

SAVINGS HOUSE FULM DOO Skopje
Financial Statements and Independent Auditor's Report
For the year ended 31 December 2019

CONTENTS

	Page
Independent Auditor's Report	1
Income Statement	3
Statement of Comprehensive income	4
Balance Sheet	5
Statement of Changes in Equity and Reserves	7 - 10
Statement of Cash Flows	11 - 12
Notes to the Financial Statements	13 – 130

Independent Auditor's Report

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

Report on financial statements

We have audited the accompanying financial statements of Savings House FULM doo, Skopje („the Savings House“) which comprise the Balance sheet as of 31 December 2019, and the Income statement, the Statement of Comprehensive income, the Statement of changes in equity and reserves and the Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 3 to 130.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards accepted in the Republic of North Macedonia¹. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Savings House's preparation and fair presentation of the financial statements of the Savings House in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Savings House's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Savings House FULM doo, Skopje as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the regulation of the National Bank of the Republic of North Macedonia.

Report on other legal and regulatory matters

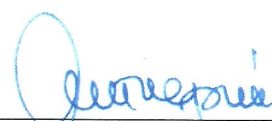
The Savings House Management is also responsible for preparing the annual report of the Savings House for 2019 in accordance with Article 384 of the Law on Trade Companies. Our responsibility is to express an opinion on the consistency of the annual report, with the historical financial data reported in the annual accounts and the audited financial statements of the Savings House as at and for the year ended 31 December 2019, in accordance with the auditing standards accepted in the Republic of North Macedonia², and in accordance with the requirements of Article 34, paragraph 1, item (c) of the Law on Audit.

Our opinion is that the historical financial information presented in the annual report of the Savings House as at and for the year ended 31 December 2019 are consistent, in all material respects, with the data reported in the annual accounts and the audited financial statements of the Savings House as at and for the year ended 31 December 2019.

Skopje,

7 April 2020

Grant Thornton DOO Skopje


Suzana Stavrik
Director

Suzana Stavrik
Certified Auditor

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


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

Income Statement
 For the period from 01.01.2019 to 31.12.2019

		<i>In thousand denars</i>	
Note	Current year 2019	Previous year 2018	
	35.734	33.330	
	(4.822)	(5.227)	
6	30.912	28.103	
	7.352	7.905	
	(475)	(441)	
7	6.877	7.464	
8		-	
9		-	
10		-	
11	2.902	2.556	
24		-	
12	(3.059)	(2.608)	
13	182	-	
14	(22.775)	(21.148)	
15	(2.267)	(1.569)	
16	(11.515)	(11.570)	
24		-	
	1.257	1.228	
17	(264)	(263)	
	993	965	
		-	
	993	965	
		-	
	-	-	
	-	-	
41		-	
	-	-	

The financial statements have been approved for issuing by the Sole Owner on 25 February 2020.

Director
 M-r Eleonora Zgonjanin Petrovik




Finance coordinator
 Jovanka Todorova



The accompanying notes are an integral part of these financial statements

Financial statements as of and for the year ended 31 December 2019

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

Statement of Comprehensive income
For the period from 01.01.2019 to 31.12.2019

	Note	2019	2018
Profit/(loss) for the year		993	965
Other gains/(losses) for the period (before tax)			
Other gains/(losses) for the period, not recognized in the Income statement (before tax)		-	-
Revaluation reserve for equity securities available for sale		-	-
- unrealized net- changes in fair value of equity securities available for sale		-	-
- realized net gains/(losses) from equity securities available for sale, reclassified to Other reserves		-	-
Changes in the bank's creditworthiness, for financial liabilities that are measured at fair value		-	-
Income tax on other gains / (losses) that are not shown in the Income statement		-	-
Total other gains / (losses) in the period that are not shown in the Income statement		-	-
Other gains / (losses) in the period that are or can be reclassified in the Income statement (before tax)			
Revaluation reserve for debt securities available for sale		-	-
- unrealized net changes in the fair value of debt securities available for sale		-	-
- realized net gains / (losses) from available-for-sale debt instruments reclassified to the Income statement		-	-
- additional impairment of available-for-sale debt instruments		-	-
- Release of the impairment of available-for-sale debt instruments		-	-
Revaluation reserve for foreclosed assets on the basis of uncollected receivables		-	-
- revaluation reserve recognized during the year		192	-
- reduction of the revaluation reserve, reclassified in the Income statement		(181)	-
Reserve for instruments for protection against the risk of cash flows		-	-
- unrealized net-changes in fair value of hedging instruments of Cash flow risk		-	-
- realized net-gains/(losses) on hedging instruments of cash flow, reclassified in the Income statement		-	-
Reserve for instruments to protect against the risk of net investments in foreign operations		-	-
Foreign exchange reserve of investment in foreign operations		-	-
Share in other gains/(losses) of associates not recognized in the Income statement	24	-	-
Other gains/(losses) not recognized in the Income statement		-	-
Income tax on other gains / (losses) that are or can be reclassified in the Income statement	17	-	-
Total other gains / (losses) in the period that are or can be reclassified in the Income statement		11	-
Total other gains / (losses) in the period		11	-
Comprehensive gain / (loss) for the financial year		1.004	965

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Director
M-r Eleonora Zgonjanin Petrovik

Finance Coordinator
Jovanka Todorova


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Financial statements as of and for the year ended 31 December 2019

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

Balance sheet at 31.12.2019

	Note	<i>In thousand of denars</i>	
		Current year 2019	Previous year 2018
Assets			
Cash and cash equivalents	18	35.609	32.478
Held-for-trading assets	19	-	-
Financial assets at fair value through profit or loss upon initial recognition	20	-	-
Derivative assets held for risk management	21	-	-
Loans and advances to banks	22.1	-	-
Loans and advances to other customers	22.2	235.709	235.374
Investments in securities	23	-	-
Investments in associates	24	-	-
Income tax receivable (current)	30.1	-	-
Other receivables	25	364	285
Assets pledged as collateral	26	-	-
Foreclosed assets	27	28	-
Intangible assets	28	8.873	6.687
Property and equipment	29	24.265	23.537
Deferred tax assets	30.2	-	-
Non-current assets held-for-sale and disposal group	31	-	-
Total assets		304.848	298.361
Liabilities			
Trading liabilities	32	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	33	-	-
Derivative liabilities held for risk management	21	-	-
Deposits from banks	34.1	-	-
Deposits from other customers	34.2	198.001	186.865
Debt instruments issued	35	-	-
Borrowings	36	1	8.599
Subordinated debt	37	-	-
Special reserve and provisions	38	324	306
Income tax payable (current)	30.1	7	83
Deferred tax liabilities	30.2	-	-
Other liabilities	39	10.439	7.436
Liabilities related to disposal group	31	-	-
Total liabilities		208.772	203.289

The accompanying notes are an integral part of these financial statements

Financial statements as of and for the year ended 31 December 2019

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

Balance sheet at 31.12.2019 (continued)

Note	In thousand of denars	
	Current year 2019	Previous year 2018
Equity and reserves		
Subscribed capital	75.607	75.607
Share premium	-	-
Treasury shares	-	-
Capital component of hybrid financial instruments	-	-
Other equity instruments	-	-
Revaluation reserves	123	112
Other reserves	15.227	15.227
Retained earnings/(Accumulated losses)	5.119	4.126
Total equity and reserves, attributable to the shareholders of the Savings House	96.076	95.072
Non-controlling interest*		
Total equity and reserves	96.076	95.072
Total liabilities, equity and reserves	304.848	298.361
Contingent liabilities	42	-
Contingent assets	42	-

The financial statements have been approved for issuing by the Sole Owner on 25 February 2020.

Director
M-r Eleonora Zgonjanin Petrovik



Finance Coordinator
Jovanka Todorova

Financial statements as of and for the year ended 31 December 2019

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

STATEMENT OF CHANGES IN EQUITY AND RESERVES

For the period from 01.01.2019 to 31.12.2019

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

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Financial statements as of and for the year ended 31 December 2019

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

STATEMENT OF CHANGES IN EQUITY AND RESERVES

For the period from 01.01.2019 to 31.12.2019 (continued)

	Equity			Revaluation reserves					Other reserves			Retained earnings			Total equity and reserves, attributable to the shareholders of the Savings House	Total equity and reserves	
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revaluation reserves on assets available for sale	Revaluation reserve for foreclosed assets for uncollected receivables	Reserves for risk protection	Foreign exchange reserves on investment in foreign operations	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders	Limited for distribution to shareholders			(Accumulated losses)
Foreign exchange differences from foreign investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets / (liabilities) recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the bank's creditworthiness, for financial liabilities that are measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains / (losses) that are not disclosed in the Income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total unrealized gains / (losses) recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	965	-	-	965	965
Transactions with shareholders, recognized in equity and reserves																	
Issued shares during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Separation for statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Separation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves (other)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinvested income	-	-	-	-	-	-	-	-	-	-	-	-	(940)	940	-	-	-
Transactions with shareholders, recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	(940)	940	-	-	-
At 31 Decemebr 2018	75.607					112			15.227				965	3.161		95.072	95.072

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

Financial statements as of and for the year ended 31 December 2019

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

STATEMENT OF CHANGES IN EQUITY AND RESERVES (continued)

For the period from 01.01.2019 to 31.12.2019

	Equity			Revaluation reserves					Other reserves			Retained earnings			Total equity and reserves, attributable to the shareholders of the Savings House	Total equity and reserves	
	Subscribed capital	Share premium	(Treasury shares)	Other equity instruments	Revaluation reserves on assets available for sale	Revaluation reserve for foreclosed assets for uncollected receivables	Reserves for risk protection	Foreign exchange reserves on investment in foreign operations	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments	Other reserves	Available for distribution to shareholders	Limited for distribution to shareholders			(Accumulated losses)
At 31 December 2018 (previous year)/ 1 January 2019 (previous year)	75.607					112			15.227							95.072	95.072
Comprehensive income / (loss) for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) for the financial year													993			993	993
Other gains / (losses) in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of available-for-sale assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>debt instruments</i>																	
- unrealized changes in fair value (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- realized changes in fair value (net), transferred to the Income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- additional impairment of the debt assets available for sale,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- release of impairment of debt assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>equity instruments</i>																	
- unrealized changes in fair value (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- realized changes in fair value (net), transferred to Other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of cash flow hedge accounting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the fair value of protection against the risk of net-investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences from foreign investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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SAVING HOUSE FULM DOO Skopje

Financial statements as of and for the year ended 31 December 2019

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

STATEMENT OF CHANGES IN EQUITY AND RESERVES (continued)

For the period from 01.01.2019 to 31.12.2019

	Equity										Total equity reserves, attributable to the shareholders of the Savings House			
	Subscribed capital	Share premium (Treasury shares)	Other equity instruments	Revaluati on reserves on assets available for sale	Revaluation reserve for foreclosed assets for uncollectible receivables	Reserves for risk protection	Foreign exchange reserves on investment in foreign operations	Other revaluati on reserves	Statutory reserve	Capital component of hybrid financial instruments		Other reserves	Retained earnings	
											Available for distribution to shareholders	Limited for distribution to shareholders	(Accumulated losses)	
Deferred tax assets / (liabilities) recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the bank's creditworthiness, for financial liabilities that are measured at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains / (losses) that are not disclosed in the income statement	-	-	-	-	11	-	-	-	-	-	-	-	-	11
Total unrealized gains / (losses) recognized in equity and reserves	-	-	-	-	11	-	-	-	-	-	-	-	-	11
Total comprehensive income / (loss) for the financial year	-	-	-	-	11	-	-	-	-	-	993	-	-	1.004
Transactions with shareholders, recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	1.004
Issued shares during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Separation for statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Separation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves (other)	-	-	-	-	-	-	-	-	-	-	(965)	965	-	-
Reinvested income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders, recognized in equity and reserves	-	-	-	-	-	-	-	-	-	-	(965)	965	-	-
At 31 December 2019	75.607	-	-	-	123	-	-	15.227	-	-	993	4.126	-	96.076
														96.076

The financial statements have been approved for issuing by the Sole Owner on 25 February 2020.



Director
M-r Eleonora Zgonjanin Petrovik

Finance Coordinator
Jovanka Todorova

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Financial statements as of and for the year ended 31 December 2019

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

STATEMENT OF CASH FLOWS**For the period from 01.01.2018-31.12.2018**

	Note	In thousand of denars	
		Current year 2019	Previous year 2018
Operating cash flows			
Profit/(Loss) before taxation		1.257	1.228
Adjusted for:			
Minority share, included in the consolidated income statement*		-	-
Depreciation of:			
Intangible assets	15	799	400
Property and equipment	15	1.468	1.169
Capital gain from:			
Sale of intangible assets	11	-	-
Sale of property and equipment	11	-	-
Sale of foreclosed assets	11	161	-
Capital loss from:			
Sale of intangible assets	16	-	-
Sale of property and equipment	16	-	-
Sale of foreclosed assets	16	-	-
Interest income	6	(35.734)	(33.330)
Interest expense	6	4.822	5.227
Trading income, net	8	-	-
Impairment of financial assets and special reserves for off-balance sheet exposure, net			
Additional impairment losses and special reserve	12	24.756	30.041
Release of impairment losses and special reserve	12	(21.697)	(27.433)
Impairment losses of non-financial assets, net			
Additional impairment losses	13	-	-
Release of impairment losses	13	(182)	-
Special reserve:			
Additional provisions	38	85	71
Release of provisions	38	(7)	(57)
Dividend income		-	-
Share of profit /(loss) of associates		-	-
Other adjustments		(160)	(32)
Interest received		35.631	33.164
Interest paid		(4.967)	(5.517)
<u>Profit from operations before changes in operating assets:</u>		6.232	4.931
(Increase)/decrease of operating assets:			
Trading assets		-	-
Derivative assets held for risk management		-	-
Loans and advances to banks		-	-
Loans and advances to other customers		(3.243)	(14.264)
Assets pledged as collateral		-	-
Foreclosed assets		(17)	-
Obligatory deposit in foreign currency		-	-
Obligatory deposit held with NBRM according to special regulations		-	-
Other receivables		(15)	(56)
Deferred tax assets			
Non-current assets held-for-sale and disposal group			

Financial statements as of and for the year ended 31 December 2019

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

STATEMENT OF CASH FLOWS (continued)

For the period from 01.01.2019-31.12.2019

Increase/(decrease) in operating liabilities:

Trading liabilities	-	-
Derivative liabilities held for risk management	-	-
Deposits from banks	-	-
Deposits from other customers	11.278	6.255
Other liabilities	3.012	2.150
Liabilities directly related to group or assets for disposal	-	-

Net cash flow from operating activities before taxation

(Paid)/received income tax

Net cash flow from operating activities**Cash flow from investing activities**

(Investments in securities)	-	-
Inflows from sale of investment in securities	-	-
(Outflows from investment in subsidiaries and associates)	-	-
Inflows from disposal of investment in subsidiaries and associates	-	-
(Purchase of intangible assets)	(2.985)	(3.543)
Inflows from sale of intangible assets	-	-
(Purchase of property and equipment)	(2.196)	(1.532)
Inflows from sale of property and equipment	-	-
(Outflows from non-current assets held-for-sale)	-	-
Inflows from non-current assets held-for-sale	-	-
(Other outflows from investing activity)	-	-
Other inflows from investing activity	-	-

Net cash flow from investing activities**Cash flow from financing activities**

(Repayment of debt securities issued)	-	-
Issued debt securities	-	-
(Repayment of borrowings)	(8.595)	(1.459)
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

Effect from allowance for impairment of cash and cash equivalents	-	-
Effect from foreign exchange differences of cash and cash equivalents	-	-

Net increase/(decrease) of cash and cash equivalents

Cash and cash equivalents as of 1 January	32.478	40.208
Cash and cash equivalents as of 31 December	35.609	32.478

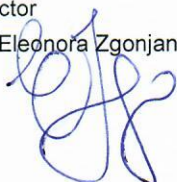
Note	In thousand of denars	
	Current year 2019	Previous year 2018
	-	-
	-	-
	-	-
	11.278	6.255
	3.012	2.150
	-	-
	17.247	(984)
	(340)	(212)
	16.907	(1.196)
	-	-
	-	-
	-	-
	-	-
	(2.985)	(3.543)
	-	-
	(2.196)	(1.532)
	-	-
	-	-
	-	-
	-	-
	-	-
	(5.181)	(5.075)
	-	-
	-	-
	(8.595)	(1.459)
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	(8.595)	(1.459)
	-	-
	-	-
	3.131	(7.730)
	32.478	40.208
18	35.609	32.478

* only for consolidated financial statements

The financial statements have been approved for issuing by the Sole Owner on 25 February 2020.

Director

M-r Eleonora Zgonjanin Petrovik




Finance coordinator

Jovanka Todorova



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

Notes to the Financial Statements

1. Introduction

a) General information

Savings House FULM DOO Skopje (hereinafter "the Savings House"), is a limited liability company founded on 24 March 1999. The Savings House's headquarter is on Str. Sv. Kiril i Metodij no. 48, 1000 Skopje, where the main activities take place. The Savings House operates in the Republic of North Macedonia through the Headquarter and a network of 6 branches.

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

The Savings House does not have investments in subsidiaries and associates.

The total number of employees of the Savings House as at 31 December 2019 is 34 (2018: 32 employees).

The financial statements of the Savings House for the year ending on 31 December 2019 are approved by the Sole Owner of the Savings House at a meeting held on 25 February 2020.

b) Basis for preparation of the financial statements

Compliance statement

The information presented in the accompanying financial statements of the Savings House have been prepared in accordance with the Law on Trade Companies, the Law on Banks, the by-laws regulated by the National Bank of the Republic of North Macedonia (hereinafter referred to as "NBRNM") and in accordance with the Decision on the Methodology (hereinafter referred to as "Methodology") and the Decision on the types and contents of the financial statements of the banks, stipulate the requirements for recording and valuation of the accounting items and preparation of the financial statements us by NBRNM and that the application of 1 January 2018.

Notes to the Financial Statements (continued)

Introduction (continued)

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

Presentation of financial statements

The financial statements represent separate financial statements.

Bases for measurement

The financial statements are prepared as at and for the years ended on 31 December 2019 and 2018. Where necessary, the presentation of the comparative data has been adjusted in accordance with the changes in current year's presentation.

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

Reporting and functional currency

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

Use of estimates and judgements

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

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

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

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies

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

Interest income and expense

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

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

Fee and commission income

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

Amounts denominated in foreign currency

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

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Amounts denominated in foreign currency (continued)

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

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

	Current year 2019	<i>In denars</i> Previous year 2018
1 USD	54.9518	53.6887
1 EUR	61.4856	61.4950

Financial assets

The classification of the financial assets depends on the nature and purpose of financial assets and is determined at the time of their initial recognition. Financial assets are recognised and derecognized at the settlement date, which is the date when the asset is delivered. The Savings 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 Savings House has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the payments simultaneously.

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

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Classification and measurement of financial assets

Financial assets are classified into one of the following categories:

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Classification and measurement of financial assets (continued)

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

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

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

- The Savings House keeps the financial instrument in the business model aimed at keeping the financial instrument in order to collect the expected cash flows and / or its sale;
 - the expected cash flows represent exclusively principal collection and interest calculated on the rest of the principal (interest is exclusively compensation of the time value of money).
- As at 31 December 2019, the Savings House does not have financial assets that are measured at fair value through other comprehensive income.

In the category of financial assets that are measured at fair value through the income statement, the Savings House classifies the financial assets that are managed for the purpose of trading and gaining profit from the changes in the fair value of the asset. This is also a residual category, ie the Savings House in this category also classifies all those financial assets that do not meet the criteria of the other two categories. As at 31 December 2019, the Savings House does not have financial assets that are measured at fair value through the profit and loss account.

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

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

Amortised cost measurement principle

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

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Cash and cash equivalents

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

Financial assets held-to-maturity

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

Loans and receivables

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

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

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

Impairment losses of financial assets

The Savings House, on monthly basis and at the date of each statement of financial position, assess and recognizes impairment provision/ loss for expected credit losses of financial assets measured are amortized cost.

Amount for impairment losses on financial assets 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 Savings House cannot collect all amounts due on a claim according to the original contractual terms. A provision for loan impairment is reported as a reduction of the carrying amount of the loan. Additions to provisions are made through impairment losses recognised in the income statement.

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Allowances for impairment on loans and receivables (continued)

The allowances for impairment on loans and on other active balance sheet items are determined according to the regulative of the NBRNM ruling on each balance sheet date, according to which, the Savings House is liable to classify the active balance sheet items in groups, according to their specific level of risk and to estimate the outcome of potential losses for impairment which are calculated by applying objective and subjective metrics, as of 31 December 2019 and 31 December 2018.

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

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

Derecognition of financial assets

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

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Financial liabilities

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

Deposits from other customers

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

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

Borrowings

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

Other liabilities

Other liabilities are presented at their nominal amounts.

Derecognition of financial liabilities

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

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Property and equipment

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

Depreciation on property and equipment is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method. Depreciation is not charged on the assets under construction 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 prospectively.

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

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

Intangible assets

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

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Intangible assets (continued)

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

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

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

Impairment on non-financial assets

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

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

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

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

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

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Impairment on non-financial assets (continued)

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

Foreclosed assets

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

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

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

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

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

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Donations

Donations in the accounting records of the Savings House are recorded pursuant to the Decision of the representatives of the Sole Owner and Founder of the Savings 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 Savings House has a present obligation (legal or constructive) as a result of a past event, it is probable that the Savings House will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties related to 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 Savings 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 Savings 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 Savings 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 Savings House does not have additional liabilities for payment related to these plans.

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

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Employee benefits (continued)

Other long-term employee benefits

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

Income tax

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

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

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

Deferred tax assets and liabilities are measured according to the tax rates which are expected to be applied during the period when the liabilities are paid or assets realized, and arise from the prescribed tax rates (and tax laws) valid on the balance sheet date. As of 31 December 2019 and 2018, the Savings House has not recorded deferred tax assets or liabilities, because on these dates there are no temporary differences.

Notes to the Financial Statements (continued)

Introduction (continued)

c) Significant accounting policies (continued)

Leases

The Savings 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.

Equity and reserves

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

In the statutory reserves, the Savings House allocated at least 5% of the net income until the level of statutory reserves reaches the amount equal to one-tenth of the subscribed capital. Until the minimum required level is reached, the statutory reserve could be used only for 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 Savings House applies own professional judgement when choosing the appropriate methods and assumptions.

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

Notes to the Financial Statements (continued)

Introduction (continued)

d) Use of assessments and estimates (continued)

Allowance for impairment on loans

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

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

Useful lives of properties, equipment and intangible assets

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

Financial crisis

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

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

For the year ended 31 December 2018, there were changes in accounting policies in the classification and measurement of financial assets and liabilities based on the changes in the Methodology. Apart from this, there were no other changes in accounting policies, accounting estimates and error correction. As of 01.07.2019, the Decision on the methodology for credit risk management of the NBRSM is in force. Accordingly, appropriate changes were implemented in the internal acts of the Savings House.

Notes to the Financial Statements (continued)

Introduction (continued)

f) Compliance with the regulation

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

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

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

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

1. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

1 Classification of financial assets and financial liabilities (continued)

A Classification of financial assets and financial liabilities

	At fair value through profit and loss		At fair value through other comprehensive income		At amortized cost	Total
	For trading	At fair value at initial recognition	Debt instruments	Equity instruments		
<i>In thousand denars</i>						
2019 (current year)						
Financial assets						
Cash and cash equivalents	-	-	-	-	35.609	35.609
Trading assets	-	-	-	-	-	-
Financial assets at fair value through profit or loss, designated as such at initial recognition	-	-	-	-	-	-
Derivatives held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to other customers	-	-	-	-	235.709	235.709
Investments in securities	-	-	-	-	-	-
Other receivables	-	-	-	-	364	364
Total financial assets	-	-	-	-	271.682	271.682
Financial liabilities						
Trading liabilities	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss, designated as such at initial recognition	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Deposits from banks	-	-	-	-	-	-
Deposits from other customers	-	-	-	-	198.001	198.001
Issued debt securities	-	-	-	-	-	-
Borrowings	-	-	-	-	1	1
Subordinated liabilities and hybrid instruments	-	-	-	-	-	-
Other liabilities	-	-	-	-	10.439	10.439
Total financial liabilities	-	-	-	-	208.441	208.441

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

1 Classification of financial assets and financial liabilities (continued)

A.a. Classification of financial assets and financial liabilities

	At fair value through profit and loss		At fair value through other comprehensive income		At amortized cost	Total
	For trading	At fair value at initial recognition	For trading	At fair value at initial recognition		
<i>In thousand of denars</i>						
2018 (previous year)						
Financial assets						
Cash and cash equivalents	-	-	-	-	32.478	32.478
Trading assets	-	-	-	-	-	-
Financial assets at fair value through profit or loss, designated as such at initial recognition	-	-	-	-	-	-
Derivatives held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-
Loans to and advances to other customers	-	-	-	-	235.374	235,374
Investments in securities	-	-	-	-	-	-
Other receivables	-	-	-	-	285	285
Total financial assets	-	-	-	-	268.137	268.137
Financial liabilities						
Trading liabilities	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss, designated as such at initial recognition	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Deposits from banks	-	-	-	-	-	-
Deposits from other customers	-	-	-	-	186.865	186.865
Issued debt securities	-	-	-	-	-	-
Borrowings	-	-	-	-	8.599	8.599
Subordinated liabilities and hybrid instruments	-	-	-	-	-	-
Other liabilities	-	-	-	-	7.436	7.436
Total financial liabilities	-	-	-	-	202.900	202.900

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

2. Risk management

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

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

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

In 2019 NBRNM has passed a Decision for methodology for risk management with effective date 31 December 2019. According this Decision the Savings House has changed and amended Pliciese for risk management of all types of financial risks at which Savings House is exposed. According this decision, Document for accepted level of risk is prepared.

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

2.1 Credit risk

The Savings House is exposed to credit risk which represents the risk of financial loss due to customer's default on their contractual obligations. Credit risk is the most important risk for the Savings House's operations; therefore the management carefully manages the Savings House's exposure to credit risk. The exposure to this risk arises principally from lending 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 Savings House's credit risk management, which encompasses identification, measurement, monitoring and control of credit risk, is performed by the following bodies: the Sole owner, General Manager, Credit Committee, Branch Managers, Payment Coordinator, Reporting Coordinator and Internal Audit Sector and it is mainly based on reports and analyses prepared by relevant organization units of the Savings House. The Savings House's management is regularly informed of the credit risk that the Savings House is exposed to.

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

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

Risk management (continued)

2.1 Credit risk (continued)

2.1.1 Credit risk management (continued)

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

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

2.1.2 Policies for calculation of allowance for impairment

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

The classification is made according to the following criteria:

- Client's creditworthiness;
- Client's regularity in settling the liabilities,

The individual approach encompasses at least the individually significant exposures that are above materiality thresholds set by the Savings House. The materiality threshold is over Denar 170,000 by 01.12.2019 and over Denar 180,000 from 01.12.2019. Impairment provision of individually assessed items on individual basis are determined by evaluation of generated loss on the balance sheet date, which represents the difference between the carrying and present value of projected future cash flows. Effective interest rate is used for discounting the future cash flows.

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

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

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

2. Risk management (continued)

2.1 Credit risk (continued)

2.1.2 Policies for calculation of allowance for impairment (continued)

The calculated provision for impairment moves within the following limits:

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

Write-off of receivables

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

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

- If it has been determined that the borrower is unable and/or not prepared to service the loan, and the Savings House has no valid instrument for forced settlement of the claim;
- If the costs for initiation and conducting a procedure for forced settlement are higher than the amount of the credit exposure.
- If are passed two years from the date when the Savings House was obliged to make impairment or allocate special reserve of 100% in accordance with the Decision on credit risk management of the NBRSM which was valid until June 30, 2019 and twelfth (12) months from the date when the Savings House was obliged to make impairment or allocate special reserve of 100% in accordance with the Decision on the methodology for credit risk management, which started to apply on July 1, 2019.

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

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

2. Risk management (continued)

2.1 Credit risk (continued)

A. Analysis of the total credit risk exposure

In thousand of Denars	Loans and advances to banks		Loans and advances to other customers		Investments in available-for-sale financial assets		Investments in held-to-maturity financial assets		Cash and cash equivalents		Receivables from fees and commissions		Other receivables		Off-balance sheet exposures		Total	
	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous
	year 2019	year 2018	year 2019	year 2018	year 2019	year 2018	year 2019	year 2018	year 2019	year 2018	year 2019	year 2018	year 2019	year 2018	year 2019	year 2018	year 2019	year 2018
Credit risk exposure classified in Group 1																		
Carrying value before impairment / special reserve	-	-	190.773	207.382	-	-	-	-	-	32.478	17	27	25	25	-	-	190.815	239.912
(Allowance for impairment and special reserve)	-	-	(5.707)	(5.709)	-	-	-	-	-	-	(1)	(1)	(2)	(2)	-	-	(5.710)	(5.712)
Carrying value less impairment and special reserve	-	-	185.066	201.673	-	-	-	-	-	32.478	16	26	23	23	-	-	185.105	234.200
Credit risk exposure classified in Group 2																		
Carrying value before impairment / special reserve	-	-	55.605	38.048	-	-	-	-	-	-	79	33	-	-	-	-	55.684	38.081
(Allowance for impairment and special reserve))	-	-	(7.994)	(6.419)	-	-	-	-	-	-	(16)	(8)	-	-	-	-	(8.010)	(6.427)
Carrying value less impairment and special reserve	-	-	47.611	31.629	-	-	-	-	-	-	63	25	-	-	-	-	47.674	31.654

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

2. Risk management (continued)

2.1 Credit risk (continued)

A. Analysis of the total credit risk exposure

In thousands of Denars	Loans and advances to banks		Loans and advances to other customers		Investments in available-for-sale financial assets		Investments in held-to-maturity financial assets		Cash and cash equivalents		Receivables from fees and commissions		Other receivables		Off-balance sheet exposures		Total		
	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	
Credit risk exposure classified in Group 3																			
Carrying value before impairment / special reserve	-	-	9.201	9.883	-	-	-	-	-	-	153	173	-	-	-	-	9.354	10.056	
(Allowance for impairment and special reserve)	-	-	(6.169)	(7.811)	-	-	-	-	-	-	(110)	(167)	-	-	-	-	(6.279)	(7.978)	
Carrying value less impairment and special reserve	-	-	3.032	2.072	-	-	-	-	-	-	43	6	-	-	-	-	3.075	2.078	
Total carrying value of receivables with credit risk before impairment and special reserve	-	-	255.579	255.313	-	-	-	-	-	32.478	249	233	25	25	-	-	255.853	288.049	
(Total impairment and special reserve)	-	-	(19.870)	(19.939)	-	-	-	-	-	-	(127)	(176)	(2)	(2)	-	-	(19.999)	(20.117)	
Total carrying value of credit risk receivables less impairment and special reserve	-	-	235.709	235.374	-	-	-	-	-	32.478	122	57	23	23	-	-	235.854	267.932	

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

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

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

2. Risk management (continued)

2.1 Credit risk (continued)

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

In thousands of Denars	Loans and advances to Banks		Loans and advances to other customers		Investments in available-for-sale financial assets		Investments in held-to-maturity financial assets		Cash and cash equivalents		Other receivables		Off-balance sheet exposures		Total	
	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018
	<i>Value of collateral for credit exposure</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
First-class security instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
cash deposits (in a depot and / or limited to accounts in the bank)	-	-	10.005	10.686	-	-	-	-	-	-	-	-	-	-	10.005	10.686
government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
state unconditional guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
bank guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees by insurance companies and insurance policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees (except bank and insurance companies)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral on real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
property for own use (apartments, houses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
property for doing business	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pledge on movable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other types of security	-	-	20.727	22.970	-	-	-	-	-	-	-	-	-	-	20.727	22.970
Total value of collateral for credit exposure	-	-	30.732	33.656	-	-	-	-	-	-	-	-	-	-	30.732	33.656

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

2. Risk management (continued)

2.1 Credit risk (continued)

2.1 C Concentration of credit risk by sectors and activities

	Loans and advances to banks		Loans and advances to other customers		Investments in available-for-sale financial assets		Investments in held-to-maturity financial assets		Cash and cash equivalents		Other receivables		Off-balance sheet exposures		Total		Loans and advances to banks		
	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	
	<i>In thousands of Denars</i>																		
Non-residents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agriculture, forestry and fisheries	-	-	21.693	21.779	-	-	-	-	-	-	1	7	-	-	-	-	-	21.694	21.786
Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Textile industry and production of clothing and footwear	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chemical industry, production of building materials, production and processing of fuels, pharmaceutical industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacture of metals, machinery, tools and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
The rest of the processing industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water supply, waste water disposal, waste management and environmental remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale and retail trade, repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities for accommodation and food service activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Information and communications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial and insurance activities	-	-	-	-	-	-	-	-	0	32.478	-	-	2	2	-	-	2	32.480	-
Real estate activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional, scientific and technical activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative and support service activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public administration and defense, compulsory social security	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activities of health and social care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Art, entertainment and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other service activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activities of households as employers, activities of households that produce diverse goods and perform various services for their own needs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activities of extraterritorial organizations and bodies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Individuals	-	-	214.016	213.595	-	-	-	-	-	-	121	50	21	21	-	-	214.158	213.666	-
Individual merchants and individuals not regarded as merchants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	235.709	235.374	-	-	-	-	-	32.478	122	57	23	23	-	-	235.854	267.932	-

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

2.2 2.2 Liquidity risk

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

2.2.1 Process of liquidity risk management

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

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

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

The reconciliation of the maturities of assets and liabilities is fundamental to the management of the Savings House.

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

Maturity analysis of the financial assets and liabilities, including balance and off- balance sheet items as at 31 December 2019 and 2018 has been prepared by remaining contractual maturities, i.e. the remaining period of the balance sheet date to the contractual maturity date. Presented amounts are gross, i.e. they are not reduced by the amounts of accumulated depreciation, impairment losses and allocated special reserve.

In the presented amounts, the Savings House's reserve requirement that is kept on the account in NBRNM in the amount of 4.980 thousand denars (2018: 4.562 thousand denars) is not presented because it is not available for use by the Savings House.

Classification of the assets and liabilities of the Savings House is presented according to the maturity dates as at 31 December 2019 and 2018.

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

2. Risk management (continued)

2.2. Liquidity risk (continued)

2.2.1 Process of liquidity risk management (continued)

Maturity analysis of financial assets and liabilities (residual maturity)

<i>In thousands of Denars</i>	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
2019 (current year)							
Financial assets							
Cash and cash equivalents	30.629	-	-	-	-	-	30.629
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	7.707	11.784	67.297	65.678	97.182	5.931	255.579
Investments in securities	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-
Income tax receivable (current)	-	-	-	-	-	-	-
Other receivables	274	-	-	-	-	-	274
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total financial assets	38.610	11.784	67.297	65.678	97.182	5.931	286.482
Financial liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to other customers	18.545	16.631	68.358	49.379	45.088	-	198.001
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	1	-	-	-	-	-	1
Subordinated debt	-	-	-	-	-	-	-
Income tax payable (current)	-	7	-	-	-	-	7
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	298	-	8	-	-	-	306
Total financial liabilities	18.844	16.638	68.366	49.379	45.088		198.315
Off balance sheet items							
Off balance sheet assets	-	-	-	-	-	-	-
Off balance sheet liabilities	-	-	-	-	-	-	-
Liquidity gap	19.766	(4.854)	(1.069)	16.299	52.094	5.931	88.167

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

2. Risk management (continued)

2.2. Liquidity risk (continued)

2.2.1 Process of liquidity risk management (continued)

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

<i>In thousands of Denars</i>	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
2018 (previous year)							
Financial assets							
Cash and cash equivalents	27.916	-	-	-	-	-	27.916
Held-for-trading assets	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to other customers	9.782	11.205	64.646	67.475	98.399	3.806	255.313
Investments in securities	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-
Income tax receivable (current)	-	-	-	-	-	-	-
Other receivables	257	-	-	-	-	-	257
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total financial assets	37.955	11.205	64.646	67.475	98.399	3.806	283.486
Financial liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to other customers	16.375	17.730	71.832	55.660	21.182	4.086	186.865
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	107	206	925	1.234	3.702	2.468	8.642
Subordinated debt	-	-	-	-	-	-	-
Income tax payable (current)	83	-	-	-	-	-	83
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	349	-	-	-	-	-	349
Total financial liabilities	16.914	17.936	72.757	56.894	24.884	6.554	195.939
Off balance sheet items							
Off balance sheet assets	-	-	-	-	-	-	-
Off balance sheet liabilities	-	-	-	-	-	-	-
Liquidity gap	21.041	(6.731)	(8.111)	10.581	73.515	(2.748)	87.547

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

2.3 Market risk

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

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

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

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

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

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

2. Risk management (continued)

2.3. Market risk (continued)

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

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

	Profit/Loss	Own funds	Risk-weighted assets	Capital adequacy ratio
	<i>In thousand of Denars</i>	<i>In thousand of Denars</i>	<i>In thousand of Denars</i>	<i>In %</i>
2019 (current year)				
Amount before sensitivity analysis/stress testing (as at 31 December 2019)	993	91.359	310.704	29%
Effects from scenarios implementation:				
Risk from changes in foreign exchange rates (depreciation of the Denar for 30% and direct credit risk through a deterioration in the quality of the portfolio)	995	91.361	309.584	30%
Scenario 1 (Increase in loans in C, D, E for 100%)	(10.571)	80.788	298.046	27%
Scenario 2 (Increase in loans in C, D, E for 300%)	(26.804)	64.555	281.813	21%
Scenario 3 (Increase in loans C, D, E for 500%)	(43.220)	48.139	265.397	15%
Interest rate risk				
Scenario 1 (changes for 2%)	(3.610)	87.749	310.704	28%
Scenario 2 (changes for 5%)	(9.019)	82.340	310.704	27%
Market price risk of investments in equity securities (not applicable)	-	-	-	-
Combined scenarios, if any (not applicable)	-	-	-	-

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

2. Risk management (continued)

2.3. Market risk (continued)

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

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

	Profit/Loss	Own funds	Risk-weighted assets	Capital adequacy ratio
	<i>In thousand of Denars</i>	<i>In thousand of Denars</i>	<i>In thousand of Denars</i>	<i>In %</i>
2018 (previous year)				
Amount before sensitivity analysis/stress testing (as at 31 December 2018)	965	91.777	307.408	30%
Effects from scenarios implementation				
Risk from changes in foreign exchange rates (depreciation of the Denar for 30% expressed through indirect credit risk)	994	92.771	307.395	30%
Scenario 1 (Increase in loans in C, D, E for 70%)	(12.893)	78.884	293.508	27%
Scenario 2 (Increase in loans in C, D, E for 100%)	(37.797)	53.951	268.604	20%
Scenario 3 (Increase in loans in C, D, E for 150%)	(64.708)	27.040	241.693	11%
Interest rate risk (decreasing of interest rates)				
Scenario 1 (changes for 2%)	(3.724)	88.053	307.408	29%
Scenario 2 (changes for 5%)	(9.311)	82.466	307.408	27%
Market price risk of investments in equity securities (not applicable)	-	-	-	-
Combined scenarios, if any (not applicable)	-	-	-	-

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

2. Risk management (continued)

2.3. Market risk (continued)

2.3.2. Interest rate risk

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

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

A. Interest rate sensitivity analysis

<i>in thousand of Denars</i>	<u>Currency</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
Net-weighted position for currency MKD (FKS + VKS + PKS)	MKD	3.618	3.642
Net-weighted position for currency EUR DK (FKS + VKS + PKS)	EUR DK	(16)	83
Total wighted value – change in the economic value of the banking portfolio			3.725
Own funds		91.359	91.777
Total wighted value / own funds		3.94%	4.06%

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

2. Risk management (continued)

2.3 Market risk (continued)

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

B. Interest rates gap analysis

In thousand of Denars	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total interest bearing assets/ liabilities
31 December 2019 (current year)							
Financial Assets							
Cash and cash equivalents	35.481	-	-	-	-	-	35.481
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to other customers	5.509	11.100	54.878	73.306	80.729	5.678	231.200
Investments in securities	-	-	-	-	-	-	-
Other interest sensitive assets	-	-	-	-	-	-	-
Total interest sensitive financial assets	40.990	11.100	54.878	73.306	80.729	5.678	266.681
Financial Liabilities							
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to other customers	18.377	16.481	104.818	23.841	33.960	-	197.477
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	1	-	-	-	-	-	1
Subordinated debt	-	-	-	-	-	-	-
Other interest sensitive liabilities	-	-	-	-	-	-	-
Total interest sensitive financial liabilities	18.378	16.481	104.818	23.841	33.960	-	197.478
Net balance position	22.612	(5.381)	(49.940)	49.465	46.769	5.678	69.203
Off balance sheet interest sensitive assets	-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities	-	-	-	-	-	-	-
Net off-balance sheet gap	-	-	-	-	-	-	-
Total net-position	22.612	(5.381)	(49.940)	49.465	46.769	5.678	69.203

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

2. Risk management (continued)

2.3 Market risk (continued)

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

B. Interest rates gap analysis (continued)

	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total interest bearing assets/liabilities
31 December 2018 (previous year)							
Financial Assets							
Cash and cash equivalents	32.327	-	-	-	-	-	32.327
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to other customers	7.574	10.561	52.074	98.788	59.501	3.415	231.913
Investments in securities	-	-	-	-	-	-	-
Other interest sensitive assets	-	-	-	-	-	-	-
Total interest sensitive financial assets	39.901	10.561	52.074	98.788	59.501	3.415	264.240
Financial Liabilities							
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
Due to other customers	15.669	17.770	131.081	11.076	6.517	4.086	186.119
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	104	206	925	1.234	3.702	2.468	8.639
Subordinated debt	-	-	-	-	-	-	-
Other interest sensitive liabilities	-	-	-	-	-	-	-
Total interest sensitive financial liabilities	15.773	17.976	132.006	12.310	10.219	6.554	194.838
Net balance position	24.128	(7.415)	(79.932)	86.478	49.282	(3.139)	69.402
Off balance sheet interest sensitive assets	-	-	-	-	-	-	-
Off balance sheet interest sensitive liabilities	-	-	-	-	-	-	-
Net off-balance sheet gap	-	-	-	-	-	-	-
Total net-position	24.128	(7.415)	(79.932)	86.478	49.282	(3.139)	69.402

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

2.4 Operating risk

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

3. Capital adequacy

Capital management

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

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

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

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

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

Capital Adequacy

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

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

3.Capital Adequacy (continued)

Report
 on capital adequacy ratio
 as at 31 December 2019

No.	Decription	Current year 2019	Previous year 2018
1	2	3	4
I	CREDIT RISK WEIGHTED ASSETS		
1	Assets weighted according to credit risk using the standardised approach	240.519	239.279
2	Capital required for credit risk covering	19.242	19.142
II	CURRENCY RISK WEIGHTED ASSETS		
3	Aggregate foreign exchange position	2.160	3.681
4	Net-position in gold	-	-
5	Capital needed for currency risk covering	173	294
6	Assets weighted according to currency risk	2.160	3.681
III	OPERATIONAL RISKS WEIGHTED ASSETS		
7	Capital needed for operational risk covering using the base indicator approach	5.442	5.156
8	Capital needed for operational risk covering using the standardised approach	-	-
9	Assets weighted according to operational risk	68.025	64.448
IV	OTHER RISKS WEIGHTED ASSETS		
10	Capital needed for covering the risk of changes in the prices of commodities	-	-
11	Capital needed for covering market risks (11.1+11.2+11.3+11.4+11.5)	-	-
11.1	Capital needed for covering position risk (11.1.1.+11.1.2+11.1.3+11.1.4)	-	-
11.1.1	Capital needed for covering the specific risk of investing in debt instruments	-	-
11.1.2	Capital needed for covering the general risk of investing in debt instruments	-	-
11.1.3	Capital needed for covering the specific risk of investing in equity instruments	-	-
11.1.4	Capital needed for covering the general risk of investing in equity instruments	-	-
11.2	Capital needed for covering settlement/delivery risk	-	-
11.3	Capital needed for covering counterparty risk	-	-
11.4	Capital needed for covering the surpass of exposure limits	-	-
11.5	Capital needed for covering market risks of positions in options	-	-
12	Capital needed for covering other risks (10+11)	-	-
13	Assets weighted according to other risks	-	-
V	RISK WEIGHTED ASSETS	310.704	307.408
14	Capital required to risk coverage	62.141	61.482
VI	OWN FUNDS	91.359	91.777
VII	CAPITAL ADEQUACY (VI/V)	0.29	0.30

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

3.Capital Adequacy (continued)

Report on own funds			
No.	Description	Current year 2019	Previous year 2018
1	2	3	4
A1.	Own funds	91.359	91.777
A2.	Tier 1 Capital	91.359	91.777
A3.	Core Equity Tier 1 Capital (CET1)	91.359	91.777
A3.1	Positions of CET1	95.083	94.107
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	4.126	3.161
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	123	112
A3.2.	(-) Deductions from the CET1	(3.724)	(2.330)
A3.2.01.	(-) Loss at the end of the year or current loss	-	-
A3.2.02.	(-) Intangibles	(3.724)	(2.330)
A3.2.03.	(-) Deferred tax assets that rely on the future profitability of the Savings House	-	-
A3.2.04.	(-) Investments in own capital instruments from CET1	-	-
A3.2.04.1.	(-) Direct investments in own capital instruments from CET1	-	-
A3.2.04.2.	(-) Indirect investments in own capital instruments from CET1	-	-
A3.2.04.3.	(-) Synthetic investments in own capital instruments from CET1	-	-
A3.2.04.4.	(-) Investments in own capital instruments from CET1 for which the Savings House has a contractual obligation to buy	-	-
A3.2.05.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies in the financial sector, whereas those companies have investments in the Savings House.	-	-
A3.2.06.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies in the financial sector, whereas the Savings House does not have a significant investment	-	-
A3.2.07.	(-) Direct, indirect and synthetic investments in capital instruments from CET1 of the companies in the financial sector entities whereas the Savings House has a significant investment	-	-
A3.2.08.	(-) Amount of deductions from the AT1 which exceeds the total amount of AT1	-	-
A3.2.09.	(-) Amount of exceeding the limits on investments in non – financial institutions	-	-
A3.2.10.	(-) Tax costs	-	-
A3.2.11.	(-) Difference between the necessary and actual allowance for impairment provision/ special reserve	-	-
A3.3.	Regulatory adjustments from CET1	-	-
A3.3.1.	(-) Increase of CET1 that arises from the position of securitization	-	-
A3.3.2.	(-) Gains or (+) losses from cash flow risk	-	-
A3.3.3.	(-) Gains or (+) losses on liabilities of the Savings House measured at fair value	-	-
A3.3.4.	(-) Gains or (+) losses related to liabilities based on derivatives measured at fair value	-	-
A3.4.	Positions as a result of consolidation	-	-
A3.4.1.	(+/-) Non controlling (minority) participation that is recognized in CET1 on consolidation basis	-	-
A3.4.2.	Other	-	-
A.3.5.	Other positions from AT1	-	-
A.3.6.		-	-
B4.	Additional Tier 1 Capital (AT1)	-	-
B4.1	Positions in AT1	-	-
B4.1.1.	Capital instruments of AT1	-	-
B4.1.2.	Premium from capital instruments of AT1	-	-
B4.2.	(-) Deductions of AT1	-	-
B4.2.1.	(-) Investments in own capital instruments from AT1	-	-
B4.2.1.1.	(-) Direct investments in own capital instruments from AT1	-	-
B4.2.1.2.	(-) Indirect investments in own capital instruments from AT1	-	-
B4.2.1.3.	(-) Synthetic investments in own capital instruments from AT1	-	-
B4.2.1.4.	(-) Investments in own capital instruments from AT1 for which the Savings House has a contractual obligation to buy	-	-
B4.2.2.	(-) Direct, indirect and synthetic investments in capital instruments from AT1 of the companies in the financial sector, whereas those companies have investments in the Savings House.	-	-
B4.2.3.	(-) Direct, indirect and synthetic investments in capital instruments from AT1 of the companies in the financial sector, whereas the Savings House does not have a significant investment	-	-

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

B4.2.4.	(-) Direct, indirect and synthetic investments in capital instruments from AT1 of the companies in the financial sector entities whereas the Savings House has a significant investment	-	-
B4.2.5.	(-) Amount of deductions from the T2 which exceeds the total amount of T2	-	-
B4.2.6.	(-) Tax costs	-	-
B4.3.	Regulatory adjustments from AT1	-	-
B4.3.1.	(-) Increase of AT1 that arises from the position of securitization	-	-
B4.3.2.	(-) Gains or (+) losses from cash flow risk	-	-
B4.3.3.	(-) Gains or (+) losses on liabilities of the Savings House measured at fair value	-	-
B4.3.4.	(-) Gains or (+) losses related to liabilities based on derivatives measured at fair value	-	-
B4.4.	Positions as a result of consolidation	-	-
B4.4.1.	(+/-) Acceptable additional Tier 1 capital that is recognized in AT1 on a consolidated basis	-	-
B4.4.2.	Other	-	-
B4.5.	Other positions from AT1	-	-
B5.	Tier 2 Capital (T2)	-	-
B5.1.	Positions of T2	-	-
B5.1.1.	Capital instruments of T2	-	-
B5.1.2.	Subordinated loans	-	-
B5.1.3.	Premium on capital instruments of T2	-	-
B5.2.	(-) Deductions of T2	-	-
B5.2.1.	(-) Investments in own capital instruments of T2	-	-
B5.2.1.1.	(-) Direct investments in own capital instruments of T2	-	-
B5.2.1.2.	(-) Indirect investments in own capital instruments of T2	-	-
B5.2.1.3.	(-) Synthetic investments in own capital instruments of T2	-	-
B5.2.1.4.	(-) Investments in own capital instruments of T2 for which the Savings House has a contractual obligation to buy	-	-
B5.2.2.	(-) Direct, indirect and synthetic investments in capital instruments from T2 of the companies in the financial sector, whereas those companies have investments in the Savings House.	-	-
B5.2.3.	(-) Direct, indirect and synthetic investments in capital instruments from T2 of the companies in the financial sector, whereas the Savings 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 Savings 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 Savings House measured at fair value	-	-
B5.3.4.	(-) Gains or (+) losses related to liabilities based on derivatives measured at fair value	-	-
B5.4.	Positions as a result of consolidation	-	-
B5.4.1.	(+/-) Acceptable additional Tier 1 capital that is recognized in AT1 on a consolidated basis	-	-
B5.4.2.	Other	-	-
B5.5.	Other positions from T2	-	-

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

4. Segment reporting

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

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

- Performs activities as a result based on which incomes are generated and expenditures arise;
- Reviews from the Sole 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 Savings House discloses the information independently for each significant operating segment. A segment is considered significant if:

- The incomes of the segment participates with more than 10% in the total income of the Savings House;
- The amount of the profit or loss represents 10% or more 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 Savings House's total assets;
- Management has assessed that they are significant to follow for the Savings House's management needs.

On 31 December 2019 and 2018, the operating segments of the Savings House are:

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

The Savings 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 Savings House generates 10% or more of its total business income or expenditure. On 31 December 2019 and 2018, there are no significant clients.

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

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

5. Fair value of financial assets and financial liabilities

a) Cash and cash equivalents

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

b) Loans and advances to banks

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

c) Loans and advances to other customers

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

d) Other receivables

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

e) Deposits from other customers

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

f) Borrowings

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

g) Other liabilities

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

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

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

A. Fair value of financial assets and financial liabilities

	Current year 2019		Previous year 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>In thousand of denars</i>				
Financial Assets				
Cash and cash equivalents	35.609	35.609	32.478	32.478
Held-for-trading assets				
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to other customers	235.709	235.709	235.374	235.374
Investments in securities			-	-
Investments in associates			-	-
Income tax receivable (current)			-	-
Other receivables	364	364	285	285
Assets pledged as collateral			-	-
Deferred tax assets			-	-
Financial Liabilities				
Trading liabilities			-	-
Financial liabilities at fair value through profit or loss upon initial recognition			-	-
Derivative liabilities held for risk management			-	-
Deposits from banks				
Deposits from other customers	198.001	198.001	186.865	186.865
Debt instruments issued			-	-
Loans payables	1	1	8.599	8.599
Subordinated debt			-	-
Income tax payables (current)	7	7	83	83
Deferred tax liabilities			-	-
Other liabilities	10.439	10.439	7.436	7.436

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

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

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

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

<i>In thousand of denars</i>	Note	Level 1	Level 2	Level 3	Total
31 December 2019 (current year)					
Financial assets measured at fair value					
Held-for-trading assets	19	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in securities available for sale	23.1	-	-	-	-
Total		-	-	-	-
Financial liabilities measured at fair value					
Held-for-trading liabilities	32	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
Total		-	-	-	-
31 December 2018 (previous year)					
Financial assets measured at fair value					
Held-for-trading assets	19	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investments in securities available for sale	23.1	-	-	-	-
Total		-	-	-	-
Financial liabilities measured at fair value					
Held-for-trading liabilities	32	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21	-	-	-	-
Total		-	-	-	-

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

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

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

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

	Current year 2019		Previous year 2018	
	Transfers from level 1 to level 2	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 1
<i>In thousand of denars</i>				
Financial assets measured at fair value				
Held-for-trading assets	-	-	-	-
Financial assets at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Investments in available-for-sale securities	-	-	-	-
Total	-	-	-	-
Financial liabilities carried at fair value				
Trading liabilities	-	-	-	-
Financial liabilities at fair value through profit or loss upon initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Total	-	-	-	-

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

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

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

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

<i>In thousand of denars</i>	Held-for-trading assets	Financial assets at fair value through profit or loss upon initial recognition	Investments in available-for-sale securities	Total assets	Trading liabilities	Financial liabilities at fair value through profit or loss upon initial recognition	Total liabilities
As of 1 January 2018 (previous year)	-	-	-	-	-	-	-
Gains/(losses) recognized in:	-	-	-	-	-	-	-
- Income statement	-	-	-	-	-	-	-
- Other comprehensive income in the period not recognized in profit or loss	-	-	-	-	-	-	-
Purchase of financial instruments in the period	-	-	-	-	-	-	-
Disposals of financial instruments in the period	-	-	-	-	-	-	-
Issued financial instruments in the period	-	-	-	-	-	-	-
Paid financial instruments in the period	-	-	-	-	-	-	-
Reclassified financial instruments to/(from) Level 3	-	-	-	-	-	-	-
Reclassified in loans and advances	-	-	-	-	-	-	-
As of 31 December 2018 (previous year)	-	-	-	-	-	-	-
Total gains/(losses) recognized in income statement for the assets and liabilities outstanding as of 31 December 2018 (previous year)	-	-	-	-	-	-	-

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

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

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

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

<i>In thousands of denars</i>	Held-for-trading assets	Financial assets at fair value through profit or loss upon initial recognition	Investments in available-for-sale securities	Total assets	Trading liabilities	Financial liabilities at fair value through profit or loss upon initial recognition	Total liabilities
As of 1 January 2019 (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 31 December 2019 (current year)	-	-	-	-	-	-	-
Total gains/(losses) recognized in income statement for the assets and liabilities outstanding as of 31 December 2019 (current year)	-	-	-	-	-	-	-

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

6. Interest income/(expense), net

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

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Interest income		
Cash and cash equivalents	208	285
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	34.602	32.194
Investments in securities	-	-
Other receivables	-	-
(Allowance for impairment of Interest Income, net)	(171)	(114)
Collected interest previously written off	1.095	965
Total interest income	35.734	33.330
Interest expense		
Financial liabilities at fair value through profit or loss upon initial recognition	-	-
Derivative liabilities held for risk management	-	-
Deposits from banks	-	-
Deposits from other customers	4.551	4.784
Debt instruments issued	-	-
Borrowings	271	443
Subordinated debt	-	-
Other liabilities	-	-
Total interest expense	4.822	5.227
Interest income/(expense), net	30.912	28.103

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

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

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

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Interest income		
Non-financial companies	-	-
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	208	285
Other financial institutions (non-banks)	-	-
Households	34.602	32.194
Non-residents	-	-
(Allowance for impairment of Interest Income, net)	(171)	(114)
Collected interest previously written off	1.095	965
Total interest income	35.734	33.330
Interest expense		
Non-financial companies	-	-
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	271	443
Other financial institutions (non-banks)	-	-
Households	4.551	4.784
Non-residents	-	-
Total interest expense	4.822	5.227
Interest income/(expense), net	30.912	28.103

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

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

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

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Fee and commission income		
Loans	7.352	7.905
Payment's operation	-	-
Domestic	-	-
International	-	-
Letter of credit and guarantees	-	-
Brokerage operations	-	-
Asset management	-	-
Fiduciary activities	-	-
Issuing securities	-	-
Other (describe separately income which represent more than 10% of the total fees and commissions income)	-	-
Total fee and commission income	7.352	7.905
Fee and commission expense		
Loans	-	-
Payment's operation	434	375
Domestic	434	375
International	-	-
Letter of credit and guarantees	41	66
Brokerage operations	-	-
Asset management	-	-
Fiduciary activities	-	-
Issuing securities	-	-
Other (describe separately expenses which represent more than 10% of the total fees and commissions expense)	-	-
Total fee and commission expense	475	441
Fee and commission income/(expense), net	6.877	7.464

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

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

B. Sector analysis of fee and commission income and expense

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Fee and commission income		
Non-financial companies	-	-
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	-	-
Other financial institutions (non-banks)	-	-
Households	7.352	7.905
Non-residents	-	-
Total fee and commission income	7.352	7.905
Fee and commission expense		
Non-financial companies	-	-
Government	-	-
Not for profit institutions that serve to household	-	-
Banks	434	375
Other financial institutions (non-banks)	-	-
Non-residents	41	66
Total fee and commission expense	475	441
Fee and commission income/(expense), net	6.877	7.464

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

8. Net trading income/(expense)

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
<i>Trading assets</i>		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of equity instruments, net		
realized	-	-
unrealized	-	-
Income from dividends from trading assets	-	-
Income from interest of trading assets	-	-
<i>Trading liabilities</i>		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of trading deposits, net		
realized	-	-
unrealized	-	-
Profit/(loss) from fair value changes of remaining financial liabilities for trading, net		
realized	-	-
unrealized	-	-
Interest expense of financial liabilities held for trading	-	-
<i>Profit/(loss) from fair value change of derivatives held for trade, net</i>		
realized	-	-
unrealized	-	-
Net income/(expense) from trading	-	-

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

9. Net income from other financial instruments at fair value

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
<i>Financial assets at fair value through profit or loss upon initial recognition</i>		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Gains/(losses) from changes in fair value of equity instruments, net		
realized	-	-
unrealized	-	-
Dividend income from trading assets at fair value through profit or loss	-	-
Profit/(loss) from changes in fair value of loans and receivables at fair value through profit and loss, net		
realized	-	-
unrealized	-	-
<i>Financial liabilities at fair value through profit or loss upon initial recognition</i>		
Profit/(loss) from fair value changes on debt securities, net		
realized	-	-
unrealized	-	-
Profit/(loss) from the changes in fair value of deposits at fair value through profit and loss, net		
realized	-	-
unrealized	-	-
Profit/(loss) from the changes in fair value of borrowings at fair value through profit and loss, net		
realized	-	-
unrealized	-	-
Profit/(loss) from the changes in fair value of other financial liabilities at fair value through profit and loss		
realized	-	-
unrealized	-	-
<i>Profit/(loss) from fair value change of derivatives held for risk management at the fair value through profit and loss, net</i>		
realized	-	-
unrealized	-	-
Net income from other financial instruments at fair value	-	-

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

10. Foreign exchange gains/(losses), net

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Realized foreign exchange gains/(losses), net	-	-
Unrealized foreign exchange gains/(losses), net	-	-
Foreign exchange differences of allowance for impairment of financial assets, net	-	-
Other foreign exchange differences, net	-	-
Foreign exchange gains/(losses), net	-	-

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

11. Other operating Income

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Income from sale of available-for-sale assets	-	-
Dividend from equity instruments available-for-sale	-	-
Net income from investment in subsidiaries and associates	-	-
Capital gain from the sale of:		
Property, plant and equipment	-	-
Intangible assets	-	-
Foreclosed assets	161	-
Non-current assets held-for-sale and group for disposal	-	-
Income from rent	-	-
Income from litigations	25	20
Collected receivables previously written off	1.234	621
Release from the special reserve and provisions for:		
Contingent commitments based on litigations	-	-
Pensions and other employee benefits	-	-
Restructuring	-	-
Onerous contracts	-	-
Other provisions	-	-
Other (income that represents more than 10% of the total remaining operating income)	-	-
- Income from terminated deposit agreements	154	92
- Income from the project	1.288	1.792
- Other income	40	31
Total other operating income	2.902	2.556

Revenues from the project in the amount of 1.288 thousand denars (2018: 1.792 thousand denars) derive from the Agreement for granting of sub-implementation of project support no. 03-96 / 1 from 20 January 2016 with the Association of Microfinance Organizations (MFO) from Skopje for the purpose of achieving the objectives of the project "Inclusion and Innovation in Microfinance" and the Annexes to the Agreement for Sub-Implementation of Project Supports concluded in the period from 2016 to 2019.

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

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

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

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

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

In thousand of denars

	Loans and advances to banks	Loans and advances to other customers	Investments in financial assets available for sale	Investments in financial assets held to maturity	Cash and cash equivalents	Fees and commission receivables	Other receivables	Total impairment of financial assets	Special reserve for off-balance sheet exposure	Total
2019 (current year)										
<i>Allowance for impairment and special reserve</i>										
Additional allowance for impairment and special reserve	-	24.452	-	-	-	304	-	24.756	-	24.756
(Release of impairment and special reserve)	-	(21.497)	-	-	-	(200)	-	(21.697)	-	(21.697)
Total impairment losses of financial assets and special reserve for off-balance sheet exposure, net	-	2.955	-	-	-	104	-	3.059	-	3.059
2018 (previous year)										
<i>Allowance for impairment and special reserve</i>										
Additional allowance for impairment and special reserve	-	29.714	-	-	-	327	-	30.041	-	30.041
(Release of impairment and special reserve)	-	(27.183)	-	-	-	(250)	-	(27.433)	-	(27.433)
Total impairment losses of financial assets and special reserve for off-balance sheet exposure, net	-	2.531	-	-	-	77	-	2.608	-	2.608

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

13. Impairment losses of non-financial assets, net

<i>In thousand of denars</i>	Property and equipment	Intangible assets	Foreclosed assets	Non-current assets held for sale and group for disposal	Other non-financial assets	Non-controlling interest*	Total
2019 (current year)							
Additional impairment loss	-	-	-	-	-	-	-
(Release of impairment loss)	-	-	-	-	(182)	-	(182)
Total impairment losses of non-financial assets, net	-	-	-	-	(182)	-	(182)
2018 (previous year)							
Additional impairment loss	-	-	-	-	-	-	-
(Release of impairment loss)	-	-	-	-	-	-	-
Total impairment losses of non-financial assets, net	-	-	-	-	-	-	-

* only for consolidated financial statements

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

14. Personnel expenses

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
<i>Short-term benefits for employees</i>		
Salaries	15.838	14.470
Compulsory social and health insurance contributions	6.007	5.352
Short-term paid absences	-	-
Costs for temporary employment	-	-
Share in profit and remuneration	-	-
Non-monetary benefits	-	-
	21.845	19.822
<i>Benefits after termination of employment</i>		
Defined pension benefit plans	-	-
Retirement benefits	10	-
Increase of liability for defined pension benefit plans	-	-
Increase of liability for other long term benefits	-	-
Other benefits upon termination of employment	-	-
	10	-
<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	462	432
New Year's compensation for employees	-	434
Jubilee award	9	-
Other	449	460
Total costs for employees	22.775	21.148

During 2018 and 2019, the Savings House, in accordance with the regulations, paid a regres for employees' annual leave. During 2019, the Savings House paid a jubilee reward for more than ten and twenty years of experience in the Savings House and a benefit in retirement.

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

15. Depreciation and amortization

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Amortization of intangible assets		
Internal developed software	-	-
Software acquired from external suppliers	434	222
Other internally developed intangible assets	-	-
Other intangible assets	365	178
Investments in intangible assets taken under lease	-	-
	799	400
Depreciation of property and equipment		
Buildings	556	557
Vehicles	-	-
Furniture and equipment	898	600
Other equipment	13	11
Other items of property and equipment	-	-
Investments in property and equipment taken under lease	1	1
	1.468	1.169
Total depreciation and amortization	2.267	1.569

16. Other operating expenses

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Loss from sale of assets available for sale	-	-
Software licensing expense	-	-
Deposit insurance premium	487	457
Premium on property and employee insurance	194	219
Materials and services	6.242	6.996
Administrative and marketing expenses	2.367	1.939
Other taxes and contributions	364	351
Rental expense	1.721	1.507
Court litigation expenses	7	12
Provisions for pension and other employee benefits, net	78	14
Provisions for contingent liabilities based on court litigations, net	-	-
Other provisions, net	-	-
Loss from sale of:		
Property and equipment	-	-
Intangible assets	-	-
Foreclosed assets	-	-
non-current assets held for sale and group for disposal	-	-
Other (expenses that represent more than 10% of total other operating expenses)	55	25
Unamortised value of working assets	-	50
Total other operating expenses	11.515	11.570

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

17. Income tax expense

A. Expense/income based on current and deferred tax

Current income tax

Expense/(income) based on current income tax for the year
 Adjustments for previous years
 Benefits of previous unrecognized tax losses, tax loans or temporary differences from previous years
 Changes in accounting policies and errors
 Other

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
264	263
-	-
-	-
-	-
-	-
264	263
-	-
-	-
-	-
-	-
-	-
-	-
264	263

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

Total expense/(return) on income tax

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
264	263
264	263
-	-
-	-
-	-
264	263

Current income tax

Recognized in the income statement
 Recognized in the equity and reserves

Deferred income tax

Recognized in the income statement
 Recognized in the equity and reserves

Total expense/(return) on income tax

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

17. Income tax expense (continued)

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

	<i>In %</i>	<i>In thousand of denars</i>	<i>In %</i>	<i>In thousand of denars</i>
	Current year 2019		Previous year 2018	
Profit/ (loss) before taxation	-	1.257	-	1.228
Income tax as per applicable tax rate	10,0	126	10,0	123
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	18,6	234	19,1	234
Tax-exempt income	-	-	-	-
Tax exemption unrecognized in income statement	(7,6)	(96)	(7,7)	(94)
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		264		263
Average effective tax rate	21		21,4	

For the fiscal year 2019 and 2018, the Savings House used the right to decrease the tax base for the amount of realized investments from the profit (reinvested earnings: amount of 965 thousand denars and 940 thousand denars respectively).

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

17. Income tax expense (continued)

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

In thousands of denars

	Current year 2019			Previous year 2018		
	Before taxation	(expenditure)/return of income tax	Less income tax	Before taxation	(expenditure)/return of income tax	Less income tax
Revalued reserve for assets available for sale	-	-	-	-	-	-
Reserve for instruments for protection against cash flow risk	-	-	-	-	-	-
Reserve for instruments for protection against the risk net-investment in international operations	-	-	-	-	-	-
Reserve from currency differences from investment in foreign operations	-	-	-	-	-	-
Share in the remaining profits/(losses) from affiliates which are not disclosed in the Income statement	-	-	-	-	-	-
Other profits/(losses) which are not disclosed in the Income statement	-	-	-	-	-	-
Total other profits/(losses) which are not disclosed in the Income statement	-	-	-	-	-	-

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

19. Held-for-trading assets

Structure of trading assets by the type of the financial instrument

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

Quoted
 Unquoted

Equity instruments for trading
 Equity instruments issued by banks
 Other equity instruments

Quoted
 Unquoted

Trading derivatives
 Agreements dependent on interest rate change
 Agreements dependent on exchange rate change
 Agreements dependent on changes in price of securities
 Other contracts that meet the requirements of IFRS 9

Total trading assets

	In thousand of denars	
	Current year 2019	Previous year 2018
Trading securities		
<i>Debt securities for trading</i>		
Treasury bills for trading	-	-
Government bills for trading	-	-
Other instruments in the money market	-	-
Government bonds	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
	-	-
<i>Equity instruments for trading</i>		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
	-	-
<i>Trading derivatives</i>		
Agreements dependent on interest rate change	-	-
Agreements dependent on exchange rate change	-	-
Agreements dependent on changes in price of securities	-	-
Other contracts that meet the requirements of IFRS 9	-	-
	-	-
	-	-
Total trading assets	-	-

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

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

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
<i>Debt securities</i>		
Treasury bills	-	-
Government bills	-	-
Other instruments in the money market	-	-
Government bonds issued	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Equity instruments</i>		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
Loans and advances to banks	-	-
Loans and advances to other customers	-	-
Total financial assets at fair value through profit or loss upon initial recognition	-	-

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

21. Derivative assets held for risk management

<i>In thousand of denars</i>					
		Current year 2019		Previous year 2018	
		Derivative assets	(Derivative liabilities)	Derivative assets	(Derivative liabilities)
A	Derivatives for protection against risk/Derivatives held for risk management				
A.1	<i>By type of the variable</i>				
	Derivatives held for risk management				
	Agreements dependent on interest rate change	-	-	-	-
	Agreements dependent on exchange rate change	-	-	-	-
	Agreements dependent on changes in price of securities	-	-	-	-
	Other contracts that meet the requirements of IFRS 9	-	-	-	-
	Total derivatives held for risk management	-	-	-	-
A.2	<i>By type of protection against risk</i>				
	Protection against risk of fair value	-	-	-	-
	Protection against risk of cash flows	-	-	-	-
	Protection against risk of net investment in foreign operations	-	-	-	-
	Total derivatives held for risk management	-	-	-	-
B.	Inherent derivatives				
	Agreements dependent on interest rate change	-	-	-	-
	Agreements dependent on exchange rate change	-	-	-	-
	Agreements dependent on changes in price of securities	-	-	-	-
	Other contracts that meet the requirements of IFRS 9	-	-	-	-
	Total inherent derivatives	-	-	-	-
	Total derivatives held for risk management	-	-	-	-

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

22. LOANS AND ADVANCES

Risks and uncertainties

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

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

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

The Savings 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 Savings House is mostly exposed to, making appropriate balance of interest rates from loans and interest payable for deposits, reassessment of the relationships with the corresponding banks and other participants on the local financial market, where possible increase of collateral limits. All the aforementioned is focusing to protect and develop current and future customer/depositor base and achievement of the Savings House's goals and objectives for 2020 and beyond.

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

22. LOANS AND ADVANCES (continued)

22.2 Loans and advances to other customers

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

	<i>In thousand of denars</i>			
	Current year 2019		Previous year 2018	
	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	4.864	226.479	8.253	222.476
Vehicle loans	-	-	-	-
Mortgage loans	-	-	-	-
Credit cards	-	-	-	-
Other loans	7	22.651	7	23.102
Interest receivables	1.578	-	1.475	-
Non-residents, except banks				
Receivables upon principal	-	-	-	-
Interest receivables	-	-	-	-
Current maturity	80.339	(80.339)	75.898	(75.898)
Total loans and advances to other customers before impairment	86.788	168.791	85.633	169.680
(Allowance for impairment)	(10.790)	(9,080)	(12.002)	(7.937)
Total loans and advances to other customers, net of allowance for impairment	75.998	159.711	73.631	161.743

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

22. LOANS AND ADVANCES (continued)

22.2 Loans and advances to other customers (continued)

In thousands of denars	Current year 2019				Previous year 2018			
	Impairment loss for Group 1	Impairment loss for Group 2	Impairment loss for Group 3	Total impairment	Impairment loss for Group 1	Impairment loss for Group 2	Impairment loss for Group 3	Total impairment
Movement in allowance for impairment								
As at 1 January	-	-	-	19.939	-	-	-	17.809
Impairment loss for the year								
Additional impairment	-	-	-	24.452	-	-	-	29.714
Release impairment	-	-	-	(21.497)	-	-	-	(27.183)
Transfer to:								
- Impairment loss for Group 1	-	-	-	-	-	-	-	-
- Impairment loss for Group 2	-	-	-	-	-	-	-	-
- Impairment loss for Group 3	-	-	-	-	-	-	-	-
(Foreclosed assets based on outstanding receivables)	-	-	-	(216)	-	-	-	-
Foreign exchange gain/losses	-	-	-	-	-	-	-	-
(Written off receivables)	-	-	-	(2.808)	-	-	-	(401)
As at 31 December	-	-	-	19.870	-	-	-	19.939

The write-off of loans is done in accordance with the Decision on Methodology for credit risk management of the NBRSM, ie from 01.07.2019. impairment or allocate special reserve of 100%.

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

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
<i>(current carrying amount of loans and advances)</i>		
First-class security instruments		
Cash deposits (in vault and/or restricted in accounts held with the bank)	8.254	8.688
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	210.415	207.658
Mortgage on real estate	-	-
Property for private use (flats, houses)	-	-
Property for business	-	-
Pledge over movables	-	-
Other types of collateral	17.040	19.028
Unsecured	-	-
Total loans and advances to other customers, net of allowance for impairment	235.709	235.374

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

24. Investment in associates and subsidiaries

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

Name of subsidiaries and associates	Country	<i>In %</i>			
		Share in ownership in %		Percentage of voting right	
		Current year 2019	Previous year 2018	Current year 2019	Previous year 2018
	-	-	-	-	-
	-	-	-	-	-

B. Financial information for associates - 100%

Name of associates	<i>In thousand of denars</i>				
	Total assets	Total liabilities	Total capital and reserves	Income	Profit/(loss) for the financial year
Current year 2019	-	-	-	-	-
Previous year 2018	-	-	-	-	-
	-	-	-	-	-

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

25. Other receivables

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Trade receivables	-	-
Prepaid expenses	161	121
Deferred income	-	-
Fees and commission receivables	249	232
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	45	71
Other receivables	25	25
Total other receivables before allowance for impairment	493	462
(Allowance for impairment)	(129)	(177)
Total other receivables, net of allowance for impairment	364	285

In thousand of denars	Current year 2019				Previous year 2018			
	Impair- ment loss for Group 1	Impair- ment loss for Group 2	Impair- ment loss for Group 3	Total impairment	Impair- ment loss for Group 1	Impair- ment loss for Group 2	Impair- ment loss for Group 3	Total impairment
Movement in allowance for impairment								
As at 1 January	-	-	-	177	-	-	-	128
Impairment loss for the year								
Additional impairment	-	-	-	304	-	-	-	327
(release impairment)	-	-	-	(200)	-	-	-	(250)
Transfer to:								
- Impairment loss for Group 1	-	-	-	-	-	-	-	-
- Impairment loss for Group 2	-	-	-	-	-	-	-	-
- Impairment loss for Group 3	-	-	-	-	-	-	-	-
(Foreclosed assets based on outstanding receivables)	-	-	-	(11)	-	-	-	-
Foreign exchange gain/losses	-	-	-	-	-	-	-	-
(Written off receivables)	-	-	-	(141)	-	-	-	(28)
As at 31 December	-	-	-	129	-	-	-	177

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

27. Foreclosed assets

In thousand of denars

Beginning carrying amount

As at 1 January 2018 (previous year)

Foreclosed during the year
(sold during the year)
(transfer into assets for own use)

As at 31 December 2018 (previous year)

As at 1 January 2019 (current year)

Foreclosed during the year
(sold during the year)
(transfer into assets for own use)

As at 31 December 2019 (current year)

Impairment

As at 1 January 2018 (previous year)

Impairment loss during the year
(sold during the year)
(transfer into assets for own use)

As at 31 December 2018 (previous year)

As at 1 January 2019 (current year)

Impairment loss during the year
(sold during the year)
(transfer into assets for own use)

As at 31 December 2019 (current year)

Net carrying amount

As at 1 January 2018 (previous year)

As at 31 December 2018 (previous year)

As at 31 December 2019 (current year)

	Land	Buildings	Equipment	Residential buildings and apartments	Other valuables	Total
As at 1 January 2018 (previous year)	-	-	-	-	140	140
Foreclosed during the year (sold during the year)	-	-	-	-	-	-
(transfer into assets for own use)	-	-	-	-	-	-
As at 31 December 2018 (previous year)	-	-	-	-	140	140
As at 1 January 2019 (current year)	-	-	-	-	140	140
Foreclosed during the year (sold during the year)	-	-	-	-	318	318
(transfer into assets for own use)	-	-	-	-	(283)	(283)
As at 31 December 2019 (current year)	-	-	-	-	175	175
As at 1 January 2018 (previous year)	-	-	-	-	140	140
Impairment loss during the year (sold during the year)	-	-	-	-	-	-
(transfer into assets for own use)	-	-	-	-	-	-
As at 31 December 2018 (previous year)	-	-	-	-	140	140
As at 1 January 2019 (current year)	-	-	-	-	-	-
Impairment loss during the year (sold during the year)	-	-	-	-	64	64
(transfer into assets for own use)	-	-	-	-	(57)	(57)
As at 31 December 2019 (current year)	-	-	-	-	147	147
As at 1 January 2018 (previous year)	-	-	-	-	-	-
As at 31 December 2018 (previous year)	-	-	-	-	-	-
As at 31 December 2019 (current year)	-	-	-	-	28	28

As at 31 December 2019, net carrying amount of foreclosed assets is Denar 28 thousand (2018: 0 denars). Their fair value at 31 December 2019 amounted to 194 thousand (2018: 140 thousand).

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

28. Intangible assets

A. Reconciliation of the present carrying amount

In thousands of denars

	Internally developed software	Software from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in progress	Investments in intangible assets taken under lease	Non-controlling interest *	Total
Purchase value								
As at 1 January 2018 (previous year)	-	4.234	-	1.447	2.151	-	-	7.832
Increases by new supplies	-	-	-	57	3.535	-	-	3.592
Increases by internal development	-	-	-	-	-	-	-	-
Increases by business combinations	-	-	-	-	-	-	-	-
(disposal and write off)	-	(3.742)	-	-	-	-	-	(3.742)
(disposal through business combination)	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-	-
Increases by new supplies	-	3.289	-	1.251	(4.540)	-	-	-
As at 31 December 2018 (previous year)	-	3.781	-	2.755	1.146	-	-	7.682
As at 1 January 2019 (current year)	-	3.781	-	2.755	1.146	-	-	7.682
Increases by new supplies	-	1225	-	1562	198	-	-	-2985
Increases by internal development	-	-	-	-	-	-	-	-
Increases by business combinations	-	-	-	-	-	-	-	-
(disposal and write off)	-	(59)	-	-	-	-	-	(59)
(disposal through business combinations)	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale)	-	-	-	-	-	-	-	-
Transfer from intangible asset in progress	-	1,146	-	198	(1.344)	-	-	-
As at 31 December 2019 (current year)	-	6.093	-	4.515	-	-	-	10.608

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

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
<i>In thousands of denars</i>								
Depreciation and impairment								
As at 1 January 2018 (previous year)	-	4.041	-	247	-	-	-	4.288
Depreciation for the year	-	222	-	178	-	-	-	400
Impairment loss during the year	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-
(Disposal and write off)	-	(3.693)	-	-	-	-	-	(3.693)
As at 31 December 2018 (previous year)		570		425				995
As at 1 January 2019 (current year)	-	570	-	425	-	-	-	995
Amortization for the year	-	434	-	365	-	-	-	799
Impairment loss during the year	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-
(Disposal and write off)	-	(59)	-	-	-	-	-	(59)
As at 31 December 2019 (current year)		945		790				1.735
Net carrying amount								
As at 1 January 2018 (previous year)	-	193	-	1.200	537	-	-	1.930
As at 31 December 2018 (previous year)	-	3.211	-	2.330	1.146	-	-	6.687
As at 31 December 2019 (current year)	-	5.148	-	3.725	-	-	-	8.873

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

28. Intangible assets (continued)

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

	Internally developed software	Software from external suppliers	Other internally developed intangible assets	Other intangible assets	Intangible assets in progress	Investments in intangible assets taken under lease	Total
<i>In thousand of denars</i>							
Present carrying value as at:							
31 December 2018 (previous year)	-	-	-	-	-	-	-
31 December 2019 (current year)	-	-	-	-	-	-	-

As at 31 December 2019, the Savings 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 Savings House.

Acquired intangible assets in the amount of 2,985 thousand denars have been activated. Out of the intangible assets under construction from the previous year, 1,146 thousand denars were activated in the current 2019.

Savings 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 Savings House (that has the role of a sub-implementor) are funded by the Project. Part of the intangible assets with cost of 1,983 thousand denars are from the activities of the Savings House (which has the role of sub-implementor) of the project.

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

29. Property and equipment

A. Reconciliation of the carrying amount

In thousand of denars

Purchase value

	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
As at 1 January 2018 (previous year)	-	22.254	1.666	8.636	294	-	-	6	32.856
increases	-	-	-	1.496	36	-	-	-	1.532
increase through business combinations	-	-	-	-	-	-	-	-	-
(disposal and write off)	-	-	-	(39)	-	-	-	-	(39)
(disposal through business combinations)	-	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
other transfers	-	-	-	-	-	-	-	-	-
As at 31 December 2018 (previous year)	-	22.254	1.666	10.093	330	-	-	6	34.349
As at 1 January 2019 (current year)	-	22.254	1.666	10.093	330	-	-	6	34.349
increases	-	-	-	2.196	-	-	-	-	2.196
increase through business combinations	-	-	-	-	-	-	-	-	-
(disposal and write off)	-	-	-	(1.137)	-	-	-	-	(1.137)
(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 2019 (current year)	-	22.254	1.666	11.152	330	-	-	6	35.408

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

29. Property and equipment (continued)

A. Reconciliation of the carrying amount (continued)

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
Depreciation and impairment									
As at 1 January 2018 (previous year)	-	1.117	1.666	6.669	226	-	-	4	9.682
Depreciation for the year	-	557	-	600	11	-	-	1	1.169
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(39)	-	-	-	-	(39)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer for non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
As at 31 December 2018 (previous year)		1.674	1.666	7.230	237	-	-	5	10.812
As at 1 January 2019 (current year)	-	1.674	1.666	7.230	237	-	-	5	10.812
Depreciation for the year	-	556	-	898	13	-	-	1	1.468
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	(1.137)	-	-	-	-	(1.137)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer for non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
As at 31 December 2019 (current year)	-	2.230	1.666	6.991	250	-	-	6	11.143
Net carrying amount									
As at 1 January 2018 (previous year)	-	21.137	-	1.967	68	-	-	2	23.174
As at 31 December 2018 (previous year)	-	20.580	-	2.863	93	-	-	1	23.537
As at 31 December 2019 (current year)	-	20.024	-	4.161	80	-	-	-	24.265

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

29. Property and equipment (continued)

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

		Land	Buildings	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Property and equipment in progress	Investments in property and equipment taken under lease	Total
<i>In thousand of denars</i>										
Carrying amount:										
As at 31 December 2018 (previous year)		-	20.580	-	-	-	-	-	-	20.580
As at 31 December 2019 (current year)		-	-	-	-	-	-	-	-	-

As at 31 December 2019 and 31 December 2018, all property, plant and equipment are owned by the Savings House.

On 29 December 2015, the Savings House acquired real estate at St. Cyril and Methodius no. 48 Skopje with a cost value in amount of 22.254 thousand denars which was pledged as collateral for the long-term borrowing from Komercijalna Banka AD Skopje. In 2019 the borrowing from Komercijalna Banka was repaid and on 31.12.2019 there is no pledge over this property.

As at 31 December 2018, the carrying amount of the pledged real estate is in amount of 20.580 thousand denars.

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

30. Current and deferred tax assets and liabilities

30.1 Current tax assets and current tax liabilities

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

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
-	-
7	83

30.2 Deferred tax assets and deferred tax liabilities

A. Recognized deferred tax assets and deferred tax liabilities

	Current year 2019			Previous year 2018		
	Deferred tax assets	(Deferred tax liabilities)	On net basis	Deferred tax assets	(Deferred tax liabilities)	On net basis
<i>In thousand of denars</i>						
Derivative assets held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to other customers	-	-	-	-	-	-
Investments in securities	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Unutilized tax losses and unutilized tax loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Deferred tax assets/liabilities recognized in the income statement	-	-	-	-	-	-
Investments in financial assets available for sale	-	-	-	-	-	-
Protection against cash flow risk	-	-	-	-	-	-
Deferred tax assets liabilities recognized in the capital	-	-	-	-	-	-
Total recognized deferred tax assets/liabilities	-	-	-	-	-	-

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

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

B. Unrecognized deferred tax assets

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Tax losses	-	-
Tax credits	-	-
Total unrecognized deferred tax assets	-	-

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

	<i>In thousand of denars</i>	Recognized in the course of the year in:		As at 31 December
		As at 1 January	Income statement	
Previous year 2018				
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to other customers	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unutilized tax losses and utilized tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available for sale	-	-	-	-
Protection against cash flow risk	-	-	-	-
Total recognized deferred tax assets-liabilities	-	-	-	-
Current year 2019				
Derivative assets held for risk management	-	-	-	-
Placement with and loans to banks	-	-	-	-
Placements with and loans to other customers	-	-	-	-
Investment in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unutilized tax losses and unutilized tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available for sale	-	-	-	-
Protection against cash flow risk	-	-	-	-
Total recognized deferred tax assets/liabilities	-	-	-	-

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

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

A. Non-current assets held for sale

Intangible assets
Property and equipment
Total non-current assets held for sale

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
-	-
-	-
-	-

B. Disposal group

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

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

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

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

<i>In thousand of denars</i>	
Current year 2019	Previous year 2019
-	-

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

32. Trading liabilities

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2019
<i>Deposits from banks</i>		
Current accounts, demand deposits and overnight deposits	-	-
Time deposits	-	-
Other deposits	-	-
	-	-
<i>Deposits from other customers</i>		
Current accounts, demand deposits and overnight deposits	-	-
Time deposits	-	-
Other deposits	-	-
	-	-
<i>Issued debt securities</i>		
Money market instruments	-	-
Deposit certificates	-	-
Issued bonds	-	-
Other	-	-
	-	-
<i>Other financial liabilities</i>	-	-
<i>Trading derivatives</i>		
Agreements depending on interest rate change	-	-
Agreements depending on exchange rate change	-	-
Agreements depending on the securities price change	-	-
Other contracts that meet the requirements of IFRS 9	-	-
	-	-
Total trading liabilities	-	-

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

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

	<i>In thousand of denars</i>			
	Current year 2019		Previous year 2018	
	Current carrying amount	Contractual value, paid at maturity	Current carrying amount	Contractual value, paid at maturity
<i>Deposits from banks</i>				
Current accounts, demand deposits and overnight deposits	-	-	-	-
Time deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Deposits from other customers</i>				
Current accounts, demand deposits and overnight deposits	-	-	-	-
Time deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Issued debt securities</i>				
Money market instruments	-	-	-	-
Deposit certificates	-	-	-	-
Issued bonds	-	-	-	-
Other	-	-	-	-
	-	-	-	-
<i>Subordinated debt</i>	-	-	-	-
<i>Other financial liabilities</i>	-	-	-	-
Total financial liabilities at fair value through the profit and loss determined as such at initial recognition	-	-	-	-

Movement of changes in the bank's creditworthiness, for financial liabilities that are measured at fair value

As at 1 January
Recognized in the Other comprehensive income for the year
(Transfer to other reserve funds)

As at 31 December

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2019
	-	-
	-	-
	-	-
	-	-

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

34. Deposits

34.1 Deposits from banks

	<i>In thousand of denars</i>			
	Current year 2019		Previous year 2019	
	Short-term	Long-term	Short-term	Long-term
Current accounts	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Demand deposits	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Time deposits	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Restricted deposits	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Other deposits	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Deposit interest liabilities	-	-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Current maturity	-	-	-	-
Total deposits from banks	-	-	-	-

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

34. Deposits (continued)

34.2 Deposits from other customers

	<i>In thousand of denars</i>			
	Current year 2019		Previous year 2018	
	Short-term	Long-term	Short-term	Long-term
Non-financial companies				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Government				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Non-profit institutions in service of households				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Financial companies, other than banks				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Households				
Current accounts	-	-	-	-
Demand deposits	5.389	-	4.994	-
Time deposits	23.538	151.020	26.831	136.515
Restricted deposits	281	17.249	398	17.461
Other deposits	-	-	-	-
Interest payable on deposits	524	-	666	-
	29.732	168.269	32.889	153.976
Non-residents, other than banks				
Current accounts	-	-	-	-
Demand deposits	-	-	-	-
Time deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest payable on deposits	-	-	-	-
Current maturity	74.152	(74.152)	73.048	(73.048)
Total deposits from other customers	103.884	94.117	105.937	80.928

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

35. Debt instruments issued

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Money market instruments	-	-
Deposit certificates	-	-
Issued bonds	-	-
Other	-	-
Interest payable on issued securities	-	-
Total issued debt securities	-	-

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

36. Borrowings

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

	<i>In thousand denars</i>			
	Current year 2019		Previous year 2018	
	Short-term	Long-term	Short-term	Long-term
Banks				
Residents				
Loans payable	1	-	1	8.595
Repo-transactions	-	-	-	-
Interest payables	-	-	3	-
Non-residents				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Non-financial companies				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Government				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Non-profit institutions in service of households				
Loans payable	-	-	-	-
Interest payables	-	-	-	-
Financial companies, other than banks				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Nonresidents, except for banks				
Non-financial entities				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Government				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Non-profit institutions in service of households				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Financial companies, other than banks				
Loans payable	-	-	-	-
Repo-transactions	-	-	-	-
Interest payables	-	-	-	-
Households				
Loans payable	-	-	-	-
Interest payables	-	-	-	-
Current maturity	-	-	1.234	(1.234)
Total borrowings	1	-	1.238	7.361

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

36 Borrowings (continued)

B Borrowings according to the creditor

	<i>In thousands of denars</i>			
	Current year 2019		Previous year 2018	
	Short-term	Long-term	Short-term	Long-term
<i>domestic sources:</i>				
MBDP	-	-		
Komerrijalna Banka	1	-	4	8.595
	1	-	4	8.595
<i>foreign sources:</i>				
Current maturity	1	-	1.234	(1.234)
Total borrowings	1	-	1.238	7.361

On December 29, 2015, the Savings House concluded a long-term loan agreement in the amount of MKD 12,340 thousand from Komerrijalna Banka AD Skopje with a repayment period of 120 months and an interest rate determined at the amount of the reference rate of NBRSM + 2.25 pp. annually decursive. The loan is secured by a pledge of construction objects (see note 29). During 2018, Annex was concluded towards the agreement which reduced the interest rate in the amount of the reference rate of NBRSM + 1.25 pp, annually decursive.

As of December 31, 2019, FULM Savings House has no obligations under the Long-Term Loan Agreement from Komerrijalna Banka AD Skopje due to settlement of the obligation before maturity date.

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

37. Subordinated debt

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
<i>Subordinated deposits liabilities</i>	-	-
Interest payables	-	-
	-	-
<i>Subordinated loans liabilities</i>	-	-
Interest payables	-	-
	-	-
<i>Subordinated issued debt securities liabilities</i>	-	-
Interest payables	-	-
	-	-
Redeemable preference shares	-	-
Total subordinated debt	-	-

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

38. Special reserve and provisions

	Special reserves for off-balance sheet credit exposures	Provisions for contingent liabilities based on litigations	Provisions for pensions and other employee benefits	Provisions for restructuring	Provisions for unfavorable agreements	Other provisions	Total
<i>In thousand of denars</i>							
As at 1 January 2018 (previous year)	-	-	292	-	-	-	292
Additional provisions during the year	-	-	71	-	-	-	71
(provisions used during the year)	-	-	-	-	-	-	-
(release of provisions during the year)	-	-	(57)	-	-	-	(57)
As at 31 December 2018 (previous year)	-	-	306	-	-	-	306
As at 1 January 2019 (current year)	-	-	306	-	-	-	306
Additional provisions during the year	-	-	85	-	-	-	85
(provisions used during the year)	-	-	(60)	-	-	-	(60)
(release of provisions during the year)	-	-	(7)	-	-	-	(7)
As at 31 December 2019 (current year)	-	-	324	-	-	-	324

The Savings House in 2019 has recorded provisions for the future benefits of the employees for retirement and jubilee awards in the net amount of 78 thousand denars (2018: 14 thousand denars). In 2019, the Savings House used 60 thousand denars for payment of benefits for retirement and jubilee awards.

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

39. Other liabilities

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Trade payables	266	309
Received advances	-	-
Fee and commission liabilities	8	14
Accrued expenses	-	-
Deferred income from previous years	55	48
Short - term liabilities to employees	-	-
Short - term liabilities for employee benefits	-	-
Other: (liabilities more than 10% of the total other liabilities)		
deferred revenue - a project	10.067	7.025
liabilities for claims taken	-	-
Other	43	40
Total other liabilities	10.439	7.436

On 20 January 2016, Savings 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 Savings House is a sub-implementer, for which MFO has concluded a Co-operative agreement with USAID number AID-165 - A-15-00001 from 28 September 2015 with project number 07 / 12-15 / 2743, recorded in the Secretariat for European Affairs. On the basis of the relevant contractual provisions, the MFI provided amounts of USD 240.097 to the Savings House. In 2019, additional funds were received from the Project in the amount of 70,000 USD recorded in the Secretariat for European Affairs.

The activities of the Savings House (which has the role of sub-implementer) are financed by the Project. During 2019, for the purposes of the Project, the Savings House requested and used 78,480 USD (2018: 105,084 USD) and acquired equipment and intangible assets and other expenses. According to the contractual provisions, the tangible and intangible assets procured by the Project are the property of the sub-implementer.

The funds received for the procurement of tangible and intangible assets are treated as separate income in the accompanying financial statements. At each reporting date, differentiated revenue will be recognized as income for the year in the amount of depreciation for the year calculated and recognized for the relevant assets.

The remaining funds received from the Project are generated at the time of procurement or performance of the service.

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

40. Subscribed capital

A. Subscribed capital

<i>In denars</i>		<i>Number of issued shares</i>				<i>In thousand of denars</i>	
Nominal value per share		Ordinary shares		Preference shares non-redeemable		Total subscribed capital	
Ordinary Shares	Preference shares - non-redeemable	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018
As at 1 January – fully paid	-	-	-	-	-	75.607	75.607
Subscribed shares during the year	-	-	-	-	-	-	-
Realization of share options	-	-	-	-	-	-	-
Division/ increase of nominal value per share	-	-	-	-	-	-	-
Other changes during the year (specify in detail)	-	-	-	-	-	-	-
As at 31 December – fully paid	-	-	-	-	-	75.607	75.607

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

40. Subscribed capital (continued)

B. Dividends

B.1 Announced and paid dividends by the Savings House

Declared dividends and paid dividends for the year

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
-	-

Dividend per ordinary share

Dividend per preference share

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
-	-
-	-

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

Announced dividends after 31 December

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
-	-

Dividend per ordinary share

Dividend per preference share

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
-	-
-	-

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

	<i>In thousand of denars</i>		<i>In %</i>	
	Current year 2019	Previous year 2018	Current year 2019	Previous year 2018
Shareholder's name	Subscribed capital (nominal value)	Subscribed capital (nominal value)	voting right	voting right
ZG FULM Skopje	75.607	75.607	100%	100%
Total	-	-	-	-

Statutory reserve

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

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

41. Earnings per share

A. Basic earnings per share

Net - Profit attributable to holders of ordinary shares

Net profit for the year	-	-
Dividend for non-redeemable priority shares	-	-
Correction of net profit entitled to the holders of the ordinary shares (list separately)		

Net profit attributable to holders of ordinary shares

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
-	-
-	-
-	-
-	-

Weighted average number of ordinary shares

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

Weighted average number of ordinary shares on 31 December

Basic earnings per share (in denars)

<i>Number of shares</i>	
Current year 2019	Previous year 2018
-	-
-	-
-	-
-	-

B Diluted earnings per share

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

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

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)

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
-	-
-	-
-	-
-	-
<i>Number of shares</i>	
Current year 2019	Previous year 2018
-	-
-	-
-	-
-	-

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

42. Commitments and contingencies

Commitments

As at 31 December 2019, there are no commitments. The commitments of the Savings House as at 31 December 2018 for capital purchases in the amount of 308 thousand denars refer to software upgrades that were settled in 2019.

Litigations

As at 31 December 2019, there are no legal proceedings against the Savings House (2018: no). No provision is recorded at the balance sheet date, as professional legal advice shows that there is no likelihood of significant losses. In addition, various legal disputes and receivables may arise in the future during the regular operation of the Savings House. The related risks are analyzed by the likelihood of their occurrence. Although the outcome of this issue can not always be reliably determined, the Savings House Management believes that they will not result in material liabilities.

42.1 Contingent liabilities

	<i>In thousand of denars</i>	
	Current year 2019	Previous year 2018
Unsecured payment guarantees	-	-
in denars	-	-
in foreign currency	-	-
in denars with foreign currency clause	-	-
Unsecured performance guarantees	-	-
in denars	-	-
in foreign currency	-	-
in denars with foreign currency clause	-	-
Unsecured letter of credit	-	-
in denars	-	-
in foreign currency	-	-
in denars with foreign currency clause	-	-
Unused overdraft for current accounts	-	-
Unused credit card limits	-	-
Commitments for crediting and unused credit limits	-	-
Issued covered collateral	-	-
Covered letter of credit	-	-
Other covered potential liabilities	-	-
Total contingent liabilities before the special reserve	-	-
(Special reserve)	-	-
Total contingent liabilities less special reserve	-	-

42. Commitments and contingencies (continued)

42.2 Contingent assets

List separately the more significant contingent assets:

Total contingent assets

<i>In thousand of denars</i>	
Current year 2019	Previous year 2018
-	-
-	-

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

43. Activities on behalf of third parties

	<i>In thousand of denars</i>					
	Current year 2019			Previous year 2018		
	Assets	Liabilities	Net position	Assets	Liabilities	Net position
Administration of assets on behalf and for account of third parties						
Denar deposits	-	-	-	-	-	-
Foreign currency deposits	-	-	-	-	-	-
Denar loans	-	-	-	-	-	-
Foreign currency loans	-	-	-	-	-	-
Other denar receivables	-	-	-	-	-	-
Other foreign currency receivables	-	-	-	-	-	-
Asset management on behalf and for account of third parties						
Denar deposits	-	-	-	-	-	-
Foreign currency deposits	-	-	-	-	-	-
Denar loans	-	-	-	-	-	-
Foreign currency loans	-	-	-	-	-	-
Other denar receivables	-	-	-	-	-	-
Other foreign currency receivables	-	-	-	-	-	-
Trust accounts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-

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

44. TRANSACTIONS WITH RELATED PARTIES

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

A. Balance sheet

<i>In thousand of denars</i>	Parent company	Subsidiaries	Associates	Key management personnel	Other related parties	Total
As at 31 December 2019 (current year)						
Assets						
Current accounts						
Trading assets	-	-	-	-	-	-
Loans and receivables						
mortgage loans	-	-	-	-	-	-
consumer loans	-	-	-	-	738	738
financial lease receivables	-	-	-	-	-	-
factoring and forfeiting of receivables	-	-	-	-	-	-
other loans and receivables	-	-	-	-	-	-
Investment in securities	-	-	-	-	-	-
(Allowance for impairment)	-	-	-	-	(45)	(45)
Other assets	-	-	-	-	-	-
Total	-	-	-	-	693	693
Liabilities						
Trading liabilities	-	-	-	-	-	-
Deposits	-	-	-	1.083	3.453	4536
Issued securities	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total	-	-	-	1.083	3.453	4.536
Contingent liabilities						
Issued guarantees	-	-	-	-	-	-
Issued letters of credit	-	-	-	-	-	-
Other contingent liabilities (Provision)	-	-	-	-	-	-
Total	-	-	-	-	-	-
Contingent assets						
Received guarantees	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
Total	-	-	-	-	-	-

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

44. Transactions with related parties (continued)

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

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

44. Transactions with related parties (continued)

B. Income and expenditures arising from related party transactions

<i>In thousand of denars</i>	Parent company	Subsidiaries	Associates	Key management personnel	Other related parties	Total
As at 31 December 2019 (current year)						
Income						
Interest Income	-	-	-	-	9	9
Fee and commission income	-	-	-	-	20	20
Net gains from trading	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from sale of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
Total	-	-	-	-	29	29
Expense						
Interest expense	-	-	-	31	123	154
Fee and commission expense	-	-	-	-	-	-
Net trading losses	-	-	-	-	-	-
Expenditures for procurement of non-current assets	-	-	-	-	-	-
Impairment of financial assets, net	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
Total	-	-	-	31	123	154

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

44. Transactions with related parties (continued)

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

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

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

44. Transactions with related parties (continued)

C. Remuneration for the management of the Savings House

	<i>In thousand of denars</i>	
	Current year 2019	Current year 2019
Short-term benefits for employees	7.892	7.196
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	997	863
Total	8.889	8.059

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

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

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

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

45. Leases (continued)

B. Lessee

B.1 Liabilities from financial leases

	Total finance lease receivables	Maturity period for financial lease receivables		
		Up to 1 year	From 1 to 5 years	Over 5 years
<i>In thousand of denars</i>				
As at 31 December 2019 (current year)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-
As at 31 December 2018 (previous year)				
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

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

45. Leases (continued)

B. Lessee (continued)

B.1 Liabilities from financial leases (continued)

In thousand of denars

Value of property taken under financial lease:

Cost value

As at 1 January 2018 (previous year)

Increases

(disposal and write-offs)

Other

As at 31 December 2018 (previous year)

As at 1 January 2019 (current year)

Increases

(disposal and write-offs)

Other

As at 31 December 2019 (current year)

Accumulated depreciation and impairment

As at 1 January 2018 (previous year)

depreciation for the year

impairment loss during the year

(release of impairment loss during the year)

(disposal and write-offs)

Other

As at 31 December 2018 (previous year)

As at 1 January 2019 (current year)

depreciation for the year

impairment loss during the year

(release of impairment loss during the year)

(disposal and write-offs)

Other

As at 31 December 2019 (current year)

Net carrying amount

At 1 January 2018 (previous year)

At 31 December 2018 (previous year)

At 31 December 2019 (current year)

	Land	Buildings	Vehicles	Furniture and office equipment	Other equipment	Other items of property and equipment	Total
Value of property taken under financial lease:							
Cost value	-	-	-	-	-	-	-
As at 1 January 2018 (previous year)	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
(disposal and write-offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
As at 31 December 2018 (previous year)	-	-	-	-	-	-	-
As at 1 January 2019 (current year)	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
(disposal and write-offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
As at 31 December 2019 (current year)	-	-	-	-	-	-	-
Accumulated depreciation and impairment							
As at 1 January 2018 (previous year)	-	-	-	-	-	-	-
depreciation for the year	-	-	-	-	-	-	-
impairment loss during the year	-	-	-	-	-	-	-
(release of impairment loss during the year)	-	-	-	-	-	-	-
(disposal and write-offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
As at 31 December 2018 (previous year)	-	-	-	-	-	-	-
As at 1 January 2019 (current year)	-	-	-	-	-	-	-
depreciation for the year	-	-	-	-	-	-	-
impairment loss during the year	-	-	-	-	-	-	-
(release of impairment loss during the year)	-	-	-	-	-	-	-
(disposal and write-offs)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
As at 31 December 2019 (current year)	-	-	-	-	-	-	-
Net carrying amount							
At 1 January 2018 (previous year)	-	-	-	-	-	-	-
At 31 December 2018 (previous year)	-	-	-	-	-	-	-
At 31 December 2019 (current year)	-	-	-	-	-	-	-

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

45. Leases (continued)

B. Lessee

B.2 Irrevocable operating lease liabilities

	Total finance lease receivables	Maturity period for financial lease receivables		
		Up to 1 year	From 1 to 5 years	Over 5 years
<i>In thousand of denars</i>				
As at 31 December 2019 (current year)				
The present value of the minimum lease payments	268	268	-	-
	-	-	-	-
	-	-	-	-
Total	268	268	-	-
As at 31 December 2018 (previous year)				
The present value of the minimum lease payments	266	266	-	-
	-	-	-	-
	-	-	-	-
Total	266	266	-	-

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

46. Share based payments

	<i>In thousand of denars</i>			
	Current year 2019		Previous year 2018	
Date of granting of option	-	-	-	-
Date of option expiry	-	-	-	-
Price of option realization	-	-	-	-
Share price on the date the option is granted	-	-	-	-
Variance	-	-	-	-
Expected dividend return	-	-	-	-
Interest rate	-	-	-	-
Fair value on the date the option is granted	-	-	-	-

	Current year 2019		Previous year 2018	
	Number of options for share	Weighted average prices of options for share	Number of options for share	Weighted average prices of options for share
As at 1 January	-	-	-	-
Changes during the year:				
options given to the members of Supervisory Board	-	-	-	-
options given to the members of Board of Directors	-	-	-	-
other given options	-	-	-	-
forfeited options	-	-	-	-
realized options	-	-	-	-
options with expired deadline	-	-	-	-
As at 31 December	-	-	-	-

47. Events after the reporting period

During the months of February, March and April 2020, a pandemic of the Coronavirus 19 virus was declared worldwide, which also affected the territory of the Republic of North Macedonia. The Government of the Republic of North Macedonia has declared a state of emergency on March 18, 2020, and has repeatedly taken decisions with preventive and protective measures to prevent the spread of the pandemic. Measures taken globally in the Republic of North Macedonia have limited the movement of the population and trade. These restrictions have had a significant impact on certain sectors of the economy, which directly affected the operations of the banking sector in 2020. During March and April 2020, the Government of the Republic of North Macedonia and the National Bank of the Republic of North Macedonia undertook a series of measures to deal with the crisis caused by the Covid-19 virus.

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

Events after the reporting period (continued)

In recent months, the Savings House has been monitoring and implementing the measures adopted by the Government of the Republic of North Macedonia and the National Bank of the Republic of North Macedonia, but has not yet been able to materially quantify the impact of the crisis with reasonable certainty. The Savings House is taking a number of steps to reduce the impact of the ongoing crisis caused by the Covid-19 virus, in order to ensure ongoing and smooth operation by planning of liquidity, capital adequacy and financial stability of the Savings House, at the same time taking care primarily of the safety and health of its employees and customers by offering more favorable conditions for repayment of loans in the coming period.

After December 31, 2019 - the date of notification, until the day of approval of these financial statements, except for the above, there are no events that would require correction of financial statements, nor events that are materially significant for disclosure in these financial statements.



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