SAVING HOUSE FULM DOO SKOPJE

Independent Auditors' Report and Financial statements For the year ended 31 December 2017

Financial statements for the Year Ended December 31, 2017

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Independent Auditor's Report



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Independent Auditors' report to the owner of Saving House Fulm DOO Skopje

We have audited the accompanying financial statements of Saving House Fulm DOO Skopje ("the Saving House"), which comprise the balance sheet as at 31 December 2017 and the income statement, statement of comprehensive income, statement of changes in equity and reserves and cash flows statement for the year than ended, and notes, comprising 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 regulations prescribed by the National Bank of the Republic of Macedonia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing adopted and published in the Official Gazette of the Republic of Macedonia no. 79 from 11 June 2010. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our 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, we consider 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 principles 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 opinion.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Saving House as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with the regulations prescribed by the National Bank of the Republic of Macedonia.

Other matter

The financial statements of the Saving House for the year ended 31 December 2016, were audited by another auditor who expressed an unmodified opinion on those financial statements on 6 March 2017.

Report on other legal and regulatory requirements

Annual report on the activities of the Saving House prepared in accordance with the requirements of article 384(7) of the Trading Companies Law

As required under article 34(d) from the Law on Auditing, we report that the historical financial information disclosed in the annual report of the Bank, prepared by management as required under article 384(7) of the Trading Companies Law, is consistent, in all material aspects, with the financial information disclosed in the annual account of the Saving House and in the audited financial statements of the Saving House as of and for the year ended 31 December 2017. Management is responsible for the preparation of the annual account of the Saving House on 24 February 2018 and for the preparation of the activities of the Saving House which was approved by the Supervisory Board of the Saving House on 24 February 2018 and for the preparation of the Saving House on 24 February 2018.

Skopje, 23 March 2018

Certified auditor of the Republic of Macedonia Gordana Nikushevska

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KPMG Macedonia DOO *Managing Director* Gordana Nikushevska

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Audited Financial Statements

INCOME STATEMENT For the period from 1 January 2017 to 31 December 2017

		In thousands of	denars
	Note	Current year 2017	Previous year 2016
Interest income Interest expense		31,048 (6,230)	28,882 (5,468)
Interest income/(expense), net	6	24,818	23,414
Fee and commission income Fee and commission expense		8,441 (679)	8,676 (1,087)
Fee and commission income/(expense), net	7	7,762	7,589
Net trading income/(expense) Net income from other financial instruments at fair value Foreign exchange gains/(losses), net Other operating income Share of profit of associates	8 9 10 11 24	- 2,672	- - 2 2,888
Impairment losses of financial assets, net Impairment losses of non-financial assets, net Personnel expenses Depreciation and amortization Other operating expenses Share of loss of associates Profit/(loss) before tax	12 13 14 15 16 24	(1,345) (72) (21,423) (1,448) (9,846) - - 1,118	(1,501) (18) (19,405) (1,559) (10,359) - -
Income tax expense Profit for the year from continuing operations	17	(178) 940	(145) 906
Profit/(loss) from group of assets and liabilities held for sale Profit/(loss) for the year		- 940	- 906
Profit/(loss) for the year attributable to*: Saving House's shareholders Non-controling interest		-	
Earnings per share basic earning per share (in Denars) diluted earnings per share (in Denars)	41	-	- 1.500 -

The financial statements have been approved for issuing by the Sole Owner on 24 February 2018.

Director M-r Eleonora Zgonjanin Petrovik



Finance coordinator

Jovanka Todorova

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The accompanying notes are an integral part of these financial statements

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail. 3

STATEMENT OF COMPREHENSIVE INCOME For the period from 1 January 2017 to 31 December 2017

		In thousands of	
	Note	Current year 2017	Previous year 2016
Profit/(loss) for the year		940	906
Other gains/(losses) for the period, not recognized in the Income statement (before tax) Revaluation reserve for 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 to Profit or loss Revaluation reserve for foreclosed assets on the bais of uncollected receivables - revaluation reserve at the date of foreclosure of the asset - reduction of revaluation reserve, reclassified in to Profit and loss Reserve for instruments for hedging net-investment in international operations risk - unrealized net-changes in fair value of hedging instruments of Cash flow risk -realized net gains/(lossed) on hedging instruments of cash flow, reclassified in the Income statement		-	-
Reserve for instruments to protect against the risk of net investments in foreign operations		-	-
Foreign exchange reserve of investment in foreign operations		-	-
Share in other gains/(losses) of associates not recognized in		-	-
the income statement Other gains/(losses) not recognized in the income statement Income tax on other gains/(losses) not recognized in the	24	-	-
income statement Total other gains/(losses) in the period not recognized in	17	-	
the income statement Total comprehensive income for the year		940	- 906
Total comprehensive income for the year, attributable to*: Shareholders of the Saving House Non-controlling interest		-	

The financial statements have been approved for issuing by the Sole Owner on 24 February 2018.

Director Zgonjanin Petrovik M-r Eleonora



Finance coordinator

Jovanka Todorova

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BALANCE SHEET** At 31 December 2017

		In the	usands of denars	
	Note	Current year 2017	Previous year 2016	Previous year*** 01.01.2016
Assets				
Cash and cash equivalents	18 19	40,208	30,554	-
Held-for-trading assets	19			
Financial assets at fair value through profit or	20			
loss upon initial recognition Derivative assets held for risk management	20			-
Loans and advances to banks	22.1		1,909	-
Loans and advances to other customers	22.2	223,475	211,008	-
Investments in securities	23			
Investments in associates	24		-	-
Income tax receivable (current)	30.1			-
Other receivables	25	280	459	-
Assets pledged as collateral	26	-		-
Foreclosed assets	27	-	72	-
Intangible assets	28	3,544	2,276	-
Property and equipment	29	23,174	23,351	-
Deferred tax assets	30.2	-	•	-
Non-current assets held-for-sale and disposal group	31	-	-	-
Total assets		290,681	269,629	-
Liabilities				
Trading liabilities	32	-		-
Financial liabilities at fair value through profit				
or loss upon initial recognition	33	-	· ·	-
Derivative liabilities held for risk management	21			-
Deposits from banks	34.1	-	450 044	-
Deposits from other customers	34.2	180,899	156,314	-
Debt instruments issued	35	10,059	11,896	
Borrowings	36 37	10,059	11,090	
Subordinated debt	38	292		
Special reserve and provisions	30,1	32	11	
Income tax payable (current) Deferred tax liabilities	30.2	52		-
Other liabilities	39	5,292	8,241	-
Liabilities related to disposal group	31	-		-
Total liabilities	0,	196,574	176,462	-
Equity and reserves				
Subscribed capital	40	75,607	75,607	-
Share premium	1.00			-
Treasury shares				
Capital component of hybrid financial instruments		-	-	-
Other equity instruments	8	-	-	-
Revaluation reserves		112	112	-
Other reserves		15,227	15,227	-
Retained earnings/(Accumulated losses)		3,161	2,221	-
Total equity and reserves, attributable to the shareholders of				
the Saving House		94,107	93,167	-
Non-controling interest*				-
Total equity and reserves		94,107	93,167	-
Total liabilities and equity and reserves		290,681	269,629	-
Contingent liabilities	42	-	and the second second second	-
Contingent assets	42		-	-

* only for consolidated financial statements

** this column is filled only if the Saving House: retrospectively applies accounting policy, makes retrospective correction of prior year errors or makes retrospective reclassification of items in the financial statements.

The financial statements were authorised by the Sole Owner on 24 February 2018.

Finance coordinator Director Jovanka Todorova M-r Eleonora Zgonjanin Petrovik

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STATEMENT OF CHANGES IN EQUITY AND RESERVES

For the period from 1 January 2017 to 31 December 2017

	i i oane	Equity Revaluation reserves								Other reserves Retained earnings								 1
		EU	Juity	r			Revaluatio	Treserves		0	iner reserve	:5	Relaineu	eannings				
																Total equity		
																and		
						Revalua-		Foreign								reserves,		
						tion		exchange					Available			attributable		
						reserve on		reserves			Capital		for	Limited for		to the		
					Revaluation			on			component		distribution			share-		
				Other	reserve for	assets	Reserves	investment	Other		of hybrid		to	to		holders of	Non-	Total equity
	Subscri-	Share	(Treasury	equity	foreclosed	available	for risk		revaluation	Statutory	financial		shareholde				controling	and
In thousands of denars	bed capital	premium	shares)	instruments	assets	for sale	mitigation	operations	reserves	reserve	instruments	reserves	rs	rs	ted losses)	House	interest *	reserves
As at January 1, 2016 (previous year)	75,607	-	-	-	112	-	-	-	-	15,227	-	-	779	536	-	92,261	-	92,261
Opening balance restatement																		
As at January 1, 2016 (previous year),																		
restated	75,607	-	-	-	112	-	-	-	-	15,227	-	-	779	536	-	92,261	-	92,261
Total comprehensive income for the	-,			1						- /						- , -		- , -
year																		
Profit/(loss) for the year	_	_	-	_	_	_	_	_	_	-	_	-	906	_	-	906	_	906
Other gains/(losses) not recognized in the													500			500		500
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																		
Revaluation reserve and other																		
differences from valuing other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Total unrealized gains/(losses)																		
recognized directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	_
Total comprehensive income for the																		1
year	-	-	-		-	-	-	-	-	-	-	-	906	-		906	-	906
,																		

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STATEMENT OF CHANGES IN EQUITY AND RESERVES (continued) For the period from 1 January 2017 to 31 December 2017

		Equity Revaluation reserves							Other reserves Retained earnings									
							revaluatio	110301763				.5	retained	carnings				
	Subscri-	Share	(Treasury	Other equity	Revaluation reserve for foreclosed	assets available	for risk	Foreign exchange reserves on investment in foreign	Other	Statutory	Capital component of hybrid financial		distribution to shareholde	to shareholde	(Accumul a-ted	Total equity and reserves, attributable to the share- holders of the Saving	Non- controling	Total equity and
In thousands of denars	bed capital	premium	shares)	instruments	asets	for sale	mitigation	operations	reserves	reserve	instruments	reserves	rs	rs	losses)	House	interest *	reserves
Transactions with the shareholders,																		
recognized directly in equity and																		
reserves																		
Share issued in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves																		
(describe ly)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax on paid dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinvested income	-	-	-	-	-	-	-	-	-	-	-	-	(779)	779	-	-	-	-
													, ,					
Transactions with shareholders,																		
recognized directly in equity and																		
reserves	-	-	-	-	-	-	-	-	-	-	-	-	(779)	779	-	-	-	_
													(
As at December 31, 2016 (previous																		
year)/ January 1, 2017 (current year)	75,607	-	-	-	112	-	-	-	-	15,227	-	-	906	1,315	-	93,167	-	93,167

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STATEMENT OF CHANGES IN EQUITY AND RESERVES (Continued) For the period from 1 January 2017 to 31 December 2017

			uity				Revaluatio	n reserves		0	ther reserve	S	Retained	earnings				
In thousands of denars	Subscri-	Share premium	(Treasury shares)		Revaluation reserve for foreclosed asets	Revalua- tion reserve on financial assets available for sale	for risk	Foreign exchange reserves on investment in foreign operations	Other revaluation reserves	Statutory	Capital component of hybrid financial instruments	Other	Available for distribution to shareholde rs	to		Total equity and reserves, attributable to the share- holders of the Saving House		Total equity and reserves
As at December 31, 2016 (previous	bou oupitui	proman	onaroo)		40010	101 0010	magaaon	oporationo	10001100	1000110		10001100	10	10	100000)	110000	11101001	10001100
year)/January 1, 2017 (current year)													940			940		940
year (Sandary 1, 2017 (Current year)	-	-	-	-	-	-	-	-	-	-	-	-	340	-		940	-	940
Total comprehensive income for the year																		
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve and other																		
differences from valuing other items																		
Total unrealized gains/(losses)															1			
recognized directly in equity	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Total comprehensive income for the																		
year	-	-	-	-	-	-	-	-	-	-	-	-	940	-	-	940	-	940

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SAVING HOUSE FULM DOO SKOPJE

STATEMENT OF CHANGES IN EQUITY AND RESERVES (Continued) For the period from 1 January 2017 to 31 December 2017

			uity				Revaluatio	n reserves		C	ther reserve	S	Retained	earnings				
															1			
					Revaluation reserve for	Revalua- tion reserve on financial assets	Reserves	Foreign exchange reserves on investment	Other		Capital component of hybrid		Available for distribution to	Limited for distribution to		Total equity and reserves, attributable to the share- holders of	Non-	Total equity
	Subscri-	Share	(Treasury	equity	foreclosed	available	for risk	in foreign	revaluation	Statutory	financial	Other	shareholde	shareholde	lated	the Saving	controling	and
In thousands of denars	bed capital	premium	shares)	instruments	asets	for sale	mitigation	operations	reserves	reserve	instruments	reserves	rs	rs	losses)	House	interest *	reserves
Transactions with the shareholders,																		
recognized directly in equity and																		1
reserves																		
Share issued in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-				-
Allocation of statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Allocation of other reserves	_		-	-	-	-	-	-	-		-	-			-			
Dividends	-	-	-	-	-	-	-	-	-	-	-		1 .		-	-		
Purchase of treasury shares	_	-	-	_	-	-	-	-	-	_	-	-			-	-	-	-
Sale of treasury shares	-	-	_	_	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves																		
(describe separately)			-			-	-	-		_		-	-	-	-	-	-	-
Reinvested income	-	-	-	-	-	-	-		-	-	-	_	(906)	906	-	-	-	-
Transactions with shareholders, recognized directly in equity and																		
reserves		-	-	-					-		-	-	(906	906		-		-
As at December 31, 2017 (current year)	75,607	-	-	-	112	-	-	-	-	15,227	-	-	940	2,221		94,107	-	94,107

The financial statements were authorised by the Sole Owner on 24 February 2018.

Director M-r Eleonora Zgonjanin Petrovik

The accompanying notes are an integral part of these financial statements

Finance coordinator

Jovanka Todorova

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STATEMENT OF CASH FLOWS For the period from 1 January 2017 to 31 December 2017

		In thousand	s of denars
	Note	Current year 2017	Previous year 2016
Operating cash flows			
Profit/(Loss) before taxation		1,118	1,051
Adjusted for:			
Minority share, included in the consolidated income statement* Depreciation of:		-	-
Intangible assets	15	385	515
Property and equipment	15	1,063	1,044
Capital gain from:		-	-
Sale of intangible assets	11	-	-
Sale of property and equipment	11	-	-
Sale of foreclosed assets	11	-	-
Capital loss from:			
Sale of intangible assets	16	-	-
Sale of property and equipment	16	-	-
Sale of foreclosed assets	16	-	-
Interest income	6	(31,048)	(28,882)
Interest expense	6	6,230	5,468
Trading income, net	8	-	-,
Impairment losses of financial assets, net	, , , , , , , , , , , , , , , , , , ,		
Additional impairment losses	12	28,938	26,486
Release of impairment losses	12	(27,593)	(24,985)
Impairment losses of non-financial assets, net		(21,000)	(21,000)
Additional impairment losses	13	72	18
Release of impairment losses	13	-	-
Special reserve:	10		
Additional provisions	38	292	-
Release of provisions	38		
Dividend income	00	_	
Share of profit /(loss) of associates		_	-
Other adjustments		_	(122)
Interest received		30,935	28,774
Interest paid		(6,238)	(5,371)
Profit from operations before changes in		(0,200)	(0,011)
operating assets:		4,154	3,996
(Increase)/decrease of operating assets:		4,104	0,000
Trading assets			_
Derivative assets held for risk management			-
Loans and advances to banks	22	2,000	7,000
Loans and advances to other customers	~~	(13,743)	(24,317)
Assets pledged as collateral		(13,743)	(24,317)
Foreclosed assets	27		-
Obligatory deposit in foreign currency	21	-	-
Obligatory deposit held with NBRM according to special regulations		-	-
Other receivables		132	- (151)
Deferred tax assets		132	(151)
		-	-
Non-current assets held-for-sale and disposal group		-	-

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS (Continued) For the period from 1 January 2017 to 31 December 2017

		In thousand	s of denars
	Note	Current year 2017	Previous year 2016
Increase/(decrease) in operating liabilities:			
Trading liabilities		-	-
Derivative liabilities held for risk management		-	-
Deposits from banks		-	-
Deposits from other customers		24,590	20,221
Other liabilities		(2,949)	7,105
Liabilities directly related to group or assets for disposal		-	-
Net cash flow from operating activities before taxation		14,185	13,854
(Paid)/received income tax		(157)	(69)
Net cash flow from operating activities		14,028	13,785
Cash flow from investing activities			
(Investments in securities)		-	-
Inflows from sale of investment in securities		-	-
(Outflows from investment in subsidiaries and associates)		-	-
Inflows from disposal of investment in subsidiaries and associates		-	(1.0.45)
(Purchase of intangible assets)	28	(1,653)	(1,945)
Inflows from sale of intangible assets		-	(705)
(Purchase of property and equipment)		(886)	(785)
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		(2,539)	(2,730)
Net cash flow from investing activities		(2,039)	(2,730)
Cash flow from financing activities			
(Repayment of debt securities issued)		-	-
Issued debt securities		(1,835)	(2,096)
(Repayment of borrowings)		(1,055)	(2,090)
Increase of borrowings			
(Repayment of issued subordinated debts)			
Issued subordinated debts			-
Inflows from issued shares/equity instruments during the period			-
(Purchase of treasury shares)			-
Disposal of treasury shares (Dividends paid)			
(Other financing outflows)		_	
Other financing inflows from financing		_	
Net cash flow from financing activities		(1,835)	(2,096)
Effect from allowance for impairment of cash and cash equivalents		(1,000)	(=,000)
Effect from foreign exchange differences of cash and cash equivalents			-
Net increase/(decrease) of cash and cash equivalents		9,654	8,959
		30,554	21,595
Cash and cash equivalents as of January, 1	18	40,208	30,554
Cash and cash equivalents as of December, 31	10	40,200	50,554

* only for consolidated financial statements

The financial statements were authorised by the Sole Owner on 24 February 2018.

Finance coordinator Director Jovanka Todorova M-r Elegnora Zgonjanin Petrovik The accompanying notes are an integral part of these financial statements

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Content

Income Statement Statement of comprehensive income Balance sheet

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Notes to the financial statements

Note 1 - "Introduction" contains a list of mandatory disclosures that the Saving House has to present in textual terms.

The notes to the financial statements are form of disclosure of quantitative information in accordance with the requirements of the International Financial Reporting Standards (IFRS) and in accordance with the requirements of the Methodology for recording and valuation accounting items and for preparing financial statements (hereinafter text "Methodology"), issued by the National Bank of the Republic of Macedonia.

For the significant positions/ items within each separate note, the Saving House gives a short text explanation in order to achieve greater comprehensibility and transparency of the financial statements.

1. Introduction

a) General information

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

The principal activities of the Saving House are as follows:

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

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

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

The total number of employees of the Saving House as at 31 December 2017 is 36 (2016: 34 employees).

The financial statements of the Saving House for the year ending on 31 December 2017 are approved by the Sole Owner of the Saving House at a meeting held on 24 February 2018.

b) Basis for preparation of the financial statements

Compliance statement

The information presented in the accompanying financial statements of the Saving House have been prepared in accordance with the Company Law, Law on Banks, law regulation issued by NBRM, the Decision on the Methodology for recording and valuation of accounting items and for the preparation of financial statements and the Decision on the types and content of the financial statements of banks, issued by the NBRM, and which are in use as at 31 December 2017.

Standards in issue not yet adopted

In 2017 changes were made in the Decision on the Methodology for recording and valuation of accounting items and for the preparation of financial statements ("Official Gazette of the Republic of Macedonia no. 83/17), which come into force on 1 January 2018. The changes were made in order to comply with the requirements of the International Financial Reporting Standard (IFRS) 9 – Financial instruments. Saving House FULM DOO Skopje is in process of assessing the effects of the new standard on the Saving House's financial statements.

Presentation of financial statements

The financial statements represent separate financial statements.

Bases for measurement

The financial statements are prepared as at and for the years ended on 31 December 2017 and 2016. Where necessary, the presentation of the comparative data has been adjusted in accordance with the changes in current year's presentation.

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

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

Reporting and functional currency

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

Use of estimates and judgements

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

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

Information regarding the significant areas for which there is uncertainty based on estimates and critical judgments in the implementation of the accounting policies with the most significant impact on the amounts disclosed in the financial statements is presented in Note 1 d).

c) Summary of significant accounting policies

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

Interest income and expense

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

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

Fee and commission income

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

c) Summary of significant accounting policies (continued)

Amounts denominated in foreign currency

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

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

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

	Current year 2017 MKD	Prior year 2016 MKD
1 EUR	61.4907	61.4812
1 USD	51.2722	58.3258

Financial assets

Financial assets are classified into following specified categories: cash and cash equivalents, financial assets held to maturity and loans and receivables to/from banks and customers. The classification depends on the nature and purpose of financial assets and is determined at the time of their initial recognition. Financial assets are recognised and derecognized at the settlement date, which is the date the asset is delivered. The Saving House recognizes the financial assets in the balance sheet when it becomes a party to the provisions of the instrument.

Offsetting

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

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

Amortised cost measurement principle

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

c) Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, account balances on demand deposits in banks, account balances with the Central Bank and time deposits in banks, with maturity less than three months from the acquisition date.

Financial assets held-to-maturity

Investments in held-to-maturity are financial assets with fixed or determinable payments and fixed maturity and include short-term government bills in domestic currency issued by the Ministry of Finance on behalf of the Government of the Republic of Macedonia that the Saving House has intention and ability to hold to maturity. If the Saving House selles or reclassifies more than an insignificant amount, i.e. more than 10% of the total held-to-maturity investments before maturity date, the entire category will be reclassified as available-for-sale financial assets. These securities are measured at amortized cost using the effective interest rate method.

Loans and Receivables

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

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

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

Impairment losses of financial assets

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

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

Allowances for impairment on loans and receivables

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

The allowances for impairment on loans and on other active balance sheet items are determined according to the regulative of the NBRM ruling on each balance sheet date, according to which, the Saving House is liable to classify the active balance sheet items in groups, according to their specific level of risk and to estimate the outcome of potential losses for impairment which are calculated by applying objective and subjective metrics, as of December 31, 2017 and December 31, 2016.

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

c) Summary of significant accounting policies (continued)

Allowances for impairment on loans and receivables (continued)

- Separate loan exposures (risks) are assessed on the basis of the type of loan applicant, his/her/its overall financial position, resources and payment records and recoverable value of collaterals. The provisions for allowances for impairment are measured and determined for the difference between the carrying amount of the loan and its estimated recoverable amount, which is, in fact, the present value of expected cash flows discounted at the effective interest rate on the loan;
- If there is objective evidence of uncollectibility of the loans in the loan portfolio that may not be specifically identified, the impairment losses are determined at the level of risk for the specific credit portfolio. These rates of expected losses are determined on the basis of a methodology which is defined by the NBRM's decision for 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. All impairment losses on loans are reviewed and tested at least on a monthly basis and any further changes in the amounts and time of expected future cash inflows against the previous assessments, result in changes in impairment losses on loans, which is recorded a liability or approval of losses due to impairment recorded in the profit and loss.
- The loan which is believed that is impossible to be collected, is written off against the relevant allowances for impairment losses. Further collections are recorded as reduction of impairment losses in the income statement. From 2016, the write-off of loans is carried in accordance with the Decision on credit risk of the NBRM.

Derecognition of financial assets

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

Financial liabilities

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

Deposits from customers

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

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

Borrowings

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

Other liabilities

Other liabilities are shown at their nominal amounts.

c) Summary of significant accounting policies (continued)

Derecognition of financial liabilities

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

Property and equipment

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

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

The useful life of certain categories of property and equipment is as follows:

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

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

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

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

Intangible assets

Intangible assets are assets acquired separately and are reported at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets include computer software that was acquired apart from hardware, and other intangible assets, such as rights and licences which are legally protected and cannot be taken away from the authorized owner against his wish (for example, patents, copyrights and other commercial rights). Intangible assets are amortized on a straight-line basis over the estimated useful life. Intangible assets under preparation are not amortised.

The useful life of certain categories of intangible assets is as follows:

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

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

c) Summary of significant accounting policies (continued)

Impairment on non-financial assets

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

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

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

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

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

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

Foreclosed assets

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

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

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

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

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

c) Summary of significant accounting policies (continued)

Foreclosed assets (continued)

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

Donations

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

Donations which entirely consists of intangible assets and other expenses related with the project "Inclusion and innovation in microfinance" (note 28) are recorded as income systematically and rationally throughout the useful lives of the assets.

Donations received are recognized as differed income in the financial statements. Income from donations is recognized in profit and loss as other income.

Provisions

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

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

Employee benefits

Defined contribution plans

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

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

Other long-term employee benefits

In accordance with local regulations the Saving House pays two average monthly net salaries paid in the Republic of Macedonia in the preceding three months to its employees at the moment of retirement and jubilee awards in accordance with the criteria stated in the Internal acts of the Saving House. The Saving House presents a net liability for long-term employee benefits based on an actuarial calculation for jubilee awards and long-term employee benefits. Long-term employee benefits are discounted to determine their net present value. The Saving House does not have additional liability for payment on this basis.

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.

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

Deferred income tax is recognized on the differences between the accounting value of assets and liabilities in financial statements and their relevant tax basis used during calculation of taxable income and is recorded by applying the liability method.

Deferred tax liabilities are recognized for all taxable temporary differences; whereas a deferred tax asset is recognized for all refused temporary differences to the extent of the probability that there will be sufficient future tax profit which will allow for using the temporary differences as refusal item deferred tax liabilities.

Deferred tax assets and liabilities are measured according to the tax rates which are expected to be applied during the period when the liabilities are paid or assets realized, and stem from the prescribed tax rates (and tax laws) valid on the balance sheet date. As of 31 December 2017 and 2016, the Saving House has not recorded deferred tax assets or liabilities, because on these dates there are no temporary differences.

Leases

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

Capital and reserves

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

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

d) Use of assessments and estimates

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

Fair value of financial instruments

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

In the Republic of Macedonia sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables and other financial assets or liabilities, given that published market information do not exist. As a result of this, the fair value cannot be appropriately and reliably determined

d) Use of assessments and estimates (continued)

Fair value of financial instruments (continued)

in absence of an active market. The management assesses the overall exposure on risks, and in cases where the estimates of fair values of the assets are not realized, a provision is recognised. It is an opinion of the management that disclosed carrying amounts are valid under the current market conditions.

Allowance for impairment on loans

Once a month, the Saving House reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in the income statement, the Saving House makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in the Bank, or national or local economic conditions that correlate with defaults on assets in the Bank.

The Saving House's management uses estimates of rates on expected losses based on a Methodology determined by the NBRM's Decision on credit risk management.

The Methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Useful lives of properties, equipment and intangible assets

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

Financial crisis

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

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

For the year ended 31 December 2017 there were no changes in the accounting policies, accounting estimates and correction of errors.

f) Compliance with the regulation

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

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

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

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

2. Risk management

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

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

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

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

2.1 Credit risk

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

2.1.1 Credit risk management

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

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

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

2.1 Credit risk (continued)

2.1.2 Policies for calculation of allowance for impairment

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

The classification is made according to the following criteria:

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

The individual approach encompasses at least the individually significant exposures that are above materiality thresholds set by the Saving House. The materiality threshold is over Denar 150,000 by 01.12.2017 and over Denar 160,000 from 01.12.2017. Impairment provision of individually assessed items on individual basis are determined by evaluation of generated loss on the balance sheet date, which represents the difference between the carrying and present value of projected future cash flows. Effective interest rate is used for discounting the future cash flows.

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

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

Individually significant 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.

The calculated provision for impairment moves within the following limits:

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

Write-off of receivables

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

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

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

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

2.1 Credit risk (continued)

2.1.A Analysis of the total credit risk exposure

	to/f	d advances rom nks	Loans and to/f other cu	rom	availabl	ments in e-for-sale al assets	Investme held-to-m financial	naturity	Cash and cas	sh equivalents	Receival fees and co		Other rec	ceivables	Off-balan expos		То	tal
In thousands of Denars	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016
I. Carrying amount of exposures with an allowance for impairment/special reserve	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Carrying amount of individually significant exposures, before the allowance for impairment and the special reserve, on individual basis																		
Risk category A	-	2,009	101,588	96,862	-	-	-	-	-	-	4	13	25	25	-	-	101,617	98,909
Risk category B	-	-	41,656	39,252	-	-	-	-	-	-	23	33	-	-	-	-	41,679	39,285
Risk category C	-	-	19,126	18,426	-	-	-	-	-	-	43	61	-	-	-	-	19,169	18,487
Risk category D	-	-	3,714	3,144	-	-	-	-	-	-	8	8	-	-	-	-	3,722	3,152
Risk category E	-	-	3,320	1,945	-	-	-	-	-	-	106	52	-	-	-	-	3,426	1,997
(Allowance for impairment and		(1.5.5)		((1.5.5)	(==)	(7)					(
special reserve, on individual basis) Carrying amount of individually significant exposures, reduced by	-	(100)	(16,981)	(15,387)	-	-	-	-	-	-	(126)	(79)	(2)	(1)	-	-	(17,109)	(15,567)
allowance for impairment and the special reserve, on individual basis		1.909	152.423	144.242							58	88	23	24			152.504	146.263
Carrying amount of exposures assessed on group basis, before allowance for impairment and the special reserve on group basis			- 132,423	-											-		- 132,304	-
Individually insignificant exposures (portfolio of small-amount loans)	-	-	55,592	49,674	-	-	-	-	-	-	44	59	-	-	-	-	55,636	49,733
Individually significant exposures that are not impaired on an individual basis	-	-	7,537	10,518	-	-	-	-		-	-	2	-	-	-	-	7,537	10,520
(Allowance for impairment and special reserve on group basis)	-	-	(829)	(1,037)	-	-	-	-	-	-	-	(1)	-	-	-	-	(829)	(1,038)
Carrying amount of exposures assessed on group basis, less the allowance for impairment and the special reserve on group basis			62,300	59,155	-			-	-	-	44	60		-	-	-	62,344	59,215

2.1 Credit risk (continued)

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

	Loans and to/fr ban	rom	to/f	d advances from ustomers	Investm available financia		Investm held-to-r financial	naturity	Cash and cash	h equivalents		bles from ommissions	Other rea	ceivables	Off-balar expos		То	tal
In thousands of Denars	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016
II. Carrying amount of exposures without allowance for impairment/special reserve	-			-							-						-	
Past due receivables			-		- !	-	-	-	-	-	-	-	-	-	-	-	-	-
Aging structure of past due receivables for which there is no allowance for impairment	-	_	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
up to 30 days	-	-	16	36		-	-	-	-	-	2	1	-	-	-	-	18	37
Carrying amount of past due receivables for which there is no allowance for impairment	-	_	16	36	-	-	-	-	-	-	2	1	-	-	-	-	18	37
Non-matured receivables			-	-	[-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	8,736	7,575	-	-	-	-	35,609	26,632	-	-	5	7	-	-	44,350	34,214
Carrying amount of undue receivables for which there is no allowance for impairment /special reserve	-		8,736	7,575	-	-	-	-	35,609	26,632			5	7	_	-	44,350	34,214
Total carrying amount of the credit risk receivables before the allowance for impairment and special reserve		2,009	241,285	227,432				-	35,609	26,632	230	229	30	32		-	277,154	256,334
(Total allowance for impairment and special reserve)	-	(100)	(17,810)	(16,424)	-	-	-	-	-	-	(126)	(80)	(2)	(1)	-	-	(17,938)	(16,605)
Total carrying amount of the credit risk receivables less the allowance for impairment and special reserve	-	1,909	223,475	211,008	-	-	-	-	35,609	26,632	104	149	28	31	-	-	259,216	239,729

2.1 Credit risk (continued)

2.1.B Value of collateral (fair value) for mitigating of credit risk

	Loans and	advances to	Loans and to/fr			ments in e-for-sale	Investm held-to-						Off-balar	nce sheet		
		anks	other cu			al assets	financia		Cash and cas	sh equivalents	Other red	ceivables	expo		Т	otal
	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous
	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year	year
In thousands of denars	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Value of collateral of credit exposure assessed for																
impairment on an individual basis																
First-class collateral instruments																
cash deposits (in depot and/or restricted in																
accounts held in the bank)	-	-	11,338	9,703	-	-	-	-	-	-	-	-	-	-	11,338	9,703
government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
government unconditional guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
bank guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from insurance companies and																
insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees (besides bank guarantees and guarantees from insurance companies)																
Guarantees from individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage on real estate		-	-	-		-	-	-	-	-	-	-	-	-		-
property for private use (flats, houses)	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
business facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pledge over movables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other types of collateral	-	-	19,337	17,153	-	-	-	-	-	-	-	-	-	-	19,337	17,153
Total value of collateral of credit exposure																
assessed for impairment on an individual basis	-	-	30,675	26,856	-	-	-	-	-	-	-	-	-	-	30,675	26,856
Value of collateral of credit exposure assessed for																
impairment on a group basis First-class collateral instruments																
cash deposits (in depot and/or restricted in																
accounts held in the bank)									_							
government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
government unconditional guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
bank guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from insurance companies and																
insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees (besides bank guarantees									-							
and guarantees from insurance companies) Guarantees from individuals	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Mortgage on real estate	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
property for private use (flats, houses)		-						-	-	-	-	-	-	-	_	-
business facility		-	-	-	-	-	-	-	-	-	_	_	-	_	-	_
Pledge over movables	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Other types of collateral	-	-	3,370	14,641	-	-	-	-	-	-		-	-	-	3,370	14,641
Total value of collateral of credit exposure																
assessed for impairment on a group basis	-	-	3,370	14,641	-	-		-	-	-	-	-	-	-	3,370	14,641

2.1 Credit risk (continued)

2.1.C Concentration of credit risk by sectors and activities

	Loans and a bar	nks	Loans and a other cu		Investment assets ava sa	ailable-for- ale	Investment in held-to-m	aturity	Cash and cas	sh equivalents	Fees commi receiv	ission ables		eceivables		nce sheet sures	To	otal
	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previou	Current	Previous	Current	Previous	Current	Previous
In thousands of	year	year	year	year	year	year	year	year	year	year	year	s year	year	year	year	year	year	year
denars	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Industry																		
Non-residents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture, forestry																		
and fishing	-	-	21,885	23,126	-	-	-	-	-	-	7	9	-	-	-	-	21,892	23,135
One and stores																		
Ore and stone extraction																		
Food industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Textile industry and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
production of clothing																		
and footwear																		
Chemical industry,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
production of																		
construction materials,																		
production and																		
processing of fuels,																		
pharmaceutical																		
industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production						İ												
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	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-

2.1 Credit risk (continued)

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

	Loans and a bar	nks	Loans and a other cu		Investment assets availa		Investment assets held	-to-maturity		and cash valents	Fees comm receiv	ission ⁄ables	Other re	eceivables		nce sheet osures		otal
	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previou	Current	Previous	Current	Previous	Current	Previous
In thousands of	year	year	year	year	year	year	year	year	year	year	year	s year	year	year	year	year	year	year
denars	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Wholesale and retail																		
trade; repair of motor																		
vehicles, motorcycles,																		
and items for personal use and for																		
households																		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport and warehousing																		
Hotels and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
restaurants			-		_							_						
Information	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
and communications													_					
Finance and	-		-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
insurance activities		1,909							35,609	26,806		_	2	2		_	35,609	28,717
Activities related to		1,505							00,000	20,000		ł	-	-			00,000	20,717
real estate, renting																		
and business activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Professional,			i i i i i i i i i i i i i i i i i i i									Ì						
scientific and																		
technical activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative and								ĺ				1						
utility services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public administration																		
and defense;																		1
mandatory social																		
security	-	-	-	-	-	-	-	-		3,748	-	-	-	-	-	-	-	3,748
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health care and social																		
work	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Art, entertainment																		1
and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other utility, cultural,																		1
general and personal																		1
service activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2.1 Credit risk (continued)

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

In thousands of		advances to nks Previous year	Loans and a other cu Current year			i in financial able-for-sale Previous year	Investment assets held Current year			and cash valents Previous year	comm	s and hission vables Previous year	Other re Current year	eceivables Previous year		nce sheet sures Previous year	To Current year	tal Previous year
denars	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
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 Individuals merchants and individuals not regarded as merchants		-	201,590	187,882							97	- 140	- 26	- 29			- 201,713 -	- 188,051 -
Total	-	1,909	223,475	211,008	-		-	-	35,609	30,554	104	149	28	31	-	-	259,216	243,651

2.1 Credit risk (continued)

2.1.D Concentration of credit risk by geographic location

	Loans and	advances to nks	Loans and	advances to ustomers	Investment	in financial able-for-sale	Investment assets held-			and cash valents		commission vables	Other re	ceivables	Off balar expos		To	tal
In thousands of denars	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016
Geographic location																		
Republic of Macedonia																		
EU member countries Europe (other)	-	1,909	223,475	211,008		-	-	-	35,609	30,554	104	149	28	31	-	-	259,216	243,651
OECD member countries (without				-	-	-	-		-	-	-		-		-	-	-	-
European OECD member countries)									-	-	-		-	-	-	-	-	-
Other	-	-	-	-		-	-	-	-	-	-	-	-	-	-		-	-
(the exposure that represents more than 10% of total credit exposure)						-									-		-	-
Total		1,909	223,475	211,008		-	-	-	35,609	30,554	104	149	28	31			259,216	243,651

Translation from the original Macedonian version, in case of divergence the Macedonian original shall prevail.

2.2. Liquidity risk

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

Process of liquidity risk management

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

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

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

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

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

Maturity analysis of the financial assets and liabilities, including balance and off- balance sheet items as at 31 December 2016 and 2015 has been prepared by remaining contractual maturities, i.e. the remaining period of the balance sheet date to the contractual maturity date. Presented amounts are gross, i.e. they are not reduced by the amounts of accumulated depreciation, impairment losses and allocated special reserve.

The tables do not show the Saving House's obligatory reserve of Denar 4,346 thousand which is kept at NBRM's account (2016: Denar 3,748 thousand), as it is not at the Saving House's disposal.

Classification of the assets and liabilities of the Saving House is presented according the maturity dates as at 31 December 2017 and 2016.

2.2. Liquidity risk (continued)

Maturity analysis of financial assets and liabilities (residual maturity)

	Less than 1	From 1 to 3	From 3 to 12	From 1 to 2	From 2 to 5		
In thousands of denars	month	months	months	years	years	Over 5 years	Total
2017 (current year)				, .	,		
Financial assets							
Cash and cash equivalents	35,862	_	_	_	-	-	35,862
Held-for-trading assets	- 00,002	-	-	-	-	-	
Financial assets at fair value through							
profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk							
management	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to other							
customers	8,774	11,870	65,597	58,606	91,764	4,696	241,307
Investments in securities	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-
Income tax receivable (current)	-	-	-	-	-	-	-
Other receivables	260	-	-	-	-	-	260
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total financial assets	44,896	11,870	65,597	58,606	91,764	4,696	277,429
Financial liabilities							
Trading liabilities Financial liabilities at fair value							
through profit or loss upon initial							
recognition	_	_	_	_	_	_	_
Derivative liabilities held for risk	_	-	_	_		_	-
management	-	-	-	-	-	-	-
managomont							-
Due to banks	-	-	-	-	-	-	
Due to other customers	-	-	-	-	-	-	-
Debt instruments issued	10,955	16,655	72,233	52,826	28,230	-	180,899
Borrowings	-	-	-	-	-	-	-
Subordinated debt	210	302	959	1,234	3,702	3,702	10,109
Income tax payable (current)	-	-	-	-	-	-	-
Deferred tax liabilities	32	-	-	-	-	-	32
Other liabilities	-	-	-	-	-	-	-
Total financial liabilities	278	-	1,660	-	-	-	1,938
Off balance sheet items	11,475	16,957	74,852	54,060	31,932	3,702	192,978
Off balance sheet assets	-	-	-	-	-	-	-
Off balance sheet liabilities	-	-	-	-	-	-	-
Liquidity gap	-	-	-	-	-	-	-
	33,421	(5,087)	(9,255)	4,546	59,832	994	84,451

2.2. Liquidity risk (continued)

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

	Less than 1	From 1 to 3	From 3 to 12	From 1 to 2	From 2 to 5		
In thousands of denars	month	months	months	years	years	Over 5 years	Total
2016 (previous year)				,	,		
Financial assets							
Cash and cash equivalents	26,806	-	-	-	-	-	26,806
Held-for-trading assets		-	-	-	-	-	
Financial assets at fair value through							
profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk							
management	-	-	-	-	-	-	-
Loans and advances to banks	2,009	-	-	-	-	-	2,009
Loans and advances to other							
customers	12,572	10,913	62,857	58,528	79,933	2,690	227,493
Investments in securities	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-
Income tax receivable (current) Other receivables	320	-	-	-	-	-	- 320
Assets pledged as collateral	320	-	-	-	-	-	320
Deferred tax assets	-	-	_	-	-		_
Total financial assets	41,707	10,913	62,857	58,528	79,933	2,690	256,628
Financial liabilities	,	10,010	02,007	00,020	10,000	2,000	200,020
Trading liabilities							
Financial liabilities at fair value							
through profit or loss upon initial							
recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk							
management	-	-	-	-	-	-	-
							-
Due to banks	-	-	-	-	-	-	450.044
Due to other customers	13,198	15,807	59,049	40,093	28,167	-	156,314
Debt instruments issued	_	-	-	-	-	-	-
Borrowings	240	336	1,317	1.421	3.702	4.936	11,952
Subordinated debt	-	-	-	, -	-, -	-	-
Income tax payable (current)	11	-	-	-	-	-	11
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	393	80	5,856	-	-	-	6,329
Total financial liabilities	13,842	16,223	66,222	41,514	31,869	4,936	174,606
Off balance sheet items	-	-	-	-	-	-	-
Off balance sheet assets	-	-	-	-	-	-	-
Off balance sheet liabilities	-	-	-	-	-	-	-
Liquidity gap	27,865	(5,310)	(3,365)	17,014	48,064	(2,246)	82,022

2.3 Market risk

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

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

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

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

	Profit/Loss	Own funds	Risk weighted assets	Capital adequacy ratio
	In thousands of	In thousands of	In thousands of	
	Denars	Denars	Denars	In %
2017 (current year) Amount before sensitivity analysis/stress testing (as at December 31, 2017)	940	93,167	309,533	30%
Effects from scenarios implementation				
Currency risk (depreciation of the Denar for 30% from indirect credit risk)	1,644	94,811	330,015	29%
Scenario 1 (Increase in credits B, C , D for 70%)	(1,289)	91,878	321,323	29%
Scenario 2(Increase in credits B, C , D for 100%) Scenario 3 (Increase in credits B, C , D for	(2,934)	90,234	317,598	28%
150%)	(5,676)	87,492	311,390	28%
Interest rate risk Scenario 1 (changes for 2%) Scenario 2 (changes for 5%)	(2,065) (5,169)	91,102 87,998	309,533 309,533	29% 28%
Market price risk of investments in securitites (not applicable)	-	-	-	-
Combined scenarios, if any (not applicable)				

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)

	Profit/Loss	Own funds	Risk weighted assets	Capital adequacy ratio
	In thousands of	In thousands of	In thousands of	
	Denars	Denars	Denars	In %
2016 (previous year)Amount before sensitivity analysis/stress testing (as at December 31, 2016)Effects from scenarios implementation	906	92,261	336,197	27%
Currency risk (depreciation of the Denar for 30% from indirect credit risk)	4,627	96,892	383,151	25%
Scenario 1 (Increase in credits B, C , D for 70%) Scenario 2(Increase in credits B, C , D for	(1,239)	91,026	369,640	25%
100%) Scenario 3 (Increase in credits B, C , D for 150%)	(3,752) (7,942)	88,513 84,323	363,850 354,199	24% 24%
Interest rate risk Scenario 1 (changes for 2%) Scenario 2 (changes for 5%)	(2,231) (5,602)	90,030 86,659	336,197 336,197	27% 26%
Market price risk of investments in securitites (not applicable)	-	-	-	-
Combined scenarios, if any (not applicable)	-	-	-	-

- 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

Capital for covering the market risks in Trading Portfolio

		Current y	ear 2017	
In thousands of Denars	As at December 31	Average value for the period	•	
Amount of interest-bearing instruments exposed to risk (not applicable)	-	-	-	-
Amount of foreign currency instruments exposed to risk (not applicable) Amount of equity instruments exposed to risk (not applicable)	-	-	-	-
Variance (off-setting effect) (not applicable)				
Total	-	-	-	-

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

2.3 Market risk (continued)

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

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

Note: The table below gives an overview of the report "Schedule VPV" from the "Guidelines for Implementing the Decision on Managing the Risk of Changing the Interest Rate risk in the Banking Portfolio", issued by the NBRM on 31.12. current year and 31.12. previous year.

2. Risk management (continued)

- 2.3 Market risk (continued)
- 2.3.2 Analysis of changes in interest rates of financial assets and liabilities (excluding trading assets) (continued)

A. Interest rate sensitivity analysis

			in thousands	s of Denars
	Position	Currency	Current year 2017	Previous year 2016
			Amount	Amount
1.1	NET WEIGHTED POSITION FOR CURRENCY MKD (FIR+VIR+AIR)	MKD	1,646	2,315
1.2	NET WEIGHTED POSITION FOR CURRENCY EUR (FIR+VIR+AIR)	EUR	428	(50)
2	TOTAL WEIGHTED VALUE – CHANGE IN THE ECONOMIC VALUE OF THE BANKING PORTFOLIO		2,074	2,265
3	OWN FUNDS		93,167	92,261
4	TOTAL WEIGHTED VALUE/OWN FUNDS (2/3*100)		2,23%	2,45%

- 2. Risk management (continued)
- 2.3 Market risk (continued)
- 2.3.2 Sensitivity analysis of changes in interest rates of financial assets and liabilities (excluding trading assets) (continued)
- B. Interest rates gap analysis

In thousands of Denars	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total interest bearing assets/ liabilities
December 31, 2017 (current year)							nabilities
Financial Assets							
Cash and cash equivalents	39,955	-	-	-	-	-	39,955
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to other customers	6,652	11,210	56,501	55,738	87,647	4,519	222,267
Investments in securities	-	-	-	-	-	-	-
Other interest sensitive assets	-	-	-	-	-	-	-
Total interest sensitive financial assets	46,607	11,210	56,501	55,738	87,647	4,519	262,222
Financial Liabilities Financial liabilities at fair value through profit or loss upon initial recognition		-		-	-		
Due to banks	-	-	-	-	-	-	-
Due to other customers	9,996	16,655	72,234	52,825	28,231	-	179,941
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	205	302	959	1,234	3,702	3,702	10,104
Subordinated debt	-	-	-	-	-	-	-
Other interest sensitive liabilities	-	-	1,641	-	-	-	1,641
Total interest sensitive financial liabilities	10,201	16,957	74,834	54,059	31,933	3,702	191,686
Net balance position	36,406	(5,747)	(18,333)	1,679	55,714	817	70,536
Off balance sheet interest sensitive assets	-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities	-	-	-	-	-	-	-
Net off-balance sheet gap	-	-	-	-	-	-	-
Total net-position	36,406	(5,747)	(18,333)	1,679	55,714	817	70,536

- 2. Risk management (continued)
- 2.3 Market risk (continued)
- 2.3.2 Sensitivity analysis of changes in interest rates of financial assets and liabilities (excluding trading assets) (continued)
- B. Interest rates gap analysis (continued)

In thousands of Denars	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total interest bearing assets/ liabilities
December 31, 2016 (previous year)							
Financial Assets							
Cash and cash equivalents	30,376	-	-	-	-	-	30,376
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Loans and advances to banks	1,900	-	-	-	-	-	1,900
Loans and advances to other customers	11,671	10,241	53,817	128,645	4,019	123	208,516
Investments in securities	-	-	-	-	-	-	-
Other interest sensitive assets	-	-	-	-	-	-	-
Total interest sensitive financial assets	43,947	10,241	53,817	128,645	4,019	123	240,792
financial liabilities							
Financial liabilities at fair value through profit or loss upon initial							
recognition							
Due to banks	-	-	-	-	-	-	-
Due to other customers	-	-	-	-	-	-	-
Debt instruments issued	12,235	15,807	59,049	40,093	28,167	-	155,351
Borrowings	-	-	-	-	-	-	-
Subordinated debt	233	336	1,317	1,421	3,702	4,936	11,945
Other interest sensitive liabilities	-	-	-	-	-	-	-
Total interest sensitive financial liabilities	12,468	16,143	66,194	41,514	31,869	4,936	173,124
Net balance position	31,479	(5,902)	(12,377)	87,131	(27,850)	(4,813)	67,668
Off balance sheet interest sensitive assets	-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities	-	-	-	-	-	-	-
Net off-balance sheet gap	-	-	-	-	-	-	-
Total net-position	31,479	(5,902)	(12,377)	87,131	(27,850)	(4,813)	67,668

2.3 Market risk (continued)

2.3.3 Foreign currency risk

Foreign currency risk is risk of loss due to change in the cross-currency exchange rates and/or change in the value of the Denar against other foreign currencies.

The exposure to currency risk depends on the value of both balance and off balance sheet items denominated in foreign currency or in Denars with foreign currency clause, and fluctuation of cross-currency rates and/or rate of the Denar compared to other currencies.

The purpose of the bank is to maximize the stability and profitability, by obtaining optimal currency structure on both assets and liabilities.

The bank has established policy for undertaking and managing the currency risk, adopted by the Supervisory board of the Bank and it is revised regularly. The policy defines the primary goals, evaluation of the capacity of the bank for undertaking currency risk and risk profile, organizational structures for managing foreign exchange risk, basic elements for managing foreign exchange risk (system for managing foreign exchange risk and process of managing foreign exchange risk), acceptable instruments for protection from and decrease of foreign exchange risk, internal control and basic elements of the process of intern managing and evaluation of the necessary capital adequacy ratio.

The bank has established Procedures for identification, undertaking, measurement, following and control of foreign exchange risk issued by the Board of Directors of the Bank and it is revised regularly. In the Procedures processes for managing foreign exchange risk are thoroughly described as follows: identification and undertaking foreign exchange risk, measurements and following, control and reporting for exposure to foreign exchange risk.

Methods used to measure foreign exchange risk includes: exposure to foreign exchange risk both by single positions and in total, foreign exchange structure of the balance sheet, foreign exchange structure of FX assets, stress test and other methods.

The Bank's policy main principle for currency risk management is to achieve and maintain compliance of its claims in foreign currency (foreign currency assets) as a minimum, the amount of its total foreign currency liabilities (obligations in foreign currency). Also, this ratio is maintained from the perspective of maturity of liabilities and assets in foreign currency. This principle in the balance sheet provides that the Bank is able to cover losses from foreign exchange differences arising from its liabilities by exchange rate differences arising from its assets, even under conditions of frequent changes in exchange rates. The tables below summarize the net foreign currency position of monetary assets and liabilities of the Bank as at December 31, 2017 and 2016.

2. Risk management (continued)

2.3 Market risk (continued)

2.3.3 Foreign currency risk (continued)

In thousands of Denars	MKD	EUR	USD	tely the curre			Other currencies	Total
2017 (current year)								
Monetary Assets								
Cash and cash equivalents	40,208	-	-	-	-	-	-	40,208
Held-for-trading assets	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or								
loss upon initial recognition	-	-	-	-	-	-	-	-
Derivative assets held for risk management Loans and advances to banks	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Loans and advances to other customers Investments in securities	223,475	-	-	-	-	-	-	223,475
Investments in associates	-	-	-	-	-	-	-	-
Income tax receivable (current)	-	-	-	-	-	-	-	-
Other receivables	280	-	-	-	-	-	-	280
Assets pledged as collateral	200	-	-	-	-	-	-	200
Deferred tax assets	-	-	-	-	-	-	-	-
	263,963	-	-	-	-	-	-	263,963
Total Monetary Assets	203,903	-	-	-	 -	-	-	203,903
Monetary Liabilities								
Trading liabilities	-	-	-	-	-	-	-	-
Financial liabilities at fair value through profit			-	-	-	-	-	
or loss upon initial recognition	-	-						-
Derivative liabilities held for risk management Due to banks	-	-	-	-	-	-	-	-
Due to other customers	400.000	-	-	-	-	-	-	400.000
Debt instruments issued	180,899	-	-	-	-	-	-	180,899
	- 10,059	-	-	-	-	-	-	10,059
Borrowings Subordinated debt	10,059	-	-	-	-	-	-	10,059
Income tax payable (current)	32	-	-	-	-	-	-	32
Deferred tax liabilities	32	-	-	-	-	-	-	32
Other liabilities	5,292	-	-	_	-	-	-	5,292
Total Monetary Liabilities	196,282	-	-	-	-		-	196,282
	67.681	-	-	-	 -	-	-	67,681
Net-position	180,10	-	-	-	-	-	-	1,001

2. Risk management (continued)

2.3 Market risk (continued)

2.3.3 Foreign currency risk (continued)

In thousands of Denars	MKD	FUD	USD				represent m		Other	Tatal
	IVIKD	EUR	050	10	% of total m	onetary ass	ets/liabilities		currencies	Total
2016 (previous year)										
Monetary Assets										
Cash and cash equivalents	30,554	-	-	-	-	-	-	-	-	30,554
Held-for-trading assets	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or										
loss upon initial recognition	-	-	-	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-	-	-	-
Loans and advances to banks	1,909	-	-	-	-	-	-	-	-	1,909
Loans and advances to other customers	211,008	-	-	-	-	-	-	-	-	211,008
Investments in securities	-	-	-	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-	-	-	-
Income tax receivable (current)	-	-	-	-	-	-	-	-	-	-
Other receivables	459	-	-	-	-	-	-	-	-	459
Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Total Monetary Assets	243,930	-	-	-	-	-	-	-	-	243,930
Monetary Liabilities										
Trading liabilities	-	-	-	-	-	-	-	-	-	-
Financial liabilities at fair value through profit										
or loss upon initial recognition	-	-	-	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-	-	-	-
Due to other customers	156,314	-	-	-	-	-	-	-	-	156,314
Debt instruments issued	-	-	-	-	-	-	-	-	-	-
Borrowings	11,896	-	-							11,896
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Income tax payable (current)	11	-	-	-	-	-	-	-	-	11
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	8,241	-	-	-	-	-	-	-	-	8,241
Total Monetary Liabilities	176,462	-	-	-	-	-	-	-	-	176,462
Net-position	67,468	-	-	-	-	-	-	-	-	67,468

2.4 Operational risks

The operating risk is defined as the risk of loss resulting from inadequate internal processes and systems, human factors or external effects. The Saving House has established a framework for managing operational risk based on a policy to manage these risks. It allows, within the framework of different processes of the 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 Saving House's financial result and capital position.

3. Capital adequacy

Capital management

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

- to comply with the capital requirements set by the NBRM;
- to safeguard the Saving 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 Saving House's own funds are monitored regularly by the Saving House's management, employing techniques based on the directives required by the regulator, for supervisory purposes. The required information is filed with the NBRM on a quarterly basis.

The Saving House's own funds comprise of: Core Equity Capital (Tier 1), in which paid-in capital, retained earnings and reserves formed from retained earnings are included. At 31 December 2017 the Saving House had no revaluation reserves in the additional capital (Tier 2).

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

As of 1 March 2017 the decision to amend the Decision on the Methodology for determining capital adequacy entered into force. The Saving House management believes that it has no material effect on the capital adequacy of the Saving House

Capital Adequacy

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

The Saving House is required to maintain capital adequacy ratio which cannot be lower than 20%.

Report on capital adequacy ratio as at 31 December 2017

		In thousand	Is of denars
Num.	Description	Current year 2017	Previous year 2016
	CREDIT RISK WEIGHTED ASSETS		
	Assets weighted according to credit risk using the standardised		
1	approach	227,968	219,447
2	Capital required for credit risk covering	18,237	17,556
II	CURRENCY RISK WEIGHTED ASSETS		
3	Aggregate foreign exchange position	23,512	64,394
4	Net-position in gold	-	-
5	Capital needed for currency risk covering	1,881	5,151
6	Assets weighted according to currency risk	23,512	64,394
	OPERATIONAL RISKS WEIGHTED ASSETS		
_	Capital needed for operational risk covering using the base		4.400
7	indicator approach	4,644	4,188
•	Capital needed for operational risk covering using the		
8	standardised approach	-	-
9 IV	Assets weighted according to operational risk OTHER RISKS WEIGHTED ASSETS	58,053	52,356
10	Capital needed for covering the risk of changes in the prices of		
10	commodities	_	_
10	Capital needed for covering market risks	-	-
11	(11.1+11.2+11.3+11.4+11.5)	_	_
	Capital needed for covering position risk		
11.1	(11.1.1.+11.1.2+11.13+11.1.4)	-	-
	Capital needed for covering the specific risk of investing in debt		
11.1.1	instruments	-	-
	Capital needed for covering the general risk of investing in debt		
11.1.2	instruments	-	-
	Capital needed for covering the specific risk of investing in		
11.1.3	equity instruments	-	-
	Capital needed for covering the general risk of investing in		
11.1.4	equity instruments	-	-
11.2	Capital needed for covering settlement/delivery risk	-	-
11.3	Capital needed for covering counterparty risk	-	-
11.4	Capital needed for covering the surpass of exposure limits	-	-
11.5	Capital needed for covering market risks of positions in options	-	-
12	Capital needed for covering other risks (10+11)	-	-
13	Assets weighted according to other risks	-	-
V	RISK WEIGHTED ASSETS	309,533	336,197
14	Capital required to risk coverage	61,907	67,239
VI	OWN FUNDS	93,168	92,261
VII	CAPITAL ADEQUACY (VI/V)	0,30	0,27

Report on own funds

		In thousand	s of denars
Num.	Decription	Current year 2017	Previous Year 2016
1	2	3	4
A1.	Own funds	93,168	92,261
A2.	Tier 1 Capital	93,168	92,149
A3.	Core Equity Tier 1 Capital (CET1)	93,168	92,149
A3.1	Positions of CET1	93,168	92,149
A3.1.1.	Capital instruments of CET1	75,607	75,607
A3.1.2.	Premium of capital instruments of CET1	-	-
A3.1.3.	Mandatory reserve fund	15,227	15,227
A3.1.4.	Retained unallocated earning	2,222	1,315
A3.1.5.	(-) Accumulated loss from previous years	-	-
A3.1.6.	Current profit or profit at the end of the year	-	-
A3.1.7.	Cumulative comprehensive profit or loss	112	112
A3.1.7. A3.2.	(-) Deductions from the CET1	-	-
A3.2. A3.2.01.	(-) Loss at the end of the year or current loss	-	-
A3.2.01. A3.2.02.	(-) Intangibles	-	-
A3.2.02.	(-) Deferred tax assets that rely on the future profitability of the	-	-
A 2 2 02	Saving House		
A3.2.03.	(-) Investments in own capital instruments from CET1	-	-
A3.2.04.	(-) Direct investments in own capital instruments from CET1	-	-
A3.2.04.1.	(-) Indirect investments in own capital instruments from CET1	-	-
A3.2.04.2.	(-) Synthetic investments in own capital instruments from CET1	-	-
A3.2.04.3.	(-) Synthetic investments in own capital instruments from CET1 for which	_	-
40.0.04.4	the Saving House has a contractual obligation to buy		
A3.2.04.4.	(-) Direct, indirect and synthetic investments in capital instruments	-	-
	from CET1 of the companies in the financial sector, whereas		
A3.2.05.	those companies have investments in the Saving House.		
A3.2.05.	(-) Direct, indirect and synthetic investments in capital instruments	-	-
	from CET1 of the companies in the financial sector, whereas the		
A3.2.06.	Saving House does not have a significant investment		
AJ.2.00.	(-) Direct, indirect and synthetic investments in capital instruments	-	-
	from CET1 of the companies in the financial sector entities		
A3.2.07.	whereas the Saving House has a significant investment		
A0.2.07.	(-) Amount of deductions from the AT1 which exceeds the total	-	-
A3.2.08.	amount of AT1		
710.2.00.	(-) Amount of exceeding the limits on investments in non –		
A3.2.09	financial institutions		
A3.2.10.	(-) Tax costs	-	-
	(-) Difference between the necessary and actual allowance for		
A3.2.11	impairment provision/ special reserve		
A3.3.	Regulatory adjustments from CET1	-	-
A3.3.1	(-) Increase of CET1 that arises from the position of securitization	-	-
A3.3.2	(-) Gains or (+) losses from cash flow risk	-	-
710.0.2	(-) Gains or (+) losses on liabilities of the Saving House measured	-	-
A3.3.3.	at fair value		
/10.0.0.	(-) Gains or (+) losses related to liabilities based on derivatives	-	-
A3.3.4.	measured at fair value		
A3.4.	Positions as a result of consolidation	-	-
	(+/-) Non controlling (minority) participation that is recognized in		
A3.4.1	CET1 on consolidation basis	-	-
A3.4.2	Other	-	-
A3.5.	Other positions from AT1	-	-

	Additional Tiar 4 Conital (AT4)	-	-
Б4.	Additional Tier 1 Capital (AT1)		
Б4.1	Positions in AT1	-	-
Б4.1.1.	Capital instruments of AT1	-	-
Б4.1.2.	Premium from capital instruments of AT1	-	-
Б4.2.	(-) Deductions of AT1	-	-
Б4.2.1.	(-) Investments in own capital instruments from AT1	-	-
	(-) Direct investments in own capital instruments from	-	-
Б4.2.1.1.	AT1		
	(-) Indirect investments in own capital instruments from	-	-
Б4.2.1.2.	AT1		
	(-) Synthetic investments in own capital instruments from	-	-
Б4.2.1.3.	AT1		
	(-) Investments in own capital instruments from AT1 for which		
Б4.2.1.4.	the Saving House has a contractual obligation to buy	-	-
	(-) Direct, indirect and synthetic investments in capital		
	instruments from AT1 of the companies in the financial		
	sector, whereas those companies have investments in the	-	-
Б4.2.2.	Saving House.		
	(-) Direct, indirect and synthetic investments in capital		
	instruments from AT1 of the companies in the financial		
	sector, whereas the Saving House does not have a significant	-	-
Б4.2.3.	investment		
D4.2.0.	(-) Direct, indirect and synthetic investments in capital		
	instruments from AT1 of the companies in the financial		
	sector entities whereas the Saving House has a significant	-	-
Б4.2.4.	investment		
D4.2.4.	(-) Amount of deductions from the T2 which exceeds the total	-	-
Б4.2.5.	amount of T2		
Б4.2.6.	(-) Tax costs	-	-
	Regulatory adjustments from AT1	-	-
Б4.3.	(-) Increase of AT1 that arises from the position of	-	-
5404	securitization		
Б4.3.1.	(-) Gains or (+) losses from cash flow risk	-	_
Б4.3.2.			
	(-) Gains or (+) losses on liabilities of the Saving House measured at fair value	_	_
Б4.3.3.			
	(-) Gains or (+) losses related to liabilities based on	-	-
Б4.3.4.	derivatives measured at fair value		
Б4.4.	Positions as a result of consolidation	-	-
	(+/-) Acceptable additional Tier 1 capital that is recognized in	-	-
Б4.4.1.	AT1 on a consolidated basis		
Б4.4.2.	Other	-	-
Б4.5.	Other positions from AT1	-	-
B5.	Tier 2 Capital (T2)	-	-
B5.1.	Positions of T2	-	-
B5.1.1.	Capital instruments of T2	-	-
B5.1.2.	Subordinated loans	-	-
B5.1.3.	Premium on capital instruments of T2	-	-
B5.2.	(-) Deductions of T2	-	-
B5.2.1.	(-) Investments in own capital instruments of T2	-	-
B5.2.1.1.	(-) Direct investments in own capital instruments of T2	-	-
B5.2.1.2.	(-) Indirect investments in own capital instruments of T2	-	-
B5.2.1.3.	(-) Synthetic investments in own capital instruments of T2	-	-
20.2.1.0.	(-) Investments in own capital instruments of T2 for which the	-	-
B5.2.1.4.	Saving House has a contractual obligation to buy		
00.2.1.4.	(-) Direct, indirect and synthetic investments in capital	-	-
	instruments from T2 of the companies in the financial sector,		
	whereas those companies have investments in the Saving		
B5.2.2.	House.		
DJ.Z.Z.		l	

Notes to the Financial Statements for the Year Ended December 31, 2017

B5.2.3.	(-) Direct, indirect and synthetic investments in capital instruments from T2 of the companies in the financial sector, whereas the Saving House does not have a significant investment	-	-
B5 2 4	(-) Direct, indirect and synthetic investments in capital instruments from T2 of the companies in the financial sector entities whereas the Saving House has a significant investment	-	-
B5.3.	Regulatory adjustments from T2	-	-
B5.3.1.	(-) Increase of T2 that arises from the position of securitization	-	-
B5.3.2.	(-) Gains or (+) losses from cash flow risk	-	-
B5.3.3.	(-) Gains or (+) losses on liabilities of the Saving House measured at fair value	-	-
B5.3.4.	(-) Gains or (+) losses related to liabilities based on derivatives measured at fair value	-	-
B5.4.	Positions as a result of consolidation	-	-
	(+/-) Acceptable additional Tier 1 capital that is recognized in	-	-
B5.4.1.	AT1 on a consolidated basis		
B5.4.2.	Other	-	-
B5.5.	Other positions from T2	-	-

4. Segment reporting

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

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

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

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

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

On December 31, 2017 and 2016, the operating segments of the Saving House are:

- Retail customers loans given and deposits received;
- Financial institutions;
- state
- other significant operating segments

The Saving House discloses information on the concentration of business activities towards individual significant clients. An important client is a person or a legal entity, as well as persons connected with it, if the Saving House generates 10% or more of its total business income or expenditure. On December 31, 2017 and 2016, there are no significant clients.

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

4. Segment reporting (continued)

A. Operating segments

Operating segments (specify separately significant operating segments)											
In thousands of denars	Operations with population	Operations with financial institutions	Country	Nonprofit institutioons serving households	Other financial institutions			Employees	All other insignificant operating segments	Unallocated	Total
2017 (current year)											
Interest income/(expense), net	25,165	(347)	-	-	-	-	-	-	-	-	24,818
Fee and commission income/(expense), net	8,441	(382)	-	-	(215)	-	-	-	(82)	-	7,762
Net trading income	-	-	-	-	-	-	-	-	-	-	-
Net income from other financial instruments at fair value											
Other operating income	- 971	-	-	-	-	-	-	-	-	- 1,701	2,672
Inter segment income	971	-	-	-	-	-	-	-	-	1,701	2,072
Total income by segment	34,577	(729)	-	_	(215)	-	-	-	(82)	1.701	35,252
	04,077	(123)			(210)				(02)	1,101	30,202
Impairment losses of financial assets, net	(1,345)	-	-	-	-	-	-	-	-	-	(1,345)
Impairment losses of non-financial assets, net	(72)	-	-	-	-	-	-	-	-	-	(72)
Depreciation and amortization	-	-	-	-	-	-	-	-	-	(1,448)	(1,448)
Restructuring costs	-	-	-	-	-	-	-	-	-	-	-
Investments in property and equipment	-	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	(21,423)	-	(9,846)	(31,269)
Total expenses by segment	(1,417)							(21,423)	(00)	(11,294)	(34,134)
Financial result by segment	33,160	(729)	-	-	(215)	-	-	(21,423)	(82)	(9,593)	1,118
Income tax	-	-	-	-	-	-	-	-	-	-	(178)
Profit/(loss) for the year	000 570	00.055									940
Total assets by segment	223,579	39,955	-	-	-	-	-	-	-	-	263,534
Unallocated assets by segment Total assets	-	-	-	-	-	-	-	-	-	27,147	27,147
Total liabilities by segment	180,956	10,059			1,641						290,681
Unallocated liabilities by segment	180,956	- 10,059			1,041	-	-		-	- 3,918	192,656 3,918
Total liabilities	-	-	-	-	-	-	-	-	-	3,918	196,574
											150,574

4. Segment reporting (continued)

A. Operating segments (continued)

[Operating segments (specify separately significant operating segments)										
		Operations with		Nonprofit institutioons					All other insignificant		
	Operations with	financial		serving	Other financial				operating		
In thousands of denars	population	institutions	Country	households	institutions			Employees	segments	Unallocated	Total
2016 (previous year)											
Interest income/(expense), net	23,842	(428)	-	-	-	-	-	-	-	-	23,414
Fee and commission income/(expense), net	8,276	(354)	(120)	400	(318)	-	-	-	(295)	-	7,589
Net trading income	-	-	-	-	-	-	-	-	-	-	-
Net income from other financial instruments at											
fair value Other operating income	- 674	- 2	-	-	-	-	-	-	-	- 2,212	- 2,890
Inter segment income	- 074	-	-	-	-		-	_	-	2,212	2,090
Total income by segment	32,792	(780)	(120)	400	(318)	-	-	-	(293)	2,212	33,893
	(1,501)	-	-	-	-	-	-	-	-	-	(1,501)
Impairment losses of financial assets, net	(18)	-	-	-	-	-	-	-	-	-	(18)
Impairment losses of non-financial assets, net Depreciation and amortization	-	-	-	-	-	-	-	-	-	(1,559)	(1,559)
Restructuring costs	-	-	-	-	-	-	-	-	-	-	-
Investments in property and equipment	-	-	-	-	-		-	(19,405)	-	(10,359)	(29,764)
Other expenses	(1,519)							(19,405)		(11,918)	(32,842)
Total expenses by segment	31,273	(780)	(120)	400	(318)	-	-	(19,405)	(293)	(9,706)	1,051
Financial result by segment	-	-	-	-	-	-	-	-	-	-	(145)
Income tax											906
Profit/(loss) for the year	211,165	32,285	-	-	159	-	-	-	-	-	243,609
Total assets by segment	-	-	-	-	-	-	-	-	-	26,020	26,020
Unallocated assets by segment											269,629
Total assets									0		L
Total liabilities by segment	156,417	11,900			5,987					1,818	176,122
Unallocated liabilities by segment		[340	340
Total liabilities											176,462

4. Segment reporting (continued)

B. Concentration of total income and expense by significant customer

	Operating Segments										
In thousands of denars	Operations with population	Operations with financial institutions	Country	Nonprofit institutioons serving households				Employees	All other insignificant operating segments	Unallocated	Total
2017 (current year) (The Saving house should separately display the total income and the total expense realized by a significant customer) Customer 1 Income (expenses) Customer 2 Income (expenses) Customer 3 Income	- - - - -		- - - -	- - - - -	- - - - -		- - - - -	- - - - -		- - - - -	- - - -
(expenses) Total by segment	-	-	-	-	-	-	-	-	-	-	
2016 (previous year) (The Saving house should separately display the total income and the total expense realized by a significant customer) Customer 1											
Income (expenses) Customer 2 Income			-								-
(expenses) Customer 3 Income (expenses)	-	-	-	-	-	-	-	-	-	-	-
Total by segment	-	-	-	-	-	-	-	-	-	-	-

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Notes to the Financial Statements for the Year Ended December 31, 2017

4. Segment reporting (continued)

C. Geographical location

	In thousands of denars	Republic of Macedonia	EU member states	Europe (other countries)	OECD member states (without EU countries- members of OECD	Other (significant geographical segments)	Other insignificant geographical segments	Unallocated	Total
2017 (current year) Total income Total assets		35,252 290,681	-	-	-	-	-	-	35,252 290,681
2016 (previous year) Total income Total assets		33,893 269,629	-	-	-	-	-	-	33,893 269,629

5. Fair value of financial assets and financial liabilities

a) Cash and cash equivalents

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

b) Loans and advances to banks

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

c) Loans and advances to other customers

Loans and receivables from customers are measured based on depreciated purchasing costs depreciated by their impairment value. The major part of the loans and receivable from customers in the credit portfolio of the Saving House is with adjustable (variable) interest rate and only a smaller part is with fixed interest rate (5%). The apprised fair value of loans and receivable from customers is determined by the discounted expected future cash flows. Apprised future cash flows for determining the fair value are discounted using market interest rate. Due to the insignificant participation of the loans with fixed interest rate in the total loans portfolio, fair value of loans to and receivables from other clients approximates their carrying amount.

d) Other receivables

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

e) Deposits to other customers

The fair value of demand deposits as well as time deposits with variable interest rate is equal to their carrying amount. Due to the insignificant share of deposits with fixed interest rate (6%) in the total deposits, the fair value of the total deposits of other clients approximates their carrying amount.

f) Borrowings

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

g) Other liabilities

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

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

	Current ye	ar 2017	Previous yea	ar 2016
	Carrying amount	Fair value	Carrying amount	Fair value
In thousands of denars				
Financial Assets				
Cash and cash equivalents	40,208	40,208	30,554	30,554
Held-for-trading assets	-	-	-	-
Financial assets at fair value through profit				
or loss upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	1,909	1,909
Loans and advances to other customers	223,475	223,475	211,008	211,008
Investments in securities	-	-	-	-
Investments in associates	-	-	-	-
Income tax receivable (current)	-	-	-	-
Other receivables	280	280	459	459
Assets pledged as collateral	-	-	-	-
Deferred tax assets	-	-	-	-
Financial Liabilities				
Trading liabilities	_	_	-	_
Financial liabilities at fair value through profit	-	-	-	-
or loss upon initial recognition	_	-	-	_
Derivative liabilities held for risk				
management	-	-	-	-
Deposits to banks	-	-	-	-
Deposits to other customers	180,899	180,899	156,314	156,314
Debt instruments issued	-	-	-	-
Loans payables	10,059	10,059	11,896	11,896
Subordinated liabilities	-	-	-	-
Income tax payables (current)	32	32	11	11
Deferred tax liabilities	-	-	-	-
Other liabilities	5,292	5,292	8,241	8,241

Notes to the Financial Statements for the Year Ended December 31, 2017

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

In thousands of denars	Note	Level 1	Level 2	Level 3	Total
31 December 2017 (current year)					
Financial assets measured at fair value					
Held-for-trading assets	19	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	20				
Derivative assets held for risk management	20				
Investments in securities available for sale	23.1				
Total	20.1	_	_	-	
Financial liabilities measured at fair value					
Held-for-trading liabilities	32	-	-	-	-
Financial liabilities at fair value through profit					
or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
Total		-	-	-	-
31 December 2016 (previous year)					
Financial assets measured at fair value					
Held-for-trading assets	19	-	-	-	-
Financial assets at fair value through profit or					
loss upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in securities available for sale	23.1	-	-	-	-
Total		-	-	-	-
Financial liabilities measured at fair value					
Held-for-trading liabilities	32	-	-	-	-
Financial liabilities at fair value through profit					
or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
Total					
		I		1	1

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 2017	Previous y	ear 2016
In thousands of denars	Transfers from	Transfers from	Transfers from	Transfers
	level 1 to level	level 2 to level 1	level 1 to level	from level 2
	2		2	to level 1
Financial assets measured at fair value				
Held-for-trading assets	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative assets held for risk management	_	-	-	-
Investments in available-for-sale securities	_	-	-	-
Total	-	-	-	-
Financial liabilities carried at fair value				
Trading liabilities	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	_	-	_
Total	-	-	-	-

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Notes to the Financial Statements for the Year Ended December 31, 2017

- 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

In thousands of denars	Held-for- trading assets	Financial assets at fair value through profit or loss upon initial recognition	Investments in available-for- sale securities	Total assets	Trading liabilities	Financial liabilities at fair value through profit or loss upon initial recognition	Total liabilities
As of January 1, 2016 (previous year)	-	-	-		-	-	-
Gains/(losses) recognized in:	-	-	-		-	-	-
- Income statement	-	-	-		-	-	-
 Other comprehensive income in the period not recognized in profit or loss 	-	-	-		-	-	-
Purchase of financial instruments in the period	-	-	-		-	-	-
Disposals of financial instruments in the period	-	-	-		-	-	-
Issued financial instruments in the period	-	-	-		-	-	-
Paid financial instruments in the period	-	-	-		-	-	-
Reclassified financial instruments to/(from) Level 3	-	-	-		-	-	-
Reclassified in loans and advances	-	-	-		-	-	-
As of December 31, 2016 (previous year)	-	-	-		-	-	-
Total gains/(losses) recognized in income statement for the assets and liabilities outstanding as of December 31, 2016 (previous year)						<u>.</u>	-

SAVING HOUSE FULM DOO SKOPJE

Notes to the Financial Statements for the Year Ended December 31, 2017

- 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)

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

6. Net interest income/(expense)

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

	In thousand	ls of denars
	Current year 2017	Previous year 2016
Interest income	2011	2010
Cash and cash equivalents	250	193
Financial assets at fair value through profit or		
loss upon initial recognition Derivative assets held for risk management	-	-
Loans and advances to banks	11	75
Loans and advances to other customers	30,091	27,812
Investments in securities Other receivables	-	-
(Allowance for impairment of Interest Income, net)	(116)	(106)
Collected interest previously written off	812 [´]	<u>908</u>
Total interest income	31,048	28,882
Interest expense		
Financial liabilities at fair value through profit		
or loss upon initial recognition	-	-
Derivative liabilities held for risk management Deposits of banks	-	-
Deposits of other customers	5,622	4,772
Debt instruments issued	-	-
Borrowings Subordinated debt	608	696
Other liabilities	-	-
Total interest expense	6,230	5,468
Net interest income/(expense)	24,818	23,414

6. Net interest income/(expense) (continued)

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

	In thousand	In thousands of denars		
	Current year 2017	Previous year 2016		
Interest income				
Non-financial companies Government Not for profit institutions that serve to household Banks Other financial institutions (non-banks) Households Non-residents (Allowance for impairment of Interest Income, net) Collected interest previously written off Total interest income	- - 261 - 30,091 - (116) 812 31,048	- - 268 - 27,812 - (106) 908 28,882		
Interest expense				
Non-financial companies Government Not for profit institutions that serve to household Banks Other financial institutions (non-banks) Households Non-residents Total interest expense	- - - 608 - 5,622 - 6,230	- - - 696 - - 4,772 - 5,468		
Net interest income/(expense)	24,818	23,414		

7. Net fee 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 2017	Previous year 2016	
Fee and commission income			
Loans	8,441	8,276	
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)	_	400	
Total fee and commission income	8,441	8,676	
	•,	0,010	
Fee and commission expense			
Loans	-	-	
Payment's operation	378	345	
domestic	378	345	
international Letter of credit and guarantees	- 82	- 295	
Brokerage operations	02	295	
Asset management	-	-	
Fiduciary activities	-	-	
Issuing securities	-	-	
Other (describe separately expenses which represent more than 10%			
of the total fees and commissions expense) Compensation to the NBRM	4	9 120	
Compensation to the NBRM Compensation for claims taken	215	318	
Total fee and commission expense	679	1,087	
		7 500	
Net fee and commission income/(expense)	7,762	7,589	

Notes to the Financial Statements for the Year Ended December 31, 2017

7. Net fee and commission income/(expense) (continued)

B. Sector analysis of fee and commission income and expense

	In thousand	In thousands of denars		
	Current year 2017	Previous year 2016		
Fee and commission income				
Non-financial companies	-	-		
Government	-	-		
Not for profit institutions that serve to household Banks		400		
Other financial institutions (non-banks)	-	-		
Households	8,441	8,276		
Non-residents	-	-		
Total fee and commission income	8,441	8,676		
Fee and commission expense				
Non-financial companies	-	-		
Government	-	120		
Not for profit institutions that serve to household	-	-		
Banks	382	354		
Other financial institutions (non-banks)	215	318		
Non-residents	82	295		
Total fee and commission expense	679	1,087		
Net fee and commission income/(expense)	7,762	7,589		

8. Net trading income/(expense)

	In thousands of denars		
	Current year	Previous year	
	2017	2016	
Trading assets			
Profit/(loss) from fair value changes on debt securities, net realized	-	-	
unrealized	-	-	
Profit/(loss) from fair value changes of equity instruments, net realized	-	-	
unrealized	-	-	
Income from dividends from trading assets	-	-	
Income from interest of trading assets	-	-	
	-	-	
Trading liabilities	-	-	
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	-	-	
Profit/(loss) from fair value change of derivatives held for trade, net	-	-	
realized	-	-	
unrealized	-	-	
	-	-	
Net income/(expense) from trading	-	-	

9. Net income from other financial instruments at fair value

	In thousand	ls of denars
	Current year 2017	Previous year 2016
<i>Financial assets at fair value through profit or loss upon initial recognition</i> Profit/(loss) from fair value changes on debt securities, net		
realized unrealized	-	-
Gains/(losses) from changes in fair value of equity instruments, net realized	-	-
unrealized Dividend income from trading assets at fair value through profit or loss	-	-
Profit/(loss) from changes in fair value of loans and receivables at fair value through profit and loss, net		
realized unrealized	-	-
Financial liabilities at fair value through profit or loss upon initial		
<i>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/ s(loss) from the changes in fair value of other financial liabilities at fair value through profit and loss		
realized unrealized	-	-
Profit/(loss) from fair value change of derivatives held for risk management at the fair value through profit and loss, net	_	
realized unrealized	-	-
Net income from other financial instruments at fair value	-	-

10. Net foreign exchange gains/(losses)

	In thousands of denars		
	Current year	Previous year	
	2017	2016	
Realized foreign exchange gains/(losses), net	-	-	
Unrealized foreign exchange gains/(losses), net	-	-	
Foreign exchange differences of allowance for impairment of	-	-	
financial assets, net			
Other foreign exchange differences, net	-	2	
Net foreign exchange gain/(loss)	-	2	

11. Other operating Income

	In thousands of denars		
	Current year 2017	Previous year 2016	
Gain on sale of 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, plant and equipment Intangible assets Foreclosed assets		- - -	
Non-current assets held-for-sale and group for disposal Income from rent Income from litigations Collected receivables previously written off	60 739	- - 128 444	
Release from the special reserve and provisions for: Off-balance credit exposure Contingent commitments based on litigations Pensions and other employee benefits		- - -	
Restructuring Onerous contracts Other provisions Other (income that represents more than 10% of the total remaining	-	-	
operating income) - Income expenses from past years - Income from collected insurance claims	- 134 -	- 79 -	
 Project revenue Other earnings Total other operating income 	1,701 38 2,672	2,212 25 2,888	

Revenues from the project in the amount of MKD 1,701 thousand (2016: MKD 2,212 thousand) derive from the Agreement for Sub-Implementation of Project Support No. 03-96 / 1 with the Association of Microfinance Organizations (MFO) from Skopje for the purpose of achieving the goals of the project "Inclusion and innovation in the microfinance".

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

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

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

SAVING HOUSE FULM DOO SKOPJE

Notes to the Financial Statements for the Year Ended December 31, 2017

12. Net impairment loss on financial assets

In thousands of denars 2017 (current year)	Loans and advances to banks	Loans and advances to other customers	Investments in financial assets available for sale	Investments in financial assets held to maturity	Cash and cash equivalents	Fees and commission receivables	Other receivables	Total
Allowance for impairment on individual basis								
Additional allowance for impairment	-	27,339	-	-	-	284	1	27,624
(Release of allowance for impairment)	(100)	(25,731)	-	-	-	(238)	-	(26,069)
	(100)	1,608	-	-	-	46	1	1,555
Allowance for impairment on group basis								
Additional allowance for impairment	-	1,308	-	-	-	6	-	1,314
(Release of allowance for impairment)	-	(1,518)	-	-	-	(6)	-	(1,524)
	-	(210)	-	-	-	-	-	(210)
Total allowance for impairment on financial assets, net	(100)	1,398	-	-	-	46	1	1,345
2016 (previous year) Allowance for impairment on individual basis								
Additional allowance for impairment	101	24,578	-	-	-	232	-	24,911
(Release of allowance for impairment)	(451)	(23,114)	-	-	-	(199)	-	(23,764)
	(350)	1,464	-	-	-	33	-	1,147
Allowance for impairment on group basis								
Additional allowance for impairment	-	1,570	-	-	-	5	-	1,575
(Release of allowance for impairment)	-	(1,217)	-	-	-	(4)	-	(1,221)
_	-	353	-	-	-	1	-	354
Total allowance for impairment on financial assets, net	(350)	1,817	-	-	-	34	-	1,501

13. Net impairment loss on non-financial assets

In thousands of denars	Property and equipment	Intangible assets	Foreclosed assets	Non-current assets held for sale and group for sale	Other non- financial assets	Non- controlling interest*	Total
2017 (current year)							
Additional impairment loss (Release of impairment loss)	-	-	72	-	-	-	72
Total impairment loss of non-financial assets, on net-basis	-	-	72	-	-	-	72
2016 (previous year)							
Additional impairment loss (Release of impairment loss)	-	-	18	-	-	-	18
Total impairment loss of non-financial assets, on net-basis	-	-	- 18	-	-	-	- 18

* only for consolidated financial statements

14. Personnel expenses

		In thousands of denars			
	Current year 2017	Previous year 2016			
Short-term benefits for employees Salaries Compulsory social and health insurance contributions Short-term paid absences Costs for temporary employment Share in profit and remuneration Non-monetary benefits Benefits after termination of employment	14,943 5,508 - - - - 2 0,451	13,669 5,037 - - - - 18,706			
Defined pension benefit plans Retirement benefits Increase of liability for defined pension benefit plans Increase of liability for other long term benefits Other benefits upon termination of employment	- - - - - -	- - - - - -			
<i>Termination benefits</i> Equity settled share-based payments Cash settled share-based payments Other (costs for employees that represent more than 10% of the total costs for employees)	- -				
Regres for employees' annual leave	360	304			
New Year's compensation for employees	156	151			
Jubilee award	11	22			
Other Total costs for employees	445 21,423	222 19,405			

During 2017, in accordance with the regulations, the Saving House paid recourse for annual leave of employees, jubilee award for over ten years in the Saving House and a New Year's compensation for all employees.

15. Depreciation and amortization

	In thousands of denars		
	Current year	Previous year	
	2017	2016	
Depreciation of intangible assets			
Internal developed software	-	-	
Software acquired from external suppliers	243	410	
Other internally developed intangible assets	-	-	
Other intangible assets	142	105	
Investments in intangible assets taken under lease	-	-	
	385	515	
Depreciation of property and equipment			
Buildings	556	556	
Vehicles	-	-	
Furniture and equipment	493	474	
Other equipment	13	13	
Other items of property and equipment	-	-	
Investments in property and equipment taken under lease	1	1	
	1,063	1,044	
Total depreciation	1,448	1,559	

16. Other operating expense

	In thousand	ls of denars
	Current year	Previous year
	2017	2016
Loss from sale of assets available for sale	-	-
Software licensing expense	-	-
Deposit insurance premium	767	725
Premium on property and employee insurance	138	142
Materials and services	5,512	6,310
Administrative and marketing expenses	1,391	1,442
Other taxes and contributions	323	320
Rental expense	1,383	1,378
Court litigation expenses	19	14
Special reserve for off – balance sheet exposures, net	-	-
Provisions for pension and other employee benefits, net	292	-
Provisions for contingent liabilities based on court litigations, net	-	-
Other provisions, net	-	-
Loss from sale of:		
Property and equipment	-	-
Intangible assets	-	-
Foreclosed assets	-	-
Other (expenses that represent more than 10% of total other operating		
expenses)	-	-
	21	28
Unamortised value of working assets	-	-
Other operating expense	9,846	10,359

17. Income tax

Α. Expense/income based on current and deferred tax

	In thousan	ds of denars
	Current year 2017	Previous year 2016
Current income tax		
Expense/(income) based on current income tax for the year Adjustments for previous years	178	145
Benefits of previous unrecognized tax losses, tax loans or temporary differences from previous years	_	_
Changes in accounting policies and errors Other	-	-
Uner	178	145
Deferred income tax		
Deferred income tax that arises from temporary differences for the year	-	-
Recognition of previous unrecognized tax losses Change in tax rate	-	-
Introduction of new taxes Benefits of previous unrecognized tax losses, tax loans or temporary	-	-
differences from previous years	-	-
Other	-	-

178

178

145

145

Total expense/(return) on income tax

	In thousands of denars		
	Current year	Previous year	
	2017	2016	
Current income tax			
Recognized in the income statement	178	145	
Recognized in the equity and reserves	-	-	
	178	145	
Deferred income tax			
Recognized in the income statement Recognized in the equity and reserves	-	-	

Total expense/(return) on income tax

17. Income tax (continued)

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

		In		In
		thousands		thousands
	In %	of denars	In %	of denars
	Current	year 2017	Previous y	ear 2016
Profit/ (loss) before taxation	-	1,118	-	1,051
Income tax as per applicable tax rate	10,0	112	10,0	105
Effects from different tax rates in other countries	-	-	-	-
Corrections for previous years and changes in tax rate	-	-	-	-
Taxed income abroad				
Expense unrecognized for tax purposes	14,0	157	11,2	118
Tax-exempt income	-	-	-	-
Tax exemption unrecognized in income statement	(8,1)	(91)	(7,4)	(78)
Recognition of previous unrecognized tax losses	-	-	-	-
Benefits of previous unrecognized tax losses, tax loans or				
temporary differences from previous years	-	-	-	-
Changes in deferred tax	-	-	-	-
Other	-	-	-	-
Total expense/(return) on income tax		178		145
Average effective tax rate	15,9		13,8	

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

	Current year 2017			Previous year 2016		
In thousands of denars	Before taxation	(expenditure) /return of income tax	Less income tax	Before taxation	(expenditure)/ return of income tax	Less income tax
Revalued reserve for assets available for sale	-	-	-	-	-	-
Reserve for instruments for protection against cash flow risk	-	-	-	-	-	-
Reserve for instruments for protection against the risk net-investment in international operations	-	-	-	_	-	-
Reserve from currency differences from investment in foreign operations	-	-	-	-	-	-
Share in the remaining profits/(losses) from affiliates which are not disclosed in						
the Income statement Other profits/(losses) which are not disclosed in the Income statement	-	-	-	-	-	-
Total other profits/(losses) which						
are not disclosed in the Income statement	-	-	-	-	-	-

For the fiscal year 2017 and 2016, the Saving House has used the right to reduce the tax base for the amount of realized investments from the profit (reinvested profit: MKD 906 thousand and MKD 779 thousand, respectively).

18. Cash and cash equivalents

	In thousands of denars	
	Current year 2017	Previous year 2016
Cash on hand Accounts and deposits with NBRM, apart from obligatory foreign	253	178
currency deposits	4,346	3,748
Current accounts and transaction deposits with foreign banks	-	, -
Current accounts and transaction deposits with local banks	35,609	26,628
Treasury bills that may be traded on the secondary market	-	-
Government bills that may be traded on the secondary market Time deposits up to 3 months	-	-
Other short-term highly liquid assets	-	-
Interest receivables	-	-
(Allowance for impairment)	-	-
Included in cash and cash equivalents for the purposes of the Statement of cash flows	40,208	30,554
Statement of Cash nows	40,200	30,334
Obligatory foreign currency deposits	-	-
Restricted deposits	-	-
(Allowance for impairment)	-	-
Total	40,208	30,554
		ls of denars
	Current year 2017	Previous year 2016
Movements in allowance for impairment	2017	2010
As at January 1	-	-
Impairment loss for the year	-	-
Additional impairment	-	-
(Release of impairment)	-	-

(Release of impairment) (Foreclosed assets based on outstanding receivables) Foreign exchange gain/losses (Written off receivables)

As at December 31

In thousands of denars			
Current year	Previous year		
2017	2016		
-	-		
-	-		
-	-		
-	-		
-	-		
-	-		
-	-		
-	-		

Saving House does have not calculated interest on mandatory reserve in denars in 2017 and 2016.

19. Trading assets

A. Structure of trading assets by the type of the financial instrument

	In thousands of denars		
	Current year 2017	Previous year 2016	
Trading securities			
Debt securities for trading			
Treasury bills for trading	-	-	
Government bills for trading	-	-	
Other instruments in the money market	-	-	
Government bonds	-	-	
Corporate bonds Other debt instruments	-	-	
Other debt instruments	-	-	
Quoted			
Unquoted	-	-	
•····	-	-	
Equity instruments for trading			
Equity instruments issued by banks	-	-	
Other equity instruments	-	-	
	-	-	
Quoted	-	-	
Unquoted	-	-	
Trading darivativas	-	-	
Trading derivatives Agreements dependent on interest rate change	-	-	
Agreements dependent on exchange rate change		_	
Agreements dependent on changes in price of securities	-	-	
Other agreements that meet IAS 39 criteria	-	-	
J. J	-	-	
Total trading assets	-	-	

Notes to the Financial Statements for the Year Ended December 31, 2017

- 19. Trading assets (continued)
- B. Reclassified trading assets

B.1 Balance of reclassified trading assets

		Current year 2017		Previous	year 2016
In thousands of denars	Reclassified amount (date of reclassification)	Carrying amount 31.12.2017 (current year)	Fair value 31.12.2017 (current year)	Carrying amount 31.12.2016 (previous year)	Fair value 31.12.2016 (previous year)
Trading assets reclassified in 2017 (current year) in:				(protione your)	(p.o
 financial assets available for sale loans and advances to banks loans and advances to other customers 				-	
	-	-	-	-	-
<i>Trading assets reclassified in 2016 (previous year) in:</i>					
 financial assets available for sale loans and advances to banks loans and advances to other customers 	-	-	-	-	-
	-	-	-	-	-

Notes to the Financial Statements for the Year Ended December 31, 2017

19. Trading assets (continued)

B. Reclassified trading assets (continued)

B.2 Gains and losses from reclassified trading assets

	Reclassified durin	ng 2017 (current year)		Reclassified during	2016 (previous year)	
				Other gains/	Income	
	Income statement	Other gains/ (losses)	Income statement	(losses) 2017	statement 2016	Other gains/ (losses)
In thousands of denars	2017 (current year)	2017 (current year)	2017 (current year)	(current year)	(previous year)	2016 (previous year)
Period before reclassification						
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 	-	-	-	-	-	-
	-	-	-	-	-	-
Devie d offer vector ification						
Period after reclassification						
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 						
nasis	-	-	-	-	-	-
	=	=	-	-	-	-

19. Trading assets (continued)

B. Reclassified trading assets (continued)

B.3 Gains or losses which would have been recognized in the Income statement if the assets have not been reclassified

	Reclassified during 2017 (current year)	Reclassified during 2016 (previous year)	
		Income	Income
	Income statement	statement 2017	statement 2016
In thousands of denars	2017 (current year)	(current year)	(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 	-	-	-
	-	-	-

20. Financial assets at fair value through the income statement classified as such at initial recognition

	In thousands of denars	
	Current year 2017	Previous year 2016
Debt securities	2017	2010
Treasury bills	-	-
Government bills	-	-
Other instruments in the money market	-	-
Government bonds issued	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
Equity instruments		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
Loans and advances to banks	-	-
Loans and advances to other customers	-	-
Total financial assets at fair value through the income statement classified as such as initial recognition		

21. Derivative assets and liabilities held for risk management

		In thousands of denars			
		Current year 2017		Previous year 2016	
		Derivative assets	(Derivative liabilities)	Derivative assets	(Derivative liabilities)
A A.1	Derivatives for protection against risk/Derivatives held for risk management By type of the variable Derivatives held for risk management				
	Agreements dependent on interest rate change Agreements dependent on exchange rate change	-	-	-	-
	Agreements dependent on changes in price of securities Other agreements that meet the IAS 39 criteria	-	-	-	-
Total derivatives held for risk management	-	-	-	-	
A.2	<i>By type of protection against risk</i> Protection against risk of fair value	-	-	-	-
Protection against risk of cash flows Protection against risk of net investment in		-	-	-	-
	Total derivatives held for risk management	-	-	-	-
в	Inherent derivatives				
	Agreements dependent on interest rate change Agreements dependent on exchange rate change	-	-	-	-
	Agreements dependent on changes in price of				
	securities	-	-	-	-
	Other agreements that meet the IAS 39 criteria Total inherent derivatives	-	-	-	-
	Total derivatives held for risk management	-	-	-	

22. Loans and advances

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

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

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

The Saving House's management is reacting appropriately to any new developments to entire the market and economy. Some of the undertaken measures are: Strengthening the monitoring of large customers and industry sectors to which the Saving House is mostly exposed to, making appropriate balance of interest rates from loans and interest payable for deposits, reassessment of the relationships with the corresponding banks and other participants on the local financial market, where possible increase of collateral limits. All the aforementioned is focusing to protect and develop current and future customer/depositor base and achievement of the Saving House's goals and objectives for 2018 and beyond.

22. Loans and advances (continued)

22.1 Loans and advances to banks

	In thousands of denars			
	Current year 2017		Previous ye	ear 2016
	Short term	Long term	Short term	Long term
Loans to banks				
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Time deposits over 3 months	-	-	2,000	-
Domestic banks	-	-	2,000	-
Foreign banks	-	-	-	-
Repo	-	-		
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Other receivables	-	-		
Domestic banks	-	-	-	-
Foreign banks	-	-	-	-
Interest receivables	-	-	9	-
Current maturity	-	-	-	-
Total loans and advances to banks before	-	-		
impairment			2,009	-
(Allowance for impairment)	-	-	(100)	-
Total loans and advances to banks, net of	-	-		
allowance for impairment			1,909	-

As at January 1 Impairment loss for the year Additional impairment (Release of impairment) (Foreclosed assets) Foreign exchange gains/losses (Written off receivables) As at December 31

	1		
In thousands of denars			
Current year	Previous year		
2017	2016		
2011	2010		
100	450		
100	450		
-	101		
(100)	(451)		
-	-		
-	-		
-	-		
-	100		

Notes to the Financial Statements for the Year Ended December 31, 2017

22. Loans and advances (continued)

22.2 Loans and advances to other customers

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

	In thousands of denars			
	Current year 2017		Previous	year 2016
	Short-term	Long-term	Short-term	Long-term
Non-financial companies				
Receivables upon principal	-	-	-	-
Interest receivables	-	-	-	-
Government				
Receivables upon principal	-	-	-	-
Interest receivables	-	-	-	-
Non-profit institutions that serve households				
Receivables upon principal	-	-	-	-
Interest receivables	-	-	-	-
Financial companies, besides banks				
Receivables upon principal	-	-	-	-
Interest receivables	-	-	-	-
Households				
Receivables upon principal	-	-	-	-
Housing loans	-	-	-	-
Customer loans	13,560	203,319	21,391	180,478
Vehicle loans	-	-	-	-
Mortgage loans	-	-	-	-
Credit cards	-	-	-	-
Other loans	14	23,082	33	24,343
Interest receivables	1,309	-	1,187	-
Non-residents, except banks				
Receivables upon principal	-	-	-	-
Interest receivables	-	-	-	-
Current maturity	71,126	(71,126)	64,872	(64,872)
Total loans and advances to other				
customers before impairment	86,009	155,275	87,483	139,949
(Allowance for impairment)	(10,646)	(7,163)	(9,252)	(7,172)
Total loans and advances to other				
customers, net of allowance for				
impairment	75,363	148,112	78,231	132,777

22. Loans and advances (continued)

22.2 Loans and advances to other customers (continued)

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

	Current year	Previous year
	2017	2016
Mexament in allowance for impairment on individual basis	2011	2010
Movement in allowance for impairment on individual basis	12.2.2	
As at January 1	15,387	18,949
Impairment for the year		
Additional impairment	27,339	24,578
(Release of impairment)	(25,731)	(23,114)
(Foreclosed assets)	(20,701)	(23,114)
	-	-
Foreign exchange gains/losses	-	-
(Written off receivables)	(13)	(5,026)
As at December 31	16,982	15,387
		- /
Movement in allegwance for impairment on group basis		
Movement in alloawance for impairment on group basis	4 007	004
As at January 1	1,037	684
Impairment for the year		
Additional impairment	1,308	1,570
(Release of impairment)	(1,518)	(1,217)
(Foreclosed assets)	(1,010)	(1,217)
	-	-
Foreign exchange gains/losses	-	-
(Written off receivables)	-	-
As at December 31	827	1,037
Total allowance for impairment	17,809	16,424
•	,	-)

In thousands of denars

Notes to the Financial Statements for the Year Ended December 31, 2017

22. Loans and advances (continued)

22.2 Loans and advances to other customers (continued)

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

D. Structure of loans and advances to other chemis by type			
	In thousands of denars		
	Current year 2017	Previous year 2016	
(current carrying amount of loans and advances)			
First-class security instruments			
Cash deposits (in vault and/or restricted in accounts held			
with the bank)	8,754	7,610	
Government securities	-	-	
Government unconditional guarantees	-	-	
Bank guarantees	-	-	
Guarantees from insurance companies and insurance policies	-	-	
Corporate guarantees(besides banks and guarantees from			
insurance companies)	-	-	
Guarantees from individuals	194,069	177,292	
Mortgage on real estate	-	-	
Property for private use(flats, houses)	-	-	
Property for business	-	-	
Pledge over movables	-		
Other types of collateral	20,652	26,106	
Unsecured	-	-	
Total la sua de la sua de sta sua de sua			
Total loans and advances to other customers, net of	000 175	044 000	
allowance for impairment	223,475	211,008	

23. Investments in securities

23.1 Investments in financial assets available for sale

A. Structure of the investments in financial assets available for sale according to type of financial instrument

Debt securities
Treasury bills
Government bills
Other instruments in the money market
Government bonds
Corporate bonds
Other equity investments
Quoted
Unquoted

Equity investments

Equity investments issued by banks Other equity investments

Quoted Unquoted

Total investment in financial instruments available for sale before impairment

(Allowance for impairment)

Total investment in financial instruments available for sale, net of allowance for impairment

In thousand	s of denars
Current year	Previous year
2017	2016
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

In thousands of denars				
Current year	Previous year			
2017	2016			
-	-			
-	-			
-	-			
-	-			
-	-			
-	-			
-	-			
-	-			

Movement in allowance for impairment As at January 1 Impairment for the year Additional impairment (Release of impairment) (Foreclosed assets) Foreign exchange gains/losses (Written off receivables) As at December 31

Notes to the Financial Statements for the Year Ended December 31, 2017

- 23. Investments in securities (continued)
- 23.1 Investments in financial assets available for sale (continued)
- B. Reclassified financial assets available for sale
- **B.1** Balance of reclassified assets available for sale

		Current year 2017		Previous	year 2016
	Reclassified amount	Carrying amount	Fair value	Carrying amount	Fair value
	(date of	31.12.2017	31.12.2017	31.12.2016	31.12.2016
In thousands of denars	reclassification)	(current year)	(current year)	(previous year)	(previous year)
Trading assets reclassified in 2017 (current year) in:					
 loans and advances to banks 	-	-	-	-	-
 loans and advances to other clients 	-	-	-	-	-
	-	-	-	-	-
Trading assets reclassified in 2016 (previous year) in:					
 loans and advances to banks 	-	-	-	-	-
 loans and advances to other clients 	-	-	-	-	-
	-	-	-	-	-

Investments in securities (continued)

23.

Notes to the Financial Statements for the Year Ended December 31, 2017

23.1	Investments in financial assets available for sale (continued)				
В.	Reclassified financial assets available for sale (continued)				
B.2	Gains and losses from the reclassified assets available for sale				
	In thousands of denars	Income statement 2017 (current year)	Other gains/ (losses) 2017 (current year)	Income statement 2016 (previous year)	Other gains/ (losses) 2016 (previous year)
Per	iod before reclassification	(current year)			
	ssets available for sale reclassified in loans and advances to banks				
	 Interest income Impairment of the financial assets, on net-basis 	-	-	-	-
	- changes in the fair value, on net-basis	-	-	-	-
	ssets available for sale reclassified in loans and advances to other customers				
	 Interest income Impairment of the financial assets, on net-basis 	-	-	-	-
	- changes in the fair value, on net-basis	-	-	-	-
		-	-	-	-
As	iod after reclassification ssets available for sale reclassified in loans and advances to banks				
	 Interest income Impairment of the financial assets, on net-basis 	-	-	-	-
	Amounts reversed from revaluation reserves	-	-	-	-
	ssets available for sale reclassified in loans and advances to other customers				
	 Interest income Impairment of the financial assets, on net-basis 	-	-	-	-
	- Amounts reversed from revaluation reserves	-	-	-	-
		-	-	-	-

Notes to the Financial Statements for the Year Ended December 31, 2017

23. Investments in securities (continued)

- 23.1 Investments in financial assets available for sale (continued)
- B. Reclassified financial assets available for sale (continued)
- B.3 Gains or losses which would have been recognized if the assets have not been reclassified

	Income Statement	Other gains/ (losses)	Income Statement	Other gains/ (losses)
	2017	2017	2016	2016
In thousands of denars	(current year)	(current year)	(previous year)	(previous year)
Assets available for sale reclassified in loans and				i /
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 	-	-	-	-
	-	-	-	-

Notes to the Financial Statements for the Year Ended December 31, 2017

23. Investments in securities (continued)

23.2 Investments in financial assets held to maturity

	In thousand	s of denars
	Current year	Previous year
	2017	2016
Debt securities		
Treasury bills	-	-
Government bills	-	-
Other instruments in the money market	-	-
Government bonds	-	-
Corporate bonds	-	-
Other debt securities	-	-
	-	-
Quoted	-	-
Unquoted	-	-
	-	-
Total investment in financial instruments held to maturity before impairment	-	-
(Impairment)	-	-
Total investment in financial instruments held to maturity after impairment	-	-

In thousands of denars					
Current year	Previous year				
2017	2016				
2017	2010				
_	_				
-	-				
-	-				
_	-				
-	-				
-	-				
-	-				
-	-				

Movement in allowance for impairment

As at January 1 Impairment for the year Additional impairment (Release of impairment) (Foreclosed assets) Foreign exchange gains/losses (Written of receivables) As at December 31

Notes to the Financial Statements for the Year Ended December 31, 2017

24. Investment in associates and subsidiaries

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

		In %			
		Share in ownership in %		Percentage of voting right	
		Current year Previous year		Current year	Previous year
Name of subsidiaries and associates	Country	2017	2016	2017	2016
-	-	-	-	-	-
-	-	-	-	-	-

B. Financial information for associates - 100%

	In thousands of denars						
Name of associates	Total assets	Total liabilities	Total capital and reserves	Income	Profit/(loss) for the financial year		
Current year 2017	_	_	_		_		
	-		-	_	-		
Previous year 2016	_	_	-	_	-		
	-	-	-	-	-		

25. Other receivables

	In thousand	ls of denars
	Current year 2017	Previous year 2016
Trade receivables Prepaid expenses Deferred income	- 59 -	- 59 159
Fees and commission receivables	230	229
Receivables from employees Advances for intangible assets Advances for property and equipment	-	-
Other (receivables representing more than 10% of the total other receivables)	_	_
Petty inventory	13	13
Stock of materials	76	48
Other receivables	30	32
Total other receivables before value allowance	408	540
(Allowance for impairment)	(128)	(81)
Total other receivables, net of allowance for impairment	280	459

In thousand	ls of denars
Current year 2017	Previous year 2016
81	107
291 (244)	237 (203)
-	-
-	(60)
128	81

Movement of allowance for impairment

Balance at January 1 Impairment loss for the year: additional impairment (release of impairment) (Foreclosed assets) Foreign exchange differences (Written-off receivables) Balance at December 31

26. Assets pledged as collateral

In thousand	ls of denars
Current year 2017	Previous year 2016
-	-
-	-
-	-

Debt securities Equity instruments Total collateralized assets

27. Foreclosed assets

In thousands of denars	Land	Buildings	Equipment	Residential buildings and	Other valuables	Total
In thousands of denais				apartments		
Beginning carrying amount						
As at January 1 2016 (previous year)	-	-	-	-	140	140
Foreclosed during the year	-	-	-	-	-	-
(sold during of the year)	-	-	-	-	-	-
(transfer into assets for own use)	-	-	-	-	-	-
As at December 31, 2016 (previous year)	-	-	-	-	140	140
As at January 1, 2017 (current year)	_	_	-	_	140	140
Foreclosed during the year	-	-	-	-	-	-
(sold during of the year)	-	-	-	-	-	-
(transfer into assets for own use)	-	-	-	-	-	-
As at December 31, 2017 (current year)	-	-	-	=	140	140
Impairment						
As at January 1, 2016 (previous year)	-	-	-	-	50	50
Impairment loss during the year	_	_	-	_	18	18
(sold during the year)	_	_	-	_	-	-
(transfer into assets for own use)	-	-	-	-	-	-
As at December 31, 2016 (previous year)	-	-	-	-	68	68
As at January 1, 2017 (current year)	-	-	-	-	68	68
Impairment loss during the year	-	-	-	-	72	72
(transfer into assets for own use)	-	-	-	-	-	-
(sold during the year)	-	-	-	-	-	-
As at December 31, 2017 (current year)	-	-	-	-	140	140
Net carrying amount	-	-	-	-	(50)	
As at January 1, 2016 (previous year)	-	-	-	-	(50) 72	(50) 72
As at December 31, 2016 (previous year)	-	-	-		12	12
As at December 31, 2017 (current year)	-	-	-	-	-	-

As at 31 December 2017, the carrying amount Saving House's foreclosed assets amounts to MKD zero thousand (2016: MKD 72 thousand). As at 31 December 2017, their fair value is in amount of MKD 140 thousand (2016: MKD 140 thousand).

28. Intangible assets

A. Reconciliation of the present carrying amount

	Internally developed software	Software from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in progress	Investments in intangible assets taken under lease	Non- controlling interest *	Total
In thousands of denars								
Purchase value								
As at January 1, 2016 (previous year)	-	4,234	-	-	-	-	-	4,234
Increases by new supplies	-	-	-	1,408	537	-	-	1.945
Increases by internal development	-	-	-	-	-	-	-	-
Increases by business combinations	-	-	-	-	-	-	-	-
(Disposal and write off) (disposal through business combination)	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-		-		-	-	-	-
Transfer from non-current assets held for sale	-	-	-	_	-	-	-	-
As at December 31, 2016 (previous year)	-	4,234	-	1,408	537	-	-	6,179
		.,		.,				
As at January 1, 2017 (current year)	-	4,234	-	1,408	537	-	-	6,179
Increases by new supplies	-	-	-	39	1,614	-	-	1.653
Increases by internal development	-	-	-	-	-	-	-	-
Increases by business combinations	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	-	-	-	-	-
(disposal through business combinations)	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sale)	-	-	-	-	-	-	-	-
As at December 31, 2017 (current year)	-	4,234	-	1,447	2,151	-	-	7,832

28. Intangible assets (continued)

A. Reconciliation of the present carrying amount (continued)

	Internally developed software	Software from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in progress	Investments in intangible assets taken under lease	Non- controlling interest *	Total
In thousands of denars Depreciation and impairment								
As at January 1, 2016 (previous year)	-	3,388	-	-	-	-	-	3,388
Depreciation for the year	-	410	-	105	-	-	-	515
Impairment loss during the year	-	-	-	-	-	-	-	-
(Release of impairment loss during the year) (Disposal and write off)	-	-	-	-	-	-	-	-
As at December 31, 2016 (previous year)	-	3,798	-	105	-	-	-	3,903
As at January 1, 2017 (current year)	-	3,798		105	-	-	-	3,903
Amortization for the year	-	243	-	142	-	-	-	385
Impairment loss during the year	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-
(Disposal and write off) Balance at December 31, 2017 (current year)	-	4,041	-	- 247	-	-	-	- 4,288
Current carrying amount		-,0+1	-	241	_			7,200
Balance at January 1, 2016 (previous year)	-	846	-	-	-	-	-	846
Balance at December 31, 2016 (previous								
year)	-	436	-	1,303	537		-	2,276
Balance at December 31, 2017 (current year)	-	193	-	1,200	2,151	-	-	3,544

*only for consolidated financial statements

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

In thousands of denars	Internally developed software	Software from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in progress	Investments in intangible assets taken under lease	Total
Present carrying value as at:							
As at December 31 2016 (previous year)	-	-	-	-	-	-	-
As at December 31 2017 (current year)	-	-	-	-	-	-	-

As at 31 December 2017, the Saving House does not have intangible assets on which there is a limitation of ownership and/ or are pledged as collateral for the liabilities of the Saving House.

Saving House FULM has concluded Agreement for Sub-Implementation of Project Support No. 03-96/1 with the Association of the Microfinance Organizations (MFO) from Skopje for the purpose of achieving the goals of the project "Inclusion and innovation in microfinance".

The activities of the Saving House (that has the role of a sub-implementor) are funded by the Project.

As a result of these activities, intangible assets are purchased in the amount of MKD 1,384 thousand that were put into use. Intangible assets include intangible assets in progress in the amount of MKD 2,151 thousand for software that has not been put into use as of the balance sheet date.

29. Property and equipment

A. Reconciliation of the carrying amount

In thousands of denars	Land	Buildings	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in progress	Investments in property and equipment taken under lease	Total
Purchase value									
As at 1 January 2016 (previous year)	-	22,254	1,666	7,238	287	-	-	6	31,451
Increases	-	-	-	778	7	-	-	-	785
Increase through business combinations	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(210)	-	-	-	-	(210)
(Disposal through business combinations)	-	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
As at 31 December 2016 (previous year)	-	22,254	1,666	7,806	294	-	-	0	32,026
As at 1 January 2017 (current year)	-	22,254	1,666	7,806	294	-	-	6	32,026
Increases	-		-	886		-	-	-	886
Increase through business combinations	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(56)	-	-	-	-	(56)
(Disposal through business combinations)	-	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
As at 31 December 2017 (current year)	-	22,254	1,666	8,636	294	-	-	6	32,856

Notes to the Financial Statements for the Year Ended December 31, 2017

29. Property and equipment (continued)

A. Reconciliation of the carrying amount (continued)

	Land	Buildings	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in progress	Investments in property and equipment taken under lease	Total
In thousands of denars					•••				
Depreciation and impairment									
As at 1 January 2016 (previous year)	-	5	1,666	5,968	200	-	-	2	7,841
Depreciation for the year	-	556	-	474	13	-	-	1	1,044
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(210)	-	-	-	-	(210)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer for non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	- 3	-
Balance at 31 December 2016 (previous year)	-	561	1,666	6,232	213	-	-	3	8,675
Balance at 1 January 2017 (current year)		561	1,666	6,232	213	_	-	3	8,675
Depreciation for the year	_	556	1,000	493	13			1	1,063
Impairment loss during the year	_		_		-	_	_	- -	1,005
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(56)	-	-	-	-	(56)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer for non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Balance at 31 December 2017 (current year)	-	1,117	1,666	6,669	226	-	-	4	9,682
Current carrying amount									
As at 1 January 2016 (previous year)	-	22,249		1,270	87	-		4	23,610
As at 31 December 2016 (previous year)	-	21,693		1,574	81	-	-	3	23,351
As at 31 December 2017 (current year)	-	21,137		1,967	68	-	-	2	23,174

Notes to the Financial Statements for the Year Ended December 31, 2017

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

	Land	Buildings	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in progress	Investments in property and equipment taken under lease	Total
In thousands of denars									
Carrying amount:									
As at 31 December 2016 (previous year)	-	21,693	-	-	-	-	-	-	21,693
As at 31 December 2017 (current year)	-	21,137	-	-	-	-	-	-	21,137

As at 31 December 2017 and 31 December 2016, all of the property, plant and equipment are owned by the Saving House.

On 29 December 2015, the Saving House acquired real estate at St. Cyril and Methodius no. 48 Skopje with a cost value in amount of MKD 22,254 thousand which is pledged as collateral to the obligations under the long-term loan obtained from Komercijalna Banka AD Skopje (see note 36).

As at 31 December 2017, the carrying amount of the pledged real estate is in amount of MKD 21,137 thousand (2016: MKD 21,693 thousand).

Notes to the Financial Statements for the Year Ended December 31, 2017

30. Current and deferred tax assets and liabilities

30.1 Current tax assets and current tax liabilities

In thousands of denars					
Current year	Previous year				
2017	2016				
-	-				
32	11				

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

30.2 Deferred tax assets and deferred tax liabilities

A. Recognized deferred tax assets and deferred tax liabilities

	С	urrent year 201	7	Pro	evious year 2	016
	Deferred tax assets	(Deferred tax liabilities)	On net basis	Deferred tax assets	(Deferred tax liabilities)	On net basis
In thousands of denars						
Derivative assets held for risk management Loans and advances to banks Loans and advances to other customers Investments in securities	-	- - -	-	- - -	- - -	- - -
Intangible assets	-	-	-	-	-	-
Property and equipment Other receivables	-	-	-	-	-	-
Derivative liabilities held for risk management Other liabilities Unutilized tax losses and unutilized	-	-	-	-	-	-
tax loans	-	-	-	-	-	-
Other Deferred tax assets/liabilities	-	-	-	-	-	-
recognized in the income statement	-	-	-	-	-	-
	-	-	-	-	-	-
Investments in financial assets available for sale Protection against cash flow risk	-	-	-	-	-	-
Deferred tax assets liabilities recognized in the capital	_	_	-	-	-	_
Total recognized deferred tax assets/liabilities	-	-	-	-	-	-

Notes to the Financial Statements for the Year Ended December 31, 2017

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

30.2 Deferred tax assets and deferred tax liabilities (continued)

B. Unrecognized deferred tax assets

	In thousan	ds of denars
	Current year	Previous year
	2017	2016
Tax losses	-	-
Tax credits	-	-
Total unrecognized deferred tax assets	-	-

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

	As at	Income	Capital	As at
In thousands of denars	January 1	statement	Capital	December 31
Previous year 2016				
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to other clients	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unutilized tax losses and utilized tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available for sale	-	-	-	-
Protection against cash flow risk	-	-	-	-
Total recognized deferred tax assets-liabilities	-	-	-	-
Current year 2017				
Derivative assets held for risk management	-	-	-	-
Placement with and loans to banks	-	-	-	-
Placements with and loans to other clients	-	-	-	-
Investment in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unutilized tax losses and unutilized tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available for sale	-	-	-	-
Protection against cash flow risk	-	-	-	-
Total recognized deferred tax assets/liabilities	-	-	-	-

Notes to the Financial Statements for the Year Ended December 31, 2017

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

A. Non-current assets held for sale

	In thousand	s of denars
	Current year	Previous year
	2017	2016
Intangible assets	-	-
Property and equipment	-	-
Total non-current assets held for sale	-	-

B. Disposal group

	In thousand	s of denars
	Current year	Previous year
	2017	2016
Group of assets for disposal		
Financial assets	-	-
Intangible assets	-	-
Property and equipment	-	-
Investment in associates	-	-
Income tax receivables	-	-
Other assets		-
Total group of assets for disposal	-	-
Liabilities directly related to the group of assets for disposal		
Financial liabilities	-	-
Special reserve	-	-
Income tax liabilities	-	-
Other liabilities	-	-

Total liabilities directly related to the group of assets for disposal

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

In thousands of denars			
Current year	Previous year		
2017	2016		
-	-		

-

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

32. Trading liabilities

	In thousands of denars		
	Current year 2017	Previous year 2016	
Deposits from banks			
, Current accounts, demand deposits and overnight deposits	-	-	
Time deposits	-	-	
Other deposits	-	-	
	-	-	
Deposits from other clients			
Current accounts, demand deposits and overnight deposits Time deposits	-	-	
Other deposits	-	-	
	-	-	
Issued debt securities			
Money market instruments	-	-	
Deposit certificates	-	-	
Issued bonds Other	-	-	
Oulei	-	-	
Other financial liabilities	-	-	
Trading derivatives			
Agreements depending on interest rate change	-	-	
Agreements depending on exchange rate change	-	-	
Agreements depending on the securities price change Other agreements that fulfil the IAS 39 criteria	-	-	
Other agreements that fulling the IAS 59 chiefla	-	-	
Total trading liabilities	-	-	

33. Financial liabilities at fair value through profit and loss determined as such at initial recognition

	In thousands of denars					
	Current ye	ear 2017	Previous year 2016			
	Current carrying amount	Contractual value, paid at maturity	Current carrying amount	Contractual value, paid at maturity		
Deposits from banks Current accounts, demand deposits and overnight deposits Time deposits Other deposits	- - -	- - -	- - -			
Deposits from other clients Current accounts, demand deposits and overnight deposits Time deposits Other deposits	-	-	-	- - - -		
Issued debt securities Money market instruments Deposit certificates Issued bonds Other		- - - - - -	- - - - - - - -	- - - - - -		
Subordinated debt Other financial liabilities	-	-	-	-		
Total financial liabilities at fair value through the profit and loss determined as such at initial recognition			-			

34. Deposits

34.1 Deposits from banks

	In thousands of denars				
	Current ye	ar 2017	Previous year 2016		
	Short-term	Long-term	Short-term	Long-term	
Current accounts					
domestic banks	-	-	-	-	
foreign banks	-	-	-	-	
Demand deposits	-	-	-	-	
domestic banks	-	-	-	-	
foreign banks	-	-	-	-	
Time deposits	-	-	-	-	
domestic banks	-	-	-	-	
foreign banks	-	-	-	-	
Restricted deposits	-	-	-	-	
domestic banks	-	-	-	-	
foreign banks	-	-	-	-	
Other deposits	-	-	-	-	
domestic banks	-	-	-	-	
foreign banks	-	-	-	-	
Deposit interest liabilities	-	-	-	-	
domestic banks	-	-	-	-	
foreign banks	-	-	-	-	
Current maturity	-	-	-	-	
Total deposits from banks	-	-	-	-	

34. Deposits (continued)

34.2 Other deposits

	In thousands of denars					
	Current yea		Previous y	ear 2016		
	Short-term	Long-term	Short-term	Long-term		
Non-financial companies		-				
Current accounts	-	-	-	-		
Demand deposits	-	-	-	-		
Time deposits	-	-	-	-		
Restricted deposits	-	-	-	-		
Other deposits	-	-	-	-		
Interest payable on deposits	-	-	-	-		
	-	-	-			
Government						
Current accounts	-	-	-	-		
Demand deposits	-	-	-	-		
Time deposits	-	-	-	-		
Restricted deposits	-	-	-	-		
Other deposits	-	-	-	-		
Interest payable on deposits	-	-	-	-		
	-	-	-			
Non-profit institutions in service of households						
Current accounts	-	-	-	-		
Demand deposits	-	-	-	-		
Time deposits	-	-	-	-		
Restricted deposits	-	-	-	-		
Other deposits	-	-	-	-		
Interest payable on deposits	-	-	-	-		
	-	-	-			
Financial companies, other than banks						
Current accounts	-	-	-	-		
Demand deposits	-	-	-	-		
Time deposits Restricted deposits	-	-	-	-		
Other deposits	-	-	-	-		
Interest payable on deposits	-	-	-	-		
interest payable on deposits	-	-	-	-		
Households	-	-	•			
Current accounts	_	_	_	_		
Demand deposits	3,834		3,896			
Time deposits	29,208	126,693	27,143	106,114		
Restricted deposits	1,686	18,520	1,818	16,380		
Other deposits	-	-		-		
Interest payable on deposits	958	_	963	_		
······	35,686	145,213	33,820	122,494		
Non-residents, other than banks		-, -	,	, , ,		
Current accounts	-	-	-	-		
Demand deposits	-	-	-	-		
Time deposits	-	-	-	-		
Restricted deposits	-	-	-	-		
Other deposits	-	-	-	-		
Interest payable on deposits	-	-	-	-		
Current maturity	64,157	(64,157)	54,234	(54,234)		
Total other deposits	99,843	81,056	88,054	68,260		

35. Issued debt securities

	In thousands of denars		
	Current year 2017	Previous year 2016	
Money market instruments	-	-	
Deposit certificates	-	-	
Issued bonds	-	-	
Other	-	-	
Interest payable on issued securities	-	-	
Total issued debt securities	-	-	

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36. Borrowings

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

		In thousands of	denars	
	Current	year 2017	Previous y	ear 2016
	Short-term	Long-term	Short-term	Long-term
Banks				
Residents				
Loans payable	2	9,822	-	11.051
Repo-transactions	-	-	-	-
Interest payables	5	-	6	-
Non-residents				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Non-financial companies				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Government				
Loans payable	-	230	-	838
Repo-transactions	-	-	-	-
Interest payables	-	-	1	-
Non-profit institutions in service of				
households				
Loans payable	-	-	-	-
Interest payables	-	-	-	-
Financial companies, other than banks				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Nonresidents, except for banks				
Non-financial entities				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables Government	-	-	-	-
Loans payable				
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Non-profit institutions in service of	-	-	-	-
households				
Loans payable				
Repo-transactions				
Interest payables				
Financial companies, other than		_	_	_
banks				
Loans payable	_	_	-	_
Repo-transactions	_	_	_	_
Interest payables		<u> </u>	<u>-</u>	_
Households				
Loans payable		_		
Interest payables				
Current maturity	1,464	(1,464)	1,879	(1,879)
Total loans payable	1,471	8,588	1,886	10,010

36. Borrowings (continued)

B. Borrowings according to the creditor

	In thousands of denars				
	Current y	/ear 2017	Previous year 2016		
	Short-term	Long-term	Short-term	Long-term	
domestic sources:					
MBPR	-	230	1	838	
Komercijalna Banka	7	9,822	6	11,051	
	7	10,052	7	11,889	
foreign sources:					
Current maturity	1,464	(1,464)	1,879	(1,879)	
Total borrowings	1,471	8,588	1,886	10,010	

On 29 December 2003, the Saving House concluded agreement for framework commission-loan in the amount of EUR 200,000 with Sparkasse Bank for placement of funds of the credit line of IFAD-2 for support of agriculture in the Republic of Macedonia (MBDP) under the following conditions:

- maturity according the cumulative amortization plans with the final users;
- Annual interest rate of 1.3%.

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

On 29 December 2015, the Saving House concluded a long-term Loan Agreement in the amount of MKD 12,340 thousand with Komercijalna Banka AD Skopje with a maturity of 120 months and interest rate determined of the reference rate of NBRM + 2.25 percentage points annualy. The loan is secured with pledge of real estate (see note 29).

37. **Subordinated liabilities**

	In thousands of denars		
	Current year 2017	Previous year 2016	
Subordinated deposits liabilities Interest payables	-	-	
	-	-	
Subordinated loans liabilities	-	-	
Interest payables	-	-	
	-	-	
	-	-	
Subordinated issued debt securities liabilities			
Interest payables	-	-	
	-	-	
Redeemable preference shares	-	-	
	-	-	
Total subordinated debt	-	-	

Notes to the Financial Statements for the Year Ended December 31, 2017

38. Special reserves and provisions

	Special reserves for off-balance sheet credit exposures	Provisions for contingent liabilities based on litigations	Provisions for pensions and other employee benefits	Provisions for restructuring	Provisions for unfavorable agreements	Other provisions	Total
In thousands of denars							
Balance as at January 1, 2016 (previous year)	-	-	-		-	-	-
Additional provisions during the year (provisions used during the year) (release of provisions during the year)	-	-	-	-	-	-	-
As at December 31, 2016 (previous year)	-	-	-	-	-	-	-
Balance as at January 1, 2017 (current year)	-	-	-			-	-
Additional provisions during the year (provisions used during the year)	-	-	292 -	-	-	-	292 -
(release of provisions during the year) As at December 31, 2017 (current year)	-	-	- 292	-	-	-	- 292

In 2017, the Saving House provided provisions for the long term employee benefits consisted of retirement benefits and jubilee awards in the total amount of MKD 292 thousand.

39. Other liabilities

	In thousands	s of denars
	Current year 2017	Previous year 2016
Trade payables	248	265
Received advances	-	-
Fee and commission liabilities	20	30
Accrued expenses	-	-
Deferred income from previous years	47	75
Short - term liabilities to employees	-	-
Short - term liabilities for employee benefits	-	-
Other: (liabilities more than 10% of the total other liabilities)		
other liabilities - payments from loans in litigation	-	
deferred revenue - a project	3,292	1,837
liabilities for claims taken	1,641	5,987
Other	44	47
Total other liabilities	5,292	8,241

On 2 April 2016, the Saving House undertook loans receivables according the Agreement for undertaking loans and regulating the repayments of undertaken receivables (loan portfolio) no. 03-326 / 1 in the amount of MKD 15,880 thousand, and created liability in the amount of MKD 15,880 thousand for using a monetary claim with 3% fee of the amount of undertaken receivables based on principal on the date of signing the Agreement. During the year, the Saving House reduced the liability for MKD 4,187 thousand (2016: 10,052 thousand denars). As at 31 December 2017, liabilities upon principal amounts MKD 1,641 thousand (2016: MKD 5,828 thousand).

On 20 January 2016, Saving House concluded Agreement for Sub-Implementation of Project Support No. 03-96/1 with the Union of Microfinance Organizations (MFO) from Skopje in order to achieve the objectives of the project "Inclusion and innovation in microfinance", where the Saving House is a sub-implementer, for which MFO has concluded a Co-operative agreement with USAID number AID-165 -A-15-00001 from 28 September 2015 with project number 07 / 12-15 / 2743, recorded in the Secretariat for European Affairs. On the basis of the relevant contractual provisions, the MFI provided amounts of USD 172,771 to the Saving House.

The activities of the Saving House (where acts as sub-implementor) are funded by the Project. During 2017, for the aims of the Project, the Saving House requested and used USD 55,674 (2016: 73,644 USD) and acquired PPE and intangible assets (software licenses, small inventory) and other expenses. In accordance with the contractual provisions, the PPE and intangible assets acquired within the Project are in ownership by the sub-implementer. On 28 September 2016, the Saving House concluded Software Implementation Agreement no. 03-518 / 1 with ASPEKT DOO Skopje, for which part of the funds in amount of MKD 1,613 thousand (2016: MKD 537 thousand) were used for the preparation of the intangible asset for business purposes.

39. Other liabilities (continued)

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

Other received funds from the Project are recognized as income at the moment of the acquisition or at the moment when the service is being rendered.

40. Subscribed capital

Α. Subscribed capital

[In den	ars		Number of iss	ued shares		In thousand	ls of denars
	Nominal value	e per share	Ordinar	y shares		ce shares eemable	Total subsci	ibed capital
	Ordinary shares	Preference shares - non- redeemable	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016	Current year 2017	Previous year 2016
As at 1 January – fully paid Subscribed shares during the year	-	-	-	-	-	-	75,607	75,607 -
Realization of share options Division/ increase of nominal value per share	-	-	-	-	-	-	-	-
Other changes during the year As at 31 December – fully paid	-	-	-	-	-	-	- 75,607	- 75,607

- 40. Subscribed capital (continued)
- B. Dividends
- B.1 Announced and paid dividends by the Saving House

In thousa	nds of denars
Current year 2017	Previous year 2016
-	-

In	denars
Current year 2017	Previous year 2016
-	-
-	-

Declared dividends and paid dividends for the year

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	Previous year		
2017	2016		
-	-		

In denars				
Current year 2017	Previous year 2016			
-	-			
-	-			

Dividend per ordinary share Dividend per preference share

Announced dividends after December 31

Dividend per ordinary share Dividend per preference share

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

	In thousand	s of denars	In %		
	Current year Previous year 2017 2016		Current year 2017	Previous year 2016	
Shareholder's name	Subscribed capital (nominal value)	Subscribed capital (nominal value)	voting right	voting right	
ZG FULM Skopje	75,607	75,607	100%	100%	
Total	-	-	-	-	

40. Subscribed capital (continued)

Statutory reserve

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

41. Earnings per share

Α. Basic earnings per share

	In thousands of denars		
	Current year 2017	Previous year 2016	
Net - Profit attributable to holders of ordinary shares Net profit for the year Dividend for non-redeemable priority shares Correction of net profit entitled to the holders of the ordinary shares (list separately)	-		
Net profit attributable to holders of ordinary shares	-		

Number of shares				
Current year	Previous year			
2017	2016			
-	-			
-	-			
-	-			
-	-			

Weighted average number of ordinary shares Issued ordinary shares as of January 1 Effects of the changes in the number of ordinary shares during the year(list separately)

Weighted average number of ordinary shares on 31 December Basic earnings per share (in denars)

В. Diluted earnings per share

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

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

Weighted average number of the ordinary shares (diluted) Ordinary shares issued on 1 January

Effect from issue of potential ordinary shares(list separately) Weighted average number of the ordinary shares (diluted) on 31 December

Diluted earnings per share (in denars)

In thousands of denars				
Current year Previous year				
2017	2016			
-	-			
-	-			
-	-			

Number of shares				
Current year 2017	Previous year 2016			
-	-			
-	-			
-	-			

42. Contingent liabilities and contingent assets

Foreclosed liabilities

As at 31 December 2017, the Saving House did not have capital commitments undertaken (2016: none).

Litigation

As at 31 December 2017, no provisions for potential losses for any litigations have been recorded. The Saving House management regularly analyzes the possible risks of losses that may arise from litigations or claims against the Saving House in the future. Although the outcome of these matters can not always be determined with certainty, the Saving House Management believes that they will not result in material amounts.

42.1 Contingent liabilities

	In thousands of denars		
	Current year 2017	Previous year 2016	
Unsecured payment guarantees			
in denars	-	-	
in foreign currency	-	-	
in denars with foreign currency clause	-	-	
Unsecured performance guarantees			
in denars	-	-	
in foreign currency	-	-	
in denars with foreign currency clause	-	-	
Unsecured letter of credit			
in denars	-	-	
in foreign currency	-	-	
in denars with foreign currency clause	-	-	
Unused overdraft on current accounts	-	-	
Unused credit card limits	-	-	
Foreclosed liabilities for crediting and unused credit limits	-	-	
Issued secured guarantees	-	-	
Covered letter of credit	-	-	
Other secured contingent liabilities	-	-	
Total contingent liabilities before special reserve	-	-	
(Special reserve)	-		
Total contingent liabilities less special reserve	-	-	

42. Contingent liabilities and contingent assets (continued)

42.2 Contingent assets

In thousands of denars				
Current year	Previous year			
2017	2016			
-	-			
-	-			

List separately the more significant contingent assets: **Total contingent assets**

43. Operations on behalf and for account of third parties/commission operations

	In thousands of denars					
	Current year 2017			Previous year 2016		
	Assets	Liabilities	Net position	Assets	Liabilities	Net position
	ASSEIS	LIADIIILIES	position	Assels	LIADIIILIES	position
Administration of assets on behalf and for account of third parties						
Denar deposits	-	-	-	-	-	-
Foreign currency deposits	-	-	-	-	-	-
Denar loans	-	-	-	-	-	-
Foreign currency loans	-	-	-	-	-	-
Other Denar receivables	-	-	-	-	-	-
Other foreign currency receivables Asset management on behalf and for	-	-	-	-	-	-
account of third parties	-	_	-	-	-	_
Denar deposits	-	-	-	-	-	_
Foreign currency deposits	-	-	-	-	-	-
Denar loans	-	-	-	-	-	-
Foreign currency loans	-	-	-	-	-	-
Other Denar receivables	-	-	-	-	-	-
Other foreign currency receivables	-	-	-	-	-	-
Trust accounts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-

44. Transactions with related parties

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

A. Balance sheet

In thousands of denars	Parent company	Subsidiaries	Associates	Key management personnel	Other related parties	Total
As at 31 December 2017 (current year)						
Assets						
Current accounts						
Trading assets	-	-	-	-	-	-
Loans and receivables						
mortgage loans	-	-	-	-	-	-
consumer loans	-	-	-	-	-	-
Financial lease receivables	-	-	-	-	-	-
Factoring and forfeiting of receivables	-	-	-	-	-	-
other loans and receivables	-	-	-	-	-	-
Investment in securities	-	-	-	-	-	-
(Allowance for impairment)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	-	-	-	-	-	-
Liabilities						
Trading liabilities	-	-	-	-	-	-
Deposits	-	-	-	1,255	-	1,255
Issued securities	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Other liabilities	-	-	-	-	4	4
Total	-	-	-	1,255	4	1,259

Notes to the Financial Statements for the Year Ended December 31, 2017

44. Transactions with related parties (continued)

A. Balance sheet (continued)

In thousands of denars	Parent company	Subsidiaries	Associates	Key management personnel	Other related parties	Total
As at 31 December 2017 (current year) Contingent liabilities Issued guarantees	-	-	-	-	-	-
Issued letters of credit Other contingent liabilities (Provision)	-	-	-	-	-	-
Total	-	-	-	-	-	-
Contingent assets Received guarantees Other contingent assets	-	-	-	-	-	- - -
Total						

In thousands of denars	Parent company	Subsidiaries	Associates	Key management personnel	Other related parties	Total
As at 31 December 2016 (previous year)						
Assets						
Current accounts	-	-	-	-	-	-
Trading assets	-	-	-	-	-	-
Loans and receivables						
mortgage loans	-	-	-	-	-	-
consumer loans	-	-	-	-	-	-
claims under financial leasing	-	-	-	-	-	-
Factoring and forfeiting of receivables	-	-	-	-	-	-
other loans and receivables	-	-	-	-	-	-
Investment in securities	-	-	-	-	-	-
(Allowance for impairment)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes to the Financial Statements for the Year Ended December 31, 2017

44. Transactions with related parties (continued)

A. Balance sheet (continued)

	Parent company	Subsidiaries	Associates	Key management personnel	Other related parties	Total
Liabilities						
Trading liabilities	-	-	-	-	-	-
Deposits	-	-	-	991	-	991
Issued securities	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Subordinated debt	-	-	-	-		-
Other liabilities	-	-	-	-	/	/
Total	-	-	-	991	7	998
Contingent liabilities						
Issued guarantees	-	-	-	-	-	-
Issued letters of credit	-	-	-	-	-	-
Other contingent liabilities	-	-	-	-	-	-
(Special reserve)	-	-	-	-	-	-
Total	-	-	-	-	-	-
	-	-	-	-	-	-
Contingent assets	-	-	-	-	-	-
Received guarantees	-	-	-		-	-
Other contingent assets	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes to the Financial Statements for the Year Ended December 31, 2017

44. Transactions with related parties (continued)

B. Income and expenditures arising from related party transactions

In thousands of denars	Parent company	Subsidiaries	Associates	Key management personnel	Other related parties	Total
As at 31 December 2017 (current year)						
Income Interest Income	_	_	-	-		_
Income from fees and commissions	-	-	-	-	-	-
Net gains from trading	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from sale of non-current assets	-	-	-	-	-	-
Other income Transfers between entities	-	-	-	-	-	-
Total	-	-	-	-	-	-
Expense						
Interest expense	-	-	-	63	-	63
Fees and commissions expense Net trading losses	-	-	-	-	-	-
Expenditures for procurement of non-current assets	-	-	-	-	-	-
Impairment of financial assets, on net basis	-	-	-	-	-	-
Other expenditures Transfers between entities	-	-	-	-	-	-
Total	-	-	-	63	-	63

Notes to the Financial Statements for the Year Ended December 31, 2017

44. Transactions with related parties (continued)

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

As at 31 December 2016 (previous year) IncomeIncomeIncomeIncomeInterest IncomeIncome from fees and commissions400Net gains from trading400Dividend income400Capital gains from sale of non-current assetsOther incomeTransfers between entitiesExpanse400Expanse	400	- 400 - - -	-		-		Income Interest Income Income from fees and commissions Net gains from trading
Interest IncomeIncome from fees and commissions400Net gains from trading400Dividend incomeCapital gains from sale of non-current assetsOther incomeTransfers between entitiesTotal400	400	- 400 - - -	-		-	-	Interest Income Income from fees and commissions Net gains from trading
Income from fees and commissions400Net gains from tradingDividend incomeCapital gains from sale of non-current assetsOther incomeTransfers between entitiesTotal400) 400 	400 - - -	-		-	-	Income from fees and commissions Net gains from trading
Net gains from tradingDividend incomeCapital gains from sale of non-current assetsOther incomeTransfers between entitiesTotal400		-	-	-	-	-	Net gains from trading
Dividend incomeCapital gains from sale of non-current assetsOther incomeTransfers between entitiesTotal400		-	-	-	-	-	
Other incomeTransfers between entitiesTotal400		-	-	-	_		Dividend income
Other incomeTransfers between entitiesTotal400		-	_			-	Capital gains from sale of non-current assets
Total 400			-	-	-	-	
		-	-	-	-	-	Transfers between entities
Expanso	400	400	-	-	-	-	Total
							Funemen
Interest expense 35 -	- 35		35			-	Expense Interest expense
Fees and commissions expense - - - - -				-	-	_	
Net trading losses		-	-	-	-	-	
Expenditures for procurement of non-current assets		-	-	-	-	-	
Impairment of financial assets, on net basis		-	-	-	-	-	•
Other expenditures - - - - - Transfers between entities - - - - -	· -	-	-	-	-	-	•
Total - - - - - Total - - - 35 -	· I –	-	35	-	-	-	

44. Transactions with related parties (continued)

C. Remuneration for the management of the Saving House

	In thousan	ds of denars
	Current year 2017	Previous year 2016
Short-term benefits for employees	6,070	5,676
Benefits after employment termination	-	-
Benefits due to employment termination	-	-
Payments to employees on the basis of shares, settled by equity		
instruments	-	-
Payments to employees on the basis of shares, settled by monetary		
funds	-	-
Other (more than 10%)	-	-
Payments to members of the Single parent	868	719
Total	6,938	6,395

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

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

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

- 45. Leases
- A. Lessor

A.1 Receivables from financial leases

	Total finance	Maturity peri	od for financial lease	receivables
	lease			
In thousands of denars	receivables	Up to 1 year	From 1 to 5 years	Over 5 years
As at 31 December 2017 (current year)				
The present value of the minimum lease				
payments	-	-	-	-
Total	-	-	-	-
As at 31 December 2016 (previous year)				
The present value of the minimum lease				
payments	-	-	-	-
Total	-	-	-	-

A.2 Receivables from irrevocable operating leases

	Total finance	Maturity peri	iod for financial lease	e receivables
	lease			
In thousands of denars	receivables	Up to 1 year	From 1 to 5 years	Over 5 years
As at 31 December 2017 (current year)	-	-	-	-
The present value of the minimum lease				
payments	-	-	-	-
Total	-	-	-	-
As at 31 December 2016 (previous year)	-	-	-	-
The present value of the minimum lease				
payments	-	-	-	-
Total	-	-	-	-

A.2 Receivables from irrevocable operating leases (continued)

In thousands of denars	Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Total
Value of property given under operating lease:							
As at 31 December 2017 (current year)	-	-	-	-	-	-	-
As at 31 December 2016 (previous year)	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

B. Lessee

B.1 Liabilities from financial leases

	Total finance	Maturity period	for financial lea	ase receivables
	lease	Up to	From	Over
In thousands of denars	receivables	1 year	1 to 5 years	5 years
As at 31 December 2017 (current year)	-	-	-	-
Total	-	-	-	-
As at 31 December 2016 (previous year)	-	-	-	-
Total	-	-	-	-

- 45. Leases (continued)
- B. Lessee (continued)
- B.1 Liabilities from financial leases (continued)

In thousands of denars	Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Total
Accumulated depreciation and impairment							
Balance at January 1, 2016 (previous year)	-	-	-	-	-	-	-
depreciation for the year	-	-	-	-	-	-	-
impairment loss during the year	-	-	-	-	-	-	-
(release of impairment loss during the year)	-	-	-	-	-	-	-
(disposal and write-offs) Other	-	-	-	-	-	-	-
Balance at December 31, 2016 (previous year)	-	-	-	-	-	-	-
Balance at January 1, 2017 (current year)	-	-	-	-	-	-	-
depreciation for the year	-	-	-	-	-	-	-
impairment loss during the year	-	-	-	-	-	-	-
(release of impairment loss during the year)	-	-	-	-	-	-	-
(disposal and write-offs) Other	-	-	-	-	-	-	-
Balance at December 31, 2017 (current year)	-	-	-	-	-	-	-
Current carrying amount	-	-	-	-	-	-	-
At January 1, 2016 (previous year)	-	-	-	-	-	-	-
At December 31, 2016 (previous year)	-	-	-	-	-	-	-
At December 31, 2017 (current year)	-	-	-	-	-	-	-

45. Leases (continued)

B. Lessee (continued)

B.2 Irrevocable operating lease liabilities

	Total finance	Maturity period for	financial lease	e receivables
	lease	Up to	From 1 to 5	Over
In thousands of denars	receivables	1 year	years	5 years
Balance at December 31, 2017 (current year) The present value of the minimum lease payments	244	244	-	-
The present value of the minimum lease payments	-	-	-	-
Total	244	244	-	-
Balance at December 31, 2016 (previous year)	235	235	-	-
The present value of the minimum lease payments	-	-	-	-
	-	-	-	_
Total	235	235	-	-

46. Share based payments

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

In thousands of denars						
Current y	Current year 2017 Previous year 2016					
-	-	-	-			
-	-	-	-			
-	-	-	-			
-	-	-	-			
-	-	-	-			
-	-	-	-			
-	-	-	-			
-	-	-	-			

	Current	year 2017	Previous	s year 2016
	Number of options for share	Weighted average prices of options for share	Number of options for share	Weighted average prices of options for share
As at 1 January	-	-	-	-
Changes during the year:				
options given to the members of Supervisory				
Board	-	-	-	-
options given to the members of Board of				
Directors	-	-	-	-
other given options	-	-	-	-
forfeited options	-	-	-	-
realized options	-	-	-	-
options with expired deadline	-	-	-	-
As at 31 December	-	-	-	-

47. Subsequent events

No material events subsequent to the reporting date have been identified that may require disclore or correction to the financial statements.

Annual Report on operation Saving House FULM doo Skopje Sv. Kiril i Metodij 48, Skopje *4030999359702* According article 240 paragraph 2, article 352 paragraph 1, article 384 paragraph 7, article 477 paragraph 6 from the Law on Trading Companies, the following is:

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about the operations of the Saving House FULM for 2017

As at Balance Sheet date (before distribution of profits for the year ended 31 December 2017), total on – balance and off – balance assets, liabilities and equity amounted MKD 359,892,555.00 (31.12.2016 – MKD 339,394,963.00). Total income for the same period ended 31 December 2017 amounted MKD 42,161,079.00 (31.12.2016 – MKD 40,447,878.00) with total expenses in amount of MKD 41,042,644.00 (31.12.2016 – MKD 39,396,676.00), whereas the profit before tax for the fiscal year ended is in amount of MKD 1,118,435.00 (31.12.2016 – MKD 1,051,202.00), and net profit – profit after tax for 2017 is in amount of MKD 939,756.00 (31.12.2016 – MKD 906,429.00).

The business year lasted 12 months, covering the accounting period from 01.01.2017 to 31.12.2017.

1. The main factors that influenced the determination of the operations of the Saving House and changes in environment of the Saving House

The Saving House FULM is a financial institution which is specialized for operating in the area of micro loans and micro deposits from individuals. The lack of such type of financial services is the main factor for determining the operations of the Saving House FULM. During 2017, the lending to the creditworthy individuals has increased, and at the same time the credit risk related to defaulted clients with late or incomplete payments has decreased. During the year, the Saving House noted increase in the saving deposits, partially due to the determination of fixed interest rates, and also due to decreased interest rates in the banking sector and in the Saving House as well. During 2017, the Saving House continued to comply with the Decision for terms and condition of operations of the Saving Houses and the Decision for safety of the saving houses' information system, which resulted in additional substantial investing in the Saving House's information system.

2. Response of the Saving House to the changes and their influence

In order to respond to the changes in business environment during 2017, we continued with introduction of innovative products for lending and saving, made an addition and modification to the existing products, there has been an increased marketing campaign for lending and saving (especially through internet and social media), and we approached towards realization of a new one DCA program for simplified approach to the credit lines in rural areas in conditions of the post effect of the financial crisis. In 2017, in order to enhance the working conditions and safety of the information system which is required by the new Decision for safety of the saving houses' information system, the Saving House continued with implementation of new banking integrated software package. In 2017 the number of employees has increased for 2 (two) employees compared to the previous year.

3. A policy for maintenance investing and support of the Saving House's success

During 2017, the Saving House FULM acquired new intangible assets, PPE, and petty inventory in amount of MKD 2,537,795.00 (31.12.2016 – MKD 2,730,235.00), purchased technical equipment for technical upgrading of headquarter and Branches, in order to comply with the regulation on information systems' safety issued by the NBRM.

4. A policy on source of funds of the Saving House

In accordance with the Saving House's policies, the most of the achieved positive results from operations are realized from own funds. We have timely repaid borrowed funds from IFAD and PSDL credit lines. In 2017, the Saving House as an implementer of the Project for Financial inclusion and innovations in the micro-financing, acquired liquid funds in amount of MKD 3,175,357.00, in order to comply with the regulation on information systems' safety issued by the NBRM.

5. A policy on long-term debt – equity ratio

According the Decision for distribution, the Saving House FULM has distributed the net profit of MKD 906,429.00 for the business year 2016 as reinvested earnings. The reinvested earnings were fully utilized in 2017 for expanding the activities of the Saving House.

6. A policy on risk management

During the year, the Saving House made a changes and additions on several internal acts, in order to comply with the Decision for credit risk management, the Law on personal data security, the Law on anti-money laundering and financing of terrorism, the Law on security and rescue, the Law on banks, and other legal and by-law acts.

7. Significant deals and deals with interested parties

According to articles 455 and 456 from the Law on trading companies, the Saving House has not realized significant deal or intercompany deals which value exceeds 20% of the carrying amount of the company according to the latest financial statements. According to article 457 from the Law on trading companies, the Saving House has not realized deals with interested parties.

8. Off-balance funds of the Saving House

As at 31.12.2017, the off-balance records of the Saving House amounted MKD 69,210,671.00 (31.12.2016 – MKD 69,764,883.00) due to the increase of credit products secured with owner's pledge, due to write-off of receivables for which two years have passed since the date at which the Saving House has made full impairment, i.e. provisioned the loans with 100% in accordance with the Decision for credit risk management issued by the NBRM, and realization of a new DCA program. In accordance with IFRS, the off-balance records are not presented in the balance sheet.

9. Prospects for future development of the Saving House and business venture

The whole year we worked towards continued reduction of the operation's expenses, in order to realize positive business results for 2017. The basic commitment is to maximize the utilization of the permanent facilities and maximum engagement of the employees in the Saving House. The positive

trend from the undertaken business venture is directing us to take on new activities which would move in the direction of conquering new markets.

10. Activities in the sphere of research and development

The Saving House FULM plans to undertake activities in the area of research and development under the "know-how" principal from the countries that have more advanced and more developed technology, in order to get involved in the market trends.

11. Information regarding the acquisition of own stakes or shares

The Saving House FULM does not have own shares in another entities.

12. Remuneration of the key management

During 2017, the maximum engagement of the management bodies led to an increase in the volume of business activities of the Saving House across the Republic of Macedonia. During the year, the management remuneration amounted MKD 867,609.00 (31.12.2016 – MKD 719,805.00). According to the Statements of the members in the management bodies, the total gross salaries and compensation are in amount of MKD 4,243,814.00 in 2017 (MKD 4,090,780.00 in 2016), including the compensation from the Saving House FULM.

SPECIAL INFORMATION

As of 31.12.2017, the Saving House FULM doo Skopje has headquarter in Skopje, 5 Branches across the Republic of Macedonia: Branch Murtino in Strumica, Branch Polog in Tetovo, Branch Tikveshija in Kavadarci, Branch JSP Skopje, Branch Bitola in Bitola and counter place JSP in Municipality of Gazi Baba, Skopje.

Despite the effect from the financial crisis, our main goal and vision for the next accounting periods are realizing successful business results.

Director M.Sc. Eleonora Zgonjanin Petrovikj

Unaudited annual account

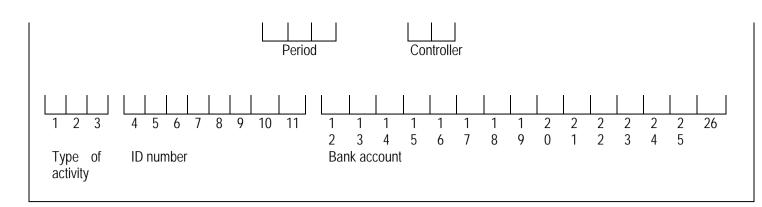
Unaudited annual account

Annual account of the Company comprises the statement of balance sheet as at 31 December 2017, the income statement for the year then ended.

The form and content of the annual account is regulated in "Rulebook on prescription of the form and content of the annual accounts" ("Rulebook") published in Official Gazette in the Republic of Macedonia.

The prescribed form and content of the annual accounts in the Rulebook differs from the requirements for the form and content of the financial statements prepared in accordance with the accounting framework stated in the audited financial statements. Consequently, there are differences in the presentation of the items in the balance sheet, income statement and explanatory notes in the annual account and the items in the audited financial statements.

The annual account of the Company was out of the scope of our engagement and therefore it was not in subject of our audit. Consequently, we do not express opinion on annual account.



Name of the bank/financial institution: Saving House FULM DOO Skopje

Address and phone:

E-mail address:

Tax number:

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) As at 31.12.2017

	1			(in denars)		
	DESCRIPTOIN	Code	Amount			
No.		Number	Current year	Previous year		
1	2	3	4	5		
	ASSETS:					
1.	Cash and cash equivalents	140	40,208,399.00	30,553,778.00		
2.	Investment in debt securities used for refinancing in NBRM	141				
	(142+143+144)	141				
2.a.	Treasury bills	142				
2.b.	Government securities	143				
2.c.	Allowance for impairment	144				
3.	Loans and advances to banks (146+147+148-149)	145		1,909,008.00		
3.a.	Loans	146				
3.b.	Deposits	147		2,009,480.00		
3.c.	Other receivables	148				
3.d.	Allowance for impairment	149		100,472.00		
4.	Loans and advances to other customers (151+152-153)	150	223,475,037.00	211,007,900.00		
4.a.	Loans	151	241,284,418.00	227,431,717.00		
4.b.	Other receivables	152				
4.C.	Allowance for impairment	153	17,809,381.00	16,423,817.00		
5.	Debt securities (155+156+157-158)	154				

		Cada	Amount			
No.	DESCRIPTOIN	Code Number	Current year	Previous year		
1	2	3	4	5		
5.a.	Treasury bills	155				
5.b.	Government securities	156				
5.C.	Other debt securities	157				
5.d.	Allowance for impairment	158				
6.	Investments in equity instruments	159				
7.	Investments in associates (161+162)	160				
7.a.	Investments in banks	161				
7.b.	Other investments in associates	162				
8.	Investments in subsidiaries (164+165)	163				
8.a.	Investments in banks	164				
8.b.	Other investments in subsidiaries	165				
9.	Joint ventures (167+168)	166				
9.a.	Joint ventures in banks	167				
9.b.	Other joint ventures	168				
10.	Intangible assets (170+171+172+173+174)	169	3,544,019.00	2,276,496.00		
10.a.	Founding expenses	170				
10.b.	Research and development expenses	171				
10.c.	Concessions, patents, licenses, trademarks and other rights	172	1,199,747.00	1,303,152.00		
10.d.	Goodwill	173				
10.e.	Other intangible assets	174	2,344,272.00	973,344.00		
11.	Tangible assets (176+177+178)	175	23,174,473.00	23,351,824.00		
11.a.	Land	176				
11.b.	Property and equipment	177	23,174,473.00	23,351,824.00		
11.c.	Other tangible assets	178				
12.	Other assets / receivables (180+181+182+183+184+185+186+187+188 +189+ 190+191-192)	179	220,430.00	472,059.00		
12.a.	Restricted deposits	180				

	DESCRIPTOIN	<u>Carla</u>	Amo	unt
No.		Code number	Current year	Previous year
1	2	3	5	6
12.b.	Derivative assets held for risk management	181		
12.c.	Embedded derivatives	182		
12.d.	Non-current assets held for sale and a group for disposal	183		
12.e.	Foreclosed assets resulting from uncollected receivables	184		71,792.00
12.f.	Pledged assets	185		
12.g.	Advances given for intangible assets	186		
12.h.	Advances given for tangible assets	187		
12.i.	Income tax receivables	188		
12.j.	Deferred tax assets	189		
12.k.	Financial assets at fair value through the Income statement designated upon initial recognition	190		
12.I.	Other receivables	191	348,131.00	481,121.00
12.m.	Allowance for impairment	192	127,701.00	80,854.00
13.	Deferred income and accrual	193	59,526.00	59,015.00
14.	TOTAL ASSETS (140+141+145+150+154+159+160+163+166+ 169+175+179+193)	194	290,681,884.00	269,630,080.00
	EQUITY AND LIABILITIES:			
15.	LIABILITIES (196+202+208+213+222+223+227)	195	196,574,373.00	176,462,325.00
16.	Liabilities to banks (197+198+199+200+201)	196	9,829,265.00	11,056,430.00
16.a.	Transaction accounts	197		
16.b.	Deposits	198		
16.c.	Restricted deposits	199		
16.d.	Borrowings	200	9,829,265.00	11,056,430.00
16.e.	Other liabilities	201		
17.	Liabilities to other customers (203+204+205+206+207)	202	181,128,313.00	157,153,590.00
17.a.	Transaction accounts	203		
17.b.	Deposits	204	160,692,352.00	138,116,816.00
17.c.	Restricted deposits	205	20,206,375.00	18,197,322.00

		Carla	Amo	unt
No.	DESCRIPTOIN	Code number	Current year	Previous year
1	2	3	5	6
17.d.	Borrowings	206	229,586.00	839,452.00
17.e.	Other liabilities	207		
18.	Liabilities upon issued debt securities (209+210+211+212)	208		
18.a.	Instruments issued on the money market	209		
18.b.	Issued certificates of deposit	210		
18.c.	Issued bonds	211		
18.d.	Other issued debt securities	212		
19.	Other liabilities (214+215+216+217+218+219+220+221)	213	5,277,548.00	8,177,125.00
19.a.	Derivative liabilities held for risk management	214		
19.b.	Embedded derivative	215		
19.c.	Liabilities for trading	216		
19.d.	Liabilities directly linked to a group of assets for disposal	217		
19.e.	Income tax liabilities	218	32,384.00	10,669.00
19.f.	Deferred tax liabilities	219		
19.g.	Financial liabilities at fair value through the Income statement	220		
19.h.	Other liabilities	221	5,245,164.00	8,166,456.00
20.	Accrued expenses and deferred income	222		
21	Provisions for risk and liabilities (224+225+226)	223		
21.a.	Provision for off-balance credit exposure	224		
21.b.	Employee benefits provisions	225		
21.c.	Other provisions	226		
22.	Subordinated liabilities	227		
23.	EQUITY AND RESERVES (229+230-231+232+235+236-237+238-239+240)	228	94,107,511.00	93,167,755.00
24.	Issued capital	229	75,607,001.00	75,607,001.00
25.	Share premium	230		

	DESCRIPTOIN		Amount		
No.		Code number	Current year	Previous year	
1	2	3	5	6	
26.	Treasury shares (-)	231			
27.	Reserves (233+234)	232	15,226,972.00	15,226,972.00	
27.a.	Legal and statutory reserve	233	15,226,624.00	15,226,624.00	
27.b.	Other reserves	234	348.00	348.00	
28.	Revaluation reserves and other differences in valuation	235	112,176.00	112,176.00	
29.	Profit for the year	236	939,756.00	906,429.00	
30.	Loss for the year (-)	237			
31.	Retained earnings	238	2,221,606.00	1,315,177.00	
32.	Accumulated loss (-)	239			
33.	*Minority share	240			
34.	TOTAL EQUITY, LIABILITIES AND RESERVES (195+228)	241	290,681,884.00	269,630,080.00	
	OFF-BALANCE SHEET RECORDS				
35.	Off-balance sheet records – assets	242	69,210,671.00	69,764,883.00	
36.	Off-balance sheet records – equity, liability and reserves	243	69,210,671.00	69,764,883.00	

*Only for entities that submit consolidated annual accounts.

Responsible person for preparing the report:

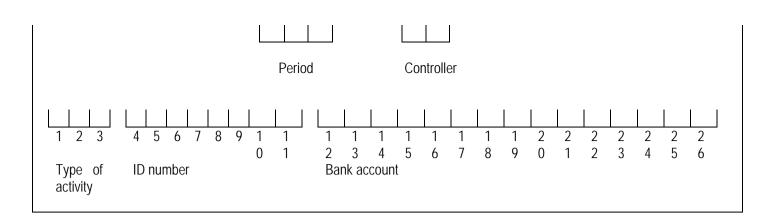
No. of the certification issued by the Institute of accountants and
certified accountants of Republic of Macedonia:

Signature

In Skopje

On day

In Skopje	Legal representative of the entity:				
	Signature				



Name of the bank/ financial institution: Saving House FULM DOO Skopje Address and phone:

E-mail address:

Tax number:

INCOME STATEMENT (PROFIT AND LOSS STATEMENT)

For the period from 01.01.2017 to 31.12.2017

				(in denars)	
No.		Code number	Amount		
	DESCRIPTION		Current year	Previous year	
1	2	3	4	5	
1.	Interest income	001	31,047,448.00	28,881,721.00	
2.	Interest expense	002	6,229,861.00	5,468,361.00	
3.	Fee and commission income	003	8,441,303.00	8,676,137.00	
4.	Fee and commission expense	004	679,201.00	1,086,880.00	
5.	Income from investments in associates, subsidiaries and joint ventures	005			
6.	Net income from transactions with securities	006			
7.	Net loss from transactions with securities	007			
8.	Foreign exchange gain, net	008		1,602.00	
9.	Foreign exchange loss, net	009	307.00		
10.	Other operating income	010	2,672,328.00	2,888,418.00	
11.	Personnel expenses (012+013+014)	011	21,423,393.00	19,405,207.00	
11.a.	Salaries	012	13,751,745.00	12,571,525.00	
11.b.	Expenses for tax and compulsory social security	013	6,699,571.00	6,134,924.00	
11.c.	Other employee benefits	014	972,077.00	698,758.00	
12.	Amortisation of intangible and tangible assets	015	1,447,623.00	1,558,365.00	
13.	Allowance for impairment of intangible and tangible assets	016	71,792.00	17,949.00	
14.	Allowance for impairment, special reserves and provisons (018+019+020)	017	1,636,974.00	1,500,893.00	

No.		Code	Amount	
	DESCRIPTION	number	Previous year	Current year
1	2	3	4	5
14.a.	Impairment of active balance sheet receivables	018	1,344,901.00	1,500,893.00
14.b.	Special reserve for off-balance sheet credit exposures	019		
14.c.	Other provisions	020	292,073.00	
15.	Expenses from investments in associates, subsidiaries and joint ventures	021		
16.	Other operating expenses	022	9,553,493.00	10,359,021.00
17.	Profit from operating activities (001+003+005+006+008+010) – (002+004+007+009+011+015+016+017+021+022)	023	1,118,435.00	1,051,202.00
18.	Loss from operating activities (002+004+007+009+011+015+016+017+021+022) – (001+003+005+006+008+010)	024	1,110,433.00	1,001,202.00
19.	* Profit from discontinued operations	025		
20.	* Loss from discontinued operations	026		
21.	Profit before tax (023+025-026)	027	1,118,435.00	1,051,202.00
22.	Loss before tax (024+025-026)	028		
23.	Income tax (part of Tax calculation)	029	178,679.00	144,773.00
24.	Profit for the year (027-029)	030	939,756.00	906,429.00
25.	Loss for the year (029-027) or (028-029)	031		
26.	Average number of employees based on the hours worked during the reporting period (in absolute terms)	032	34.00	30.00
27.	Number of months of operation	033	12.00	12.00

*Only for entities that submit consolidated annual accounts.

No.		Code number	Amount	
	DESCRIPTION		Previous year	Current year
1	2	3	4	5
1.	PROFIT/ LOSS FOR THE YEAR			
2.	Profit attributable to the shareholders of the Parent company	034		
3.	Profit attributable to the minority interest	035		
4.	Loss attributable to shareholders of the Parent company	036		
5.	Loss attributable to minority interest	037		

Appendix to the Income statement (only for entities that submits consolidated annual account)

REALIZED INCOME MOST FROM



(Type of activity from the National classification of activity)

Responsible person for preparing the report:

No. of the certification issued by the Institute of accountants and certified accountants of Republic of Macedonia:

Signature

In Skopje On day

In Skopje On day	Legal representative of the entity:	
On day	Signature	