-	-
Other receivables	123	124
<b>Total other receivables before allowance for impairment</b>	<b>393</b>	<b>441</b>
(Allowance for impairment)	(135)	(161)
<b>Total other receivables less allowance for impairment</b>	<b>258</b>	<b>280</b>

	In thousands of Denars	
	Current Year	Previous Year
	2013	2012
<b>Movement of allowance for impairment</b>		
Balance as of January 1	161	161
Allowance for impairment for the year:	-	-
additional allowance for impairment	54	16
(release of allowance for impairment)	(80)	(16)
(foreclosed assets)	-	-
Effect of foreign exchange differences	-	-
(Written-off receivables)	-	-
<b>Balance as of December 31</b>	<b>135</b>	<b>161</b>

**26. ASSETS PLEDGED AS COLLATERAL**

	In thousands of Denars	
	Current Year	Previous Year
	2013	2012
Debt securities	-	-
Equity instruments	-	-
<b>Total pledged assets</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**27. FORECLOSED ASSETS**

<i>In thousands of Denars</i>	<b>Land</b>	<b>Buildings</b>	<b>Equipment</b>	<b>Residential facilities and apartments</b>	<b>Other</b>	<b>Total</b>
<b>Cost</b>						
As of January 1, 2012 (Previous Year)	-	-	-	-	-	-
Foreclosed in the course of the year	-	-	-	-	-	-
(sold in the course of the year)	-	-	-	-	-	-
(transfer into registered assets)	-	-	-	-	-	-
<b>As of December 31, 2012 (Previous Year)</b>	-	-	-	-	-	-
As of January 1, 2013 (Current Year)						
Foreclosed in the course of the year						
(sold in the course of the year)						
(transfer into registered assets)						
<b>As of December 31, 2013 (Current Year)</b>						
<b>Impairment</b>						
As of January 1, 2012 (Previous Year)	-	-	-	-	-	-
Impairment loss in the course of the year	-	-	-	-	-	-
(sold in the course of the year)	-	-	-	-	-	-
<b>As of December 31, 2012 (Previous Year)</b>	-	-	-	-	-	-
As of January 1, 2013 (Current Year)						
Impairment loss in the course of the year						
(sold in the course of the year)						
<b>As of December 31, 2013 (Current Year)</b>						
<b>Current carrying amount</b>						
<b>As of January 1, 2012 (Previous Year)</b>	-	-	-	-	-	-
<b>As of December 31, 2012 (Previous Year)</b>	-	-	-	-	-	-
<b>As of December 31, 2013 (Current Year)</b>	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**28. INTANGIBLE ASSETS**

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

<i>In thousands of Denars</i>	<b>Internally developed software</b>	<b>Acquired software from external suppliers</b>	<b>Other internally developed intangible assets</b>	<b>Other intangible assets</b>	<b>Investments in intangible assets under lease</b>	<b>Total</b>
<b>Cost</b>						
As of January 1, 2012	-	2,493	-	-	-	2,493
Increase through new acquisitions	-	758	-	-	-	758
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 non-current assets held-for-sale	-	-	-	-	-	-
<b>As of December 31, 2012</b>	<b>-</b>	<b>3,251</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,251</b>
As of January 1, 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 non-current assets held-for-sale	-	-	-	-	-	-
<b>As of December 31, 2013</b>	<b>-</b>	<b>3,714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,714</b>

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

28. INTANGIBLE ASSETS (Continued)

A. Reconciliation of the current carrying amount (Continued)

<i>In thousands of Denars</i>	Internally developed software	Acquired software from external suppliers	Other internally developed intangible assets	Other intangible assets	Investments in intangible assets under lease	Total
<b>Depreciation and impairment</b>						
As of January 1, 2012	-	1,425	-	-	-	1,425
Depreciation for the year	-	515	-	-	-	515
Impairment loss during the year	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-
(Disposal and write off)	-	-	-	-	-	-
<b>As of December 31, 2012</b>	<b>-</b>	<b>1,940</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,940</b>
As of January 1, 2013	-	1,940	-	-	-	1,940
Depreciation for the year	-	560	-	-	-	560
Impairment loss during the year	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-
(Disposal and write off)	-	-	-	-	-	-
<b>As of December 31, 2013</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500</b>
<b>Current carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As of January 1, 2012 (Previous Year)</b>	<b>-</b>	<b>1,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,068</b>
<b>As of December 31, 2012 (Previous Year)</b>	<b>-</b>	<b>1,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,311</b>
<b>As of December 31, 2013 (Current Year)</b>	<b>-</b>	<b>1,214</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,214</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**28. INTANGIBLE ASSETS (Continued)**

**B. Carrying amount of the intangible assets assigned under encumbrances or pledge liens to securitize liability settlement**

<i>In thousands of Denars</i>	<b>Internally developed software</b>	<b>Acquired software from external suppliers</b>	<b>Other internally developed intangible assets</b>	<b>Other intangible assets</b>	<b>Investments in intangible assets under lease</b>	<b>Total</b>
<b>Current carrying amount</b>						
As of December 31, 2012	-	-	-	-	-	-
As of December 31, 2013	-	-	-	-	-	-

As of December 31, 2013 and 2012, the Savings House has no intangible assets assigned under encumbrances or pledge liens to securitize liability settlement.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**29. PROPERTY AND EQUIPMENT**

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

In thousands of Denars									
	Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in progress	Leasehold improvements	Total
Cost									
As of January 1, 2012	-	-	1,666	6,035	416	-	-	-	8,117
Increase	-	-	-	793	-	-	-	-	793
Increase through business combinations	-	-				-	-	-	-
(Disposal and write off)	-	-		(144)		-	-	-	(144)
(Disposal through business combinations)	-	-	-	-	-	-	-	-	-
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
(Transfer from non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
As of December 31, 2012	-	-	1,666	6,684	416	-	-	-	8,766
As of January 1, 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	-	-	-	-	-	-	-	-	-
As of December 31, 2013	-	-	1,666	6,837	416	-	-	-	8,919



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**29. PROPERTY AND EQUIPMENT (Continued)**

**A. Reconciliation of the current carrying amount (Continued)**

In thousands of Denars

	Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in progress	Leasehold improvements	Total
<b>Depreciation and impairment</b>									
As of January 1, 2012	-	-	1,643	5,364	343	-	-	-	7,350
Depreciation for the year	-	-	9	328	42	-	-	-	379
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(144)	-	-	-	-	(144)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
<b>As of December 31, 2012</b>	<b>-</b>	<b>-</b>	<b>1,652</b>	<b>5,548</b>	<b>385</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,585</b>
As of January 1, 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>As of December 31, 2013</b>	<b>-</b>	<b>-</b>	<b>1,661</b>	<b>5,916</b>	<b>399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,976</b>
<b>Current carrying amount</b>									
As of January 1, 2012 (Previous Year)	-	-	23	671	73	-	-	-	767
As of December 31, 2012 (Previous Year)	-	-	14	1,136	31	-	-	-	1,181
As of December 31, 2013 (Current Year)	-	-	5	921	17	-	-	-	943

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**29. PROPERTY AND EQUIPMENT (Continued)**

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

In thousands of Denars									
	Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in progress	Leasehold improvements	Total
<b>Current carrying amount</b>									
As of December 31, 2012	-	-	-	-	-	-	-	-	-
As of December 31, 2013	-	-	-	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**30. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES**

**30.1 Current tax assets and current tax liabilities**

	Current Year 2013	Previous Year 2012
Current income tax receivables	10	86
Current income tax liabilities	-	-

**30.2 Deferred tax assets and deferred tax liabilities**

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

	December 31, 2013			In thousands of Denars December 31, 2012		
	Deferred tax assets	Deferred tax liabilities	Net basis	Deferred tax assets	Deferred tax liabilities	Net basis
Derivative assets held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to other customers	-	-	-	-	-	-
Investments in securities	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property, plant 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**

	In thousands of Denars Current Year 2013	Previous Year 2012
Tax losses	-	-
Tax credits	-	-
<b>Total unrecognized deferred tax assets</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**30. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES (Continued)**

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

**C. Reconciliation of the movement of deferred tax assets and tax liabilities in the course of the year**

	In thousands of Denars			
	As of January 1	Income statement	Recognized in equity	As of December 31
<b>Previous Year 2012</b>				
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to other customers	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available-for-sale	-	-	-	-
Cash flow risk mitigation	-	-	-	-
<b>Total recognized deferred tax assets/ (liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**30. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES (Continued)**

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

**C. Reconciliation of the movement of deferred tax assets and tax liabilities in the course of the year (Continued)**

	<b>As of January 1</b>	<b>Income statement</b>	<b>In thousands of Denars Recognized in equity</b>	<b>As of December 31</b>
<b>Current Year 2013</b>				
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to other customers	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available-for-sale	-	-	-	-
Cash flow risk mitigation	-	-	-	-
<b>Total recognized deferred tax assets/ (liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**31. NON-CURRENT ASSETS HELD-FOR-SALE AND DISPOSAL GROUP**

**A. Non-current assets held-for-sale**

	<b>In thousands of Denars Current Year 2013</b>	<b>Previous Year 2012</b>
Intangible assets	-	-
Property and equipment	-	-
<b>Total non-current assets held-for-sale</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**31. NON-CURRENT ASSETS HELD-FOR-SALE AND DISPOSAL GROUP**

**B. Disposal group**

	In thousands of Denars	
	Current Year	Previous Year
	2013	2012
<i>Group of assets for disposal</i>		
Financial assets	-	-
Intangible assets	-	-
Property, plant and equipment	-	-
Investment in associates	-	-
Income tax receivables	-	-
Other assets	-	-
<b>Total group of assets for disposal</b>	-	-
<i>Liabilities directly related to group of assets for disposal</i>		
Financial liabilities	-	-
Special reserve	-	-
Income tax liabilities	-	-
Other liabilities	-	-
<b>Total liabilities directly related to the group of assets for disposal</b>	-	-

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

	In thousands of Denars	
	Current Year	Previous Year
	2013	2012
Profit/(loss) recognized from the sale of assets held-for-sale and disposal group	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**32. TRADING LIABILITIES**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
<i>Due to banks</i>		
Current accounts, sight deposits and overnight	-	-
Time deposits	-	-
Other deposits	-	-
	-	-
<i>Due to other customer</i>	-	-
Current accounts, sight deposits and overnight	-	-
Time deposits	-	-
Other deposits	-	-
	-	-
<i>Issued debt securities</i>	-	-
Money market instruments	-	-
Deposit certificates	-	-
Issued bonds	-	-
Other	-	-
	-	-
<i>Other financial liabilities</i>	-	-
	-	-
<i>Trading derivatives</i>	-	-
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 trade liabilities</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**33. FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS UPON INITIAL RECOGNITION**

	<b>Current Year 2013</b>		<b>In thousands of Denars Previous Year 2012</b>	
	<b>Current carrying amount</b>	<b>Contractual value, paid at maturity</b>	<b>Current carrying amount</b>	<b>Contractual value, paid at maturity</b>
<i>Due to banks</i>				
Current accounts, sight deposits and overnight	-	-	-	-
Time deposits	-	-	-	-
Other deposits	-	-	-	-
<i>Due to other customer</i>				
Current accounts, sight deposits and overnight	-	-	-	-
Time deposits	-	-	-	-
Other deposits	-	-	-	-
<i>Issued debt securities</i>				
Money market instruments	-	-	-	-
Deposit certificates	-	-	-	-
Issued bonds	-	-	-	-
Other	-	-	-	-
<i>Subordinated debt</i>	-	-	-	-
<i>Other liabilities</i>	-	-	-	-
<b>Total financial liabilities at fair value through profit and loss designated as such upon initial recognition</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**34. DEPOSITS**

**34.1 DEPOSITS FROM BANKS**

	<b>Current Year 2013</b>		<b>In thousands of Denars Previous Year 2012</b>	
	<b>Short-term</b>	<b>Long-term</b>	<b>Short-term</b>	<b>Long-term</b>
Current accounts				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Demand deposits				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Time deposits				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Restricted deposits				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Other deposits				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Interest payable on deposits				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Current maturity	-	-	-	-
<b>Total deposits from banks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**34. DEPOSITS (Continued)**

**34.2 DEPOSITS FROM OTHER CUSTOMERS**

	Current Year 2013		In thousands of Denars Previous Year 2012	
	Short-term	Long-term	Short-term	Long-term
Non-financial entities				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Government				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Non-profit organizations that serve to households				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Financial institutions, except banks			-	-
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Households			-	-
Current accounts	-	-	-	-
Demand deposits	2,005	-	2,635	-
Time deposits	36,798	82,853	35,850	81,822
Restricted deposits	5,057	15,785	2,885	15,557
Other deposits	-	-	-	-
Interest payable on deposits	953	-	1,076	-
	<b>44,813</b>	<b>98,638</b>	<b>42,446</b>	<b>97,379</b>
Foreign entities, except banks				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Current maturity	<b>64,728</b>	<b>(64,728)</b>	<b>49,450</b>	<b>(49,450)</b>
<b>Total deposits from other customers</b>	<b>109,541</b>	<b>33,910</b>	<b>91,896</b>	<b>47,929</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**35. DEBT INSTRUMENTS ISSUED**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
Money market instruments	-	-
Deposit certificates	-	-
Issued bonds	-	-
Other	-	-
Interest payable on securities issued	-	-
<b>Total issued debt securities</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**36. BORROWINGS**

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

	<b>Current Year 2013</b>		<b>In thousands of Denars Previous Year 2012</b>	
	<b>Short-term</b>	<b>Long-term</b>	<b>Short-term</b>	<b>Long-term</b>
Banks				
Residents				
Loans payable	17	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Non-residents	-	-	-	-
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Non-financial entities				
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Government	-	-	-	-
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Non-profit institutions which serve to households				
Loans payable	-	-	-	-
Interest payables	-	-	-	-
Financial entities, other than banks	-	-	-	-
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Non-residents, except for banks	-	-	-	-
Non-financial entities				
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Government	-	-	-	-
Loans payable	-	4,570	-	6,527
Repo- transactions	-	-	-	-
Interest payables	6	-	8	-
Non-profit institutions which serve to households				
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Financial entities, other than banks	-	-	-	-
Loans payable	-	-	-	-
Repo- transactions	-	-	-	-
Interest payables	-	-	-	-
Households				
Loans payable	-	-	-	-
Interest payables	-	-	-	-
Current maturity	1,480	(1,480)	1,955	(1,955)
<b>Total loans payable</b>	<b>1,503</b>	<b>3,090</b>	<b>1,963</b>	<b>4,572</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**36. BORROWINGS (Continued)**

**B. Borrowings according to the creditor**

	<b>Current Year 2013</b>		<b>In thousands of Denars Previous Year 2012</b>	
	<b>Short-term</b>	<b>Long-term</b>	<b>Short-term</b>	<b>Long-term</b>
<i>Domestic sources:</i>				
Macedonian Bank for Development				
Promotion	6	4,570	8	6,527
Komercijalna banka	17	-	-	-
	<b>23</b>	<b>4,570</b>	<b>8</b>	<b>6,527</b>
<i>Foreign sources:</i>	-	-	-	-
Current maturity	1,480	(1,480)	1,955	(1,955)
<b>Total borrowings</b>	<b>1,503</b>	<b>3,090</b>	<b>1,963</b>	<b>4,572</b>

As of December 29, 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 DEBT**

	<b>Current Year 2013</b>	<b>Previous Year 2012</b>
<i>Subordinated deposit liabilities</i>	-	-
Principal payables	-	-
Interest payables	-	-
<i>Subordinated loan liabilities</i>	-	-
Principal payables	-	-
Interest payables	-	-
<i>Subordinated debt on securities issued</i>	-	-
Principal payables	-	-
Interest payables	-	-
Redeemable preference shares	-	-
<b>Total subordinated debt</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**38. SPECIAL RESERVES AND PROVISIONS**

In thousands of Denars

	Special reserves for off- balance sheet credit exposures	Provisions for contingent liabilities based on litigations	Provisions for pensions and other employee benefits	Provisions for restructuri ng	Provisions for unfavorabl e agreement s	Other provisions	Total
As of January 1, 2012	-	-	-	-	-	202	202
additional provisions during the year	-	-	-	-	-	533	533
(used provisions during the year)	-	-	-	-	-	-	-
(release of provisions during the year)	-	-	-	-	-	(158)	(158)
<b>As of December 31, 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>577</b>	<b>577</b>
As of January 1, 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)
<b>As of December 31, 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**39. OTHER RECEIVABLES**

	In thousands of Denars	
	Current Year	Previous Year
	2013	2012
Trade payables	220	265
Received advances	-	-
Fee and commission liabilities	43	42
Accrued expenses	-	-
Deferred income from previous years	24	26
Short - term liabilities to employees	1,070	1,048
Short t- term liabilities for employee benefits	-	-
Other (liabilities more than 10% of the total other liabilities)		
Other liabilities – payments from litigated loans	72	92
Other liabilities - grants	232	6
Other liabilities	42	41
<b>Total other liabilities</b>	<b>1,703</b>	<b>1,520</b>

**40. SUBSCRIBED CAPITAL**

**A. Subscribed Capital**

	In Denars		Number of issued shares				In thousands of Denar	
	Nominal value per share		Ordinary shares		Preference shares non-redeemable		Total subscribed capital	
	Ordinary shares	Preference shares-non-redeemable	Current Year 2013	Previous Year 2012	Current Year 2013	Previous Year 2012	Current Year 2013	Previous Year 2012
Balance as of January 1-fully paid	-	-	-	-	-	-	-	-
Subscribed shares during the year	-	-	-	-	-	-	75,607	75,607
Realization of share option	-	-	-	-	-	-	-	-
Division/ increase of nominal value per share	-	-	-	-	-	-	-	-
Other changes during the year	-	-	-	-	-	-	-	-
<b>Balance as of December 31 – fully paid</b>				-		-	<b>75,607</b>	<b>75,607</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**40. SUBSCRIBED CAPITAL (Continued)**

**B. Dividends**

**B.1 Announced and paid dividends by the Savings House**

	In thousands of Denars Current Year 2013	Previous Year 2012
Declared dividends and paid dividends for the year	-	-

	Current Year 2013	In Denars Previous Year 2012
Dividend per ordinary share	-	-
Dividend per preference share	-	-

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

	In thousands of Denars Current Year 2013	Previous Year 2012
Announced dividends after December 31	-	-

	Current Year 2013	In Denars Previous Year 2012
Dividend per ordinary share	-	-
Dividend per preference share	-	-

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

	In thousands of Denars		In %	
	Current Year 2013	Previous Year 2012	Current Year 2013	Previous Year 2012
	Subscribed capital (nominal value)	Subscribed capital (nominal value)	Voting right	Voting right
Shareholder's name				
ZG FULM Skopje	75,607	75,607	100%	100%
<b>Total</b>	-	-	-	-

**Statutory reserve**

In accordance with the local regulations, the Savings House is required to set aside 15 percent of its net profit for the previous year in a statutory reserve until the level of the reserve reaches 1/5 of the share capital. Until the minimum required level is reached, the statutory reserve could be used only for loss recovery. When the statutory reserve exceeds the minimum level, after recovery of all losses, it can be used for distribution of dividends, based on a decision of the Sole Shareholder, 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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**41. EARNINGS PER SHARE**

**A. Basic earnings per share**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
<i>Net - Profit attributable to holders of ordinary shares</i>	-	-
Net - Profit for the year	-	-
Dividends for not redeemable preference shares	-	-
<i>Adjustments of net - profit attributable to holders of ordinary shares</i>	-	-
	-	-
	-	-
<b>Net - Profit attributable to holders of ordinary shares</b>	<b>-</b>	<b>-</b>
	Number of shares	
	Current Year 2013	Previous Year 2012
<i>Weighted average number of ordinary shares</i>	-	-
Issued ordinary shares as of January 1	-	-
Effects of the changes in the number of ordinary shares during the year	-	-
	-	-
	-	-
<b>Weighted average number of ordinary shares as of December 31</b>	<b>-</b>	<b>-</b>
<b>Basic earnings per share (in MKD)</b>	<b>-</b>	<b>-</b>

**B. Diluted earnings per share**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
Net - profit attributable to holders of ordinary shares (diluted)	-	-
Net - profit for the year attributable to holders of ordinary shares	-	-
Changes of Net - profit attributable to holders of ordinary shares for the effects of all issued potential ordinary shares	-	-
	-	-
	-	-
<b>Net - Profit attributable to holders of ordinary shares (diluted)</b>	<b>-</b>	<b>-</b>
	Number of shares	
	Current Year 2013	Previous Year 2012
Weighted average number of ordinary shares (diluted)	-	-
Issued ordinary shares as of January 1	-	-
Effects of issuing potential ordinary shares	-	-
<b>Weighted average number of ordinary shares (diluted) as of December 31</b>	<b>-</b>	<b>-</b>
<b>Diluted earnings per share (in MKD)</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**42. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**42.1 CONTINGENT LIABILITIES**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
Unsecured payment guarantees		
in Denar	-	-
in foreign currency	-	-
in Denar with foreign currency clause	-	-
Unsecured performance guarantees		
in Denar	-	-
in foreign currency	-	-
in Denar with foreign currency clause	-	-
Unsecured letter of credit		
in Denar	-	-
in foreign currency	-	-
in Denar with foreign currency clause	-	-
Unused overdraft on current accounts	-	-
Unused credit card limits	-	-
Foreclosed liabilities for crediting and unused credit limits	-	-
Other unsecured contingent liabilities	-	-
Issued secured guarantees	-	-
Covered letter of credit	-	-
Other secured contingent liabilities	-	-
<b>Total contingent liabilities before special reserve</b>	<b>-</b>	<b>-</b>
(Provisions)		
<b>Total contingent liabilities less special reserve</b>	<b>-</b>	<b>-</b>

**Taxation Risk**

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Savings House's management is not aware of any additional circumstances, which may give rise to a potential material liability in this respect.

**Commitments**

As of December 31, 2013 the Savings House had no commitments for capital purchases.

**Litigations**

As of December 31, 2013 no provisions for litigation 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 the 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.

**42.2 CONTINGENT ASSETS**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
Other	-	-
<b>Total contingent assets</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**43. ACTIVITIES ON BEHALF OF THIRD PARTIES**

	Current Year 2013			In thousands of Denars Previous Year 2012		
	Assets	Liabilities	Net position	Assets	Liabilities	Net position
<i>Asset administration on behalf and at the expense of third parties</i>	-	-	-	-	-	-
Deposits in Denar	-	-	-	-	-	-
Deposits in foreign currencies	-	-	-	-	-	-
Loans in Denar	-	-	-	-	-	-
Loans in foreign currencies	-	-	-	-	-	-
Other receivables in Denar	-	-	-	-	-	-
Other receivables in foreign currencies	-	-	-	-	-	-
<i>Asset management on behalf and at the expense of third parties</i>	-	-	-	-	-	-
Deposits in Denar	-	-	-	-	-	-
Deposits in foreign currencies	-	-	-	-	-	-
Loans in Denar	-	-	-	-	-	-
Loans in foreign currencies	-	-	-	-	-	-
Other receivables in Denar	-	-	-	-	-	-
Other receivables in foreign currencies	-	-	-	-	-	-
<i>Trust accounts</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**44. RELATED PARTY TRANSACTIONS**

**A. Balance Sheet**

	In thousands of Denars					
	Parent Company	Subsidiaries	Associates	The Savings House's management	Other related parties	Total
<b>December 31, 2013</b>						
<b>Assets</b>	-	-	-	-	-	-
Current accounts	-	-	-	-	-	-
Trading assets	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-
Customer loans	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	-	-
Factoring and forfeiting of receivables	-	-	-	-	-	-
Other loans and advances	-	-	-	-	-	-
Investments in securities	-	-	-	-	-	-
(Allowance for impairment)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Liabilities</b>	-	-	-	-	-	-
Trading liabilities	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Issued securities	-	-	-	-	-	-
Borrowings liabilities	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Contingent liabilities</b>	-	-	-	-	-	-
Issued guarantees	-	-	-	-	-	-
Issued letter of credit	-	-	-	-	-	-
Other contingent liabilities	-	-	-	-	-	-
(Special reserves)	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Contingent assets</b>	-	-	-	-	-	-
Received guarantees	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**44. RELATED PARTY TRANSACTIONS (Continued)**

**A. Balance Sheet (Continued)**

	In thousands of Denars					
	Parent Company	Subsidiaries	Associates	The Savings House's management	Other related parties	Total
<b>December 31, 2012</b>						
<b>Assets</b>						
Current accounts	-	-	-	-	-	-
Trading assets	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-
Customer loans	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	-	-
Factoring and forfeiting of receivables	-	-	-	-	-	-
Other loans and advances	-	-	-	-	-	-
Investments in securities	-	-	-	-	-	-
(Allowance for impairment)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Liabilities</b>						
Trading liabilities	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Issued securities	-	-	-	-	-	-
Borrowings liabilities	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Contingent liabilities</b>						
Issued guarantees	-	-	-	-	-	-
Issued letter of credit	-	-	-	-	-	-
Other contingent liabilities	-	-	-	-	-	-
(Special reserves)	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Contingent assets</b>						
Received guarantees	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**44. RELATED PARTY TRANSACTIONS (Continued)**

**B. Income and Expenses from Related Party Transactions**

	In thousands of Denars					
	Parent Company	Subsidiaries	Associates	The Savings House's management	Other related parties	Total
<b>2013 Current Year</b>						
<b>Income</b>	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Fee and commission income	-	-	-	-	-	-
Trading income, net	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from sale of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between subjects	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Expenses</b>	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Fee and commission expense	-	-	-	-	-	-
Trading losses, net	-	-	-	-	-	-
Expenses for purchase of non-current assets	-	-	-	-	-	-
Allowance for impairment of financial assets, net	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Transfers between subjects	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**44. RELATED PARTY TRANSACTIONS (Continued)**

**B. Income and Expenses from Related Party Transactions (Continued)**

	In thousands of Denars					
	Parent Company	Subsidiaries	Associates	The Savings House's management	Other related parties	Total
<b>2012 Previous Year</b>						
<b>Income</b>						
Interest income	-	-	-	-	-	-
Fee and commission income	-	-	-	-	-	-
Trading income, net	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from sale of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between subjects	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenses</b>						
Interest expense	-	-	-	-	-	-
Fee and commission expense	-	-	-	-	-	-
Trading losses, net	-	-	-	-	-	-
Expenses for purchase of non-current assets	-	-	-	-	-	-
Allowance for impairment of financial assets, net	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Transfers between subjects	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**C. Management Compensations**

	In thousands of Denars	
	Current Year 2013	Previous Year 2012
Short-term employee benefits	4,338	4,068
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee payment based on shares, settled with equity instruments	-	-
Employee payment based on shares, settled in cash	-	-
Other	695	597
<b>Total</b>	<b>5,033</b>	<b>4,665</b>

Related parties include persons with special rights and responsibilities at the Savings House and persons related thereto, the Savings House's founder and persons related thereto. All transactions with related parties arise in the normal course of business and their value is not materially different from the terms and conditions that would prevail in arms-length transactions.

Pursuant to the Banking Law, the Savings House's related parties are persons with special rights and responsibilities at the savings house and persons related thereto, shareholders with qualified holding in the savings house (which directly or indirectly own at least 5% of the total shares or issued voting right shares and have a dominant influence on the savings house management) and persons related thereto as well as the responsible persons of those shareholders – entities, the savings house's subsidiaries and other persons with whom the savings house has a close relations.

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**45. LEASES**

**A. Lessor**

**A.1 Finance Lease Receivables**

	Total finance lease receivables	In thousands of Denars Maturity period for finance lease receivables		
		Less than 1 year	1-5 years	Over 5 years
<b>December 31, 2013 (Current Year)</b>	-	-	-	-
Net present value of minimum lease payments	-	-	-	-
<b>December 31, 2012 (Previous Year)</b>	-	-	-	-
Net present value of minimum lease payments	-	-	-	-
<b>Total</b>	-	-	-	-

**A.2 Irrevocable Operating Lease Receivables**

	Total finance lease receivables	In thousands of Denars Maturity period for finance lease receivables		
		Less than 1 year	1-5 years	Over 5 years
<b>December 31, 2013 (Current Year)</b>	-	-	-	-
Net present value of minimum lease payments	-	-	-	-
<b>December 31, 2012 (Previous Year)</b>	-	-	-	-
Net present value of minimum lease payments	-	-	-	-
<b>Total</b>	-	-	-	-

	In thousands of Denars					
	Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment
Value of property under operating lease:						
As of December 31, 2013 (Current Year)	-	-	-	-	-	-
As of December 31, 2012 (Previous Year)	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-



**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**45. LEASES (Continued)**

**B. The Savings House as Lessee**

**B.1 Finance Lease Payables**

	Total finance lease payables	In thousands of Denars Maturity period for operating lease receivables		
		Less than 1 year	1-5 years	Over 5 years
As of December 31, 2013 (Current Year)	-	-	-	-
As of December 31, 2012 (Previous Year)	-	-	-	-
<b>Total</b>	-	-	-	-

	Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	In thousands of Denars Other items of property and equipment	Total
Value of property under operating lease							
<b>Cost</b>							
As of January 1, 2012	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
(Disposal and write-off)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>As of December 31, 2012</b>	-	-	-	-	-	-	-
As of January 1, 2013	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
(Disposal and write-off)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>As of December 31, 2013</b>	-	-	-	-	-	-	-
<b>Accumulated depreciation and impairment</b>							
As of January 1, 2012	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-
Impairment loss during the year	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-
(Disposal and write offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>As of December 31, 2012</b>	-	-	-	-	-	-	-
As of January 1, 2013	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-
Impairment loss during the year	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-
(Disposal and write offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>As of December 31, 2013</b>	-	-	-	-	-	-	-
<b>Carrying amount as of</b>							
- January 1, 2012	-	-	-	-	-	-	-
- <b>December 31, 2012</b>	-	-	-	-	-	-	-
- <b>December 31, 2013</b>	-	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**45. LEASES (Continued)**

**B. The Savings House as Lessee (Continued)**

**B.2 Irrevocable Operating Lease Payables**

	Total operating lease payables	In thousands of Denars Maturity period for operating lease payables		
		Less than 1 year	1-5 years	Over 5 years
As of December 31, 2013 (Current Year)	-	-	-	-
As of December 31, 2012 (Previous Year)	-	-	-	-
<b>Total</b>	-	-	-	-

**46. SHARE BASED PAYMENTS**

	In thousands of Denars	
	Current year 2013	Previous year 2012
Date of granting of option	-	-
Date of option expiry	-	-
Price of option realization	-	-
Share price on the date the option is granted	-	-
Variance	-	-
Expected dividend return	-	-
Interest rate	-	-
Fair value on the date the option is granted	-	-

	Current Year 2013		In thousands of Denars Previous Year 2012	
	Number of share options	Weighted average price of share options	Number of share options	Weighted average price of share options
<b>Balance as of January 1</b>	-	-	-	-
Changes during the year	-	-	-	-
Options granted to Supervisory Board members	-	-	-	-
Options granted to Board of Directors members	-	-	-	-
Other granted options	-	-	-	-
Forfeited options	-	-	-	-
Realized options	-	-	-	-
Options with expired date	-	-	-	-
<b>Balance as of December 31</b>	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**47. EVENTS AFTER THE BALANCE SHEET DATE**

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

**48. EXCHANGE RATES**

Official exchange rates used in the translation of the balance sheet items denominated in foreign currencies were as follows

	<b>Current Year 2013</b>	<b>In Denars Previous Year 2012</b>
1 USD	44,6284	46,6510
1 EUR	61,5113	61,5000

**ANNEX 1 - ANNUAL REPORT**

**ANNEX 2 – ANNUAL ACCOUNT**