

Annual Report 2015



**Coming together
is a beginning;
keeping together
is progress;
working
together is
success.**

– Henry Ford



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HALKBANK AD SKOPJE

CORPORATE PROFILE





IN BRIEF

Creating Success Stories

HALKBANK AD, Skopje was founded on 15.03.1993 as a joint stock company, in that period as IK Banka, to perform universal banking operations in Republic of Macedonia including deposit collection, corporate and retail lending, foreign exchange operations, domestic and foreign payments, trading of fixed income instruments, and trade finance.

Since then, the bank has pioneered significant achievements and developments in the Macedonian banking industry. It introduced the EN ISO 9001:2008 international quality management systems and ISO 27001/2005 information security management, becoming the first bank in Macedonia to be certified by these prestige standards of operation. The bank is also the first Macedonian agent of Western Union Money Transfer System from USA for services related to quick money transfer transactions from and to the country and abroad.

The bank has initiated the raise of fast and quality services by implementing innovative processes in its business, such as own card processing center, cards bonus program, new upgraded ATMs and POS machines, e-banking,

e-commerce etc. since 2011 when Halkbank AS Turkey bought the majority of shares of IK Banka and completely rebranded the bank into Halkbank AD Skopje.

Halkbank today, has a widely developed national and international network consisted of 34 operating branches in Macedonia, a representative office in Belgrade – Serbia and correspondent relationships with more than 400 banks. Through 14 banks from 11 different countries, the bank performs transactions over 29 accounts in 11 different currencies.

It also enjoys significant, long-term relationships with international financial institutions in providing long-term development funds to the Macedonian economy. Halkbank AD Skopje ranks among the top

five banks on the Macedonian market. This role is supported by the Halkbank brand, which is one of the most widely recognized brands in its country of origin, Turkey.

During the years of its presence on the market, it has developed a significant reputation and it is recognized as a trustable, customer-oriented, innovative, growing bank as well as socially responsible and eco-friendly bank.

In 2015 HALKBANK AD Skopje showed continuity in supporting the real sector and the economy, while the quality of the offered services remained high. The loan portfolio of the Bank showed an increase from 275.7 to 335.5 million EUR, or 21%. The lending of market recorded a net increase of 392 million Euros where HALKBANK AD Skopje had a leading share of 15.2% of the total approval or payment with additional 59.8 million Euros to Macedonian companies and citizens.

By the end of 2015, its 431 employees served approximately 155.000 clients in Macedonia.

Halkbank Turkey

Türkiye Halk Bankası A.Ş.

*Türkiye Halk Bankası A.Ş. is the main shareholder of HALKBANK AD
Skopje with 98.78% participation in the bank's ownership.*



Halkbank HQ, Istanbul

Halkbank was founded in 1938 to support craftsmen and tradesmen and to accelerate the country's economic development. The Bank's core business strategy has not changed during its 77-year history. Halkbank sees every craftsman, farmer and small, medium or large-size enterprise owner, who creates value and generates employment, as a business partner. Halkbank continues to be their primary supporter in Turkey allocating

39.5% of the Bank's total loan portfolio to SMEs.

As of the end of 2015, Halkbank operates with a global approach, through 944 domestic and 5 overseas branches, 2 overseas representative offices, 3,585 ATMs, telephone and internet banking platforms and mobile banking applications. The Bank's innovative products and services provide customers with an unparalleled banking experience. Halkbank ranks among the sector's most efficient banks in terms of return on equity. Some 48.9% of Halkbank's outstanding shares are publicly held.

Halkbank today is a steadily growing, 77-year-old institution that ranks among the longest established, pioneering and most respected brands in progressing Turkey.

Mission

To continuously create value for customers, shareholders and employees by providing all banking services efficiently with an awareness and understanding of corporate social responsibilities and duties; to contribute to the development of the banking sector and capital markets; to establish a well-respected market position in the region and in the global banking industry.

Vision

To be the region's leading bank for SME's, to have universal banking capabilities and to establish a strong market presence in retail services.



Shareholder Structure

HALKBANK AD Skopje was founded as a joint stock company, in March 1993, with a Decision adopted by the Bank's Assembly. The Bank gained the capacity of a legal entity with its registration in the Register of the District Commercial Court, under No. 5877/93 dated 13.04.1993. The Bank is a legal entity existing and operating under a license issued by the Governor of the National Bank of the Republic of Macedonia, whose basic activity is collection of deposits and other recoverable financial sources from the public and granting loans in its behalf and for its account.

At the moment the total nominal capital of HALKBANK A.D. Skopje is 2.893.690.000,00 denars, divided into 289.369 ordinary shares, whose nominal value per share is 10.000,00 denars. The majority shareholder of HALKBANK A.D. Skopje is Türkiye Halk Bankası AŞ Ankara with 285.836 ordinary shares i.e. 98, 78% of the total number of shares.

The Bank issues ordinary shares and it may also issue other shares with different rights. The shares providing same rights make one same type of shares. According to such rights the shares may be ordinary and preferential.

The preferential shares may have several classes and they may not be issued with a nominal amount lower than the nominal amount of the ordinary shares. The preferential shares of one same class provide same rights.

The ordinary shares provide the following rights to their holders:

- voting right, where one ordinary share provides one vote in the Bank's Assembly;
- dividend right in accordance with the decision of the Bank's Assembly ;
- right to a payment from the balance of the Bank's liquidation, i.e. bankruptcy estate;

The shares are not divisible, but they are negotiable. The negotiability of the ownership of the Bank's shares is free and it is carried out.

Shareholders Structure	Number of shares	Amount of the Share (MKD)	Shareholding %
Türkiye Halk Bankası A.Ş.	285.836	2.858.360.000,00	98,78
Other Shareholders	3.533	35.330.000,00	1,22
Total	289.369	2.893.690.000,00	100

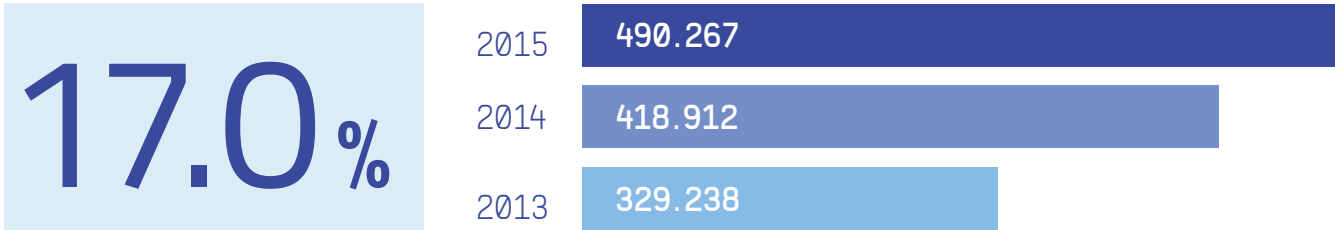
Key Financial Indicators

Halkbank's total assets increased from €418.9 Million to €490.2 Million until the end of 2015

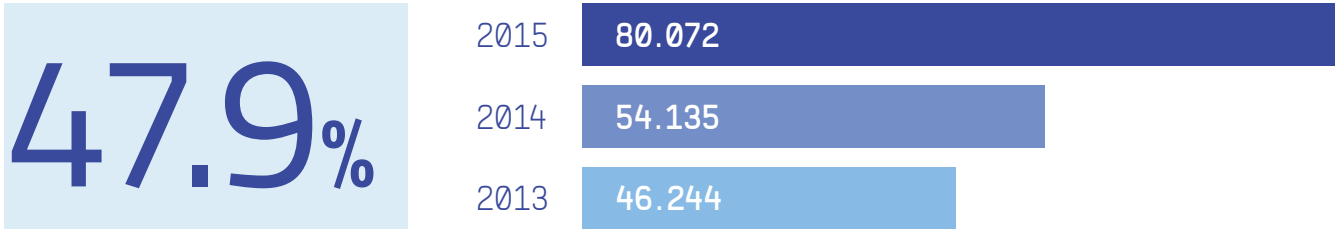
In 000 EUR	2014	2015	% change
Total Assets	418.912	490.267	17,0
Liquid Assets	72.170	57.526	-20,3
Loans	275.746	335.459	21,7
Securities	54.135	80.072	47,9
Total Deposits	287.571	336.435	17,0
Shareholders' Equity	62.692	68.647	9,5
Net Interest Income	14.244	17.349	21,8
Net Fee and Commission Income	2.825	3.217	13,9
Net Profit	4.409	6.023	36,6

Key Ratios (%)		
Net Interest Margin	4,0	4,2
Cost/Income Ratio	61,4	59,2
Net Fee Income/ Operating Expenses	25,1	24,9
NPL Ratio	2,2	2,0
Loans/Assets	65,8	68,4
Net Loans/Deposits	95,9	99,7
Securities /Assets	12,9	16,3
RoE	7,3	9,2
RoA	1,2	1,3
Capital Adequacy Ratio (CAR)	15,3	12,6

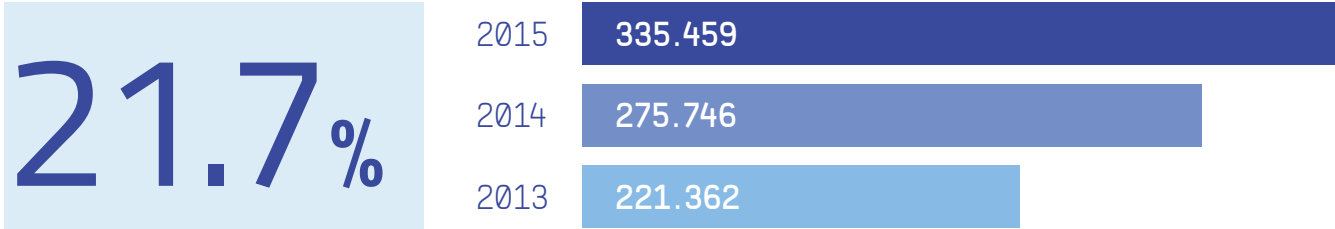
Total Assets



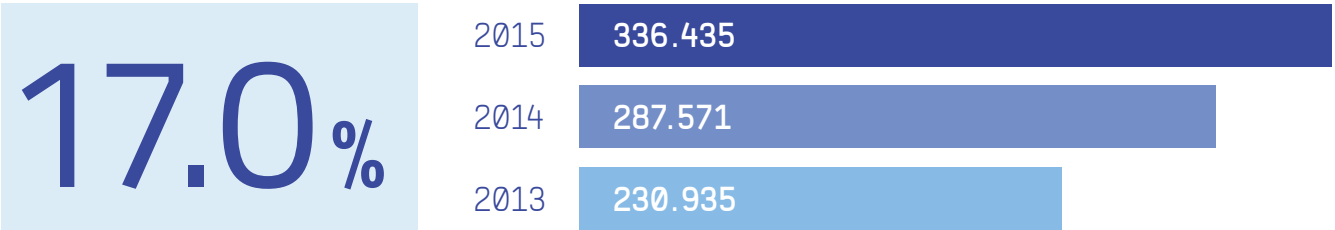
Total Securities



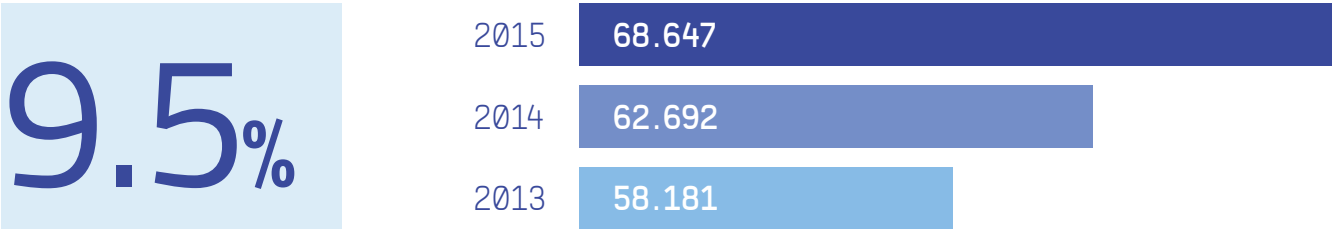
Net Loans



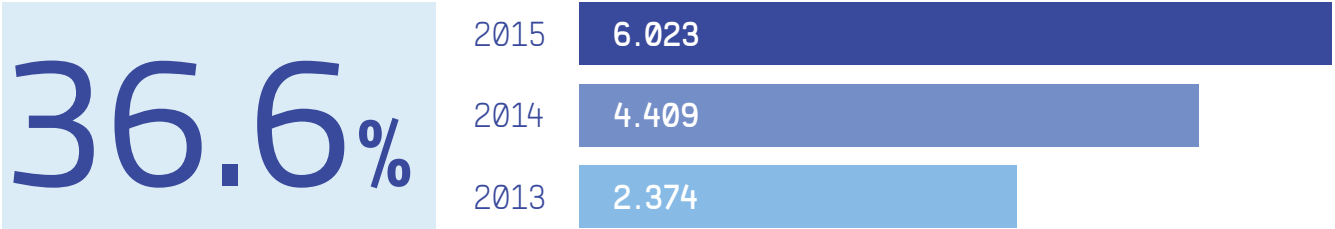
Deposits



Shareholders' Equity



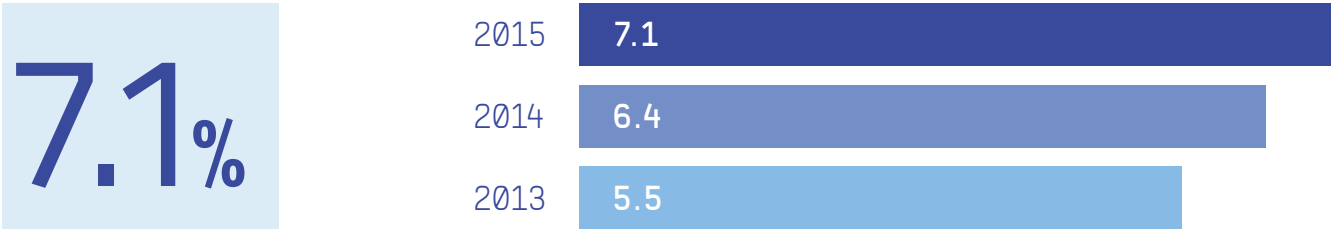
Net Income



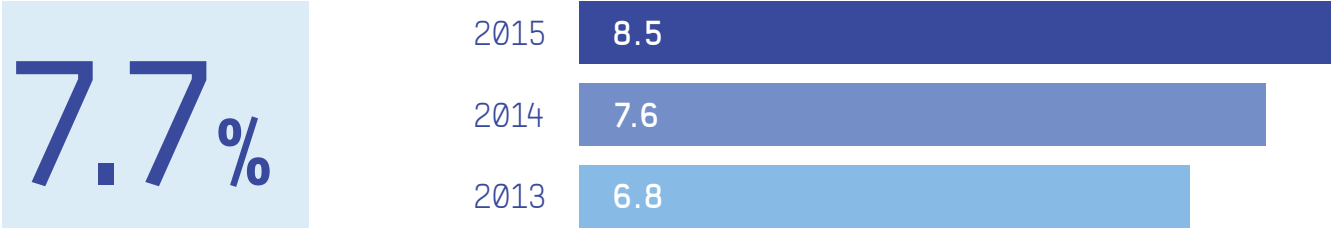
Halkbank's Position in the Sector

Market Share (%)	2015	2014
Assets	7.1	6.4
Loans	8.5	7.6
Deposits	6.1	5.5
Equity	9.2	8.9
Profit	8.0	8.6

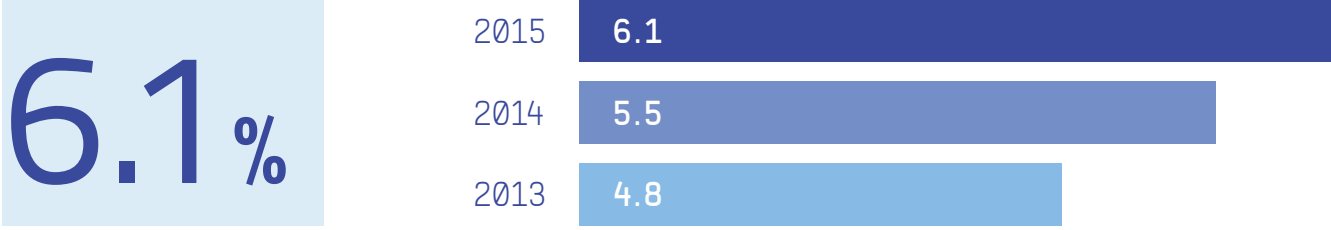
Assets



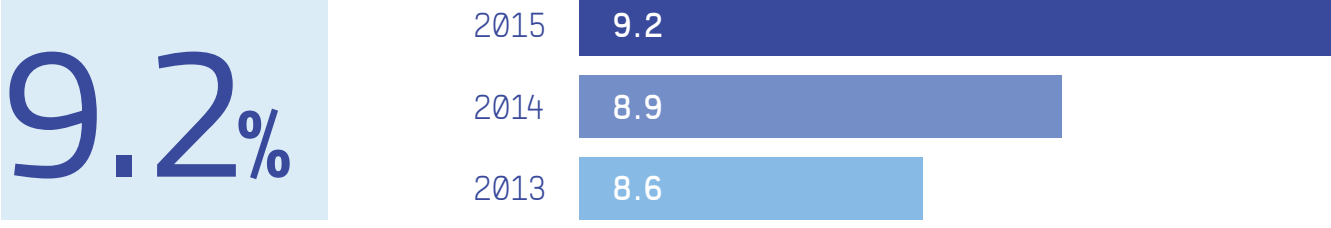
Loans



Deposits from customers



Equity



Badev Dooel was founded in 1998 and is owned by Gjuro Badev. The activity of the company is wholesale of food products, products for personal hygiene and other consumer goods.

At the beginning the business was placed in rented spaces, and later they have succeeded to organize their activity in its own business premises by using the support of HALKBANK. They have built a business premises containing a showroom, warehouse and administrative part. The company has also built an extensive distribution network widespread on the regional market. It is one of the largest distributor of food and non-food products in the region.

BADEV Dooel

badev.mk

Badev Dooel is a representative of the production program of Vitaminka, Swisslion, Makprogres Vinica, Aleks Prom, Podravka, Grand Export, Atlantic Trade, AVT Internacional and many other partners. Apart from domestic suppliers, the company has started with direct import of food products, that enhance the offer of the company and performs as direct distributor for Macedonia.



At the beginning the business was placed in rented spaces, and later they have succeeded to organize their activity in its own business premises by using the support of HALKBANK.

Halkbank's Milestones

1993

HALKBANK AD Skopje was established as a joint stock company.

1998



Became the first Western Union authorized agent in Macedonia.

2004

Became the first bank which implemented e-banking on the Macedonian market and was awarded Bank of the Year by the Macedonian Chamber of Commerce.

2005



Introduced the EN ISO 9001:2000 International Quality Management System, thus becoming the first bank in Macedonia certified with International Quality Management System.

2006

Introduced the prestigious ISO Standard for Information Security Management, ISO 27001:2005, thus becoming one of the few banks in Southeast Europe which have incorporated this certificate.

2007



It was awarded Best Bank in Macedonia for 2007 by the Finance Central Europe magazine from London.

2008



Established its own POS Terminal Network for VISA Payment Cards and it was that first launched VISA GOLD Credit Card.

2009

Became the first Bank in Macedonia which offers e-commerce services for VISA CARDS holders.

2010

Gained two new certificates: MASTER CARD certificate for POS paying and e-commerce and ISO 9001:2008 certificate for quality.

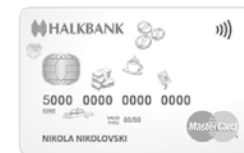
2011

HALKBANK AD Skopje purchased the majority of the shares in IK Banka amounting up to 91.56%; completed the rebranding process and enlarged its principal with MKD 1,465,450,000.00.

2012

HALKBANK AD Skopje established its own card processing system – first on the Macedonian market which offers contactless payment to their clients; acquired Ziraat Bank AD Skopje and opened the first VIP Corporate Branch on the Macedonian market.

2013



Opened the first Macedonian representative banking office in Belgrade, Serbia and was the first Macedonian bank which launched MASTER CARD PayPass contactless payment cards.

2014



Halkbank AD Skopje became a proud, general sponsor of the Macedonian Basketball Federation.

2015

Halkbank AD Skopje introduced new platform for e-banking that combines the best from technology and contemporary banking trends and enables its clients to get all banking services with only few clicks

Halkbank Skopje Vision, Mission, Corporate Values & Targets

Our Mission

To be the region's one of the leading banks, able to execute all universal banking requirements while asserting a strong presence in retail services.

Our Vision

To continuously create value for customers, shareholders and employees by providing all banking services efficiently with an awareness and understanding of corporate social responsibilities and duties; to contribute to the development of the banking sector and capital markets; to establish a well-respected market position in the region and in the global banking industry.



Our Corporate Values

- Customer focus
- Reliability
- Integrity
- Commitment
- Trust
- Creativity
- Innovation
- Value creation
- Respect and Relationship
- Dynamism
- Teamwork
- Productivity
- Transparency
- Sensitivity
- Self-confidence
- Openness to change
- Social responsibility awareness
- Sharing of knowledge and experience

Our Targets

- To be one of the leading banks in Macedonia;
- To be the first choice of corporate, SMEs and retail customers;
- To employ highly-skilled personnel and continuously motivate and train them;
- To continuously work on creating added value for customers, shareholders and employees by effectively carrying out all banking services;
- To grow steadily while sustaining profitability;
- To promote awareness and understanding of social responsibilities and duties while contributing to the development of the banking sector and capital markets.

Halkbank's Strategies

1

Expanding the scope of innovative products and services in order to ensure customer satisfaction;

2

Offering superior products and services to the real sector;

3

Embracing a high-quality, customer-oriented service approach using direct marketing and continuously taking care of our clients;

4

Effecting a high level of productivity in all business processes in order to achieve a rich product line, transaction and system security, rapid and high-quality transactions, and competitive pricing;

5

Ensuring continuous development and motivation of employees via carrier route system through investment in education, training and further development;

6

Keeping up with the global banking trends and be the first bank to implement global trends in the Macedonian market.

HALKBANK AD SKOPJE

MANAGEMENT ASSESSMENT



The Chairman's Assessment

Mr. Mustafa Aydin
Chairman of Supervisory Board

Esteemed Stakeholders,

In the 2015, despite the fluctuations in global financial markets, economic challenges faced by the main trade partners and change in the energy prices, Macedonia managed to post a growth of 3.7%.

According to the Central bank data, the banking industry's total assets climbed to 6.878 mIn EUR (5.6%) in 2015, up 367 mIn EUR over the prior year. The role of Halkbank A.D. Skopje was crucial in this year with biggest participation in the banking sector asset size increase.

Halkbank AD Skopje represents a success story itself taking in consideration the results accomplished in the year 2015 and its future plans for the following year in supporting the Macedonian economy and the real sector in the country.

Becoming one of the 5 largest banks in the country and one of the fastest growing in the sector, Halkbank AD Skopje is strongly increasing its share on the market, constantly taking further steps for creating wider influence and presence. All the achievements in this year represent much more than just financial results and profit for the shareholders.

We are a bank that is creating values. Our activities are based on the principle of creating values for all of the stakeholders, but focusing on the customers as the most important players in the real economy, and on the businesses that are the drivers of the economic growth.

In 2015, with all our activities, we tried to balance our commitments, to the retail segment and corporate clients, providing lending with favorable terms for both segments through the whole year.

On the retail side, we have introduced new platforms, improved products tailored to our clients' needs and we have increased our branch network while constantly improving the quality of our services.

On the corporate side, Halkbank continued to be one of the leading banks in this segment in 2015. We signed protocols during the year to assist the producer SMEs in reducing their costs and strengthening their competitive edge. We have been their constant support not only with providing funds, lending with favorable terms, but also we have been there throughout their process of development and progress.

Their success is our success, and we believe that the relationships we are building are long-lasting partnerships.



In 2015, we achieved excellent growth rates in all financial indicators. I would particularly like to mention our success in becoming the number one bank in the country in terms of asset's growth, noting the greatest percentage of growth in the sector. The total assets rose by 71 million EUR reaching the total number of 490 million EUR.

At the same time we are noting solid growth in the loan and deposit portfolio as well.

These robust results were reflected in strong performance ratios particularly in the return on equity that grew to 9,2%.

In order to achieve bank's strategic goals, strengthening bank's lending capacity, improve its competitive edge and providing medium to long term funding base, the Bank is expanding its fruitful cooperation with numerous international financial institutions and strengthening its correspondent relationships with the international partners.

Halkbank AD Skopje is becoming an important and inevitable player in the Macedonian banking sector and directly in the business sector as well, supporting important foreign investment projects as well as local businesses.

During the process, Halkbank AD Skopje is constantly having the support and guidance by its parent bank from Turkey with whom it is nourishing strong relations and mutual cooperation.

I am delighted to report that the initiatives put in place over the past year are already making a huge difference to the Bank's ability to deliver our mission and complete the targets set, while following the values we have as a Bank.

On behalf of myself and the members of the Supervisory Board of Halkbank AD Skopje, I would like to thank all the shareholders, customers for their confidence in the bank and to the Executive Management and all staff of the bank for their continuous cooperation and efforts which led to achieving impressive results for Halkbank AD Skopje.

Respectfully,

Mustafa Aydin

**Chairman of Supervisory Board
HALKBANK AD Skopje**

I am delighted to report that the initiatives put in place over the past year are already making a huge difference to the Bank's ability to deliver our mission and complete the targets set, while following the values we have as a Bank.

CED's Assessment

Mr. Necdet Palakci
Chief Executive Director

Esteemed business partners, shareholders and employees,

2015 was a year of remarkable progress in moving forward the agenda of the bank. We reported strong financial results and continued to strengthen our share on the market.

All of our activities were driven by the impetus to help and support Macedonian economy, by providing tools and resources for productive Macedonia.

Our productivity and the operational success are just another driving force for the growth and development of this country.

The core businesses of the bank continued to show strong growth in 2015.

In 2015, our Bank grew and strengthened its image and its market share in the country. We continued investing in our branch

network, technological basis, human resources and in the field of the social responsibility.

We finished the year 2015 with a branch network that consists of 34 branches and we increased the number of our employees to 431. Following the newest trends in the banking industry, we opened our newest and most modern branch in Skopje, Square Branch. The Square branch transformed our style of banking in the heart of Skopje and positioned Halkbank as a trend follower in a modern retail bank design that delivers a new, open-front strategy, innovative interior design and contemporary digital zones that allow customers to interact with the full range of Halkbank services.

We continued to invest and improve our existing branches as well, in order to provide best-quality service to our clients.

Our POS network has enlarged to 4.358, and we increased our market share in this segment for 13%. In terms of number of total transactions with our POS terminals we reached up to 20% of the market share in this segment, and the number of our credit cards reached 33.030, which means that we participate with 13% in the credit cards market of Macedonia. The loan portfolio of Halkbank grew by 21,7% or 59.8 million EUR in absolute terms, ending the year with a loan portfolio of 335.5 million EUR.

The customer deposit portfolio grew up 17,3% or 46.8 million EUR, which confirmed the reliability and trust in our Bank.

By introducing our new, improved e-banking platform, we have increased the number of users to a number of 31.384, while in the previous year we had only 19.618 users. In this section, we have risen by 60%.

In order to manage our bank responsibly, we're constantly balancing commitments – to the customers whose loyalty sustains our success, to the 431 engaged employees who help our customers realize their goals, to the communities that rely on us to help drive prosperity and growth, and to the shareholders who benefit most directly from our overall contribution to the economy.

We are noting the greatest percentage of growth in terms of the assets size, taking the first place on the market in terms of growth in assets, with 71 millions EUR growth, reaching up to total number of 490 million EUR. This trend of growth was noticed in our loan and deposit portfolio as well, in the same time maintaining a stable and below the market average NPL rate with 100% coverage.

All of the Bank's resources have been improved and renewed.

We have introduced new services; new operational platforms; we have expanded the range of our products; we grew the number of our loyal clients; increased the correspondence with new and existing partners from Macedonia and abroad; we enlarged and improved our market presence; reaffirmed our social and eco responsibility...

We are proud that we have achieved results consistent with the goals we have set. Having a net profit of 6.0 million EUR in 2015, our bank closed the year with 9.2% return on equity.

Closing the year 2015 successfully, our goal for 2016 is to increase our share in the sector in all fields, to sustain our efficient cost management policy and to maintain and develop the level of profitability and efficiency we accomplished in 2015.

While enhancing our profitability and operational efficiency, we will continue working in line with our organizational values in order to build a solid base of satisfied and loyal clients, who are being served by our motivated and dedicated employees.

We are differentiated by our aspiration to connect with customers: in making banking more personal, building relationships that represent sustainable value.

We are trying to build strong relations with the community by supporting cultural and sport activities, investing in projects that contribute to the economy, in the same time taking care for the protection and preservation of the environment.

In order to manage our bank responsibly, we're constantly balancing commitments – to the customers whose loyalty sustains our success, to the 431 engaged employees who help our customers realize their goals, to the communities that rely on us to help drive prosperity and growth, and to the shareholders who benefit most directly from our overall contribution to the economy.

I would like to thank you for being our important support and motivation in accomplishing our developments and good results and for the trust and friendship you are creating with our bank.

Above all, I wish you all a year fulfilled with plenty of health, happiness, love and success.

Respectfully,

Necdet Palakci
Chief Executive Director
HALKBANK AD Skopje

HALKBANK AD SKOPJE

ACTIVITIES IN 2015



Pioneering Products



Why waiting?

Use the best of the banking and the technology with the latest e-banking of Halkbank. The unique service that combines the best from technology and contemporary banking trends enables you to get all banking services with only few clicks. No need for waiting in line or worrying about bank's working hours! Access your accounts from anywhere, anytime and perform all your necessary transactions in an easier, simplified way.



Give freely!

Let your dearest ones have everything they have ever wanted by using the Halkbank's credit cards with a promotional interest rate of 4% during the first 6 months of the issuing of the card.



Smaller bills for your home and greater care for the nature!

Reduce the energy consumption and associated costs at your home, and contribute to the preserving of the environment! Use the Halkbank's ECO loan and increase the energy efficiency at your home using renewable energy sources and supply of better thermal home isolation.



Save today, have tomorrow!

If you want to grow your savings safe and sound, open a time deposit in Halkbank and use the favorable conditions for saving. Choose the type of payment of the interest, monthly or at the maturity day.



**Bring a wise decision for
a safer future!**

Halkbank is helping its clients to have their dream house while making the most important investment in their lives by creating a housing loan with favorable conditions, tailored according to the needs and budget of its clients..



Settled bill and long cooperation!

Use the Halkbank's local
payment credit card
and enjoy the numerous
benefits.



Visa business debit card for companies!

Manage your company account and pay for the goods and services or withdraw cash anywhere, anytime in the country or abroad with the new, international Visa Business debit card for companies...



**The key for all
your needs!**

Use the Halkbank's multifunctional mortgage loan and fulfil your biggest dreams! By applying for Halkbank's mortgage loan you can use the benefits offered by the bank in terms of servicing the loan, favorable interest rates, low total cost of credit, and major facilities for providing it.



Smart deposit from Halkbank. Good idea!

If you are using at least two of the following products of the Bank (salary/pension receiver at Halkbank, overdraft, credit card, loan, e-banking) Halkbank is giving to its loyal customers the chance to deposit your funds with favorable interest rates by using the Smart deposit.

Corporate & SME's Banking



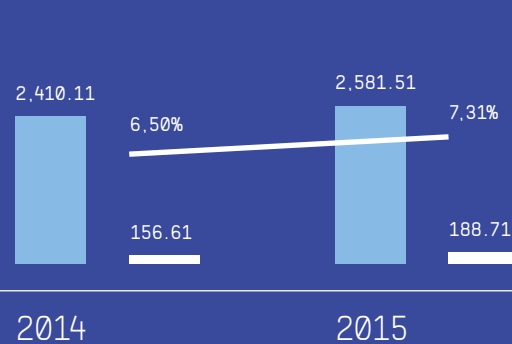
Continued Customer Satisfaction

Progressive and successful marketing strategy of the Bank influence in the growing of SMEs and Corporate loan portfolio also in 2015. From the total growth of loan portfolio of legal entities in Macedonia, 18% belongs to Halkbank AD Skopje. With this increase the Bank reached 6th place in the banking sector of the Republic of Macedonia by the size of the loan portfolio of legal entities and has a market share of 7,31%.

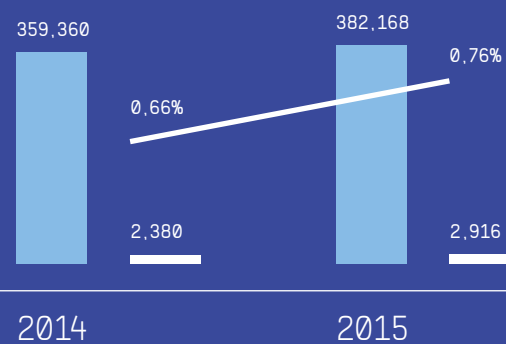
20,5 % growth in Corporate and SMEs cash loans

Halkbank's rapid growth in Corporate and SMEs banking continued in 2015. During the year, Halkbank AD Skopje extended total cash loans of 31,57 MIL EUR to the corporate and SMEs segment clients. In 2015 were disbursed loans in total amount of 210,8 MIL EUR to 1.165 companies. Corporate and SMEs companies seek to realize opportunities by further strengthening their position in the market. That influence also to significant increase in the growing of SMEs and Corporate loan portfolio for 20,5% from 2014.

Market share of Corporate portfolio in Halkbank in total corporate portfolio the Banks



Market share of Halkbank NPL corporate in total NPL corporate portfolio the Banks



* In 000 EUR

Sector Halkbank Market Share

Halkbank AD Skopje support Corporate and SME's with credit lines from other institutions

During 2015, active Halkbank AD Skopje continues to use credit lines from other financial institutions that Bank used were:

- EIB credit line, realized through MBRD for financing of micro, small and medium enterprises and priority projects of the legal entities from Republic of Macedonia;
- Green for Growth Fund Southeast Europe (GGF) for financing of projects in the area of energy efficiency, thereby helping the enterprises in Macedonia to reduce energy consumption and expenses for energy;
- EFSE credit line – The European Fund for Southeast Europe S.A., to provide loans of up to 3 million EUR to SMEs and Corporate companies;
- Credit line from MBRD for financing projects – investment of micro and SME's client;
- EBRD credit line for companies that have export;
- Project through Agency for Employment of Republic of Macedonia realize through MBPR; The project is active measure of the Government. The project is implemented as project for self-employment, training for unemployed people and entrepreneurship as well as unemployed people to register a business in different sectors: agribusiness, crafts, personal services, trade, manufacturing, tourism, etc. and project lending to legal entities (MSEs) for opening new jobs for unemployed people through lending.
- Credit line from MBDR on behalf of the Ministry of Finance, for financing projects – for utilization of the Renewable Credit Fund from ACDF (Agricultural Credit Discount Fund).

Will continue with support SMEs and Corporate clients

The success achieved in 2015 will be an additional incentive for Halkbank AD Skopje to continue working as a professional partner and to the Corporate and SMEs companies in the country and will continue to working on a increasing the customer satisfaction. We are always there for our customers. In the wealth organization environment with strong management system in the Bank, we continue to expand relationships with SMEs and corporate clients and developed new opportunities together.



NIMET DOOEL is a company whose basic and only activity is wholesale of products from STIHL and VIKING.

NIMET DOOEL is a general importer of machines and equipment from the program of STIHL and VIKING for Macedonia. STIHL company is known around the world as a world leader in outdoor power equipment. STIHL Group develops, produces and markets power tools, forestry and landscape maintenance tools and construction tools. VIKING has been a member of the STIHL Group since 1992, a company which produces high quality gardening power tools.

NIMET Dooel

nimet.com.mk

The history of the company NIMET DOOEL begins with the founding of SERVICE NIMET in the late 60's, founded by the father of Mr. Mesud Sulejman, Mr. Nimetulah Sulejman, whose nickname was "NIMET". After that, his sons, in 1992 registered a company called after their father's name "Nimet import-export". NIMET DOOEL has the exclusivity for importing the products from the factory STIHL Vajblingen, Germany, and features an experienced team of employees and service network widespread throughout the country. The sale of the products is carried out through more than 20 dealers in Macedonia.

With the support of Halkbank A.D. Skopje, in November 2010, the company has moved to its own new business premises in Vizbegovo in which there are warehouse, showroom and office space in a total area of 1.269 m2, on their own land with an area of 2.071 m2. From June 2012 Halkbank A.D. Skopje is the only Bank the company is collaborating with."



The history of the company NIMET DOOEL begins with the founding of SERVICE NIMET in the late 60's, founded by the father of Mr. Mesud Sulejman, Mr. Nimetulah Sulejman, whose nickname was "NIMET".

Retail Marketing Department

Halkbank provides a broad range of Retail loan products and banking services to private individuals throughout the country. These include products and services for everyday finances as loans, overdrafts and etc.. Halk Bank AD Skopje continued to grow its retail banking business line in 2015 by using creative marketing approaches for diversified customer segments.

Halk Bank increases its ongoing support to the retail clients with variety of new products and creative solutions promoting to the market customer care and consistency before pricing. Retail officers for retail lending oversee their respective activities throughout the branch network, providing branch managers and staff with invaluable support and guidance. Number of clients during 2015 was constantly in positive trend, portfolio was increased, all due to fact that customer's satisfaction was on priority place of the list of working activities for all Branches in network, directly followed by Retail Marketing Department.

With direct marketing activities and promotions reaching to final customer

Retail marketing team organized in head office and in branches during 2015 was oriented especially to direct marketing activities in Public companies, Corporate and SME's clients, public institutions creating close connections with their customers in order to create higher market awareness had successful outcome and result toward net increase of retail portfolio. Retail lending serves three strategic objectives: it fulfills the mission of providing financial services to clients with regular and secure

income for individuals, it helps Halk bank to develop a Retail client base for attracting deposits of private individuals and it strengthens links with SME and corporate clients by providing financing to their customers and employees. In 2015, total Retail loan portfolio reached to 155,2 million EUR, compared as of 31.12.2014 net increase was 28.6 million EUR by year-end and reaches growth of 22,5%. The share of the Retail loan portfolio in the Halk Bank Total loan portfolio is 44,86%. The Bank is committed to developing its Retail lending responsibly to ensure that clients are not overburdened with debt.

Products targeting variety of clients profile

During the 2015 year Halk Bank AD Skopje has offered wide range of products in several campaigns with attractive interest rates and different product solutions in consumer, housing and mortgage loans;



1

Housing loans for construction companies

In order to enlarge collateralized portfolio in retail, in September 2015 we promoted new housing loan for construction companies up to 240 months. The product is with cooperation selected construction companies that are with long experience in the field, and have projects that are ongoing with wide field for cooperation. As advantages can be underlines are annual interest rates for the first 4 years, low monthly annuities as a result of long repayment periods of up to 20 years, no fee of approval of the loan, simple application procedure and etc.

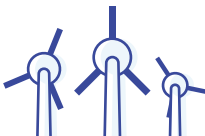
The Bank is committed to developing its Retail lending responsibly to ensure that clients are not overburdened with debt.



2

New Mortgage loan for several purposes also in order to increase collateralized portfolio

This product was introduced in November 2014 first for the Skopje region and at the beginning of 2015 the product was developed dynamically, for all properties in Macedonia. Intention of the Bank was to grow in this market segment enabling also increase of the collateralized portfolio. The main objective for the Mortgage loan product is to fulfill Halk bank's mission of providing access to essential financial services for refinancing of all credit exposures of the client in other banks by offering attractive interest rate. In 2015, the Mortgage portfolio reached to 33, 3 million EUR, compared as of 31.12.2014 net increase was 17.01 million EUR by year-end of 2015 and reaches growth of 104,1%. In relation to retail lending besides mortgage lending growth of 104,1% also housing loans (53,16% growth) and ECO loans (86.83%) accelerated against the slowdown in consumer unsecured lending. Over the year, consumer loans portfolio growths for 3,19%.



3

ECO loans for energy efficiency

ECO loans help private households to reduce their energy costs and consumption, implement cleaner production projects and reduce greenhouse gas emissions. Halk Bank has significant experience and expertise in providing energy efficiency finance, and is one of the first banks in Macedonia to provide energy efficiency loans. In 2015 it has financed 697 projects totaling EUR 3,4 million for retail clients. The Bank intends to raise public awareness of the need for more rational energy utilization and increased use of renewable energy sources to reduce energy costs and generate savings, yet without hampering quality of life and economic activity.

During the 2015 Halk Bank AD Skopje has offered strong promotional activities to largest syndical unions, contacts with companies with high salaries, connecting with partners for ECO loans, connecting to merchants for consumer loans and etc.

Fourth bank in the banking sector in terms of Total Retail portfolio

The year 2015 has been very successful for Halk bank AD Skopje in the very increasingly competitive retail banking market. Halk Bank AD Skopje with it's 34 branches during 2015 very efficiently meet all the client's needs and therefore with quality service the Bank managed to be in the fourth place in terms of net growth and outstanding of total retail loan portfolio with data as of 31.12.2015 among another banks in Macedonia for year 2015.

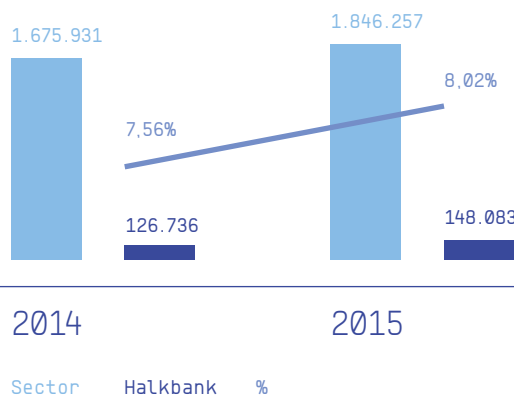
On the retail lending side, Halk bank AD Skopje performed in line with the market trend and maintained to achieve increased market position with Net increase of retail portfolio of 28.6 million EUR or 22,5% compared with start of 2015 till the end of the year.

Halk Bank retail net increase participates in Total retail growth of the retail portfolio on a banking sector level with 12, 9%. In 2015, the structure of the lending portfolio continued to favor the balanced approach, maintaining and improving the ratio of secured lending versus unsecured loans.

Analyzed by Retail loan disbursement during 2015 the Bank disbursed retail loans are in amount of 74, 1 million EUR or 9.487 loans agreements out of which in 2015 compared with 2014 retail lending growth is 16,84%.

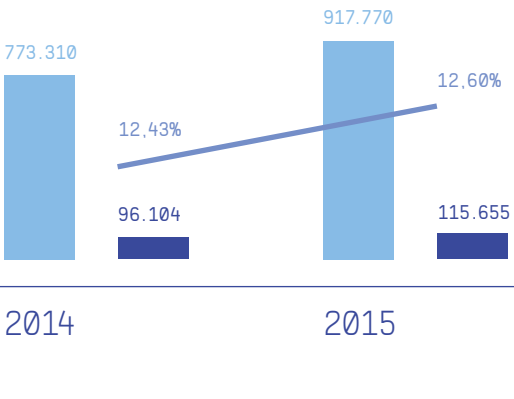
Compared with the Banking sector Halk Bank AD Skopje increased market share of total retail portfolio constantly month by month and finished with 8,19% market share which increased for 0,62% for year 2015. Halk bank AD Skopje in terms of retail portfolio finished year 2015 on fourth place among all other banks in R. Macedonia.

Market Share of Total Retail Portfolio



Analyzed by product Halk Bank have biggest market share with consumer loans 12,60%,

Market Share of Consumer Loans



Eco loans 7,55% and overdrafts 9,91% as of end of year 2015.

Retail loans	2014	2015	* In EUR
Halk Bank	126.736.102	155.292	
Sector	1.675.931.436	1.896.979	
Market share %	7,56%	8,19%	

Market share of Consumer loans	2014	2015	* In EUR
Halk Bank	96.103.679	115.654	
Sector	773.309.869	917.770	
%	12.43%	12.60%	

Market share of ECO loans	2014	2015	* In EUR
Halk bankAD	2.582.510	4.824	
Sector	54.547.803	63.905	
%	4.73%	7.55%	

Market share of Overdrafts	2014	2015	* In EUR
Halk bankAD	7.538.196	9.008	
Sector	86.569.264	90.926	
%	8.71%	9.91%	

NPL Ratio	2014	2015
Halk bank	3.01%	2.65%
Sector	5.66%	4.99%

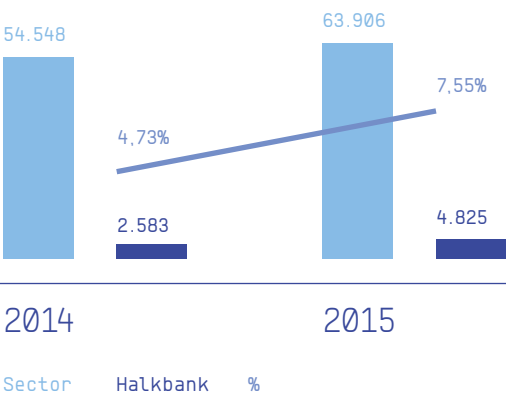
Clients with salaries & Overdrafts

Number of clients with salaries in Halk Bank AD Skopje was increased for 18,9% during 2015, starting with 38.826 clients with December 2014 up to 46.164 clients with salary as end of 2015. This was an effect of constant visits and promotion activities to employees in public companies and institutions from one side and to our reputable and stabile corporate and SME clients. With parallel of new salary clients in Halk Bank AD Skopje, We actively promoted profitable products for the Bank to our clients with salaries. Number of overdrafts was increased from 19.554 up to 22.192 which was increase for additional 13,49%.

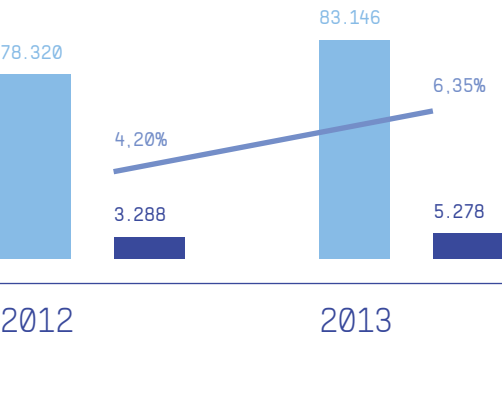
With close relations with clients to steady NPL ratio

In line of excellent customer care and providing intelligent solution for every retail costumer Halk Bank AD Skopje also decreased NPL ratio during year 2014 from 3,01% in the beginning of the year and ending with ratio of 2,65%. NPL retail products amount have decreased for only 77.085 EUR during year 2015 or 21,85%.

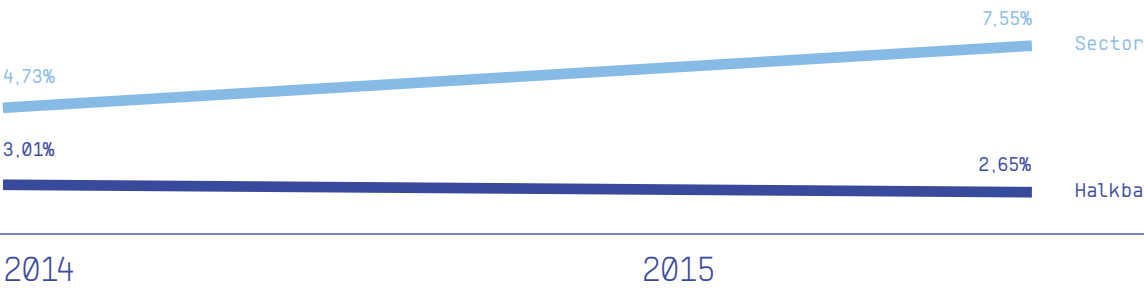
Market Share of ECO loans



Market Share of Overdrafts



NPL Ratio in Retail portfolio



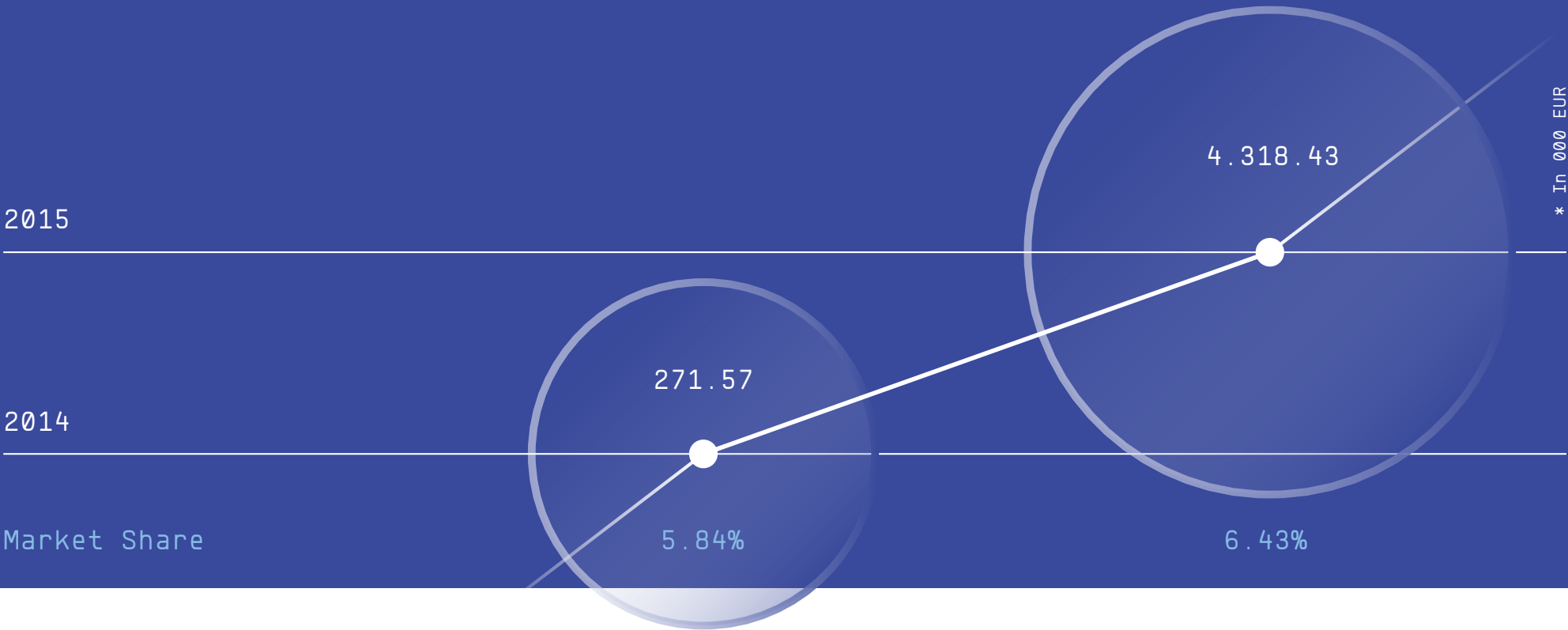
Deposit & Cash Management

Halkbank total deposits in 2015 has increased for 46,86 million euros and reached 318,43 million eur

2015

2014

Market Share



Increased market share in 2015

In 2015 Halkbank AD Skopje has continue the growth in deposit and increases the market share. At the end of 2015 the market share in total deposit has reached 6.43%. Comparing with the end of last year market share has increased from 5.84 to 6.43. Participation of Halkbank in total growth of deposit is 15,56% or 46,86 million euro out of 301.20. In retail deposit we increase the market share to 4.34 %, while in corporate deposits we manage to increase to 11,56 %. Participation of growth in retail deposit is 10,13% and in corporate deposit is 20.82%.

Halkbank follows a dynamic deposit management strategy based upon the optimization of cost and increasing the participation in market share. Average interest rate of the total deposit from customers has been decreased to 1.81% comparing with the end of 2014 when the average interest rate of deposit base was 2.47%. It seems that security and tradition are again the key factors when choosing the bank for savings.

Continued growth of deposit base

Halkbank AD Skopje has continued with a very clear and strong development strategy in aspect of increasing the deposit portfolio with significantly reduced interest rate costs and increased market share. The Policy of the Bank is focused on the clients demands and by offering various and flexible deposit products, adapted to the market conditions, while maintaining high standards of customer service.

The focus on clients' needs and demands, and satisfying their need and requirements is also shown through opening of new branches and expanding the ATM network. Halkbank AD Skopje sustained its strong and widespread deposit volume as well as the maturity composition of its deposits. The focus is on working on improving the quality of products and services in order to be closer to the customers to satisfy their needs and requirements. Halkbank's clearly defined deposit strategy helps the Bank to achieve and sustain a broad deposit base.

Strong Deposit Base

Total deposit base from clients in 2015 has reach 318,43 million euro , whereas time deposit from customers are 214,71 million euros and sight deposit are 103,72 million euros.

In 2015 sight deposit has grown for 55,23% or 36,90 mil euros and time deposit has grown for 4,86% or 9,96 million euros. In 2015 the bank has focused on increasing the sight deposit by devoted cash management strategy which leads to these excellent results in the field of sight deposit. On the other side we have focused on maintaining the current time deposit base and providing them with high level of service.

Promotion of new innovative products, opening of new branches, introducing of cash in ATM's has led to increase of retail deposit for 10,91% or 15 mil euro. On the other side corporate deposit has increase for 31,8 mil euro or 28%. Participation of the retail deposit is 48 % and corporate deposit is participating with 25 %.

Increased number of customer accounts for 21.994 newly opened accounts

Halkbank AD Skopje continued to grow on the Macedonian market through the attractive packages of products and services that we offer to the customers, so the number of customer accounts increased by 7.58 % or 21.994 new accounts and reach 154.939. Also significant fact at the end of 2015 is increasing the number of salary and pension recipients through Halkbank AD Skopje , which is increased by 15 % in 2015 year.

All this contributed to the increase of number of transactions for 21,14 % comparing with the last year. Also very important fact is that the number of transaction through e-bank and ATM has been increased as absolute figure and also as a percentage compared with transaction in branches.

HalkBank Alternative Distribution Channels

In 2015 Alternative Distribution Channels are continuing by its implemented innovations to ease customer's life giving them opportunities to finish their obligations in a faster and less costly way. HALKBANK continually undertakes efforts to improve and expand its alternative distribution channels, which save time and reduce costs for both customers and the Bank equally. Bank used the distribution channels intensively in 2015 in order to increase customer satisfaction, reduce the operational risk at the branch level, deepen customer relationships and acquire new clients.

Halkbank aims to increase card’s market share by implementing innovative and pioneering features

In 2015 Alternative Distribution Channels and Payment Cards department implemented the Visa Business Debit card to make clients business finances simpler, more

controlled and more secure than using cash.

The key benefit of a **Visa Business Debit** card is that payments are taken directly from Business Current Accounts, providing to the clients a clear itemised record of expenses and giving them better control of their business finances. Visa



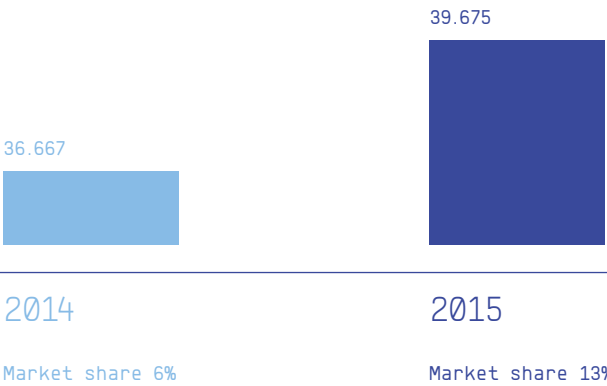
Business Debit can be used for all business expenses, at home and abroad, in person, by phone, on the internet or by mail. It is safer than cash, and with 'Verified by Visa' we get additional security for online transactions.

To access a retailer's customer base Alternative Distribution Channels department issued a **Co-Branded National Credit Card**.

Co-branded credit cards have become increasingly prevalent in the credit market in recent years.

Our Co-branded National Credit Card, as the name suggests, is a intermediary product for easing the mutual cooperation and partnerships

Number of Credit Cards



between wholesalers and retailers on the market. Namely this credit card bears the retailers name and provides benefits for them and the wholesalers as well during the purchase process. Thus as a bank this enables us to effectively expand not only the credit cards number but also the POS network respectively.

Growth is our aim

This year we continue with the growth of 8% in terms of number of credit cards and our participation in

market growth was 31%. 18% was the growth of the number of credit card transactions and 8% was the growth of the credit cards volume.

On this regard for stimulation and motivation the cardholders to purchase more with their credit cards at Halkbank merchants contributing for the growth of the transactions, we approach with different marketing campaigns addressing all target groups on the market.

Halkbank in cooperation with MasterCard had marketing campaign for promoting the contactless payment with Master Card in Cineplexx Cinema in Skopje CityMall where with every contactless payment clients had one free ticket.

Halkbank will continue to offer customer innovative and competitive credit cards products and to increase the customer satisfaction level of credit cardholders.



Our goal is to keep all existing clients and to acquire new ones, with the new, modern and advanced e-banking service together with mobile banking that will be presented in the beginning of 2016.

New technology is our priority

The POS terminals, from the latest Ingenico model, were one of the most attractive products in 2015. Easy to use, simple, bonus reward ability and fast processing are the characteristics that increase the merchant satisfaction and the demand of the Halkbank POS terminals. With approximately 4400

POS machines we are covering a large portion of the firms dealing with Retail activities. The growth of POS transactions was around 44%. The inactive POS terminals were continuously reallocated to new merchants. This action enabled Halkbank to increase the volume for 35% and to have a market share of 20% of the overall transactions on the market.

Previously for the first time as a unique product was presented new unattended POS terminal, which was implemented in correlation with Telekom Macedonia. Because of the interest growth in 2015 this kind of cooperation was established with JSP Skopje where we installed



unattended POS terminals giving opportunity to their clients to top up their JSP card.

The number of ATMs growth for additional 17 in 2015 and we finished the year with 97 ATM's jumping to the 4th place on the market. In 2015 Halkbank raised the number of cash-in ATMs on the market. The customers beside other competitive functionalities now are able to deposit their funds through the ATMs. Improving new functionalities on the ATMs as the cash-in option

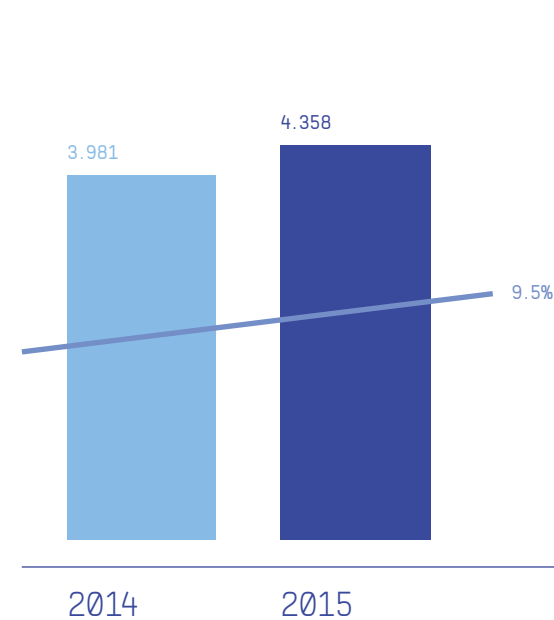
and added 2 more languages (Turkish and Albanian) on all ATM's lead to more satisfied clients and to increased usage of Halkbank ATMs.

HALKBANK SMART BANK

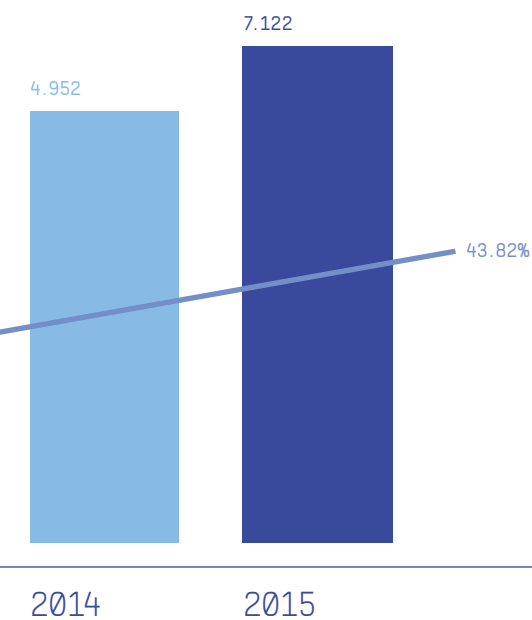
Halkbank follows the trends in the technology so in 2015 implemented a comprehensive new e-banking. Our goal is to keep all existing clients and to acquire new ones, with the new, modern and advanced e-banking service

together with mobile banking that will be presented in the beginning of 2016. The new e-banking is more marketing oriented and provides new functionalities for the customers. In 2015 we are expecting to increase the loyalty of the existing customers and to increase the number of transactions performed through alternative distribution channels, which was above 50% in 2015, by implementing new products following the technologies and preparation of campaigns.

Number of POS Terminals



Number of Transactions (000)



* Market share no. of transaction 20%

International Banking



In 2015 Halkbank continued with the strong partnership with existing and new reputable international and domestic FIs with a number of long-term, special purpose loans within the scope of its relationships.

Focused on its own growth, Halkbank completed a successful year with continuously increasing branch network in 2015 whilst successfully managing correspondence network in over 50 countries. The Bank performs its activities with the goal of maintaining its efficient and respected position enjoyed in the international banking arena by offering new banking products and services for its customers through widespread correspondent network.

In 2015, Halkbank continued to deliver high-quality banking products and services in international banking business providing long-term funding solutions to meet the growing funding needs of its clients.

Differentiating itself with its expert staff and innovative approach, Halkbank AD Skopje acts as a solution partner by developing customized products with continuously work to further enhance its high service quality in relation to a manner that will ensure a competitive advantage for its customers.

The successful ongoing cooperation with the FIs, is the partnership with Green for Growth Fund (GGF) with a second senior loan facility in the amount of EUR 10 million drawn in the

previous year by financing the energy efficiency projects and enhancement of the cooperation with the European Fund for Southeast Europe (EFSE) with a long-term credit line in the amount of EUR 10 million by offering properly designed housing loans to the individuals and SMEs playing on the Macedonian market.

In 2015 Halkbank continued to disburse favorable loans from the credit lines of Macedonian Bank for Development and Promotion (MBDP) disbursing the funds gained from the European Investment Bank (EIB) and funds from the KfW (Kreditanstalt für Wiederaufbau) satisfying the clients' necessities for fixed assets, working capital and suitable housing loans for individuals. Another milestone in 2015 for strong partnership with FIs is the signing of EUR 10 million agreement with EBRD's Trade Facilitation Programme (TFP) to support Macedonian export orientated companies with very competitive terms with two components, short term trade loans and issuance of guarantees in favor of international commercial banks covering the political and commercial payment risk of the underlying trade finance instruments which was the first agreement for short term trade finance loans signed on the Macedonian market with EBRD. As the crown of this cooperation, on 27 November 2015, EBRD awarded Halkbank with the Certificate of Appreciation for implementing the SME Competitiveness Support Facility in Macedonia supporting growth and boosting competitiveness.

The Bank will continue to be a respected player in the domestic arena of loans with properly designed products to SMEs and the individuals.

Treasury Management

Proactive treasury strategies increase profitability and growth momentum

During 2015 all treasury activities were fulfilled properly and in stable mode, securing optimal treasury management (liquidity and all ratios included). Treasury activities we can overlook during 2015 are as follows:

- Sales activities,
- Interbank Fx and MM trading-domestic market
- Fx trading and MM-international market, and
- Trading with securities (domestic: primary, secondary and repo market).

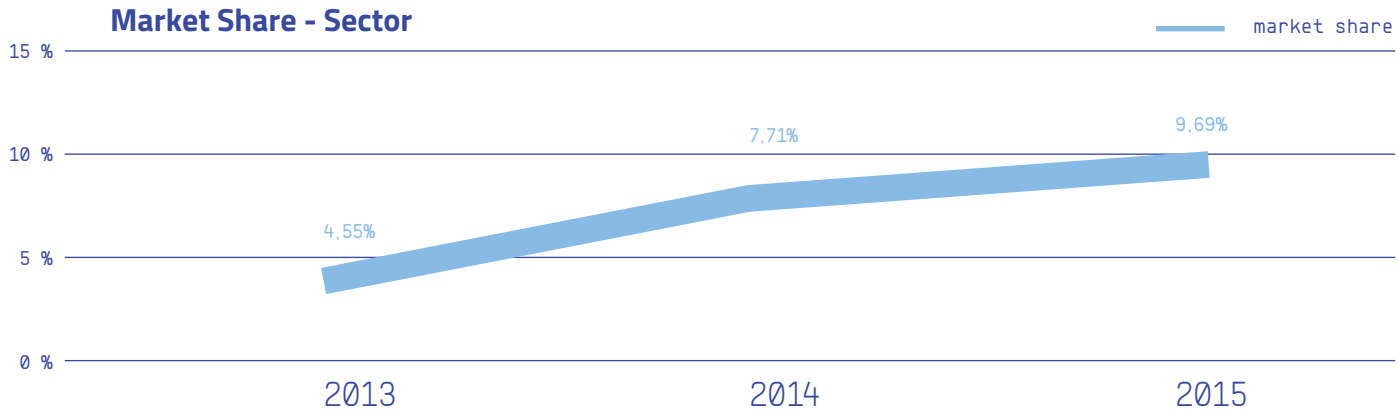
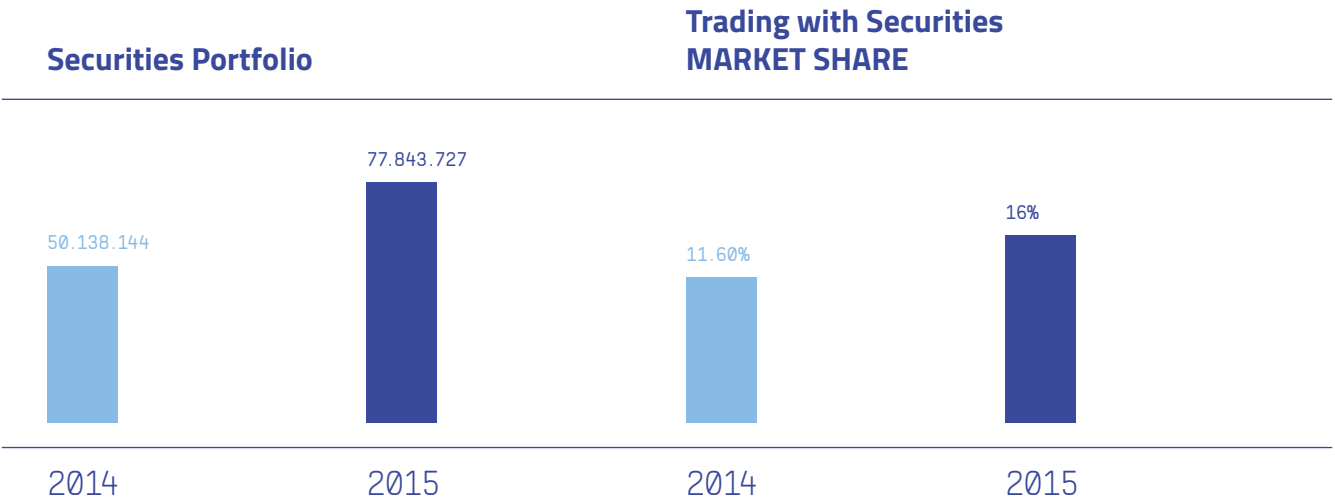
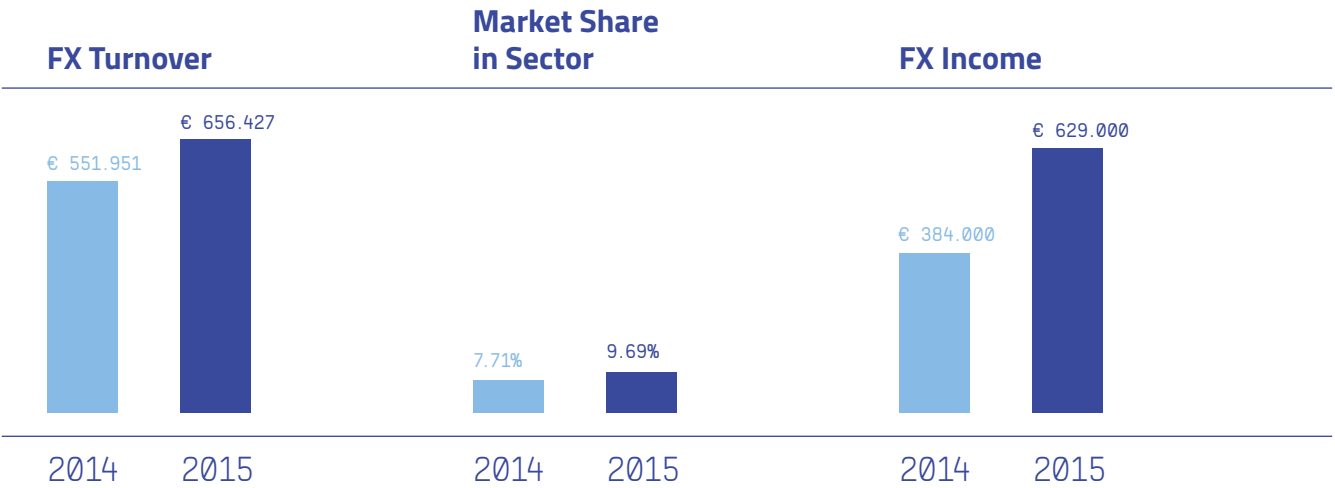
Sales & Fx trading

Total Fx turnover (clients and interbank) compared with 2014 was increased for 18.92% in 2015, up to 656.727 thousand EUR. Total net income from Fx trading in 2015 compared with 2014, was increased for 63%, to 629 thousand EUR.

Bank share in sector for 2015 was 9.69%, which means:

- increase of 25.70% compared with 2014 and
- 5th place in the sector.

Halkbank is Market Maker on Domestic Interbank Fx Market



Securities trading

Total securities portfolio (T-bills, T-notes and T-bonds) in 2015 compared with 2014 continue with uptrend movement showing increase of 58.66%.

Total income from fixed income (securities trading, repo and money market) for 2015 was amounting EUR 2.117 thousands EUR, meaning 10.75% decrease compared with 2014 (as of decline of interest rates in average for 40 b.p.).

Market share of the bank per type of securities during 2014 compared with 2015 as the following chart on the right page.

Perspectives

Expectation for securities investment during 2016, seems to be oriented:

- to keep appropriate portfolio as high liquid assets in correlation to credit activity overall,
- more intensive OTC and repo market on commercial basis and liquidity management.

Continue of offering advanced financial instruments-derivatives for clients as additional products/service:

- Hedging instruments
- Investment instruments, in scope of global (cross selling) services/products for clients, and as well as for bank portfolio
- Fx investments in international securities (portfolio investments and structured products)
- Trading platforms for clients (e banking for Fx trading-white label trading)

Total securities portfolio (T-bills, T-notes and T-bonds) in 2015 compared with 2014 continue with uptrend movement showing increase of 58.66%.

Description	2014	2015	* In 000 EUR
T-Bills	25.678	31.418	
T-Notes	11.376	25.205	
T-Bonds	13.084	22.928	
Total	50.138	79.551	

Participation in the Securities Portfolio



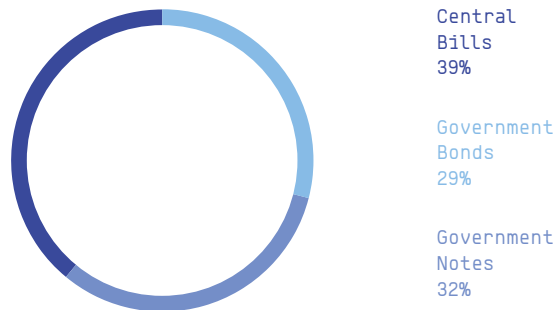
2014

Participation of Halkbank on the Market



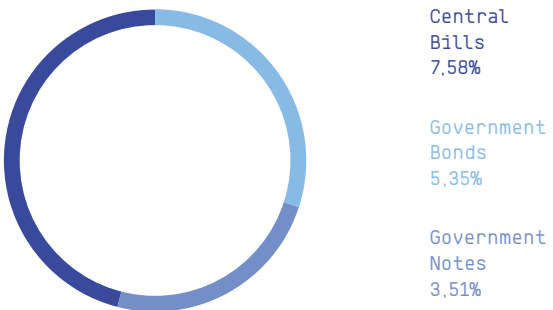
2014

Participation in the Securities Portfolio



2015

Participation of Halkbank on the Market



2015

The PZU European Eye Hospital is the first private ophthalmological hospital in Macedonia that first registered and started its activities in Macedonia in 2011, according to the general approval for health activities from the "Ministry of Health" in Skopje.

The hospital is a continuation of the parent hospital from Turkey "Inci Göz" which is well-known by its high professionalism and successful eye treatments. The competency of its team is well-confirmed with the fact that the percentage of unsuccessful surgeries of the parent-hospital in Turkey represents 0,001%, or one unsuccessful surgery out of 100.000 surgeries performed. The hospital uses the most efficient techniques and the newest technology.

The PZU European Eye Hospital has 55 employees, out of which 9 are doctors, 2 of them are ophthalmologists from Turkey, 2 anesthetists and the rest are nurses and technicians.

European Eye Hospital

eeh.mk

In 2011, in the period between 28.03.2011 until 31.12.2011, were completed 10.771 examinations and 1.675 surgeries. In 2012, 14.863 examinations and 2.687 surgeries were completed, and in 2013 the number of examinations and surgeries increased to 15.575 examinations and 2.808 surgeries.

Concerning the structure of the clients, it is 50% domestic and 50% foreign.

Owing to the high professionalism and success of this hospital, the "health-tourism" was introduced in the country, attracting many clients from abroad, which is the primary focus of the EEH. The moto of the hospital is: "There are no promises, there are only fulfillments."



The cooperation with Halk Bank has started during the foundation of the hospital, starting with a financial support for the construction of the hospital. Through the time, the cooperation between both of the parties has been developed and now Halkbank AD Skopje participates in almost all business activities of the hospital.

Domestic Payment and Cash Center

HALKBANK as a payment operations carrier has developed a fast, efficient and quality system for performance of payment operations, as one of the basic functions in banking operations, which offers its clients a service according to their needs.

The Bank has wide variety of products and services for opening and administrating clients' accounts in order successful performance of transactions in domestic payment operations.

By opening an account, Halkbank provides clients to make payments by the following:

- Internal payment operations for payments between Halkbank clients.
- External or inter-banking payment operations (payments between clients from two different banks) executed through systems of settling.
- execution of non-cash and cash transactions

The number of active transactional account in HALKBANK AD Skopje at the end of the year 2015 was 154.921. Citizens have 139.291 accounts and corporate clients have 15.630 accounts. Compared to the end of the year 2014, when the number of active accounts was 144.228 active number of accounts has reached growth of 7.4%

In 2015, new 22.091 transactional accounts were opened, from which 19.665 accounts for citizens and 2.426 for corporate clients.

In 2015 domestic payments transactions executed through the Branches have been increased by 10.5% and reach the number of 1.854.107 transactions, compared with 1.677.790 in 2014.

E-banking transactions in 2015 have been increased by 36% and reach the number of 790.768 transactions, compared with 581.587 transactions in 2014.

Cash center

Cash center of HALKBANK, for the clients performs: transport of cash, taking cash from client's premises with special transport company and depositing to the client accounts and also delivering coins to clients for daily usage.

Cash Center is responsible for processing, buying and selling of domestic and foreign currencies, transfer of foreign currencies abroad in correspondent banks, filling of ATM with cash, organization of transporting cash to and from branches, central bank and other commercial banks

The number of active transactional account in HALKBANK AD Skopje at the end of the year 2015 was 154.921



2013

Western Union

HALKBANK is agent for Western Union fast money transfer. With implementation of new software WUPOS of WU all location of the bank can perform faster now.

2014

Western Union

With the growing branch network together with a broader range of services that HALKBANK is offering at different service points and has continued to provide WU services.

2015

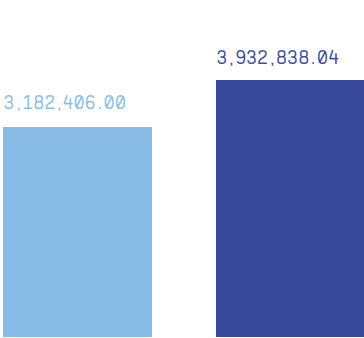
Western Union

We offer Western Union products and services in 33 branches across the county.

All branches are provided with a direct electronic access to the WU network which ensures a maximum speed for customer's service. In most cases cash transfer transactions are performed within 10 minutes. During 2015, we manage to increase the number of transactions by 30% on a yearly basis (2015/2014).

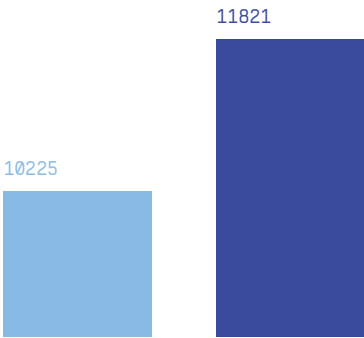
Operations

Total Amount (EUR)



2014 2015

Number of WU transactions



2014 2015

2013

Foreign Operations

For cross-border foreign payments, the bank uses accounts of correspondent banks. The bank has network of more than 400 correspondent banks, 29 accounts in 16 first class banks through the world, thus can serve its clients very efficiently with low cost for international payments.

International payments increased by 54% from 9.808 (2012) to 15.140 (2013) payments on yearly basis.

Trade Finance

The Bank performs foreign trade finance and other interbank credit transactions through widespread correspondent network. Bank delivers commercial banking products and services to its clients including domestic and cross-border payments, financing of international trade. Distinguishing itself with its expert staff and innovative approach, HALKBANK AD Skopje acts as a solution partner by developing customized products.

2014

Foreign Operations

Fast growth of the Bank, improved workflows, newly opened branches together with the decentralizations of the foreign operations and increased authority of the branches, led to increased volume of transactions by 28% from 2013 to 2014.

In this context, increased number of correspondent banks has also supported this growth.

Documentary Business

Our extensive correspondent banking network guarantees fast and unhindered documentary transactions on a global basis. In an age of globalization - with the merging of borders and cultures - HALKBANK AD Skopje is assisting its clients as a dependable and competent partner.

2015

Foreign Operations

Our motto is to be a bank at our client side-both in cash management and international business. We will continue to give professional support to our clients by optimizing their needs and requirements. In 2015, we successfully provided our customers with adequate advice on payments processing. This led to rise in the total turnover in international payments by 20% on a yearly basis (2015/2014).

Documentary Business

Our extensive network of foreign correspondent banks not only helps us to manage our customers letters of credit in a highly professional way, but also ensures the prompt and reliable settlement of documentary collections.

During 2015 HALKBANK introduced several innovative products to address the needs of the clients. The new internet banking system brought the most advanced technology to the banking market while providing exceptional user experience and ease of use.

Additionally, the ATM network of the Bank was upgraded to support a total of four languages which makes this delivery channel more accessible to a wider client base.

Visa business debit and cobranded payments cards were introduced into the range of products of the Bank.

IT & Technical Support



Continuous growth support

The annual growth of processed transactions per month from January 2015 to December 2015 of 23% was supported by the completed upgrade of the core server system which improved performance up to 6 times.



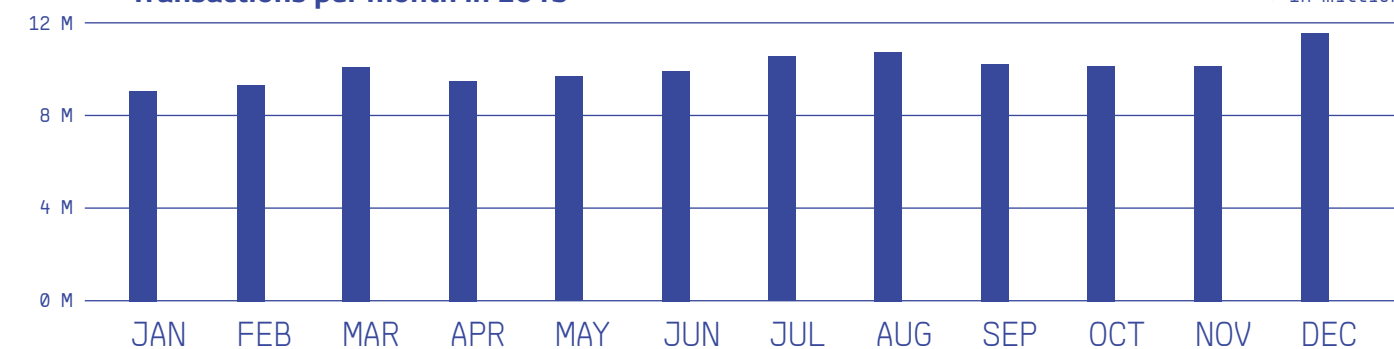
Continuous improvement of controls and systems to decrease operating risk

Finalization of the implementation of the PCI-DSS standard helped to strengthen the infrastructure and make it safer and more resilient to current cyber risks. Risks are further minimized by the introduction of WEB/URL/Application filters and upgrade of the PC workstation infrastructure to Windows 7.



Transactions per month in 2015

* In millions



Halkbank's Branch Network

Extensive Branch Network

During 2014 HALKBANK AD Skopje has continued to increase branch network and focused on high quality and fast service and products. By the end of year HALKBANK's branch network has reached 34 branches in Macedonia spread in 18 cities. From the total number of branches 16 are located in the capital city of Skopje and 17 in other cities of the country.

Opening of the New Branches and Reorganization Continued

The process of opening new branches continued in 2014. During the last year Halkbank opened 3 branches 1 of which in the capital city of Skopje and 2 in Kavadarci and Kicevo. Also reorganization and renovation of some of the branches continued during 2014. With reorganization and renovation of current branches Halkbank continued the strategy for

maximizing customer satisfaction.

With opening of new modern branches and improving the ambient in the current branches we are closer to our clients. During the last year we started the renovation of Kumanovo and Sv. Nikole's branch, and also we have relocated and improve the quality with two branches – Zeleznicka and Square branch in Skopje.

Representative Office in Belgrade, Serbia

Our Bank's representative office in Belgrade, Serbia was opened in December 2012. Opening a representative office of our Bank represents a milestone for the Macedonian Banking Sector. Main mission and objective of the representative office is to research the market and mainly to link the companies which are cooperating with Macedonian or Turkish companies.



with 34 modern branches widespread in 18 cities around macedonia and 1 representative office in belgrade - serbia, halkbank ad skopje's main mission is to serve all clients in macedonia in the best manner.

HR Department

Development and continuum of recognizable HR positive practices

In line with the global HR trends for 2015, the Human Resources, Organization and Training Department of Halkbank A.D. Skopje was also closely following the local labor market and the business environment in the country, in order to define the proper goals and priorities for effective managing of the human capital of the company. The biggest accent during this year was set on the aspects as improvement and implementation of talent management practices, development of the leadership skills of the employees, accurate and on time transfer of knowledge through the appropriate channels of the Bank, employee retention policies and continuous improvement of the corporate culture.

The development of the employees' competencies and skills, which

would improve the business value and also bring benefits to the organization on the long run, is a focal point of the talent management practices of the Bank. With well-timed and quality policies for recruitment, development, retention, promotion and rewarding the employees, the Bank creates positive atmosphere for making people perform on the highest level, which corresponds with the talent management strategy, aligned with the general strategy and the plans of the Bank.

Through employee empowerment, the key personnel of the Bank has been encouraged to have better approach to their work and lead by example, by also having more control and input of their work. Any other member of the Halkbank team, parallel to the positive influence

created by the insider leaders, develops leadership qualities and inspiring commitment and communication, which on the long term delivers recognizable customer service to all internal and external parties and makes each Halkbank employee strong ambassador for their organization in the local environment.

Since the know – how is a crucial competitive difference and creator of advantage in front of the other players on the market, Halkbank's efforts are directed to making all gathered internal knowledge to be accessible to all employees included in relevant processes. Appointing mentors for continuous support and sharing of the key information regarding the internal operations, brings together the seekers of knowledge and the experienced mentors to cooperate and create synergy, as a force which will propel the Bank to success in the arising challenges in the future.

As a confirmation for its good practices, Halkbank in 2015 was nationally recognized with a reward for best HR practices in 2015, in competition of several serious players in the Macedonian economy. The positive HR practices implemented by the Bank, were valued by the Ministry of Economy of Republic of Macedonia worthy enough, the Bank to be announced on the wall of fame on a country level as a corporate social responsible organization focused on the development and well-being of its most valuable asset – its employees.

The educational structure shows that the Bank is oriented to engaging highly educated individuals, which bring knowledge and added value to the processes and the service provided to the clients.

Halkbank human capital by the numbers

By passing the number of 400 employees in 2014, the Bank has continued its growth during 2015, with additional 39 new members boarding the team of professionals at Halkbank A.D. Skopje. At the end of the year, a total number of 431 employees were working as a total number altogether in the Head Office based in Skopje and in 34 Branches around Macedonia. The educational structure shows that the Bank is oriented to engaging highly educated individuals, which bring knowledge and added value to the processes and the service provided to the clients. A high participation of 87% or 377 of the employees are holder of University degrees, or more precisely, a total number of 346 employees or

80% are holder of Bachelor Degree, and 31 or 7% have obtained Master's Degree from University. The Bank's philosophy which has the on-time and impeccable customer service set as a priority, is confirmed by the data which also shows the headcount and staffing orientation to the profit centers of the Bank directed to the Branches, by having 162 employees working in Head Office (38% of total employees), and 268 in Branches, or a significant 62 percent of the total number of employees.



Identification and development of talents

Halkbank's Internship program so far has been a useful tool for identification of highly talented individuals, which also makes the organization as a social responsible organization, by allowing the students to have deeper insight in the banking operations and communication, so they can improve their competencies while attending practitioner work and support our colleagues in the daily based routine tasks. Also a benefit for the organization in this aspect is that the Interns can be assessed during their engagement, as future employees of the Bank. Therefore, the Bank counted a total number of 105 Interns throughout whole 2015, who attended the Internship program in the Bank. The most successful Interns according to their

performance were included in the phases of selection and recruitment of the Bank and later on those who used the given opportunity on best way – 7 individuals in total, became full time members as Halkbank professionals.

The trainings during 2015 reached the number of 55 in total: internal, external or trainings for transfer of knowledge by visiting the Halkbank Head Office premises in Turkey or having experienced trainers from the Bank in Turkey visiting us and making their knowledge available to us. More detailed approach from this area shows that the external trainings with experts outside of the Bank were visited 39 times by Halkbank employees, internally 12 trainings were organized and there were 3 visits of the premises of Halkbank Turkey by selected employees of the subsidiary in Skopje. Another gathering which is slowly becoming practice for the Bank on Annual level was organized during May 2015, on which 133 employees were present. During the event, the past results and achievements were shared to the colleagues, and the future targets and goals were communicated in front of all present colleagues.

HALKBANK AD SKOPJE

PUBLIC RELATIONS & SOCIAL RESPONSIBILITY

The success story we create together with our society...

A commitment to acting responsibly, to doing the right thing, is integral to the business of our bank. Our bank is showing its responsibility to the communities where we live, work and do business.

Being a socially responsible bank, Halkbank AD Skopje approaches all segments of society, its business community, but also the environment, in an ethical and responsible way.

A commitment to acting responsibly, to doing the right thing, is integral to the business of our bank. Our bank is showing its responsibility to the communities where we live, work and do business.

Being a socially responsible bank, Halkbank AD Skopje approaches all segments of society, its business community, but also the environment, in an ethical and responsible way.

Through the past years, the Bank offered support with its donations to a number of institutions and individuals who needed help the most. The tendency has always been to help the ones who represent the weakest part of the community, such as children, the sick or individuals with special needs.

In the course of 2015, Halkbank remained one of the most regular supporter and friend of the children's dorms by handing different types of help to them.

Continuing the very successful activities realized during the previous, in 2015 Halkbank AD



Skopje continued its tradition of delivering presents for children coming from vulnerable social groups or children without parental care placed in institutional homes. The bank is traditionally providing its support to the educational and sport segment in the country as well.

During the year 2015, Halkbank has supported several educational institutions with material and knowledge sharing.



Many of the activities we support are of educational character, important for the culture and education of the society, by providing funds to support many local events and contribute to better quality of people's everyday's lives.

At Halkbank, we give big importance and focus on the development and growth of our people. By offering a workplace that provides opportunities for career and personal fulfilment, we build a reputation as an employer of choice.



As considering the sport and healthy living as very important part of our lives, Halkbank decided to expand its focus from only internal, employees' sport orientation to national level. Starting from 2014, Halkbank AD Skopje is a proud general sponsor of the Macedonian Basketball Federation. In 2015 we continued our support to the national basketball team, building our image as a big fan and supporter of the Macedonian sport. By this, the bank gives an example for development of the Macedonian sport in general, and by its promotion, it motivates the sport awareness, pride for the national team and sport action of the entire Macedonian nation.



At the same time, we succeed in attracting and retaining the talented, motivated and engaged individuals by providing them a working environment where they will be satisfied and work in positions compatible with their skills and knowledge, with significant chance for further professional and personal development.



The ecological dimension relates to efforts the bank is investing in order to create a balance between the need for economic growth on the one hand, and maintaining a healthy environment on the other. Distinct attention is focused on saving energy, paper and electronic waste recycling.



JOKI Dooel exists since 1999 and is a company that deals with wholesale and retail of equipment for heating, solar energy, plumbing, sewage and air conditioning.

The company has young and educated people who are constantly trained and upgraded with the latest achievements and innovations on international level in the field of heating, cooling and solar energy, in order to be able to respond to all customer requests and to provide the best service. With the steady and consistent support of Halkbank they have built their own modern and energy efficient business premises in Ilinden.

JOKI Dooel

joki.com.mk

The moto of the company is “A satisfied customer-Today”. The center of their interest is to satisfy all the requirements of their customers!



With the steady and consistent support of Halkbank A.D. Skopje the company has built its own modern and energy efficient business premises in Ilinden.



HALKBANK AD SKOPJE

MANAGEMENT INFORMATION & CORPORATE GOVERNANCE





Supervisory Board of Halkbank

Corporate Governance

The corporative management in the bank represents collection of mutual relations between the Board of Directors, the other persons with special rights and responsibilities executing managerial function in the Bank, the Supervisory Board, the shareholders of the Bank and the other interested persons.

Shareholders Assembly

In the course of 2015, 1 (one) General Shareholders' Assembly was held. On the General Shareholders Assembly held on 10.06.2015 it was decided on adoption of: the Annual Report for 2014 and the written opinion of the Supervisory Board, the Annual Account of the Bank for 2014, the Financial Statements of the Bank

for 2014, prepared in compliance with the accounting regulations of Republic of Macedonia, the International Financial Reporting Standards and the International Accounting Standards, audited by the audit company, the Report of the Audit Company for 2014 and the written opinion regarding the same by the Supervisory Board; enactment of a Decision on distribution of the profit for the year ending on 31 December 2014; review of the Annual Report on the operation of the Supervisory Board

in 2014 by separate members and collectively; review of the Annual Report on the operation of the Internal Audit Division for 2014 and written opinion by the Supervisory Board; revision of the Corporative Management Code, adoption of a Decision on selection of an audit company, adoption of Business Policy and Financial Plan of the Bank for 2015 and Strategic plan for 2015-2018, adoption of the List of net debtors of HALK BANKA AD Skopje, Decision on dismissal of members of Supervisory Board and Audit Committee, Decision on appointment of members of the Supervisory Board, Decision on appointment of a member of the Audit Committee, Decision on fee for membership of the Supervisory Board and the Audit Committee and adoption of Rule book of the General Shareholders Assembly.

Audit Committee

In the course of 2014, the Audit Committee held 4 meetings at which the Financial Statements (MIS report), the external auditor's report related to the audit of the Financial Statement for 2013 were reviewed, the results of the Quality Management System were monitored, the accounting policies were reviewed, the quarterly and semi-annual reports of the Internal Audit Division for 2013

were reviewed, the new regulation on implementation of activities of the Internal Audit Division was reviewed, the Annual Audit Plan for 2014 was approved, the issues related to the personnel in the Internal Audit Division were closely monitored, the Annual Report of the Audit Committee for 2013 was approved, the quarterly reports of the Compliance, AML and Financing Terrorism Division were reviewed, the Compliance Programme for 2014 was reviewed, the quarterly reports on antimoney laundering were reviewed, as well as the quarterly reports of the Risk Management Board.

Information on the number and composition of the Risk Management Board

Pursuant to the Law on Banks and the Statute of HALKBANK AD Skopje, the Risk Management Board consists of six (6) members, their mandate being 2 years. The members of the Risk Management Board are appointed from among the persons with special rights and responsibilities that are employed in the bank. All members of the Risk Management Board have an adequate experience in the area of finance and banking.

The Risk Management Board carried out its activities pursuant to the operation plan being drafted in the beginning of each year, in order to provide greater efficiency of the Board's operation in regard to timely obtaining quality information and materials for holding of meetings. Depending on the relevance of certain events, apart from the items set in the plan, other items were also being reviewed during the meetings.

Supervisory Board of Halkbank



MUSTAFA AYDIN
President of Supervisory Board

Mustafa Aydın was born in Ürgüp, Nevşehir in 1965. He graduated from the Department of Public Administration of the Faculty of Economics and Administrative Sciences at the Middle East Technical University. He began his professional career at Türkiye Öğretmenler Bankası and went on to work as General Manager at Nahçıvan Türk Bankası, as Inspector and Branch Manager at Albaraka Türk Katılım Bankası A.Ş. and at Asya Katılım Bankası A.Ş. He later served as CFO and Board Member at Bosnia Herzegovina Airlines, as Head of Finance at Turkish Airlines, as Affiliates Financial Coordinator at THY Teknik A.Ş. and as CFO at Negmar Shipping Ltd. Aydın has been serving as Deputy General Manager in charge of Financial Management and Planning at Halkbank since July 10, 2014.



EROL GÖNCÜ
Member of Supervisory Board

Born in Siirt in 1964, Erol Göncü is a graduate of the Middle East Technical University Department of Mathematics. He began his career at Pamukbank on October 3, 1988 as a systems analyst and went on to hold the positions of service manager and department manager. He has been working as a deputy general manager in charge of Information Systems and Technical Services at HALKBANK since June 9, 2005. Since May 2012 he was appointed as Supervisory Board Member and Audit Committee Member of HALKBANK AD Skopje.



HILALI YILDIRIM
Member of Supervisory Board

Member of Supervisory Board Hilali Yıldırım was born in Kaman, Kırşehir in 1973. He graduated from the Department of Computer Programming at the Yıldız Teknik University. In 1997 he graduated from the Department of Business at the University of Marmara. At the same time he attended the Institute of Economics and Business. He has a Master's degree in Banking and since 2012 is preparing his doctoral dissertation in Business at the University of Maltepe. He began his professional career at TC Ziraat Bank, Mecidiyeköy in Management systems and was a Branch Manager of Credit Cards. Three years later he went on to work as Deputy Inspector, Deputy Director and Inspector at Esbank T.A.Ş. He later served as Deputy Director at TKB Branch Şişli, Senior Inspector and Branch Director at Family Finances Kurumu A.S. and Director of Internal audit at Asya Bank. He used to work in Finance and Operations at Financial operations, IT Operations. Yıldırım has been serving as Adviser of the Executive Director at Halkbank, Turkey since 2014.



BILAL SUCUBAŞI
Member of Supervisory Board

Dr. Bilal Sucubaşı was born in Darende, Malatya in 1972. He graduated from the Faculty of Economics and Administrative Sciences at the University of Erciyes. Sucubaşı continued his education in the Department of Business, Management, Organization Department, Malatya at the University of İnönü. He has a Master's degree and a Doctorate degree. He began his professional career as a teacher in Darende and used to be an intern at Counseling Finance, Malatya. He later served as a clerk at Darende Branch, Deputy Head of the Directorate for Organization, Branch Manager in Aksaray / Ortaköy, Director of the Marketing Department of the individuals in the Regional Coordination Centre Diyarbakır, Manager of Corporate Marketing, Director of the Commercial Branch in Mersin, Director Department of Corporate Marketing at Halkbank, Turkey where he currently works.



BORIS PETROVSKI
Independent Member of Supervisory Board

Boris Petrovski was born in 1950 in Bitola. He graduated from Ss. Cyril and Methodius University, Faculty of Law in Skopje. He began his career as Junior Legal advisor in LVK Lozar in 1975. He became Branch Manager in 1992 at IK Banka Bitola Branch. Between 2001 and 2011 he was Deputy General Manager and General Manager at IK Banka AD Skopje. Since May 2011 he was appointed as Supervisory Board Member of HALKBANK AD Skopje.



SONJA PETRUSHEVA
Independent Member of Supervisory Board

Sonja Petrusheva was born in 1964 in Skopje. She graduated from Ss. Cyril and Methodius University, Faculty of Law in Skopje. She began her career as Lawyer in 1995. As a Lawyer, between 2007 and 2009, she participated in the process of share purchase between IK Banka and DHB Holland. Since 2009 she was appointed as Supervisory Board Member and Audit Committee Member of HALKBANK AD Skopje.



Management Board

TOMCHE TASEVSKI
Executive Director

As a graduate in Financial Accounting and Banking Management at the Faculty of Economics, Ss. Cyril and Methodius, Mr. Tasevski's career starts at Ljubljanska Banka in the field of loan sales, and further continues on more strategic positions as Head of Client Relationship Department in Almako Bank and Deputy General Manager in Savings House Moznosti respectively. In meantime, after a short stint in former IK Banka as a Credit Department Manager, Mr. Tasevski returns as Operative Director and Corporate Division Manager in the early 2002 year, supporting and coordinating the processes and employees while building a strong business clients network and loan portfolio of the Bank. In 2009, Mr. Tasevski is being promoted as an Executive Director, Member of the Executive Board of IK Banka. After the rebranding of the bank, Mr. Tasevski remains within the Executive Board of HALKBANK AD Skopje. In 2009, Mr. Tasevski is being promoted as an Executive Director, member of the Executive Board of IK Banka and designated as a President of the Risk Management Board.

BUKET GERECCI
Executive Director

The professional career of Mrs. Buket Gerecci begins with an employment in Garanti Bankasi A.S. Turkey in 1990, right after finishing the formal education and obtaining a Bachelor's Degree from the University of Ankara on the International Relations Department in 1989. After 5 years in service in Garanti Bankasi, Mrs. Gerecci in 1995 has the opportunity to work and develop professionally in another financial institution in Turkey – Toprakbank A.S. This working engagement lasts until 1997, when she is appointed as Head of the Gaziantep Branch, within the Finansbank A.S. In 2002, a new challenge arises in her career, when she is appointed in Asya Katilim Bankasi A.S , whereas in 2008 she is promoted as Deputy General Manager and Chief Operations Officer (COO). From 2011, she continued as a Chief Financial Officer as part of another company, within the oil industry in Turkey. She becomes part of the Halkbank family, upon the official approval from the National Bank of Republic of Macedonia on 04.03.2015, as Member of the Managing Board of the Bank and Executive Director, responsible for the Division for HR and Organization and the Division of Operations and Information Systems.

NECDET PALAKCI
Chief Executive Director

Mr. Necdet Palakci has graduated from the University of Marmara, Turkey in the field of International Relations, and also received a Master Degree at the same University in International Banking in English language. The beginning of the banking career of Mr. Palakci started from 13.08.1990 in Pamuk Bank Turkey as management trainee, where he was engaged on various positions, mainly in the area of corporate, commercial and SME sales. Afterwards in his career he was appointed as branch manager of various branches, among which are Topkapi and Merter commercial branches in Istanbul. His last position was branch manager of Anadolu Corporate Branch in Istanbul, Turkey. Since 25.06.2012, Mr. Palakci has been appointed as the Chief Executive Director of HALKBANK AD Skopje, where he manages the Bank during the period of structural changes.

TURHAN ADEMI
Executive Director

After graduation from the Financial Accounting and Banking Department at the Faculty of Economics in Skopje, Mr. Ademi starts his career in JIK Banka at the credits and liquidity division of Skopje Branch. His professional career starts ascending in 1994, by the time he is active in IK Bank. In 1999, gains various positions as a Manager of Credit, Treasury and Liquidity Division, Manager of the Brokerage Department; as well as Acting Manager of IK Banka Branch Office Bitola. Important highlight in this period from 1995 to 1996 is the position of the Acting General Manager of IK Bank. Further milestone in Mr. Ademi's rising career is the position of Senior Vice President at Ziraat Banka AD Skopje from 1999-2001. Shortly after, in March 2001 he is being promoted as a General Manager which among other responsibilities includes membership of the Risk Management Board. After the successful acquisition of Ziraat Bank AD Skopje by HALKBANK AD Skopje, Mr. Ademi's current professional challenge and responsibility is the position of Executive Director and a member of Executive Board of HALKBANK AD Skopje.



from left
to right

Bojan Stojanoski

Division Manager

Tomche Tasevski

Executive Director

Buket Gerecci

Executive Director

Necdet Palakci

Chief Executive Director

Turhan Ademi

Executive Director

Derja Hamza - Seferi

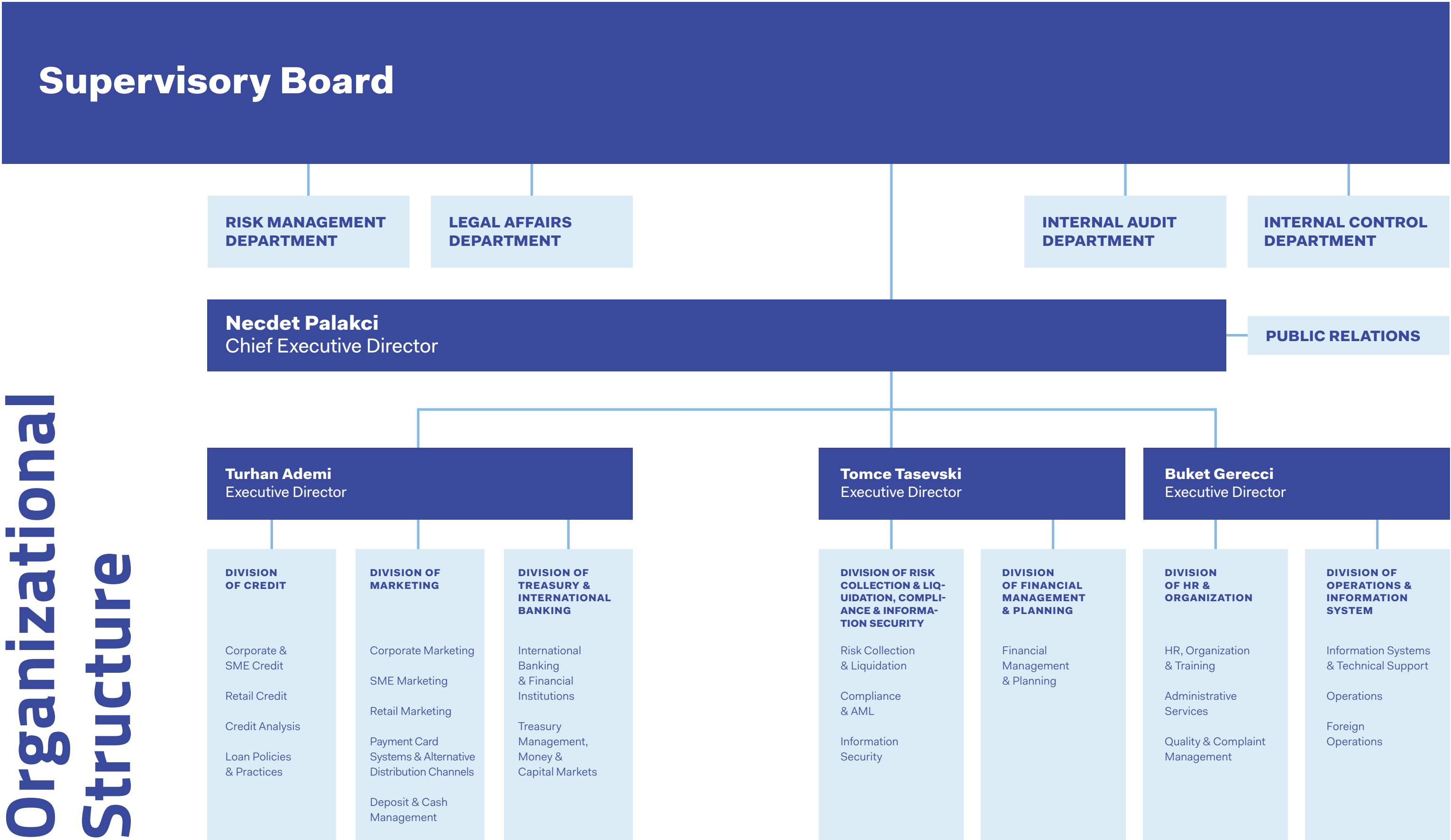
Division Manager

Aleksandar Iljov

Division Manager

Management Board & Senior Management

Organizational Structure



Duki Daso exists more than 15 years, as a modern company for stylish and affordable fashion collections of begs, belts, scarves, bracelets, shoes, hats, sunglasses and other fashion accessories.

The company has started as a small family business which kept growing by affording its own business premises in Negotino with the support from HALKBANK A.D. Skopje. The company protected the brand "Duki Daso" in 2010, and until now this brand is protected in 20 countries all over the world.

Duki Daso

dukidaso.com

All designs are made in Macedonia, meaning that the bags are produced according defined designs form the company, under their brand "Duki Daso". As of middle of 2015 the company has started with own production of bags "Made in Macedonia".

"DUKI DASO" in 2015 was chosen as a Superbrand of Macedonia.



All designs are made in Macedonia, meaning that the bags are produced according defined designs form the company, under their brand "Duki Daso".



Supervisory Board's Report

Supervisory Board of
Halkbank AD Skopje

Within the frames of the legally defined competences and main acts which regulate the Business Policy of the Bank and its main objectives the Supervisory Board performed its duties during the year 2015. Its duties were determined in line with Bank's strategy, giving suggestions and directions for undertaking measures and activities for successful maintenance of Bank's position in the banking system, following of the trends and news, improvement of the collection of the claims, harmonization of its performance with the market needs, etc.

All members of the Supervisory Board gave active and significant contribution in the functioning of the Board. The decisions of the Supervisory Board were made in a transparent and documentary manner, based on a complete and objective assessment. According to the principles of good corporate management, the Supervisory Board realized good cooperation with the Management Board, Risk Management Committee, Audit Committee and the Internal Audit, without its

participation in the daily management of the Bank. This manner of operation of the Supervisory Board contributed to stable, safe and efficient management and appropriate supervision over the Bank's bodies and their operation.

All listed Members of the Supervisory Board have knowledge and qualifications necessary to carry out their obligations and have the substantial and practical knowledge of Bank activity, taking into account its specificity. The selection of the Members of the Supervisory Board reflects care for diversity of their professional experience, knowledge and skills.

All Supervisory Board members listed in the table were focused in implementation of internal credit rating, system and the qualitative classification of loan customers which was an important turning point in managing the quality of credit risk management and also served as a basis for advanced corporate governance tools in the coming years.

All the Supervisory Board Members hold university degrees with manager capacity. Moreover, the Supervisory Board Members are very active in the economic and legal life of Macedonia and Turkey.

The table no.1 portrayed the list of the Supervisory Board Members of Halk Banka A.D Skopje for the year **2015 (SBM)**.

	Licensed on	Member till	Title
M Mehmet Hakan Atilla	05.07.2011	10.06.2015	PSBM (*president)
Mustafa Aydin	29.12.2014	10.06.2015	SBM
Bilal Sucubasi	29.12.2014	29.12.2018	SBM
Erol Goncu	07.09.2015	07.09.2019	SBM
Hilali Yildirim	29.12.2014	29.12.2018	SBM
Boris Petrovski	07.09.2015	07.09.2019	ISBM (independent)
Sonja Petrusheva	17.12.2012	17.12.2016	ISBM (independent)

With changes in the structure from 07.09.2015, the Supervisory Board continued to work with the following structure portrayed in the table no.2:

	Licensed on	Member till	Title
Sahap Kavcioglu	07.09.2015	29.09.2015	PSBM (*president)
Mustafa Aydin	29.12.2014	29.12.2018	SBM
Bilal Sucubasi	29.12.2014	29.12.2018	SBM
Erol Goncu	07.09.2015	07.09.2019	SBM
Hilali Yildirim	29.12.2014	29.12.2018	SBM
Boris Petrovski	07.09.2015	07.09.2019	ISBM (independent)
Sonja Petrusheva	17.12.2012	17.12.2016	ISBM (independent)

After the resignation of the PSBM Mr. Sahap Kavcioglu on 31.08.2015, the Supervisory Board continued to work with the following structure portrayed in the table no.3:

	Licensed on	Member till	Title
Mustafa Aydin	29.12.2014	29.12.2018	Deputy President of SB
Bilal Sucubasi	29.12.2014	29.12.2018	SBM
Erol Goncu	07.09.2015	07.09.2019	SBM
Hilali Yildirim	29.12.2014	29.12.2018	SBM
Boris Petrovski	07.09.2015	07.09.2019	ISBM (independent)
Sonja Petrusheva	17.12.2012	17.12.2016	ISBM (independent)

Management Board's Report

Executive Management Board of HALKBANKA AD Skopje

During the year 2015, the Executive Management Board was in permanent coordination with the Supervisory Board of the Bank on a very comprehensive manner that made all operational process of the bank transparent. In compliances with the adapted organizational scheme where the rights and responsibilities were distributed to every single Executive management board member

who monitored daily activities of particular divisions, departments and branches of the Bank. In general, on daily basis they were monitoring the activities and work results of the organizational units of the Bank and on quarterly bases measured performances of branches and sub-branches of the Bank.

The Executive Management Board of HALKBANK AD Skopje is composed by four members who represent the Bank and manage in its regular activities.

The table no.4 portrayed the list of the Executive Management Board Members for the year 2015 (EMBM).

	Member till	Title
Necdet Palakci	Ongoing	CEO
Turhan Ademi	Ongoing	EO
Buket Gerecci	Ongoing	EO
Tomce Tasevski	Ongoing	EO

On the regular meetings, within its powers the Management Board has taken a number of actions and adopted a number of work instructions, procedures, guidelines, plans, rulebooks and performed modifications, supplements and corrective measures.

The Executive Management Board in 2015 focused its work towards stable, compliant and effective operation of the Bank by rising the position of the bank in the banking sector in Macedonia, through planning of new products and services as well as development of the existing through its own business units, by increasing the network of branches, increasing the volume of the card operations and E-Banking, reducing the operational costs, while constantly taking care of the compliance of the work of the Bank through harmonization of its regulations and operations with the laws and bylaws.

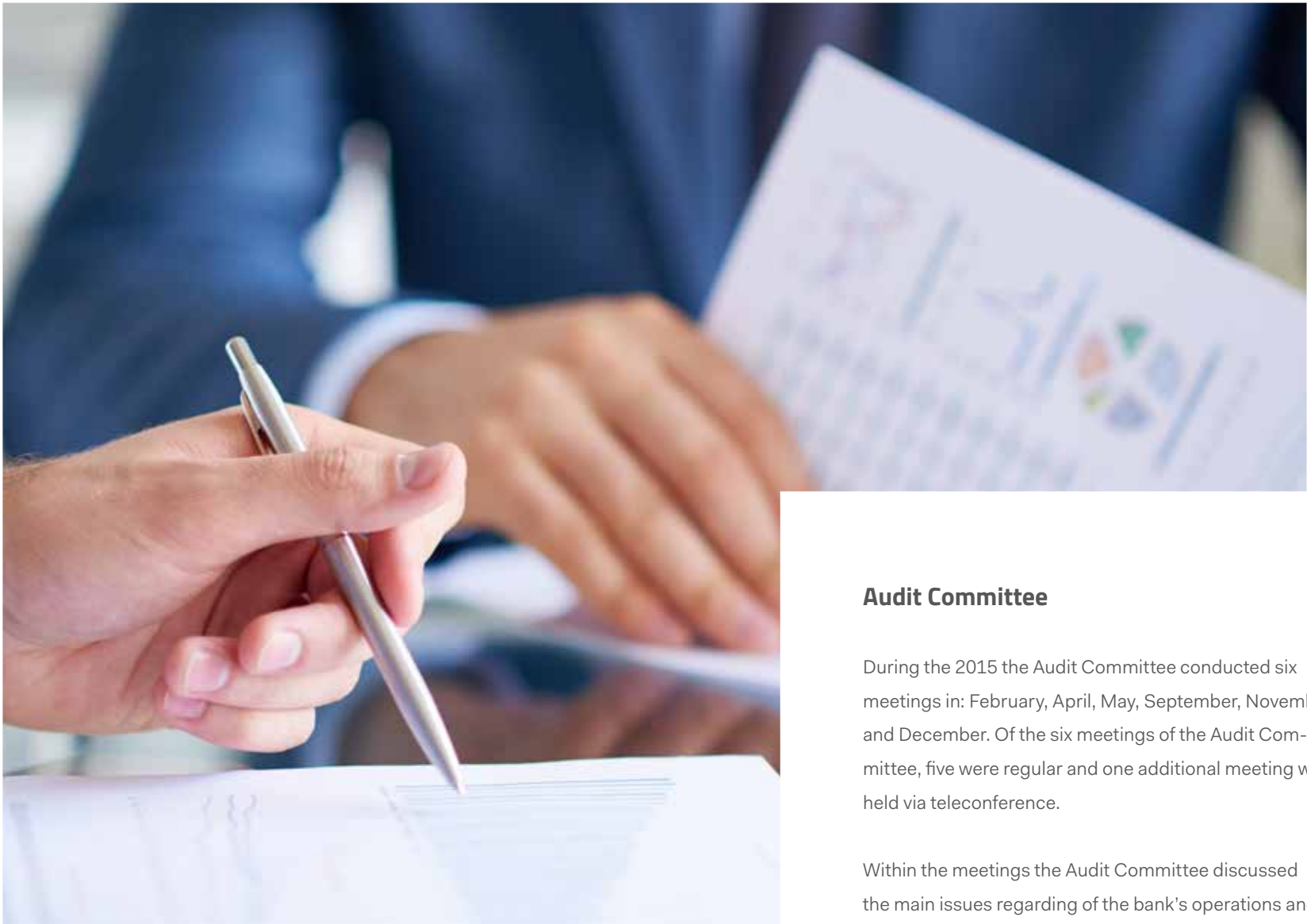
Corporate Governance Report

The corporate management in the bank represents collection of mutual relations between the Board of Directors, the other persons with special rights and responsibilities executing managerial function in the Bank, the Supervisory Board, the shareholders of the Bank and the other interested persons.

Shareholders Assembly

In the course of 2015, 1 (one) General Shareholders' Assembly was held.

On the General Shareholders Assembly held on 10.06.2015 it was decided on adoption of: the Annual Report for 2014 and the written opinion of the Supervisory Board, the Annual Account of the Bank for 2014, the Financial Statements of the Bank for 2014, prepared in compliance with the accounting regulations of Republic of Macedonia, the International Financial Reporting Standards and the International Accounting Standards, audited by the audit company, the Report of the Audit Company for 2014 and the written opinion regarding the same by the Supervisory Board; enactment of a Decision on distribution of the profit for the year ending on 31 December 2014; review of the Annual Report on the operation of the Supervisory Board in 2014 by separate members and collectively; review of the Annual Report on the operation of the Internal Audit Division for 2014 and written opinion by the Supervisory Board; revision of the Corporate Management Code, adoption of a Decision on selection



of an audit company, adoption of Business Policy and Financial Plan of the Bank for 2015 and Strategic plan for 2015-2018, adoption of the List of net debtors of HALK BANKA AD Skopje, Decision on dismissal of members of Supervisory Board and Audit Committee, Decision on appointment of members of the Supervisory Board, Decision on appointment of a member of the Audit Committee, Decision on fee for membership of the Supervisory Board and the Audit Committee and adoption of Rule book of the General Shareholders Assembly.

Audit Committee

During the 2015 the Audit Committee conducted six meetings in: February, April, May, September, November and December. Of the six meetings of the Audit Committee, five were regular and one additional meeting was held via teleconference.

Within the meetings the Audit Committee discussed the main issues regarding of the bank's operations and results as follows: Board of Directors reports for certain months in 2015 and financial statements of the Bank for 2014; activities undertaken by the recommendations of the Central Bank of the conducted audit in the first quarter of 2015 over the credit, liquidity and the operational risks of the Bank; information on the efficiency and effectiveness of established internal control systems; information from the audits of bank's processes and other Internal Auditing Department activities; compliance of the bank's operations with the regulations and other current issues.

Also, during the meetings important points were discussed regarding the: External Auditor report for 2014;

proposal for external audit company for 2015; Quarterly reports from the Anti-Money Laundering Department and Foreign Trade Department during 2015, Quarterly reports for the activities of the Audit Committee in 2015, IAD Report of the undertaken activities of the Bank regarding the recommendation of the Central Bank from the conducted audit in 2014 in the field of AML and FT, Annual report of IAD for 2014, quarterly reports of IAD for 2015, Report of conducted ad-hoc analysis and audits at the request of the Management of the Bank and the Central Bank, appointment of staff in the IAD; IAD Annual Audit plan for the 2016, as well as improving the internal acts regulating the activities of the IAD at the request of the Management of the Bank and the Central Bank.

As part of the standard procedures, the Audit Committee reviewed the quarterly reports of 2015 submitted from the Compliance and AML Department, and Risk Management Committee.

Information on the number and composition of the Risk Management Board

Pursuant to the Law on Banks and the Statute of HALK-BANK AD Skopje, the Risk Management Board consists of six (6) members, their mandate being 2 years. The members of the Risk Management Board are appointed from among the persons with special rights and responsibilities that are employed in the bank. All members of the Risk Management Board have an adequate experience in the area of finance and banking.

The Risk Management Board carried out its activities pursuant to the operation plan being drafted in the beginning of each year, in order to provide greater efficiency of the Board's operation in regard to timely obtaining quality information and materials for holding of meetings. Depending on the relevance of certain events, apart from the items set in the plan, other items were also being reviewed during the meetings.

HALKBANK AD SKOPJE

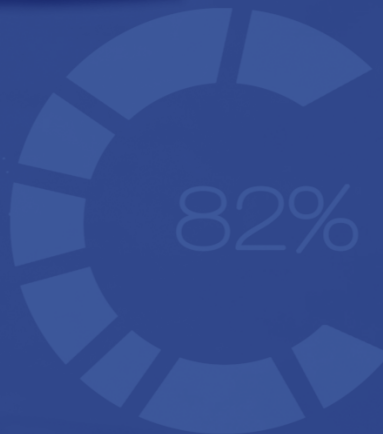
2015 FINANCIAL REVIEW



2
1

February

March



Three-Year Summary Financial Information

In EUR (Thousand)	2013	2014	2015
Cash and Cash Equivalents	45,806	72,028	57,368
Total Securities	46,244	54,135	80,072
Net Loans	221,362	275,746	335,459
Other Assets	15,826	16,860	17,210
Total Assets	329,238	418,912	490,267

In EUR (Thousand)	2013	2014	2015
Deposits	230,935	287,571	336,435
Other borrowed Funds	36,992	64,279	80,131
Other Liabilities	3,129	3,989	4,520
Shareholders' Equity	58,181	62,692	68,647
Total Liabilities	329,238	418,912	490,267



In EUR (Thousand)	2013	2014	2015
Net Interest Income	12.074	14.244	17.349
Net Fees and Commissions Income	1.967	2.825	3.217
Net Trading Income	469	387	633
Other Operating Income	267	926	645
Total Operating Income	14.777	18.382	21.844
Operating Expenses	10.692	11.278	12.937
Net Operating Income	4.085	7.105	8.908
Impairment for Financial Assets	1.364	1.680	1.716
Impairment for Nonfinancial Assets	317	488	459
Income Before Taxes	2.404	4.937	6.733
Tax	30	528	710

In 000 EUR	2013	2014	2015
Net Income	2.373	4.409	6.023

FRESH FISH was founded by Mr. Arijanit Hodzha on 08.07.2009. The company is located in Vrutok village near Gostivar.

With a 9 year experience in aquaculture Mr. Hodza engaged in the production of fish culture and trade in fish food. The company's primary focus was on the production of rainbow trout. The fish farm has a yearly production capacity of 150 tons. The whole process of procurement, nourishment, sale and collection takes about 15 to 18 months. The young fish are purchased from the firm Trophy in Kosovo, and the fish feed is purchased from the Greek company BIOMAR for which FRESH FISH is also an official reseller in Macedonia.

Fresh Fish

freshfish.mk

The client has started the cooperation with our bank in 2010 when they used loan from the credit line for new businesses FIOOM. The funds were used for renovating of the fishpond which was necessary in order to achieve an increase of the workload.

The loan had a positive effect on the business that could be seen from the increased and widened performance of the company. Until today the cooperation with our Bank is constantly increasing and expanding and that is mutual satisfaction of the both sides.



They are offering all types of fish, from coldwater fish, warmwater fish to sea fish and sea food. At the same time they are in process of starting with processing fish with their own brand.

In order to offer the best quality fresh fish and sea food to its customers, the company is importing fresh fish directly from the sea twice a week. Their main mission and goal is to satisfy the customers.

HALKBANK AD SKOPJE

INDEPENDENT AUDITORS' REPORT & FINANCIAL STATEMENTS

— *for the year ended 31 December 2015*





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Independent Auditors' report

TRANSLATION of the Independent Auditors' report to the shareholders of Halk Banka AD Skopje

We have audited the accompanying separate financial statements of Halk Banka AD Skopje ("the Bank"), which comprise the balance sheet as at 31 December 2015 and the income statement, statement of comprehensive income, statement of changes in equity and reserves and cash flows statement for the year than ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the regulations prescribed by the National Bank of the Republic of Macedonia.

Other questions

The financial statements for the year ended 31 December 2014, were audited by another auditor, whose report dated 29 April 2015 expressed unqualified opinion on the financial statements.

Report on other legal and regulatory requirements

As required under article 34(d) from the Law on Auditing, we report that the historical financial information disclosed in the annual report of the Bank, prepared by management as required under article 384 of the Trading Companies Law, is consistent, in all material aspects, with the financial information disclosed in the annual account of the Bank and in the audited separate financial statements of the Bank as of and for the year ended 31 December 2015. Management is responsible for the preparation of the annual account of the Bank which was approved by the Supervisory Board of the Bank on 27 April 2016 and for the preparation of the annual report of the activities of the Bank which was approved by the Supervisory Board of the Bank on 27 April 2016.

Skopje, 28 April 2016

Certified auditor of the Republic of Macedonia
Gordana Nikushevska

KPMG Macedonia DOO
Managing Director
Gordana Nikushevska

Income Statement

01 JAN 2015 — 31 DEC 2015

* In '000 of MKD	Note	Current year 2015	Previous year 2014
Interest income	-	1,522,509	1,347,445
Interest expense	-	(453,900)	(472,213)
Net interest income / (expenses)	6	1,068,609	875,232
Fee and commission income	-	359,290	288,919
Fee and commission expenses	-	(161,134)	(115,204)
Net fee and commission income/(expenses)	7	198,156	173,715
Net trading income	8	72	411
Net income from other financial instruments recorded at fair value	9	-	-
Foreign exchange gains / (losses), net	10	38,909	23,872
Other operating income	11	62,487	56,927
Share of profit from associates	24	-	-
Impairment losses of financial assets, net	12	(100,934)	(101,968)
Impairment losses of non – financial assets, net	13	(28,259)	(29,986)
Personnel expenses	14	(339,810)	(272,322)
Depreciation and amortization	15	(104,866)	(96,504)
Other operating expenses	16	(379,651)	(325,862)
Share of loss from associates	24	-	-
Profit/(Loss) before taxation		414,713	303,515
Income tax	17	(43,755)	(32,441)
Profit/ (loss) for the year from continuing operations	-	370,958	271,074
Profit / (loss) from group of assets and liabilities held for sale *	-	-	-
Profit / (loss) for the year	-	-	-
Profit / (loss) for the year, attributable to *:			
Shareholders of the Bank	-	370,958	271,074
Non-controlling interest	-	-	-
Earnings per share:	41		
basic (losses) / earnings per share (in Denar)	-	1,282	937
diluted earnings / (losses) per share (in Denar)	-	1,282	937

Statement of Comprehensive Income

01 JAN 2015 — 31 DEC 2015

* In '000 of MKD	Note	Current year 2015	Previous year 2014
Profit/ (loss) for the year		370,957	271,074
Other gains/ (losses) in the period not presented in the In- come Statement (before taxation)		-	-
Revaluation reserve for assets available-for-sale		-	-
- unrealized net-changes in fair value of assets available for- sale		-	-
- realized net-gains/ (losses) from assets available-for sale, reclas- sified in the Income Statement		-	-
Revaluation reserve for instruments for hedging cash flow risk		-	-
Revaluation reserve for foreclosed assets		-	-
* revaluation reserve at the date of the foreclosure of the asset		2,952	4,599
* decrease in the revaluation reserve , reclassified in the Income Statement		-	-
- unrealized net-changes in fair value of instruments for hedging of cash flows		-	-
- realized net-gains/(losses) from instruments for hedging of cash flows, reclassified in the Income Statement		-	-
Reserve for instruments for risk protection from net investments in foreign operations		-	-
Reserve of foreign exchange differences from investment in foreign operations		-	-
Participation in other gains/ (losses) in associates not presented in the Income Statement	24	-	-
Other gains/(losses) not presented in the Income Statement		-	-
Income tax from other gains/(losses) not presented in the Income Statement	17	-	-
Total other gains/ (losses) in the period not presented in the Income Statement		-	-
Comprehensive income/ (loss) for the year		373,910	275,673
Comprehensive income/ (loss) for the year, attributable to *:		-	-
Shareholders of the Bank		373,910	275,673
Non-controlling interest		-	-
* Only for consolidated financial statements			

The financial statements have been approved by the Bank's Supervisory Board on 27 April 2015.

Necdet Palakci
Chief Executive Officer

Turhan Ademi
Executive Officer

Tomce Tasevski
Executive Officer

Buket Gerecci
Executive Officer

Balance Sheet

AS AT 31 DECEMBER 2015

Assets * In '000 of MKD	Note	Current year 31.12.2015	Previous year 31.12.2014
Cash and cash equivalents	18	5,521,386	6,056,764
Assets held for trading	19	107,224	-
Financial assets at fair value through profit and loss upon initial recognition	20	-	-
Derivative assets held for risk management	21	-	-
Loans and advances to banks	22.1	9,704	8,703
Loans and advances to customers	22.2	20,636,322	16,923,315
Investments in securities	23	2,894,899	1,750,283
Investments in associates (recorded according to "equity method")	24	-	-
Income tax receivables (Current)	30.1	-	-
Other receivables	25	197,833	169,687
Pledged assets	26	-	-
Foreclosed assets	27	45,585	97,327
Intangible assets	28	38,161	33,119
Property, plant and equipment	29	720,553	699,507
Deferred tax assets	30.2	-	-
Non-current assets held for sale and disposal group	31	-	-
Total assets		30,171,667	25,738,705
Liabilities			
Trading liabilities	32	-	-
Financial liabilities at fair value through profit and loss upon initial recognition	33	-	-
Derivative liabilities held for risk management	21	-	-
Due to banks	34.1	2,033,037	983,820
Due to customers	34.2	18,689,590	16,696,435
Debt instruments issued	35	-	-
Other borrowed funds	36	4,935,663	3,951,938
Subordinated liabilities	37	-	-
Special reserve and provisions	38	85,807	46,159
Income tax liabilities (Current)	30.1	16,565	30,730
Deferred tax liabilities	30.2	-	-
Other liabilities	39	182,688	175,216
Liabilities directly associated with disposal group	31	-	-
Total liabilities		25,943,350	21,884,298
Equity and reserves			
Share capital	40	2,893,690	2,893,690
Share premium		325,854	325,854
Treasury shares		-	-
Other equity instruments		-	-
Revaluation reserves		7,551	4,599
Other reserve		150,735	137,181
Retained earnings/ (Accumulated losses)		850,487	493,083
Total equity and reserves attributable to the shareholders of the Bank		4,228,317	3,854,407
Non-controlling interest*		-	-
Total equity and reserves		4,228,317	3,854,407
Total equity and liabilities		30,171,667	25,738,705
Contingent liabilities	42	11,315,067	8,127,856
Contingent assets	42	-	-

The financial statements have been approved by the Bank's Supervisory Board on 27 April 2015.

Necdet Palakci
Chief Executive Officer

Turhan Ademi
Executive Officer

Tomce Tasevski
Executive Officer

Buket Gerecci
Executive Officer

Statement of Changes in Equity and Reserves

FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015

[illegible]

Statement of Changes in Equity and Reserves

FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 (CONTINUING)

In MKD thousands	Equity			Revaluation reserve			Other reserves		Retained earnings		Total equity and reserves attributable to the shareholders of the Bank	Non-controlling interest*	Total equity and reserves			
	Share capital	Share premium (Treasury shares)	Other equity instruments	Revaluation reserve from AFS	Revaluation reserve from foreclosed assets	Reserve for risk mitigation	Foreign exchange revaluation on investment in foreign operations	Other revaluation reserves	Statutory reserve	Capital component of hybrid financial instruments				Available for distribution to shareholders	Limited for distribution to shareholders	(Accumulated losses)
Transactions with the shareholders, recognized directly in equity and reserves	-	-	-	-	-	-	-	-	7,299	-	138,691	-	-	145,991	-	145,991
As at 31 December 2014 (previous year)/1 January 2015 (current year)	2,893,690	325,854	-	4,599	-	-	-	-	137,181	-	493,083	-	-	3,854,407	-	3,854,407
Total comprehensive income for the year																
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	370,958	-	-	370,958	-	370,958
Other gains/(losses) not recognized in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of financial assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of instruments for hedging cash flow risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of instruments for hedging net-investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve from foreclosed assets	-	-	-	2,952	-	-	-	-	-	-	-	-	-	2,952	-	2,952
Foreign exchange gains/(losses) of foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets/(liabilities) recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other gains/(losses) not recognized in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total unrealized gains/(losses) recognized directly in equity and reserves	-	-	-	2,952	-	-	-	-	-	-	-	-	-	2,952	-	2,952
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	-	-	-	-	370,958	-	-	370,958	-	370,958
Transactions with the shareholders, recognized directly in equity and Reserves:																
Share issued in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of statutory reserve	-	-	-	-	-	-	-	-	13,554	-	-13,554	-	-	-	-	-
Allocation of other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity and reserves – distribution of gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity and reserves – rev/reserves from the date of foreclosures of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reduction of rev/reserves - reclassification in Income Statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders, recognized directly in equity and reserves	-	-	-	-	-	-	-	-	13,554	-	-	-	-	-	-	-
As at 31 December 2014 (current year)	2,893,690	325,854	-	-	7,551	-	-	-	150,735	-	850,487	-	-	4,228,317	-	4,228,317

Statement of cash flows

FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015

* In '000 of MKD	Note	Current year 31.12.2015	Previous year 31.12.2014
Operating cash flows			
Profit/(Loss) before taxation		414.713	303.515
Adjusted for:			
Non-controlling interest, included in the consolidated financial state-ments *		-	-
Depreciation of:			
Intangible assets	15/28	14.449	18.813
Property plant and equipment	15/29	90.417	77.691
Capital gain from:			
Disposal of intangible assets		-	-
Disposal of property plant and equipment	11	(1.096)	(371)
Disposal of foreclosed assets	11	(17.586)	(2.993)
Capital loss from:			
Disposal of intangible assets	16	-	-
Disposal of property plant and equipment		-	286
Disposal of foreclosed assets		-	-
Interest income	6	(1.522.509)	(1.347.445)
Interest expense	6	453.900	472.213
Trading income, net	8	(72)	(411)
Impairment losses of financial assets, net			
Additional impairment losses	12	187.677	155.921
Release of impairment losses	12	(86.743)	(53.953)
Impairment losses of non-financial assets, net			
Additional impairment losses	13	28.259	29.986
Release of impairment losses		-	-
Special reserve:			
Additional provisions	38	166.160	15.572
Release of provisions	38	(161.409)	(14.248)
Dividend income	11	(3.879)	(4.886)
Share of profit /(loss) of associates		-	-
Other adjustments		-	26.507
Interest received		1.484.892	1.333.306
Interest paid		(453.856)	(454.517)
Profit/(loss) from operations before changes in operating assets		593.316	554.986
Increase)/decrease of operating assets:			
Assets held for trading		(105.129)	-
Derivative assets held for risk management		-	-
Loans and advances to banks		(1.001)	(1.021)
Loans and advances to customers		(3.779.746)	(3.422.280)
Pledged assets		-	-
Foreclosed assets		41.069	7.708
Obligatory deposit in foreign currency		(16.546)	(144.653)
Obligatory deposit held with NBRM according to special regulations		-	-
Other receivables		(30.504)	(52.938)
Deferred tax assets		-	-
Non-current assets held-for-sale and disposal group		-	-

Statement of cash flows

FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 (CONTINUING)

* In '000 of MKD	Note	Current year 31.12.2015	Previous year 31.12.2014
Increase/(decrease) in operating liabilities:			
Trading liabilities		-	-
Derivative liabilities held for risk management		-	-
Deposits from banks		1.049.048	(705.875)
Deposits from other customers		1.995.634	4.165.132
Other liabilities		44.792	28.596
Liabilities directly associated with disposal group		-	-
Net cash flow from operating activities before tax		(209.066)	429.655
(Paid)/Return of income tax		(57.920)	(1.866)
Net cash flow from operating activities		(266.986)	427.789
Cash flow from investing activities			
(Purchase of investment securities)		(2.105.137)	(1.866.074)
Proceeds from sale of investment securities		964.921	1.274.307
(Outflow for investment in associates and investment in subsidiaries)		-	-
Inflow from investment in associates and investment in subsidiaries		-	-
(Purchase of Intangible assets)		(19.491)	(23.373)
Inflow from disposal of intangible assets			-
(Purchase of Property, plant and equipment)		(117.792)	(96.593)
Inflow from disposal of Property, plant and equipment		7.425	2.360
(Outflow for Non-current assets held for sale)		-	-
Inflow from Non-current assets held for sale		-	-
(Other outflows from investing activities)		-	-
Other inflows from investing activities		3.879	4.885
Net cash flow from investing activities		(1.266.195)	(704.488)
Cash flow from financing activities			
(Repayment of issued debt investment securities)		-	-
Inflow from issued debt investment securities		-	-
(Repayment of other borrowed funds)		(728.332)	(1.284.815)
Proceeds from other borrowed funds		1.709.667	2.959.473
(Repayment of subordinated liabilities)		-	-
Proceeds from subordinated liabilities		-	-
Inflows from issued shares/equity instruments during the period		-	-
(Purchase of treasury shares)		-	-
Disposed treasury shares		-	-
(Dividend payment)		-	-
(Other outflows from financing activities)		-	-
Other inflows from financing activities		-	-
Net cash flow from financing activities		981.335	1.674.658
Effect from provision for impairment of cash and cash equivalents		(79)	(111)
Effect from foreign exchange differences of cash and cash equivalents		-	-
Net increase/(decrease) of cash and cash equivalents		(551.925)	1.397.848
Cash and cash equivalents as at 1 January		5.360.301	3.962.453
Cash and cash equivalents as at 31 December	18	4.808.377	5.360.301

Note

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1. Introduction

(a) General Information

Halkbank AD, Skopje ("the Bank") is a joint stock company incorporated and domiciled in the Republic of Macedonia.

The address of the registered office of the Bank is:

Blvd. „Sv. Kiril i Metodij“ No.54
1000 Skopje
Republic of Macedonia

The Bank was established in 1993. During 2011, the Bank has changed its name from Izvozno Kreditna Banka AD Skopje to Halkbank AD Skopje, as a result of a change in the ownership structure of the Bank. Turkiye Halk Bankasi a.s. is the main shareholder of Halk Bank AD Skopje with participation of 98,78%. Subscribed capital consists of 289.369 ordinary shares with nominal value of MKD 10,000.

The Bank's shares are traded on the Macedonian Stock Exchange AD Skopje, on the free market, with ticker IKB and ISIN CODE (MKIKBA101015).

The Bank is authorized to perform all banking activities in accordance with the law. The main activities include retail and corporate lending, receiving deposits, performing payment operations in the country and abroad and providing mediation in foreign currency for its customers.

The Bank has no investments in subsidiaries and associates.

The total number of employees of the Bank on December 31, 2015 and 2014 amounted to 431, or 404 employees, respectively.

Members of the Board of Directors during the financial year and until the date of this report are as follows:

Members of the Board of Directors

Mr. Necdet Palakci – Chief Executive Officer
Mr. Turhan Ademi - Executive Officer
Mr. Tomce Tasevski - Executive Officer
Ms. Buket Gerecci - Executive Officer

Members of the Supervisory Board during the financial year and until the date of this report are as follows:

Supervisory Board

Mr. Mustafa Ajdin, Chairman of the Supervisory Board
Mr. Erol Gondzu, Member of the Supervisory Board;
Mr.Hilali Jildirim, Member of the Supervisory Board
Mr, Bilal Suzubasi, Member of the Supervisory Board
Mr. Boris Petrovski, Member of the Supervisory Board;
Mrs. Sonja Petrusheva, Member of the Supervisory Board.

The financial statements were approved by the Board of Directors and authorized for issue by the Supervisory Board on 27 April 2016.

Acquisition of Ziraat Bank AD Skopje

The Shareholders Assembly of Halk Bank AD Skopje on February 24, 2012 has adopted a decision on starting the process for merger of Ziraat Bank AD Skopje to Halk Bank AD Skopje and authorized the Supervisory Board and the Management Board of Halk Bank AD Skopje to adopt and sign the necessary decisions and other documents in the process of the merger.

The main objective of the acquisition is a continuation of the performance of banking activities in the country through a larger bank, instead of performing the same activity via two distinct legal entities which are owned by the Republic of Turkey. As of 1 October 2012 a deletion of Ziraat Bank AD Skopje from the Trade Registry has been performed, and a status change was entered - merger of Ziraat Bank AD Skopje as a company that joined the Halkbank AD Skopje as a company that acquires, by transfer of all assets and liabilities.

Representative office in the Republic of Serbia

On December 14, 2012 a representative office of Halk Bank AD Skopje was established in Belgrade, Serbia.

(b) Basis of preparation of financial statements

Statement of Compliance

The financial statements have been prepared in accordance with accounting standards as adopted by the Decision on the methodology for recording and valuation of accounting items and preparation of financial statements (Official Gazette of RM Nr. 169/10, 165/12, 50/13 and 110/13), the Decision on the types and content of the

financial statements of banks (Official Gazette of RM Nr. 169/10, 152/11, 54/12 and 166/13) and in accordance with the Company Law (Official Gazette of RM Nr. 28/04, 84/05, 25/07, 87/08, 42/10 48/10, 24/11, 166/12, 70/13, 119/13, 120/13, 187/13, 38/14, 41/14, 138/14 and 192/15), Banking Law (Official Gazette of RM Nr. 67/07, 90/09, 67/10, 26/13, 15/15 and 153/15), and regulations as prescribed by the National Bank of Macedonia.

Standards in Issue not yet Adopted

At the date of authorisation of these financial statements by the Board of Directors, there were no standards in issue but not yet effective.

Presentation of Financial Statements

The financial statements represent individual / unconsolidated financial statements.

The financial statements have been prepared on the historical cost basis except for:

- financial instruments held for trading are measured at fair value and
- available-for-sale assets are measured at fair value.

Functional and reporting currency

The financial statements are presented in Macedonian denars ("MKD" or "denar"), which is the functional and presentation currency of the Bank. Except where indicated, financial information is presented in Macedonian Denar.

Use of estimates and judgments

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

The estimates and assumptions are reviewed on a continues 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 future periods if the revised estimate affects

both periods – the current and future period.

Information regarding the critical judgments in the implementation of the accounting policies with the most significant impact on the amounts disclosed in the financial statements are presented in Note 1.d).

(c) Significant accounting policies

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

(i) Transactions in foreign currency

Business changes in foreign currency are translated to denars at exchange rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to denars at the exchange rate at the balance sheet date. Gains and losses from foreign exchange differences from monetary items is the difference between amortized cost in local currency to the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognized in the income statement.

The foreign currencies in which the Bank operates are predominantly in Euro (EUR) and U.S. Dollars (USD). The exchange rates of 31 December 2015 and 2014 were as follows:

	2015 MKD	2014 MKD
1 EUR	61,59	61,48
1 USD	56,37	50,56

(ii) 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 is the rate that exactly discounts estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering the contractual terms of the financial instrument but not future credit loss impairment. The

effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Interest income and expense presented in the income statement include:

- interest on financial assets and liabilities measured at amortized cost using an effective interest rate;
- Interest from investments available-for-sale calculated on an effective interest rate.

(iii) Fee and commission

Revenues and expenditures of fees and commissions that are an integral part of the effective interest rate on financial assets and liabilities are included in the calculation of the effective interest rate.

Other fees and commissions, including the financial services provided by the Bank in respect of currency exchange, payment operations in the country and abroad, guarantees, letters of credit and other services are recognized as the related services are performed. When a loan commitment is not expected to result in the withdrawal of loan, the fees for loans is recognized proportionately over the period of payment.

Other fees and commissions expenses relate to financial services the Bank receives and are recognized as an expense as the related service is received.

(iv) Dividend income

Dividends are recognized when the entity has the right to receive payment. Dividends are recognized as part of net trading income or dividend income based on the underlying classification of the instrument.

(v) Rent expenses

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(vi) Current and deferred tax expense

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. It is measured using the 10% tax rate which is the tax rate enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for unused tax losses, unused tax credit and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reviewed at the end of each reporting date. They are recognized to the extent to which is probable that the future taxable income, on behalf of which that assets can be used, would be sufficient.

Tax on non-deductible expenses until 2014

In 2014 there was a change in the way of determining the income tax, by abandoning the concept of taxation of non-deductible expenses, applicable until 2013, and moving onto taxation of the accounting profit adjusted for tax purposes. The change is implemented prospectively.

According the tax legislative applicable from 2009 until 2013, companies were obligated to measure and pay income tax, only in case of dividend distribution and other type of distribution. On the other hand, for a specific tax base were considered non-deductible expenses which are subject to taxation separately from the dividend tax income and other profit distributions. The tax rate was 10 %. The bank hasn't recognised deffered tax assets and liabilities for the years ended on 31 December 2015 and 31 December 2015.

(vii) Financial assets and liabilities

(i) Recognition

The Bank initially recognizes loans and advances, deposits and borrowings of the date they are incurred at historical cost. All other financial assets and liabilities are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

(ii) De-recognition

Bank derecognises financial asset when loses the contractual rights to the cash flows from the asset, or it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Each residue of transferred financial assets that is created or retained by the Bank is recognized as a separate asset or liability.

Bank derecognises financial liability when its contractual obligations are discharged, cancelled or expired.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognized amounts and intends to settle transactions on a net basis or to realize the payments simultaneously.

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

(iv) Principle of measurement at amortized cost

Amortized cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the using the effective interest rate of any difference between the initially recognized amount and the maturity amount, minus any impairment.

(v) Principle of measuring at fair value

Fair value of financial assets and financial liabilities is based on quoted market price in an active market. For all other financial instruments fair value is determined using valuation techniques. Valuation techniques include the use of information on recent prices achieved, normal commercial transaction between knowledgeable, voluntary clients (if available), reference to the current market price of another instrument that is essentially the same; analysis

of discounted cash flows; and other alternative models for determining the cost.

(vi) Impairment losses

The Bank, at least on a monthly basis, assesses whether there is objective evidence of impairment of financial assets not carried at fair value through income statement or group of financial assets. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and it has an impact on the future cash flows that can be reliably estimated.

The bank allocates impairment according to the **National Bank Decision for credit risk management** (Official Gazette Nr. 50/13 and 157/13).

The Bank considers evidence of impairment for loans and receivables and securities on an individual basis.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan by the Bank under favourable terms that the Bank would not otherwise consider, indications that a borrower or issuer securities bankruptcy, the disappearance of an active market for a security, or other observable data for a group of assets such as adverse changes in the payment status of the borrower or issuer of securities in the group, or economic conditions that correlate with the group's default.

(vi) Impairment losses

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying value of financial assets and the present value of expected cash flows, discounted at the original effective interest rate of assets. Impairment losses are recognized in profit or loss and reflected in an allowance account for impairment of loans and advances. The interest on the impaired asset continues to be recognized through the unwinding of the discount. If in a subsequent period the amount of impairment loss decreases, the impairment loss is reversed through profit or loss.

Impairment losses on investments available-for-sale are recognized by transferring the cumulative loss that is recognized directly in equity of the income statement. The cumulative loss is transferred from equity to the income statement is the difference between the carrying value, less any impairment in value previously recognized in the income statement. Changes in impairment provisions attributable to time value of money are reflected as a component of interest income.

If in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through profit or loss.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity securities are recognized directly in equity

(vii) **Determination of fair value through profit or loss**

The bank defines financial assets and liabilities at fair value through profit or loss when:

- assets and liabilities are managed, evaluated and reported at fair value;
- designation eliminates or significantly reduces an accounting discrepancy that can occur;
- asset or liability contains an embedded derivative that significantly modifies the cash flows that otherwise would have resulted from contract.

Financial assets designated at fair value through profit or loss includes financial assets held for trading.

(viii) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at the National Bank of Macedonia ("NBRM"), deposits with banks and highly liquid financial assets with original maturities of three or less than three months, subject to insignificant risk of changes in their fair value, and its short-term liabilities.

Cash and cash equivalents are carried at amortized cost in the balance sheet.

(ix) **Foreclosed Assets**

Foreclosed assets include property and equipment obtained through foreclosing procedures in order to fulfill customers' liabilities, fully or partially, for the appropriate credit and are presented in the line item foreclosures asets. Foreclosed properties are initially recognized at a lower from the appraised value, reduced for the expected selling cost which are borne by the Bank, and the value of the foreclosed property referred to in the act which is passed by the Executor in the procedure for enforced collection, which represents the legal basis for gaining ownership. The appraised value is determined by a certified valuator.

At the date of the initial recognition of the asset, the Bank is obliged in accordance with the Decision on accounting and regulatory treatment of foreclosed assets (Official Gazette of R.M. No. 50/13) to reduce the value of the foreclosed asset in the balance sheet by at least 20% of the initial recognized value.

After the initial recognition, at least once in a period of twelve-months, the Bank performs a valuation of the foreclosed property and determines a difference with the carrying amount. At the same time, the Bank calculates 20% of the carrying amount of the foreclosed property and compares it with the difference between the estimated and carrying amount. The greater amount is recognized in the income statement as impairment loss.

If a foreclosed asset becomes a property of the Bank for own use, the value at which the asset will be recognised is at the lower of the latest valuation determined by a certified valuator and the carrying amount of the asset at the date of the change in use (determined at that date in accordance with the Decision for accounting and regulatory treatment of foreclosed assets).

(x) **Trading Assets and Liabilities**

Trading assets and liabilities are those assets and liabilities which the Bank acquired mainly with the purpose of selling or buying again in the near future, or keep them as part of a portfolio for profit in the short term.

Trading assets and liabilities are initially recognized and subsequently measured at fair value in the balance sheet and transaction costs are directly recognized in the income statement. All changes in fair value are recognized as part of net trading income in the income statement. Assets and liabilities for trading are not reclassified subsequent to their initial recognition.

(xi) **Loans and advances**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near future.

Loans and receivables are initially recognized at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using an effective interest rate.

(xii) **Investments**

Investments are initially measured at fair value in the case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification

Held to maturity investments

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity.

Held to maturity investments are carried at amortized cost using an effective interest rate. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity as available-for-sale, and the Bank will not be able to classify investments as held to maturity for the current and next two years.

Available for sale investments

Available-for-sale financial assets are those investments that are neither held for trading nor held to maturity. Available-for-sale investments include treasury bills, bonds issued by state and investments in equity instruments.

Investments available for sale are carried at fair value, except for financial assets that do not have quoted market price and whose fair value cannot be reliably measured is measured at cost less impairment losses.

Interest income is recognized in the income statement using the effective interest rate method. Dividend income is recognized when the Bank will be entitled to receive payment. Gains or losses from exchange rate differences on debt instruments available-for-sale are recognized in the income statement.

Changes in fair value of investments available-for-sale are recognized in equity until the investment is sold or impaired when the amount recognized in equity is transferred in the income statement.

(viii) **Property, plant and equipment**

(i) **Recognition and measurement**

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) **Subsequent expenditures**

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the asset when there are probable future economic benefits for the Bank and its cost can be measured reliably. The cost of daily maintenance of property and equipment are recognized in the income statement as an expense as incurred.

(iii) **Depreciation**

Depreciation of property and equipment is calculated on a straight-line method to write off the cost of assets over their estimated useful lives.

Depreciation rates, according to the estimated useful lives for the current and comparative periods are as follows:

	%
Buildings	2,5
Equipment	10 - 25

The method of depreciation, useful lives and residual values are reviewed at each reporting date.

(ix) **Intangible Assets**

(i) **Recognition and measurement**

Intangible assets acquired by the Bank are stated at cost less accumulated depreciation and accumulated impairment losses

(ii) **Subsequent expenditures**

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other

expenditure is recognized in the income statement as an expense as incurred.

(iii) Amortization

Amortization is recognized on a proportional basis in a way to write off the cost of assets over their estimated useful lives.

Depreciation rates, according to the estimated useful lives for the current and comparative periods are as follows:

	%
Software	25
Licences	25

The method of amortization, useful lives and residual values are reviewed at each reporting date.

(x) Assets taken on lease - lessee

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. At the start of the lease, finance leases are recorded at the lower of the fair value amount and the present value of minimum lease payments. Consequently, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized in the balance sheet of the Bank.

(xi) Impairment of non-financial assets

Non-financial assets of the Bank are reviewed at each date of the balance sheet in order to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

Cash-generating unit is the smallest group of assets that can be identified that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell and its value in use. In estimating 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 of an asset is reversed if there is an indication that the impairment loss recognized for the asset no longer exists and there are changes in the estimates used to determine the recoverable amount.

The increased carrying amount of an asset due to reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation), had not been recognized impairment loss of an asset in previous years.

(xii) Deposits, borrowings, issued debt securities and subordinated debt

Deposits and borrowings are sources of funding for the Bank.

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits and borrowings are initially measured at cost, representing the fair value of the consideration received plus transaction costs. They are subsequently measured at amortized cost using the effective interest method.

(xiii) Provisions

A provision is recognized in the balance sheet when the Bank as a result of a past event has a present legal or derived obligation that can be estimated reliably and it is probable that an outflow will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision for onerous contracts is recognized when the expected benefits of the contract for the Bank are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the present value of the expected net cost of continuing with the contract. Before a provision is established, the Bank recognizes an impairment loss on the assets associated with the contract.

(xiv) Employee Benefits

(i) Defined contribution plans

The Bank pays contributions to the pension fund in accordance with the national legislation. Contributions are based on salaries and are paid in the pension funds, which are responsible for payment of pensions. There is no additional liability in respect of these plans. The liabilities for the payment of contributions to defined contribution plans are recognized as an expense in the income statement when they are due.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The Bank recognizes obligation and expense for the amount expected to be paid as bonus or as a share of the profits if the Bank has a present legal or derived obligation to pay this amount as a result of services rendered in prior periods if the obligation can be estimated reliably.

(iii) Other long-term employee benefits

In accordance with local regulations the Bank pays two average monthly net salaries paid in the Republic of Macedonia in the preceding three months to its employees at the moment of retirement and jubilee awards in accordance with the criteria stated in the General collective contract.

In accordance with IAS 19, these benefits are considered defined pension benefit plans. The carrying amount of the Bank's liabilities arising from employee benefits are calculated at the end of the reporting period. The balance of these liabilities at the end of the reporting period presents the discounted amount of future payments

(xv) Share Capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and stock options are recognized as a deduction from equity.

(ii) Purchase of own shares

When the Bank purchases own shares, the consideration paid, including directly attributable costs, is recognized as a reduction in capital. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are sold, the amount

received is recognized as an increase in capital and surplus or deficit on the transaction is transferred to / from share premium.

(iii) Dividends

Dividends are recognized as a liability in the period when announced.

(xvi) Earnings per share

The Bank presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share are calculated by dividing profit or loss attributable to holders of ordinary shares of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to holders of ordinary shares and the weighted average number of shares outstanding during the period for the effect of all potential ordinary diluting shares.

(xvii) Segment Reporting

An operating segment is a component of the Bank that can be defined or that is engaged either in providing products or services (business segment), or in providing products or services in certain areas (geographical segment) and is subject to risks and rewards different from those of the other segments. The results of operations are regularly reviewed by the Supervisory Board in order to assess performance and make decisions about future business activities for which discrete financial information is available.

Bank primarily reports by business segments. The following main segments are identified: retail banking, corporate banking, working with securities and unallocated. Main information on segments is based on internal reporting structure made by business segments.

(d) Use of estimates and judgments

Variability / uncertainty of accounting estimates

Provisions for loans and advances

Assets carried at amortized cost are evaluated for impairment as described in accounting policy 1 (c) (vii).

The Bank reviews its loan portfolios on a monthly basis to assess impairment. In determining whether an impairment loss should be recognized in the income statement, the Bank assesses whether there are indicators for reduction of the estimated future cash flows of the loan portfolio before the decrease to be identified to individual loans within

the portfolio. This evidence may include observable data indicating that there have been adverse changes in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

The Bank's management uses estimates based on historical loss experience for assets subject to credit risk characteristics and objective evidence of assets with similar characteristics in the portfolio when scheduling its future cash flows. 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 impairment.

Provisions of equity securities available for sale

The Bank determines impairment loss on equity securities available for sale when there has been a significant or prolonged decline in the fair value below its cost. Determination of what is significant or prolonged requires judgment.

The Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial condition of the issuer, the indicators of the level of industry and sector performance, changes in technology and cash flows from operating and financing activities.

Determination of fair value

The determination of fair value of financial assets and liabilities that do not have quoted market price and whose fair value cannot be reliably measured, valuation techniques presented in accounting policy 1(c)(vii) are used. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Significant judgments in applying accounting policies

Significant accounting judgments in applying accounting policies are presented below:

Classification of financial assets and liabilities

The accounting policies of the Bank provide financial assets and liabilities at initial recognition to be classified by categories:

- In classifying certain assets as held for trading, the Bank has determined that it met the definition of

- financial assets held for trading, presented in the accounting policy 1(c) (vii).
- In classifying certain assets or liabilities as financial instruments at fair value through profit or loss, the Bank has determined that it has met one of the criteria for determining, presented in the accounting policy 1(c) (vii).
- In classifying financial assets as held-to-maturity, the Bank has determined that there is a positive intention and ability to hold to maturity, as required in accounting policy 1(c) (vii).

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

Financial statements' positions and accompanying notes in the current and previous year are in accordance to the Methodology for recording and valuation of accounting items and preparation of financial statements. For the year ended 31 December 2015 there we no changes in the Accounting Policies, accounting estimates and correction of errors.

(f) Compliance with legislation

The Bank conducts its activities in accordance with legal regulations prescribed by the National Bank of Macedonia.

As of the date of the financial statements there are no inconsistencies with the regulations prescribed by NBRM in relation to the solvency and capital adequacy, exposure limits of the Bank, investments of the Bank, the Bank's liquidity and open currency position.

g) Disclosures for Risk management

Description, qualitative and quantitative information regarding individual risks are disclosed in details in note 2 – Risk Management.

h) Events after reporting date

Events after reporting date are those events, favorable or adverse, that occur between the Balance sheet date and the date when these financial statements have been approved. If there is evidence for exisiting conditions as of the Balance sheet date, the Bank shall correct the financial statements. The Bank shall not correct the financial statements for events after the Balance sheet date, if conditions occur after the Balance sheet date.

After 31 December 2015 – the reporting date, until the date when the financial statements have been approved, neither events that might cause correction of these financial statements, nor material events that impose need for change of the financial statements, occurred.

2. Risk Management

Introduction

The Bank is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks

This note presents information about the Bank's exposure to each of these risks, objectives, policies and processes for measuring and managing the risks of the Bank.

Framework of risk management

The Supervisory Board ("the Board") approves the strategy for managing risks and monitors the implementation. The Board has established a Credit Committee and Risk Management Committee, responsible for developing and monitoring policies for risk management of the Bank in their respective areas.

Policies for risk management of the Bank have been established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and risk controls, and to monitor risks and adherence to limits.

Policies and systems for risk management are regularly reviewed to reflect changes in market conditions, and the offered products and services. The Bank, through its training and policies and management procedures seeks to create constructive control environment in which all employees understand their roles and responsibilities.

The Audit Committee is responsible for monitoring compliance with policies and procedures for risk management, and monitoring the adequacy of risk management policy in relation to the risks faced by the Bank. The Audit Committee is assisted in these functions by the Internal Audit. The internal Audit undertakes both regular and periodic audits of the controls and procedures for risk management, and these results are reported to the Audit Committee.

2.1 Credit Risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and banks, guarantees and letters of credit and investments in securities. In order to manage the risk, the Bank considers and consolidates all elements considering

the credit risk exposure (such as individual risk of default of borrower, country risk and sector risk).

Management of credit risk

The Supervisory Board has delegated responsibility for the management of credit risk to its Credit Committee which approves all credit exposures to EUR 1,000,000 per client and his related parties. The Credit Committee approves credit exposures over this amount and maximum to 10% of Bank's own assets, only if that credit exposure is covered with deposit. All credit exposures over EUR 1.000.000 and to 25% of Bank's own assets that are not covered by deposit are approved by the Supervisory Board. SME Committee approves credit exposures up to EUR 350,000 and Retail Credit Committee approves credit exposure up to EUR 150.000; Branch Credit Committees has individual limits for credit exposures approvals. The Bank's credit risk control includes:

- Formulating credit policies including coverage requirements for collateral assess the creditworthiness of the applicant's credit risk grading and reporting, documentation and legal procedures, and compliance with legal requirements.
- Reviewing and assessing credit risk. Competent Division/Department monitors credit exposures in relation of established limits, credit policies and procedures applied to credit.
- Monitoring concentrations of exposure geographically and by industries (for loans and advances), and by issuer, credit rating institutions, market liquidity and country (for investment).
- Classification of the credit exposure of the Bank by the degree of risk of financial loss faced and focusing on risk management. Classification system is used in the determination if impairment loss is required.
- Monitoring of compliance to set limits, including those for industries, country risk and product types. Regular reports on credit exposure, classification and impairment / allowance are submitted to the Risk Management Board and appropriate corrective action is taken.
- Controls are performed by individual organizational units of the Bank, as Credit Department, branches of the Bank and the Directorate of Risk Management.

The Credit department and branches of the Bank are obliged to implement credit policies and procedures of the Bank. The Credit Division, The Risk Management Department as well as The Branches and Sub-Branches are responsible for the quality of the loan portfolio, as well as for monitoring and controlling all credit risks.

The Internal Audit Department and Internal Control Department, during regular audits of the activities of branches, also control the credit operations.

2.1A Analysis of overall exposure to credit risk

	Loans and advances to banks		Loans and advances to customers		Investments in financial assets available for sale		Investments in financial assets held to maturity		Cash and cash equivalents		Receivables for fees and commissions		Other receivables		Off-balance sheet exposures		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
I																		
Carrying value of exposures for which impairment / special reserve is made																		
Carrying amount of individually significant exposures, net of impairment and allowance on individual basis	-	-	20,954,125	17,208,154	35,059	34,835	-	-	2,356	793	9,495	7,348	54,205	39,705	1,337,008	1,027,123	22,392,248	18,317,959
Risk category A	-	-	20,206,027	16,604,466	35,059	34,835	-	-	2,356	734	5,909	4,788	31,868	19,311	1,312,777	1,021,923	21,593,996	17,686,057
Risk category B	-	-	195,234	76,899	-	-	-	-	-	-	301	271	-	-	19,097	5,086	215,132	82,256
Risk category C	-	-	118,823	149,085	-	-	-	-	-	-	1,554	1,156	1	1	5,125	113	125,503	150,356
Risk category D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk category E	-	-	433,541	377,704	-	-	-	-	-	59	1,731	1,132	22,393	20,393	9	1	457,617	398,289
(Impairment losses and provisions on individual basis)	-	-	(669,682)	(574,943)	(351)	(348)	-	-	(24)	(67)	(2,118)	(1,426)	(22,655)	(20,586)	(15,347)	(10,591)	(710,177)	(607,962)
Carrying amount of individually significant exposures, net of impairment allowance on individual basis	-	-	20,284,483	16,633,211	34,708	34,487	-	-	2,332	726	7,377	5,922	31,550	19,119	1,321,661	1,016,532	21,682,071	17,708,997
Carrying amount of exposures that are assessed on a group basis, before impairment allowance on group basis																		
Individually insignificant exposures (small loans portfolio)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Individually significant exposures not impaired on individual basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Impairment and allowance on group basis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying amount of exposures that are assessed on a group basis, net of impairment allowance on group basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

II.																		
Carrying value of exposures for which impairment / special reserve is not made																		
past due receivables																		
Age structure of due receivables for which no impairment is made																		
Up to 30 days	-	-	6,050	4,139	-	-	-	-	-	-	298	149	161,076	146,918	-	-	167,424	151,207
Carrying amount of past due receivables for which no impairment is made	-	-	6,050	4,139	-	-	-	-	-	-	298	149	161,076	146,918	-	-	167,424	151,207
undue claims																		
restructured receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other receivables	9,704	8,703	431,823	376,177	2,860,190	1,715,796	-	-	2,496,332	3,385,329	-	-	-	-	3,172,438	2,051,321	8,970,487	7,537,326
Carrying value of outstanding claims for which no impairment / special reserve is made	9,704	8,703	437,873	380,316	2,860,190	1,715,796	-	-	2,496,332	3,385,329	298	149	161,076	146,918	3,172,438	2,051,321	9,137,911	7,688,533
Total carrying value of receivables under credit risk before impairment and special reserve	9,704	8,703	21,391,998	17,588,470	2,895,249	1,750,631	-	-	2,498,688	3,386,122	9,793	7,497	215,281	186,623	4,509,446	3,078,444	31,530,159	26,006,491
(Total impairment and special reserve)	0	0	-669,682	-574,943	-351	-348	-	-	-24	-67	-2,118	-1,426	-22,655	-20,586	-15,347	-10,591	-710,177	-607,962
Total carrying value of receivables under credit risk decreased for impairment and special reserve	9,704	8,703	20,722,316	17,013,527	2,894,898	1,750,283	-	-	2,498,664	3,386,055	7,675	6,071	192,626	166,037	4,494,099	3,067,853	30,819,982	25,398,529

Restructured loans

At the reporting date, the Bank has not restructured loans (principle) (2014: no restructured loans).

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank based on the Central Bank's Decision to establish the methodology for classification of balance sheet and off-balance sheet positions of the Bank according to their risk ("the Decision") has determined the need for allocation of impairment. All loans are graded from A to E risk category according to the days of delay and other criteria according to the decision.

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the Bank believes it is not appropriate to calculate impairment due to the amount of collateral or the degree of recovery.

Impairment / Provisions

The Bank calculates impairment / allowance that represent its estimate of incurred impairment losses in its loan portfolio. It is determined as the difference of the carrying value of the loan portfolio and the present value of estimated future cash flows of the loan portfolio. The Bank makes this analysis on an individual basis for all credit exposures, as defined in Decision.

Impairment for the needs of the financial reporting is recognizes as loss only when realized as of the Balance sheet date based on objective impairment evidence. Table 2.1 A. presents Bank's credit risk exposure on individual basis, credit risk category and group exposures. The table presents related impairment and special reserve on individual basis.

General impairment indicators used in the classification and identification of impairment and special reserve include:

- Failure to fulfill contractual payments of principal or interest;
- The client goes under bankruptcy proceedings;
- Breach of contract terms and conditions;
- Specific bussined related information suggesting that there is a decrease of the estimated future cash flows;
- Deterioration of the client competitive position;
- Decrease of collateral value;
- General economic situation.

According to the internal credit risk exposure classification, in compliance to the NBRM's Decision on credit risk management, the Bank is classifying the credit risk exposure on individual basis within the following riks categories:

A risk category	• claims on the Central Bank and the central government of Republic of Macedonia • part of credit exposure that is secured by first-rate collateral instruments, if the instrument is activated within 60 days of the date of maturity of the exposure • financial position and cash flows of the client allows its further operation and opportunity to cover the current and future liabilities to the bank • liabilities based on credit exposure are settled within the maturity period or with a delay of 31 days, or • in the last twelve months, no claim on the client has been restructured
B risk category	• the client shows financial weaknesses, but its cash flows are sufficient for regular settlement of due liabilities; • liabilities based on credit exposure are commonly settled with a delay of 60 days, or • in the last six months, the credit exposure has not been restructured.
C risk category	• cash inflows of client are unsuitable for regular settlement of liabilities; • the Bank does not hold the necessary and updated information to assess the creditworthiness of the client; • the credit exposure is restructured; • liabilities based on credit exposure are commonly settled with a delay of up to 120 days
D risk category	• the client is illiquid; • the collection of credit exposure depends on the use of collateral instruments; • the liabilities based on credit exposure are commonly settled with a delay of up to 240 days, or 300 days, as an exception, if the delay only occasionally ranges from 241 to 300 days.
E risk category	• liabilities based on credit exposure are commonly settled with a delay of over 241 days; • the client has undergone bankruptcy or liquidation proceedings; • the client denies the existence of credit exposure; or • the Bank expects to collect only an insignificant portion of credit exposure to the client.



According to the Decision of the Supervisory Board, the Bank calculates 100% impairment or allocates special reserve for nonperforming claims as of 31 December 2014.

Write-off policy

The Bank writes off a loan / security balance (and any related allowances for impairment) as Supervisory Board determines that the loans / securities are uncollectible. The decision is made after considering information such as the occurrence of significant changes in the financial position of the borrower / issuer of the securities, that the borrower / issuer is unable to meet its obligations, or that proceeds from collateral will not be sufficient to pay back the entire exposure. The Bank also writes off a loan / security balance (and any related allowance) on the basis of a court decision that all possibilities of recovering the receivable are exhausted.

The Bank has collateral for loans and advances to customers in the form of mortgage over property, pledge of moveables, pledge of securities, cash deposit, and pledge of shares, guarantees, administrative and other registered pledges and guarantees. Estimates of fair value are based on the value of the collateral at the time of borrowing. The collateral is subject to annual reassessment, for type of real estate collateral for credit exposures in excess of EUR 100,000, and movable property type collateral for credit

exposures above EUR 50,000. In general, the Bank has not taken loans and advances to banks. Bank takes no collateral for the securities, and there is no such collateral on December 31, 2015 or 2014.

Overdrafts and credit cards issued to individuals and legal entities are covered with drafts that cover the whole credit exposure. Furthermore, in line to the decline of the possible loss of credit risk exposure, the Bank will ask for additional collateral at the moment when there will be indicators for early warning for potential loss for individual loans and advances.

Securities and treasury bills are mainly not covered.

Guarantees and letters of credit bare the same risk as loans and are covered with same collateral types as other credit risk exposures.

Concentration by location for loans and advances is measured based on the location of the debtor. Concentration by location for assets measured at the location of the issuer of the securities.

Estimates of fair value of collateral and other increases of collateral, taken as security for the financial assets, is shown in the following table:

B Collateral value (fair value) taken for the protection of credit risk

	Loans and advances to banks			Loans and advances to customers			Investments in financial assets available for sale			Investments in financial assets held to maturity			Cash and cash equivalents			Other receivables			Off-balance sheet exposures			Total		
	2015	2014		2015	2014		2015	2014		2015	2014		2015	2014		2015	2014		2015	2014		2015	2014	
Value of collateral for credit exposures which are assessed for impairment on an individual basis																								
First class security instruments	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
cash deposits (the depot and / or limited to bank accounts)	-	-		483,213	452,644		-	-		-	-		-	-		13,645	22,966		40,876	36,663		537,734	512,473	
government securities	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
unconditional state guarantee	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
bank guarantees	-	-		-	-		-	-		-	-		-	-		-	-		802,614	65,080		802,614	65,080	
Guarantees of insurance companies and insurance policies	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
Corporate guarantees (except banking and insurance companies)	-	-		2,481,973	2,320,235		-	-		-	-		-	-		-	-		-	-		-	-	
Guarantees of individuals	-	-		132,450	-		-	-		-	-		-	-		-	-		690,434	206,129		3,172,407	2,526,363	
Mortgage on property	-	-		-	-		-	-		-	-		-	-		3,186	-		-	-		135,636	-	
Private property (apartments, houses)	-	-		10,023,766	6,952,124		-	-		-	-		-	-		2,105	2,897		408,637	613,715		10,434,508	7,568,736	
Business premises	-	-		15,546,770	11,964,113		-	-		-	-		-	-		239	119		1,999,745	2,125,905		17,546,754	14,090,137	
Pledge of movables	-	-		1,273,906	980,720		-	-		-	-		-	-		2,545	5,686		207,192	394,256		1,483,643	1,380,661	
Other types of collateral	-	-		128,870	533,508		-	-		-	-		-	-		1,266	2,978		130,311	111,799		260,447	648,284	
Total value of collateral for credit exposures which are assessed for impairment on an individual basis	-	-		30,070,948	23,203,343		-	-		-	-		-	-		22,986	34,646		4,279,809	3,553,746		34,373,743	26,791,735	
Value of collateral for credit exposures which are assessed for impairment on a group basis	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
First class security instruments	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
cash deposits (the depot and / or limited to bank accounts)	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
government securities	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
unconditional state guarantee	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
bank guarantees	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
Guarantees of insurance companies and insurance policies	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
Corporate guarantees (except banking and insurance companies)	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
Guarantees of individuals	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
Mortgage on property	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
Private property (apartments, houses)	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
Business premises	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
Pledge of movables	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
Other types of collateral	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	
Total value of collateral for credit exposures that are assessed for impairment on a group basis	-	-		-	-		-	-		-	-		-	-		-	-		-	-		-	-	

Collateral value (fair value) presented in note 2.1.B is determined by local certified appraisers and presents real value for the legal owners of the collateral.

C Concentration of credit risk by sector and activity

in '000 MKD	Loans and advances to banks		Loans and advances to customers		Investments in financial assets available for sale		Investments in financial assets held to maturity		Cash and cash equivalents		Receivables for fees and commissions		Other receivables		Off-balance sheet exposures		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Non-residents	-	-	247,292	283,377	-	-	-	-	-	-	-	-	1	-	43,116	43,037	290,409	326,414
Agriculture, Forestry and Fisheries	-	-	126,065	66,081	-	-	-	-	-	-	56	40	-	-	9,417	3,512	135,528	69,63
Mining and quarrying	-	-	15,996	22,592	-	-	-	-	-	-	6	3	-	-	1,280	1,246	18,282	23,831
Food industry	-	-	573,432	363,558	-	-	-	-	-	-	58	56	-	-	49,866	29,822	623,346	393,436
Textile industry and production of clothing and footwear	-	-	357,461	167,350	-	-	-	-	-	-	25	17	-	-	9,603	2,128	387,089	189,495
Chemical industry, production of building materials, production and processing of fuels, pharmaceutical industry	-	-	825,194	690,879	-	-	-	-	-	-	28	22	-	149	31,454	39,730	856,676	730,780
Production of metals, machinery, tools and equipment	-	-	378,207	215,788	-	-	-	-	-	-	48	13	-	-	237,937	486,035	616,192	711,836
Other Manufacturing	-	-	390,892	400,541	-	-	-	-	-	-	58	34	-	-	162,778	44,120	553,728	444,695
Electricity, gas, steam and air conditioning	-	-	4,786	135,542	-	-	-	-	-	-	3	2	24	19	990	108,235	5,783	243,798
Water supply, sewage disposal, waste management and remediation activities on the environment	-	-	17,336	13,864	-	-	-	-	-	-	304	154	3	4	642	594	18,285	14,616
Civil Engineering	-	-	1,112,053	641,364	-	-	-	-	-	-	129	124	-	-	593,692	584,927	1,705,874	1,226,415
Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	4,544,068	3,971,745	-	-	-	-	-	-	835	543	241	192	1,376,448	593,466	5,921,592	4,485,946
Transport and storage	-	-	1,506,789	1,235,792	-	-	-	-	-	-	168	161	0	-	308,143	270,498	1,815,100	1,510,451
Accommodation and food service activities	-	-	290,472	143,160	0	74	-	-	-	-	89	74	566	566	30,903	7,448	322,030	151,248
Information and Communications	-	-	48,511	66,686	0	-	-	-	-	-	36	36	12	11	13,627	7,755	62,186	74,488
Financial and insurance activities	9,704	8,703	130	47	34,708	34,777	-	-	2,498,664	3,386,055	53	47	189,980	164,057	847,940	113,942	3,581,179	3,707,628
Activities related to real estate	-	-	516,850	678,543	0	-	-	-	-	-	10	4	-	-	55,346	56,736	572,186	735,283
Professional, scientific and technical activities	-	-	94,506	79,961	0	-	-	-	-	-	56	45	-	-	39,970	40,934	134,532	120,940
Administrative and support service activities	-	-	87,105	96,487	0	-	-	-	-	-	48	26	115	115	25,475	9,122	112,743	105,750
Public administration and defense; compulsory social insurance	-	-	77,135	46,894	2,860,190	1,715,506	-	-	-	-	0	-	93	93	0	-	2,937,418	1,762,493
Education	-	-	83,925	176,078	-	-	-	-	-	-	28	16	0	-	17,512	36,873	101,465	212,967
Activities of health and social care	-	-	142,365	76,849	-	-	-	-	-	-	25	18	0	-	805	1,197	143,195	78,064
Arts, entertainment and recreation	-	-	14,821	16,902	-	-	-	-	-	-	16	8	31	-	687	1,878	15,565	18,788
Other service activities	-	-	8,940	8,889	-	-	-	-	-	-	49	48	298	298	3,118	3,055	12,405	12,290
Activities of households as employers; household activities that produce different goods and perform various services for own needs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Activities of extra-territorial organizations and bodies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Individuals	-	-	9,236,898	7,502,311	-	-	-	-	-	-	5,547	4,579	1,262	532	633,149	571,287	9,876,856	8,078,709
Sole proprietors and individuals who are not considered dealers	-	-	20,137	8,257	-	-	-	-	-	-	-	1	-	-	201	276	20,338	8,534
Total	9,704	8,703	20,722,316	17,013,527	2,894,898	1,750,283	-	-	2,498,664	3,386,055	7,675	6,071	192,626	166,037	4,494,099	3,067,853	30,819,982	25,398,529

D Concentration of credit risk by geographical location

in '000 MKD	Loans and advances to banks		Loans and advances to customers		Investments in financial assets available for sale		Investments in financial assets held to maturity		Cash and cash equivalents		Receivables for fees and commissions		Other receivables		Off-balance sheet exposures		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Geographical location																		
Republic of Macedonia	-	-	20,459,766	16,713,612	2,894,677	1,750,283	-	-	1,931,756	3,278,340	7,672	6,066	30,838	19,044	3,669,428	2,970,499	28,994,137	24,737,844
European Union countries	9,704	8,703	-	-	221	-	-	-	526,343	96,119	-	-	161,772	146,979	-	-	698,040	251,801
Europe (rest)	-	-	262,551	299,915	-	-	-	-	11,069	10,404	3	5	16	15	824,671	97,354	1,098,310	407,693
Member countries of the OECD (excluding European members of the OECD)	-	-	-	-	-	-	-	-	29,497	1,191	-	-	-	-	-	-	29,497	1,191
Other (specify separately the exposure that is more than 10% of total credit exposure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	9,704	8,703	20,722,317	17,013,527	2,894,898	1,750,283	-	-	2,498,664	3,386,055	7,675	6,071	192,626	166,037	4,494,099	3,067,853	30,819,982	25,398,529

2.2 Liquidity Risk

Liquidity risk is the risk that the bank can not provide sufficient funds to cover its short-term obligations when they come due, or to bear much higher costs.

Management of liquidity risk

Bank's approach to managing liquidity is to ensure, as far as possible, that has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

Directorate of assets, liquidity and trading monitors liquidity on a daily basis based on information from the relevant departments regarding the liquidity profile of their financial assets and liabilities and details of projected cash flows arising from the planned activities. Directorate of assets, liquidity and trading maintains a portfolio of short-term liquid assets, mainly made up of short-term marketable securities, in order to ensure an adequate level of liquidity to the Bank.

All policies and procedures for liquidity risk are subject to review and approval by the Board of assets and liabilities management. Liquidity Reports show the Bank's liquidity position on a daily basis and are submitted to the NBRM on a monthly basis.

Exposure to liquidity risk

The Bank has access to diverse funding base. Funds are raised through a wide range of instruments including deposits and equity. This enhances funding flexibility, limits dependence on any one source of funding and reduces costs. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with different maturity. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required to meet the objectives set in the Bank's strategy.

Also as part of the strategy to manage liquidity risk, the Bank maintains a portfolio of highly liquid assets.

Analysis by maturity of the financial assets and liabilities (residual maturity)

in '000 MKD	Up to 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
2015 (current year)							
Financial Assets							
Cash and cash equivalents	4,810,528	-	-	713,009	-	-	5,523,537
Trading assets	2,281	-	-	-	-	104,943	107,224
Financial assets at fair value through profit or loss designated as such upon initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	9,704	9,704
Loans and advances to customers	865,639	542,416	3,918,182	1,777,760	5,793,234	8,549,122	21,446,353
Investments in securities	57,471	300,000	1,800,000	-	320,898	435,000	2,913,369
Investments in associates	-	-	-	-	-	-	-
Receivables for income tax (current)	-	-	-	-	-	-	-
Other receivables	193,331	13,722	15,551	-	-	-	222,604
Pledged Assets	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total financial assets	5,929,250	856,138	5,733,733	2,490,769	6,114,132	9,098,769	30,222,791
Financial Liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Deposits from banks	1,108,507	-	924,530	-	-	-	2,033,037
Deposits from customers	8,616,991	1,625,329	4,837,092	3,051,850	522,582	35,746	18,689,590
Issued debt Securities	-	-	-	-	-	-	-
Borrowings	1,025,966	38,304	333,641	600,624	2,040,944	909,402	4,948,881
Subordinated liabilities	-	-	-	-	-	-	-
Income tax liability (current)	-	16,565	-	-	-	-	16,565
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	166,624	-	16,064	-	-	-	182,688
Total financial liabilities	10,918,088	1,680,198	6,111,327	3,652,474	2,563,526	945,148	25,870,761
Off-balance sheet items							
Off-balance sheet assets	168,853	13,567	92,907	380,683	546,987	-	1,202,998
Off-balance sheet liabilities	519,895	213,913	1,881,622	565,130	661,618	1,500	3,843,678
Maturity mismatch	(5,339,880)	(1,024,406)	(2,166,308)	(1,346,152)	3,435,975	8,152,121	1,711,350

Analysis by maturity of the financial assets and liabilities (residual maturity) (continuing)

in '000 MKD	Up to 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
2014 (previous year)							
Financial Assets							
Cash and cash equivalents	5,362,358	-	-	696,463	-	-	6,058,821
Trading assets	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss designated as such upon initial recognition	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	8,703	8,703
Loans and advances to customers	638,020	431,100	3,224,707	1,439,709	5,409,091	6,486,989	17,629,616
Investments in securities	1,614,835	650,000	1,054,845	-	-	-	3,319,680
Investments in associates	-	-	-	-	-	-	-
Receivables for income tax (current)	-	-	-	-	-	-	-
Other receivables	163,525	9,375	18,797	-	-	-	191,697
Pledged Assets	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total financial assets	7,778,738	1,090,475	4,298,349	2,136,172	5,409,091	6,495,692	27,208,517
Financial Liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Deposits from banks	983,210	-	610	-	-	-	983,820
Deposits from customers	5,592,894	1,683,143	4,929,765	2,743,521	1,728,261	18,851	16,696,435

Issued debt Securities	-	-	-	-	-	-	-
Borrowings	25,516	31,451	285,284	1,432,716	1,373,760	804,520	3,953,247
Subordinated liabilities	-	-	-	-	-	-	-
Income tax liability (current)	-	-	30,730	-	-	-	30,730
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	157,148	-	18,068	-	-	-	175,216
Total financial liabilities	6,758,768	1,714,594	5,264,457	4,176,237	3,102,021	823,371	21,839,448
Off-balance sheet items							
Off-balance sheet assets	3	-	113	216	-	-	332
Off-balance sheet liabilities	611,464	528	1,007	453	-	-	613,452
Maturity mismatch	408,509	(624,647)	(967,002)	(2,040,302)	2,307,070	5,672,321	4,755,949

The table shows the gross undiscounted cash flows of financial assets and liabilities and unrecognized loan commitments on the basis of their earliest possible contractual maturity. The cash flows that the Bank expects can vary from the agreed. For example, sight deposits from customers are expected to remain stable and not be withdrawn within one month.

The Bank prepares an expected maturity structure that is embedded in the element of forecasting and it indicates a stable liquidity position.

According the Liquidity risk policies, if by the application of assumptions there is a negative gap in the expected maturity structure in certain maturity block, the Bank will use the necessary level of funds arising from the trading book if the agreed maturity structure and trading portfolio is more than 90 days after the reporting date that is the deadline for reporting of Expected maturity match of inflows and outflows.

2.3 Market Risk

Market risk is the risk that changes in market prices, such as changes in interest rates, changes in equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer of securities) will affect income of the Bank or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Management of market risks

Exposure to interest rate risk - portfolio not held for trading

The Bank is exposed to the risk of interest rates as a result of interest-earning assets and interest-bearing liabilities maturing or interest rate changes at different times or in different amounts. In the case of assets and liabilities with variable interest rates, the Bank is also exposed to basis risk arising from different periods of changing of the variable interest rates on assets and liabilities, such as EURIBOR, LIBOR and different interest rates.

Activities of risk management are aimed at optimizing net interest income, with market interest rates consistent with the Bank's business strategies and market trends.

Activities of management assets and liabilities are carried in terms of the Bank's sensitivity to changes in the interest rates. Overall, the Bank monitors changes in interest rates of assets and liabilities by generated interest margins, as well as market trends and environment. Since the Bank reserves the right to simultaneously change the interest rates for most of the interest-bearing assets and liabilities, it's in a position to cushion the adverse effects on net income. Certainly, the ultimate effect will depend on various factors, including the stability of the economy, the environment and the rate of inflation.

The Bank further analyzes the sensitivity of financial assets and liabilities to various stress scenarios of change in interest rates.

The sensitivity analysis of the Bank of increase or decrease in market interest rates (taking into account the symmetrical movements of the yield curve and the consistency of the items in the balance sheet) is as follows:

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

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

	Profit / Loss In '000 MKD	Own assets In '000 MKD	Risk-weighted assets In '000 MKD	Capital adequacy rate In %
2015 (current year)				
Amount before analysis of sensitivity / stress tests (as of 31.12.2015)	414,713	3,392,419	26,876,500	12.62%
Effects of application of scenarios				
Risk of changes in exchange rates (list separately the various scenarios, including the basic characteristics of the scenario)				
Devaluation of the Denar against other currencies 20%	175,506	3,567,925	29,899,240	11.93%
Risk of changes in interest rates (list separately the various scenarios, including the basic characteristics of the scenario)				
Increase in variable interest rates on liabilities:				
Changes in interest rates by 300 basis points	(3,766)	3,388,653	26,876,500	12.61%
Changes in interest rates by 200 basis points	(2,474)	3,389,945	26,876,500	12.61%
Changes in interest rates by 100 basis points	(1,182)	3,391,237	26,876,500	12.62%
Risk of changes in market prices for investments in equity securities (list separately the various scenarios, including the basic characteristics of the scenario)				
Combined scenarios, if any (list separately the various scenarios, including the basic characteristics of the scenario)				
Devaluation of the Denar against other currencies 20%	175,506	3,567,925	29,899,240	11.93%
Proportional increase in non-performing loans to 30% of existing non-performing loans	(39,010)	3,528,915	29,860,230	11.82%
Proportional increase in non-performing loans to 30% of existing regular loans (extreme shock)	(1,878,809)	1,689,116	28,020,431	6.03%
Impact of sectoral shocks on non-performing loans (deterioration of the portfolio in certain sectors	(485,637)	3,082,288	29,413,603	10.48%
Deterioration of receivables from five major borrowers (transfer to doubtful receivables)	(736,958)	2,830,967	29,162,282	9.71%
Scenario: Impairment rate for new SSp used 100% (legal maximum)				
Devaluation of the Denar against other currencies 20%	175,506	3,567,925	29,899,240	11.93%
Proportional increase in non-performing loans to 30% of existing non-performing loans	(130,034)	3,437,891	29,769,206	11.55%
Proportional increase in non-performing loans to 30% of existing regular loans (extreme shock)	(6,262,696)	(2,694,771)	23,636,544	-11.40%
Impact of sectoral shocks on non-performing loans (deterioration of the portfolio in certain sectors	(1,618,789)	1,949,136	28,280,451	6.89%
Deterioration of receivables from five major borrowers (transfer to doubtful receivables)	(2,456,526)	1,111,399	27,442,714	4.05%

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

	Profit / Loss In '000 MKD	Own assets In '000 MKD	Risk-weighted assets In '000 MKD	Capital adequacy rate In %
2014 (current year)				
Amount before analysis of sensitivity / stress tests (as of 31.12.2014)	271,074	3,371,147	21,983,456	15.33%
Effects of application of scenarios				
Risk of changes in exchange rates (list separately the various scenarios, including the basic characteristics of the scenario)				
Devaluation of the Denar against other currencies 20%	166,379	3,537,526	24,248,658	14.59%
Risk of changes in interest rates (list separately the various scenarios, including the basic characteristics of the scenario)				
Increase in variable interest rates on liabilities:				
Changes in interest rates by 300 basis points	(5,427)	3,365,720	21,983,456	15.31%
Changes in interest rates by 200 basis points	(3,952)	3,367,195	21,983,456	15.32%
Changes in interest rates by 100 basis points	(2,477)	3,368,670	21,983,456	15.32%
Risk of changes in market prices for investments in equity securities (list separately the various scenarios, including the basic characteristics of the scenario)				
Combined scenarios, if any (list separately the various scenarios, including the basic characteristics of the scenario)				
Devaluation of the Denar against other currencies 20%	166,379	3,537,526	24,248,658	14.59%
Proportional increase in non-performing loans to 30% of existing non-performing loans	(33,985)	3,503,541	24,214,673	14.47%
Proportional increase in non-performing loans to 30% of existing regular loans (extreme shock)	(1,544,346)	1,993,180	22,704,312	8.78%
Impact of sectoral shocks on non-performing loans (deterioration of the portfolio in certain sectors	(395,229)	3,142,297	23,583,429	13.17%
Deterioration of receivables from five major borrowers (transfer to doubtful receivables)	(751,167)	2,786,359	23,497,491	11.86%
Scenario: Impairment rate for new SSp used 100% (legal maximum)				
Devaluation of the Denar against other currencies 20%	166,379	3,537,526	24,248,658	14.59%
Proportional increase in non-performing loans to 30% of existing non-performing loans	(113,284)	3,424,242	24,135,374	14.19%
Proportional increase in non-performing loans to 30% of existing regular loans (extreme shock)	(5,147,822)	(1,610,296)	19,100,837	-8.43%
Impact of sectoral shocks on non-performing loans (deterioration of the portfolio in certain sectors	(1,317,430)	2,220,096	22,931,229	9.68%
Deterioration of receivables from five major borrowers (transfer to doubtful receivables)	(2,503,891)	1,033,635	21,744,768	4.75%

B Analysis of the market value at risk for the trading portfolio

In '000 MKD	31.12.2015	Current year 2015 average value	31.12.2014	Previous year 2014 average value
Value at risk with interest-bearing instruments	-	-	-	-
Value at risk with instruments in foreign currency	-	-	-	-
Value at risk in equity instruments	-	-	-	-
Variance	-	-	-	-
Total	-	-	-	-

2.3.2 Analysis of the risk of changing interest rates on financial assets and liabilities (excluding assets held for trading)

A Analysis of sensitivity to changes in interest rates

REPORT of changes in the economic value of the positions of banking activities portfolio as at 31.12.2015.		In 000 MKD
Position	Currency	Amount
1	2	3
1.1 NET WEIGHTED POSITION FOR EUR	EUR	(65,049)
1.2 NET WEIGHTED POSITION FOR MKD	MKD	151,103
1.3 NET WEIGHTED POSITION FOR MKD cl EUR	MKD cl EUR	136,570
1.4 NET WEIGHTED POSITION FOR MKD cl USD	MKD cl USD	1,086
1.5 NET WEIGHTED POSITION FOR OTHER CURRENCIES	other	-
1.6 NET WEIGHTED POSITION FOR USD	USD	(647)
2 TOTAL WEIGHTED VALUE - change of the economic value of portfolio of banking activities		223,063
3 EQUITY		3,392,419
4 TOTAL WEIGHTED VALUE / EQUITY (2/3 * 100)		6,58%

REPORT of changes in the economic value of the positions of banking activities portfolio as at 31.12.2014.		In 000 MKD
Position	Currency	Amount
1	2	3
1.1 NET WEIGHTED POSITION FOR EUR	EUR	(72,301)
1.2 NET WEIGHTED POSITION FOR MKD	MKD	123,856
1.3 NET WEIGHTED POSITION FOR MKD cl EUR	MKD cl EUR	149,289
1.4 NET WEIGHTED POSITION FOR MKD cl USD	MKD cl USD	2
1.5 NET WEIGHTED POSITION FOR OTHER CURRENCIES	other	(85)
1.6 NET WEIGHTED POSITION FOR USD	USD	(1,130)
2 TOTAL WEIGHTED VALUE - change of the economic value of portfolio of banking activities		199,630
3 EQUITY		3,371,147
4 TOTAL WEIGHTED VALUE / EQUITY (2/3 * 100)		5.92%

B Analysis of harmonization of interest rates

in '000 MKD	Up to 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
2015 (current year)							
Financial assets							
Cash and cash equivalents	1,929,874	-	-	-	-	-	1,929,874
Financial assets at fair value through profit or loss designated as such upon initial recognition	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to customers	1,137,878	1,436,578	15,243,315	705,176	1,369,884	748,162	20,640,993
Investments in securities	-	300,000	1,781,880	-	320,272	435,625	2,837,777
Other non specified interest sensitive assets	-	-	-	-	-	-	-
Total interest sensitive assets	3,067,752	1,736,578	17,025,195	705,176	1,690,156	1,183,787	25,408,644
Financial liabilities							
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	-	-	-	-	-	-
Deposits from banks	1,059,898	-	924,531	-	-	-	1,984,429
Deposits from customers	2,336,976	1,614,609	6,178,915	1,812,080	290,235	5,016	12,237,831
Issued debt Securities	-	-	-	-	-	-	-
Borrowings	1,154,128	34,097	1,971,900	681,568	845,273	246,770	4,933,736
Subordinated debt and hybrid instruments	-	-	-	-	-	-	-
Other unspecified interest sensitive liabilities	-	-	-	-	-	-	-
Total interest sensitive liabilities	4,551,002	1,648,706	9,075,346	2,493,648	1,135,508	251,786	19,155,996
Net balance sheet position	(1,483,250)	87,872	7,949,849	(1,788,472)	554,648	932,001	6,252,648
Off-balance sheet interest sensitive assets items	-	-	-	-	-	-	-
Off-balance sheet interest sensitive liabilities items	-	-	-	-	-	-	-
Net off-balance sheet position	-	-	-	-	-	-	-
Total net position	(1,483,250)	87,872	7,949,849	(1,788,472)	554,648	932,001	6,252,648

2014 (previuos year)							
Financial assets							
Cash and cash equivalents	3,278,009	-	-	-	-	-	3,278,009
Financial assets at fair value through profit or loss designated as such upon initial recognition	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to customers	882,698	1,533,327	11,596,044	609,987	1,361,849	979,414	16,963,319
Investments in securities	-	347,161	345,777	550,000	154,846	300,000	1,697,784
Other non specified interest sensitive assets	-	-	-	-	-	-	-
Total interest sensitive assets	4,160,707	1,880,488	11,941,821	1,159,987	1,516,695	1,279,414	21,939,112
Financial liabilities							
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	-	-	-	-	-	-
Deposits from banks	978,523	-	610	-	-	-	979,133
Deposits from customers	4,989,818	1,567,588	7,103,525	1,628,940	420,528	-	15,710,399
Issued debt Securities	-	-	-	-	-	-	-
Borrowings	85,146	103,030	1,920,531	1,277,407	490,060	64,534	3,940,708
Subordinated debt and hybrid instruments	-	-	-	-	-	-	-
Other unspecified interest sensitive liabilities	-	-	-	-	-	-	-
Total interest sensitive liabilities	6,053,487	1,670,618	9,024,666	2,906,347	910,588	64,534	20,630,240
Net balance sheet position	(1,892,780)	209,870	2,917,155	(1,746,360)	606,107	1,214,880	1,308,872
Off-balance sheet interest sensitive assets items	-	-	-	-	-	-	-
Off-balance sheet interest sensitive liabilities items	-	-	-	-	-	-	-
Net off-balance sheet position	-	-	-	-	-	-	-
Total net position	(1,892,780)	209,870	2,917,155	(1,746,360)	606,106	1,214,880	1,308,872

2.3.3 Currency risk

In '000 MKD	Specify separate currencies that represent more than 10% of the total monetary assets / liabilities						Other currencies	Total
2015								
Monetary assets								
Cash and cash equivalents	3,847,171	1,298,636	163,227	-	-	-	212,352	5,521,386
Trading assets	-	107,224	-	-	-	-	-	107,224
Financial liabilities at fair value through profit or loss designated as such upon initial recognition								
Derivative assets held for risk management	-	-	-	-	-	-	-	-
Loans and advances to banks	-	-	9,704	-	-	-	-	9,704
Loans and advances to customers	8,785,836	11,701,548	146,938	-	-	-	-	20,636,322
Investments in securities	2,534,641	360,258	-	-	-	-	-	2,894,899
Receivables for income tax (current)	-	-	-	-	-	-	-	-
Other receivables	90,626	106,331	859	-	-	-	17	197,833
Pledged assets	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-
Total monetary assets	15,258,274	13,573,997	322,728	-	-	-	212,369	29,367,368
Monetary liabilities								
Trading liabilities	-	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss designated as such upon initial recognition								
Derivative liabilities held for risk management	-	-	-	-	-	-	-	-
Deposits from banks	639	1,962,057	28,188	-	-	-	42,153	2,033,037
Deposits from customers	12,353,819	5,809,537	373,431	-	-	-	152,803	18,689,590
Issued debt securities	-	-	-	-	-	-	-	-
Borrowings	15,099	4,920,564	-	-	-	-	-	4,935,663
Subordinated debt	-	-	-	-	-	-	-	-
Income tax liability (current)	16,565	-	-	-	-	-	-	16,565
Deferred tax liabilities	-	-	-	-	-	-	-	-
Other liabilities	131,082	43,313	7,894	-	-	-	399	182,688
Total monetary liabilities	12,517,204	12,735,471	409,513	-	-	-	195,355	25,857,543
Net position	2,741,070	838,526	(86,785)	-	-	-	17,014	3,509,825

2.3.3 Currency risk (continuing)

In '000 MKD	MKD	EUR	USD	Specify separate currencies that represent more than 10% of the total monetary assets / liabilities	Other currencies	Total
Monetary assets 2014						
Cash and cash equivalents	5,057,642	849,097	26,987	-	123,038	6,056,764
Trading assets	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	-	8,703	-	-	8,703
Loans and advances to customers	7,655,421	9,245,063	22,851	-	-	16,923,315
Investments in securities	1,695,014	55,269	-	-	-	1,750,283
Receivables for income tax (current)	-	-	-	-	-	-
Other receivables	97,138	72,326	197	-	26	169,687
Pledged assets	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-
Total monetary assets	14,505,215	10,221,755	58,718	-	123,064	24,908,752
Monetary liabilities						
Trading liabilities	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Deposits from banks	624	957,637	-	-	25,559	963,820
Deposits from customers	12,020,574	4,323,824	267,155	-	84,882	16,696,435
Issued debt securities	-	-	-	-	-	-
Borrowings	14,882	3,937,056	-	-	-	3,951,938
Subordinated debt	-	-	-	-	-	-
Income tax liability (current)	30,730	-	-	-	-	30,730
Deferred tax liabilities	-	-	-	-	-	-
Other liabilities	114,506	59,382	823	-	505	175,216
Total monetary liabilities	12,181,316	9,277,899	267,978	-	110,946	21,838,139
Net position	2,323,899	943,856	(209,260)	-	12,118	3,070,613

2.4. Operational Risk

Operational risk is the risk of loss due to inadequate or failed internal processes, inappropriate employees and inadequate or weak systems of the bank as well as external events.

The bank has established a policy for managing operational risk, which was adopted by the Supervisory Board. The policy defines the basic goals, operational risk management (systems and processes for managing

operational risk), organizational structure, reporting system, internal control etc..), as well as measuring and monitoring operational risk (key risk indicators, evaluation operational risk).

As part of the strategy for risk management the Bank has defined acceptable level of exposure to operational risk.

For the purposes of calculating capital adequacy, the Bank uses the basic indicator approach for determining the capital requirement for operational risk.

3. Capital adequacy

NBRM as the main regulator of the banking sector monitors capital of the Bank as a whole. The Bank is directly supervised by the regulator.

The bank shall maintain capital adequacy ratio prescribed at the rate of 8% of own funds, against total risk-weighted assets. The total risk-weighted assets is the sum of credit risk weighted assets, currency risk, market risk and operational risk.

Bank's own funds are the sum of core capital and supplementary capital less deductions as follows:

- Core capital, which includes common and non-cumulative preferred shares, share premium of these shares, reserves set aside from taxable income, which are used to cover losses arising from the risks faced by the Bank in its operations, retained earnings not loaded with any future obligations stated in the balance sheet and confirmed by Decision of the Assembly of Shareholders, or accumulated loss for the previous year, profit for the year if confirmed by the auditor, net loss for the year, licenses, patents, goodwill and other trademarks, treasury shares and the difference between the required impairment of financial assets and allowance for off-balance sheet items and the amount of the impairment and allowance determined in accordance with the Decision on the credit risk.
- Additional capital including cumulative preference shares, share premium of sold cumulative preferred shares, net of treasury amount of cumulative preference shares, 80% of unrealized gains from

revaluation of equity and debt securities available for sale, measured at fair value, hybrid and subordinated instruments issued by the Bank.

- The sum of core and supplementary capital shall be reduced by the investment of the Bank to other banks and financial institutions exceeding 10% of the capital of these institutions, subordinated and hybrid capital instruments and other investments in banks and other financial institutions over investments 10% of the capital and other deductions.

In determining the amount of regulatory capital, the bank must comply with the following restrictions:

- The amount of additional capital can not exceed the amount of core capital.

Sum of cumulative preference shares and subordinated instruments that are part of the additional capital may not exceed 50% of the share capital.

Policy of the Bank is to maintain a strong capital base so as to maintain the confidence of investors, creditors and the market and to sustain future development of the business. The Bank also has in mind the impact of the level of capital on shareholders' return and the need to maintain a balance between the higher returns and greater indebtedness and the advantages and security afforded by a sound capital position.

Regulated activities of the Bank in compliance with all externally imposed capital requirements during the period.

Share capital

No.	Description	2015	2014
1	Paid and registered common and non-cumulative preference shares and premium on sale of such shares	3,199,999	3,199,999
1.1	Nominal value	2,893,690	2,893,690
1.1.1	Nominal value of ordinary shares	2,893,690	2,893,690
1.1.2	Nominal value of non-cumulative preference shares	-	-
1.2	Premium	306,309	306,309
1.2.1	Premium on ordinary shares	306,309	306,309
1.2.2	Premium of non-cumulative preference shares	-	-
2	Reserves and retained profit or loss	174,853	161,300
2.1	Reserve fund	150,735	137,181
2.2	Retained earnings restricted for distribution to shareholders	24,118	24,118
2.3	Accumulated loss from previous years	-	-
2.4	Current profit	-	-
3	Positions as a result of consolidation	-	-
3.1	Minority participation	-	-
3.2	Reserves of foreign exchange differences	-	-
3.3	Other differences	-	-
4	Deductions	9,529	14,295
4.1	Loss at the end of the year or the current loss	-	-
4.2	Repurchased shares	-	-
4.3	Intangible assets	9,529	14,295
4.4	Difference between the amount required and the impairment / allowance	-	-
4.5	The amount of unallocated impairment and special reserve as a result of accounting delay	-	-
4.6	Unrealized loss on equity securities available for sale	-	-
4.7	Other deductions	-	-
I	Core capital	3,365,323	3,347,003

Additional capital

No.	Description	2015	2014
5	Paid and subscribed cumulative preference shares and share premium	19,545	19,545
5.1	Nominal value	-	-
5.2	Premium	19,545	19,545
6	Revaluation reserves	7,551	4,599
7	Hybrid capital instruments	-	-
8	Subordinated instruments	-	-
9	Amount of subordinated instruments that may be part of the additional capital	19,545	-
II	ADDITIONAL CAPITAL I	27,096	24,144
10	Investments in capital of other banks and financial institutions amounting to over 10% of the capital of these institutions	-	-
11	Investment suborfinirani and hybrid capital instruments and other instruments of the institutions of ordinal number 10	-	-
12	Aggregate amount of investments in equity, subordinated and hybrid instruments and other instruments which exceeds 10% of (I+II)	-	-
13	Equity investments of insurance and reinsurance that exceeds 10% of the capital of such companies	-	-
14	Investments in financial instruments issued by insurance and reinsurance companies in which the Bank holds more than 10% of their capital	-	-
15	Amount exceeding the limits for investment in non-financial institutions	-	-
16	Positions as a result of consolidation (negative amounts)	-	-
III	DEDUCTIONS	-	-
IV	Core capital after deductions	3,365,323	3,347,003
V	Additional capital after deductions	27,096	24,144
	OWN ASSETS	3,392,419	3,371,147

Own assets

No.	Description	2015	2014
I	CREDIT RISK WEIGHTED ASSETS		
1	Credit risk assets weighted under the standardized approach	23,961,446	19,562,696
2	Capital requirement for credit risk coverage	1,616,916	1,565,016
II	CURRENCY RISK WEIGHTED ASSETS		
3	Aggregate foreign currency position	879,226	832,145
4	Net position for gold	-	-
5	Capital requirement for currency risk	70,338	66,572
6	Currency risk weighted assets	879,226	832,145
III	OPERATIONAL RISK WEIGHTED ASSETS		
7	Capital requirement for operational risk under the basic indicator approach	162,866	127,089
8	Capital requirement for operational risk under the standardized approach	-	-
9	Operational risk weighted assets	2,035,829	1,588,613
IV	OTHER RISK WEIGHTED ASSETS		
10	Capital requirement for the risk of changes in commodity prices	-	-
11	Capital requirement for market risks (11.1+11.2+11.3+11.4+11.5)	-	-
11.1	Capital requirement for the positioning risk (11.1+11.1.2+11.1.3+11.1.4)	-	-
11.1.1	Capital requirement for specific risk from investments in debt instruments	-	-
11.1.2	Capital for general risk from investments in debt instruments	-	-
11.1.3	Specific risk capital from investments in equity instruments	-	-
11.1.4	Covering capital - general risk of investing in equities	-	-
11.2	Capital requirement for the risk of settlement / delivery	-	-
11.3	Capital requirement for the risk of counterparty	-	-
11.4	Capital requirement for overcoming the limits of exposure	-	-
11.5	Capital requirement for market risk of positions in options	-	-
12	Capital requirement for other risks	-	-
13	Other risks weighted assets	-	-
V	RISK WEIGHTED ASSETS	26,876,500	21,983,454
14	Capital requirement for the risks	2,150,120	1,758,676
VI	OWN ASSETS	3,392,419	3,371,147
VII	CAPITAL ADEQUACY (VI/V)	12.62%	15.33%

4. Segment reporting

A Operating segments

In '000 MKD	Retail	Corporate	Investment banking	Other		Unallocated	Total
2015				Investments in securities	Liquidity		
Net Interest income / (expense)	516,455	461,107	-	131,602	(40,555)	-	1,068,609
Net fees and commissions income / (expense)	102,597	117,315	-	-	(21,756)	-	198,156
Net trading income	-	-	-	182	(110)	-	72
Net income from other financial instruments carried at fair value	-	-	-	-	-	-	-
Other operating income	37,480	59,274	-	3,879	763	-	101,396
Income realized between segments	-	-	-	-	-	-	-
Total revenue by segment	656,532	637,696	-	135,663	(61,658)	-	1,368,233
Impairment of financial assets on a net basis	(36,723)	(64,130)	-	(2)	(79)	-	(100,934)
Loss on impairment of non-financial assets on a net basis	(12,596)	(15,663)	-	-	-	-	(28,259)
Depreciation	(52,819)	(52,047)	-	-	-	-	(104,866)
Restructuring costs	-	-	-	-	-	-	-
Cost of investment in property and equipment	-	-	-	-	-	-	-
Other expenses	(415,725)	(303,694)	-	(42)	-	-	(719,461)
Total expenditures by segment	(517,863)	(435,534)	-	(44)	(79)	-	(953,520)
Financial results by segment	138,669	202,162	-	135,619	(61,739)	-	414,713
Income tax							(43,755)
Profit / (loss) for the year							370,957
Total assets by segment	9,183,374	11,461,327	-	4,931,997	3,790,671	-	29,367,369
Unallocated assets by segment						804,298	804,298
Total assets	9,183,374	11,461,327	-	4,931,997	3,790,671	804,298	30,171,667
Total liabilities by segment	9,421,397	9,452,806	-	-	6,968,925	-	25,843,128
Unallocated liabilities by segment						4,328,539	4,238,539
Total liabilities	9,421,397	9,452,806	-	-	6,968,925	4,328,539	30,171,667

In '000 MKD	Retail	Corporate	Investment banking	Other		Unallocated	Total
2014				Investments in securities	Liquidity		
Net Interest income / (expense)	399,647	367,774	-	138,394	(30,583)	-	875,232
Net fees and commissions income / (expense)	83,879	110,595	-	-	(20,759)	-	173,715
Net trading income	-	-	-	535	(124)	-	411
Net income from other financial instruments carried at fair value	-	-	-	-	-	-	-
Other operating income	20,381	54,829	-	5,574	15	-	80,799
Income realized between segments	-	-	-	-	-	-	-
Total revenue by segment	503,907	533,198	-	144,503	(51,451)	-	1,130,157
Impairment of financial assets on a net basis	(70,936)	(30,873)	-	(48)	(111)	-	(101,968)
Loss on impairment of non-financial assets on a net basis	(13,494)	(16,492)	-	-	-	-	(29,986)
Depreciation	(43,427)	(53,077)	-	-	-	-	(96,504)
Restructuring costs	-	-	-	-	-	-	-
Cost of investment in property and equipment	-	-	-	-	-	-	-
Other expenses	(336,924)	(261,125)	-	(135)	-	-	(598,184)
Total expenditures by segment	(464,781)	(361,567)	-	(183)	(111)	-	(826,642)
Financial results by segment	39,126	171,631	-	144,320	(51,562)	-	303,515
Income tax	-	-	-	-	-	-	(32,441)
Profit / (loss) for the year	-	-	-	-	-	-	271,074
Total assets by segment	7,440,465	9,487,252		3,329,047	4,651,988	829,953	25,738,705
Unallocated assets by segment	-	-	-	-	-	-	-
Total assets	7,440,465	9,487,252		3,329,047	4,651,988	829,953	25,738,705
Total liabilities by segment	8,476,585	8,392,453	-	-	4,935,882	3,933,785	25,738,705
Unallocated liabilities by segment	-	-	-	-	-	-	-
Total liabilities	8,476,585	8,392,453	-	-	4,935,882	3,933,785	25,738,705

B Concentration of total revenues and expenditures by major customers

in '000 MKD	Operating segments (list separately significant operating segments)				Unallo- cated	Total by significant customer
	Retail	Corporate	Investments in securities	All other operating segments insignificant - Liquidity		
2015 (current year)						
(bank should separately show total income and total expenditure by an important customer)						
Customer 1	-	-	-	-	-	-
Income	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-
Customer 2	-	-	-	-	-	-
Income	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-
Customer 3	-	-	-	-	-	-
Income	-	-	-	-	-	-
(expense)	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Total by segment	-	-	-	-	-	-
2014 (previous year)						
(bank should separately show total income and total expenditure by an important customer)						
Customer 1	-	-	-	-	-	-
Income	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-
Customer 2	-	-	-	-	-	-
Income	-	-	-	-	-	-
(expenses)	-	-	-	-	-	-
Customer 3	-	-	-	-	-	-
Income	-	-	-	-	-	-
(expense)	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Total by segment	-	-	-	-	-	-

C Geographic areas

In '000 MKD	European Union countries			Countries - OECD (excluding European countries - OECD)		Rest	Unallocated	Total
2015	Republic of Macedonia	European Union countries	Europe (rest)	Countries - OECD (excluding European countries - OECD)				
Total revenues	1,390,436	-49,354	14,741	12,519	-110	-	-	1,368,232
Total assets	28,814,337	1,056,635	239,978	60,517	-	-	-	30,171,667
In '000 MKD								
2014	Republic of Macedonia	European Union countries	Europe (rest)	Countries - OECD (excluding European countries - OECD)				
Total revenues	1,131,880	-26,276	18,281	6,457	-184	-	-	1,130,159
Total assets	25,019,073	441,2	275,676	2,756	-	-	-	25,738,705

5A. Fair value of financial assets and financial liabilities

In '000 MKD	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	5,521,386	5,521,386	6,056,764	6,056,764
Trading assets	107,224	107,224	-	-
Financial assets at fair value through profit or loss designated as such upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	9,704	9,704	8,703	8,703
Loans and advances to customers	20,636,322	20,636,322	16,923,315	16,923,315
Investments in securities	2,894,899	2,894,899	1,750,283	1,750,283
Investments in associates	-	-	-	-
Receivables for income tax (current)	-	-	-	-
Other receivables	197,833	197,833	169,687	169,687
Pledged assets	-	-	-	-
Deferred tax assets	-	-	-	-
Financial liabilities				
Trading liabilities	-	-	-	-
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Deposits from banks	2,033,037	2,033,037	983,820	983,820
Deposits from customers	18,689,590	18,689,590	16,696,435	16,696,435
Issued debt securities	-	-	-	-
Borrowings	4,935,663	4,935,663	3,951,938	3,951,938
Sibordinated debt	-	-	-	-
Income tax liability (current)	16,565	16,565	30,730	30,730
Deferred tax liabilities	-	-	-	-
Other liabilities	182,688	182,688	175,216	175,216

Cash and cash equivalents

The carrying value of cash and cash equivalents is equal to their fair value as they include cash, nostro accounts and demand deposits and placements with NBRM maturing in the short term.

Loans and advances to banks

Loans and advances to banks are measured at amortized cost less provisions for impairment. Loans and receivables from banks have variable interest rate with a maturity of up to one year. Their carrying value represents fair value.

Loans and advances to customers

Loans and advances to customers are carried at amortized cost less impairment The major part of the loans and advances to customers is with adjustable interest rate. The estimated fair value of loans and advances to customers is determined by the discounting expected future cash flows. Expected future cash flows for determining the fair value are discounted using current market interest rate.

The Bank provides loans from credit lines financed from the Macedonian Bank for Reconstruction and Development, and these loans are offered on the market by other banks as well, under the same conditions. Their interest rates are considered to be market interest rates. Also, the Bank provides retail loans with fixed interest rates in the first couple of years of the loan. Loans with similar characteristics and interest rates are offered by other banks on the market as well, thus their interest rates are considered to be market interest rates.

Investments in securities

Investments in securities involve interest-bearing assets held to maturity and assets classified as available for sale are measured at fair value. The fair value of available for sale are based on published prices in an active market.

Equity investments classified as available for sale are stated at cost, because for them there is no active market and recent transaction

that could be taken as evidence of fair value. The market for these securities is irregular and not sufficiently developed so that fair value can be reliably measured.

Other financial assets

The fair value of other financial assets include claims for income tax and other receivables due to their mostly short-term nature, approximatively represents their carrying value, while trading assets are carried at fair value.

Deposits from banks and customers

The fair value of demand deposits and the deposits with adjustable interest rate is their carrying amount. Out of total due to other customers 3% represent deposits with fixed interest rates, thus the carrying amount of total deposits of other customers approximates their carrying amount, deposits including non-interest bearing, is the amount repayable on demand.

Borrowings

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

Other financial liabilities

The fair value of other financial liabilities due to their short term nature, approximate their carrying value.

5B. Levels of fair value

5 B.1. Levels of the fair value of financial assets and liabilities measured at fair values

In '000 MKD	Note	Level 1	Level 2	Level 3	Total
31 December 2015 (current year)					
Financial assets measured at fair value					
Trading assets	19	107,224	-	-	107,224
Financial assets at fair value through profit or loss designated as such upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investment securities available for sale	23.1	-	2,860,190	34,709	2,894,899
Total		107,224	2,860,190	34,709	3,002,123
Financial liabilities measured at fair value					
Trading liabilities	32	-	-	-	-
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21				
Total		-	-	-	-
31 December 2014 (previous year)					
Financial assets measured at fair value					
Trading assets	19	-	-	-	-
Financial assets at fair value through profit or loss designated as such upon initial recognition	20	-	-	-	-
Derivative assets held for risk management	21	-	-	-	-
Investment securities available for sale	23.1	-	1,715,796	34,487	1,750,283
Total		-	1,715,796	34,487	1,750,283
Financial liabilities measured at fair value					
Trading liabilities	32	-	-	-	-
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	33	-	-	-	-
Derivative liabilities held for risk management	21				
Total		-	-	-	-

The Bank classifies all financial assets and financial liabilities measured at fair value using the fair value hierarchy, which shows the importance of the input parameters used in determining the fair value. The fair value hierarchy comprises the following levels:

- a) Level 1 - The fair value is determined by direct application / reference to quoted market prices of financial instruments in active markets;
- b) Level 2 – The fair value is determined by using valuation techniques that include inputs (inputs) from active markets, which may be direct or market prices, or indirect, ie derived from market prices;

c) Level 3 - The fair value is determined by using valuation techniques that include inputs (inputs) that can directly or indirectly be traced in active markets, that are not visible.

Investment securities available for sale in the amount of 2.860.190 thousand MKD, (2014; 1.715.796 thousand MKD), comprising investment in Government bonds in the amount of 1.328.310 thousand MKD (2014: 1.022.859 thousand MKD) and Treasury bills in the amount of 1.531.880 thousand MKD (2014: 692,937 thousand MKD), the amount of 34,709 thousand MKD (2014: 34,487 thousand MKD) represents investment in own shares.

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

In '000 MKD	Current year 2015		Previous year 2014	
	Transfers from Level 1 to Level 2	Transfers from Level 2 in Level 1	Transfers from Level 1 to Level 2	Transfers from Level 2 in Level 1
Financial assets measured at fair value				
Trading assets	-	-	-	-
Financial assets at fair value through profit or loss designated as such upon initial recognition	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Investment securities available for sale	-	-	-	-
Total	-	-	-	-
Financial liabilities measured at fair value				
Trading liabilities	-	-	-	-
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Total				

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

In '000 MKD	Trading assets	Financial assets at fair value through profit or loss designated as such upon initial recognition	Investment securities available for sale	Total assets	Trading liabilities	Financial liabilities at fair value through profit or loss designated as such upon initial recognition	Total liabilities
Balance at 1 January 2014 (previous year)							
	-	-	34,012	34,012	-	-	-
Gains / (losses) recognized in:							
- Income statement	-	-	351	351	-	-	-
- Other gains / (losses) during the period which are not recognized in the income statement	-	-	-	-	-	-	-
Purchase of financial instruments for the period	-	-	4,800	4,800	-	-	-
Sold financial instruments during the period	-	-	(4,676)	(4,676)	-	-	-
Financial instruments issued in the period	-	-	-	-	-	-	-
Paid financial instruments during the period	-	-	-	-	-	-	-
Financial instruments reclassified to / (from) Level 3	-	-	-	-	-	-	-
Reclassified to loans and receivables	-	-	-	-	-	-	-
Balance at 31 December 2014 (previous year)	-	-	34,487	34,487	-	-	-
Total gains / (losses) recognized in profit or loss on financial assets and liabilities held at 31 December 2013 (previous year)							
	-	-	351	351	-	-	-
Balance at 1 January 2015 (current year)							
	-	-	34,487	34,487	-	-	-
Gains / (losses) recognized in:							
- Income statement	-	-	(2)	(2)	-	-	-
- Other gains / (losses) during the period which are not recognized in the income statement					-	-	-
Purchase of financial instruments for the period	-	-	224	224	-	-	-
Sold financial instruments during the period	-	-	-	-	-	-	-
Financial instruments issued in the period	-	-	-	-	-	-	-
Paid financial instruments during the period	-	-	-	-	-	-	-
Financial instruments reclassified to / (from) Level 3	-	-	-	-	-	-	-
Reclassified to loans and receivables	-	-	-	-	-	-	-
Balance at 31 December 2015 (current year)	-	-	34,709	34,709	-	-	-
Total gains / (losses) recognized in profit or loss on financial assets and liabilities held at 31.12.2015							
	-	-	(2)	(2)	-	-	-

6. Net interest income / (expense)

A Structure of income and expense by type of financial instruments

In '000 MKD	Current year 2015	Previous year 2014
Interest income		
Cash and cash equivalents	65,789	86,237
Financial assets at fair value through profit or loss designated as such upon initial recognition	-	-
Derivative assets held for risk management	-	-
Loans and advances to banks	-	-
Loans and advances to customers	1,371,978	1,181,956
Investments in securities	73,151	62,957
Other receivables	-	-
(Impairment losses on interest income, on a net basis)	11,591	16,295
Collected written-off interest	-	-
Total interest income	1,522,509	1,347,445
Interest expense		
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	-
Derivative liabilities held for risk management	-	-
Deposits from banks	3,729	4,225
Deposits from customers	354,852	412,258
Issued debt securities	-	-
Borrowings	90,306	55,218
Subordinated debt	-	-
Other liabilities	5,013	512
Total interest expense	453,900	472,213
Net income / (expense) Interest	1,068,609	875,232

B Sectoral analysis of revenue and expense under section

In '000 MKD	Current year 2015	Previous year 2014
Interest income		
Non-financial companies	647,804	542,464
State	75,631	66,760
Non-profit institutions serving households	17	16
Banks	65,789	86,237
Other financial companies (nonbank)	-	-
Households	705,169	614,523
Non-residents	16,509	21,150
(Impairment losses on interest income, on a net basis)	11,590	16,295
Collected written-off interest	-	-
Total interest income	1,522,509	1,347,445
Interest expense		
Non-financial companies	95,697	77,930
State	5,012	510
Non-profit institutions serving households	16,824	13,765
Banks	47,723	41,383
Other financial companies (nonbank)	91,380	114,239
Households	196,062	219,499
Non-residents	1,202	4,887
Total interest expense	453,900	472,213
Net income / (expense) Interest	1,068,609	875,232

7. Net fees and commissions income / (expense)

A Structure of revenues and expenses from fees and commissions by type of financial activities

In '000 MKD	Current year 2015	Previuos year 2014
Fee and commission income		
Lending	30,947	28,101
Payment operations		
domestic	76,712	67,008
foreign	64,677	52,491
Letters of credit and guarantees	26,377	21,291
Brokerage	-	-
Asset management	-	-
Commission and fiduciary activities	-	-
Issuing Securities	-	-
Other		
(revenues that represent more than 10% of total income from fees and com- missions)	160,577	120,028
VISA - charge	5,895	4,011
Master	3,967	7,173
Fees for transactions on POS	78,161	58,655
One time charge for card operations	50,062	39,409
Fee for conversion	-	4
Fees for ATM transactions	4,541	4,184
Other operating revenues from fees and commissions	17,951	6,592
Total fee and commission income	359,290	288,919
Fee and commission expenses		
Lending	-	-
Payment operations		
domestic	24,958	21,818
foreign	13,096	9,657
Letters of credit and guarantees	356	197
Brokerage	-	-
Asset management	-	-
Commission and fiduciary activities	-	-
Issuing Securities	-	-
Other	122,724	83,532
(Other expenses that are more than 10% of total fee and commission)		
VISA – charge	55,236	36,453
Master – charge	61,908	40,869
Miscellaneous expenditure on fees and commissions	5,580	6,210
Total fee and commission expenses	161,134	115,204
Net fee and commission income / (expense)	198,156	173,715

B Sectoral analysis of revenue and expenditure of fees and commissions

In '000 MKD	Current year 2015	Previuos year 2014
Fee and commission income		
Non-financial companies	249,009	199,426
State	11	14
Non-profit institutions serving households	820	661
Banks	4,027	1,847
Other financial companies (nonbank)	203	189
Households	88,271	68,189
Non-residents	16,949	18,593
Total fee and commission income	359,290	288,919
Fee and commission expenses		
Non-financial companies	-	-
State	-	-
Non-profit institutions serving households	-	-
Banks	16,972	14,327
Other financial companies (nonbank)	11,536	10,877
Households	-	-
Non-residents	132,626	90,000
Total fee and commission expenses	161,134	115,204
Net fee and commission income / (expense)	198,156	173,715

8. Net trading income

In '000 MKD	Current year 2015	Previuos year 2014
Trading assets		
Profit / (loss) from changes in the fair value of debt securities on a net basis		
Realised	2	25
Unrealised	(110)	(124)
Profit / (loss) from changes in fair value of equity instruments, on a net basis		
Realised	-	-
Unrealised	-	-
Dividend income from trading assets	-	-
Interest income from trading assets	180	510
Trading liabilities		
Profit / (loss) from changes in the fair value of debt securities on a net basis		
Realised	-	-
Unrealised	-	-

Profit / (loss) from changes in fair value of deposits for trading on a net basis		
Realised	-	-
Unrealised	-	-
Profit / (loss) from changes in fair value of other financial liabilities for trading on a net basis		
Realised	-	-
Unrealised	-	-
Interest expense on financial liabilities held for trading	-	-
Profit / (loss) from changes in fair value of derivatives held for trading, on a net basis		
Realised	-	-
Unrealised	-	-
Net trading income	72	411

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

In '000 MKD	Current year 2015	Previous year 2014
Financial assets at fair value through profit or loss designated as such upon initial recognition	-	-
Profit / (loss) from changes in the fair value of debt securities on a net basis	-	-
Realised	-	-
Unrealised	-	-
Profit / (loss) from changes in fair value of equity instruments, on a net basis	-	-
Realised	-	-
Unrealised	-	-
Dividend income from financial assets at fair value through profit or loss	-	-
Profit / (loss) from changes in fair value of loans and receivables at fair value through the income statement on a net basis	-	-
Realised	-	-
Unrealised	-	-
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	-
Profit / (loss) from changes in the fair value of debt securities on a net basis	-	-
Realised	-	-
Unrealised	-	-
Profit / (loss) from changes in fair value of deposits at fair value through the income statement on a net basis	-	-
Realised	-	-
Unrealised	-	-

Profit / (loss) from changes in fair value of borrowings at fair value through the income statement on a net basis	-	-
Realised	-	-
Unrealised	-	-
Profit / (loss) from changes in fair value of other financial liabilities at fair value through the income statement on a net basis	-	-
Realised	-	-
Unrealised	-	-
Profit / (loss) from changes in fair value of derivatives held for risk management at fair value through the income statement on a net basis	-	-
Realised		
Unrealised	-	-
Net income from other financial instruments carried at fair value	-	-

On 31 December 2015 The Bank has no net income from other financial instruments recorded at fair value (31 December 2014: nil).

10. Net income / (expense) from foreign exchange differences

In '000 MKD	Current year 2015	Previous year 2014
Realized gains / (losses) from exchange differences, on a net basis	64,450	47,317
Unrealized gains / (losses) from exchange differences, on a net basis		
Foreign exchange differences on impairment funds on a net basis	(618)	78
Other exchange differences, on a net basis	(24,917)	(23,442)
Foreign exchange gains of allowance for off-balance sheet exposures on a net basis	(6)	(81)
Net income / (expense) from exchange differences	38,909	23,872

11. Other operating income

In '000 MKD	Current year 2015	Previuos year 2014
Gain on sale of assets held for sale	-	18,897
Dividend from equity instruments available for sale	3,879	4,886
Net income from investments in subsidiaries and associates	-	-
Capital gains from the sale of:		
Property and equipment	1,096	371
Intangible assets	-	-
Foreclosed assets	17,586	2,993
Non-current assets held for sale and disposal group		
Rent income	78	620
Income derived from litigation	-	-
Collected written-off claims	10,590	20,537
Reversal of allowance and provision for:		
off-balance sheet credit exposures	-	-
potential liabilities arising from litigation	-	-
pensions and other employee benefits	22,745	-
restructuring	-	-
eroneous contracts	-	-
other provisions	-	-
(Income -10% of total other operating income):		
Income generated from the sale of gold coins	-	-
Income from insurance charged on the basis of damage	334	636
Penalties for unrealised constructions	-	-
Income from sale of bills of exchange	487	464
Reimbursement of telephone expenses	101	141
Income from previous years	1,828	4,272
Money transport income	2,664	2,146
Income from loans closed before maturity	81	50
Other income	1,017	914
Total operating income	62,487	56,927

12.Impairment of financial assets on a net basis

In '000 MKD	Loans and advances to banks	Loans and advances to customers	Investments in financial assets available for sale	Investments in financial assets held to maturity	Cash and cash equivalents	Receivables for fees and commissions	Other receivables	Total
2015 (current year)								
Impairment on an individual basis								
Additional impairment	-	179,825	2	-	3,839	1,014	2,997	187,677
(Reversal of impairment)	-	(81,969)	-	-	(3,759)	(315)	(700)	(86,743)
Impairment on a group basis								
Additional impairment	-	-	-	-	-	-	-	-
(Reversal of impairment)	-	-	-	-	-	-	-	-
Total impairment of financial assets on a net basis	-	97,856	2	-	80	699	2,297	100,934
2014 (previous year)								
Impairment on an individual basis								
Additional impairment	-	148,222	48	-	3,471	674	3,506	155,921
(Reversal of impairment)	-	(50,334)	-	-	(3,360)	(130)	(129)	(53,953)
Impairment on a group basis								
Additional impairment	-	-	-	-	-	-	-	-
(Reversal of impairment)	-	-	-	-	-	-	-	-
Total impairment of financial assets on a net basis	-	97,888	48	-	111	544	3,377	101,968

13.Loss on impairment of non-financial assets, net

In '000 MKD	Property and equipment	Intangible assets	Foreclosed assets	Non-current assets held for sale and disposal group	Other non-financial assets	Goodwill	Total
2015 (current year)							
Additional impairment losses	-	-	28,259	-	-	-	28,259
(Reversal of impairment loss)	-	-	-	-	-	-	-
(Effect of exchange rate differences)	-	-	-	-	-	-	-
Total impairment of non-financial assets on a net basis	-	-	28,259	-	-	-	28,259
2014 (previous year)							
Additional impairment losses	-	-	29,986	-	-	-	29,986
(Reversal of impairment loss)	-	-	-	-	-	-	-
(Effect of exchange rate differences)	-	-	-	-	-	-	-
Total impairment of non-financial assets on a net basis	-	-	29,986	-	-	-	29,986

14.Personnel expenses

In '000 MKD	Current year 2015	Prevoius year 2014
Short-term employee benefits		
Salaries	242,802	199,781
Mandatory contributions for social and health insurance	87,922	68,716
Short-term paid leave	-	-
Costs for temporary employment	-	-
Share of profits and awards	-	-
Non-monetary benefits	499	355
	331,223	268,852
Use after termination of employment		
Contributions to pension plans to defined contribution	-	-
Benefits at retirement	-	-
Increase in pension obligation for defined benefit plans	-	-
Increase in liability for other long-term benefits	-	-
Other benefits upon termination of employment	-	-
Benefits for termination of employment	-	-
Payments to employees based on shares settled with equity instruments	-	-
Payments to employees based on shares settled with cash	-	-
Other	8,587	3,470
(staff costs representing more than 10% of total staff costs)		
Employee expenses on the basis of collective agreements	-	-
Total personnel expenses	339,810	272,322

15. Amortization

In '000 MKD	Current year 2015	Previuos year 2014
Internally developed software	-	-
Software purchased from external suppliers	5,807	12,464
Other internally developed intangible assets	-	-
Other intangible assets	5,266	5,256
Leasehold improvements	3,376	2,093
	14,449	18,813
Buildings	14,728	14,631
Vehicles	9,311	6,706
Furniture and office equipment	4,022	4,913
Other equipment	44,675	40,341
Other items of property and equipment	2,383	2,122
Leasehold improvements	15,298	8,978
	90,417	77,691
Total amortization	104,866	96,504

16.Other operating expense

In '000 MKD	Current year 2015	Previuos year 2014
Loss from sale of assets held for sale	42	-
Cost of software license	-	-
Premiums for deposit insurance	44,163	41,828
Insurance premiums for property and employees	5,820	5,212
Materials and services	148,088	141,259
Administrative and marketing expenses	39,212	32,774
Other taxes and contributions	4,465	3,056
Rent expense	45,328	40,133
Costs of litigation	1,179	443
Provision for off-balance sheet exposures on a net basis	4,751	1,324
Provision for pension and other employee benefits, on a net basis	57,680	31,013
Provisions for contingent liabilities arising from litigation, on a net basis	-	-
Other provisions, on a net basis:	-	-
restructuring	-	-
eroneous contracts	-	-
other provisions	-	-
Loss of sale of:	-	-
Property and equipment		286
Intangible assets	-	-
Foreclosed assets	-	-
Non-current assets held for sale and disposal group	-	-
Other	28,923	28,534
(10% of total other operating expenses)		
Total other operating expenses	379,651	325,862

17.Income tax

A Expense / income for current and deferred tax

In '000 MKD	Current year 2015	Previuos year 2014
Current income tax		
Expense / (income) for the current tax profit for the year	43,755	32,441
Adjustments for prior years	-	-
Benefits from previously unrecognized tax losses, tax credits and temporary differences from previous years	-	-
Changes in accounting policies and errors	-	-
Other	-	-
	43,755	32,441
Deferred income tax		
Deferred tax arising from temporary differences for the year	-	-
Recognition of previously unrecognized tax losses	-	-
Change in tax rate	-	-
Introducing new taxes	-	-
Benefits from previously unrecognized tax losses, tax credits and temporary differences from previous years	-	-
Other	-	-
	-	-
Total expense / (recovery) for income tax	43,755	32,441

In '000 MKD	Current year 2015	Previous year 2014
Current income tax		
Recognised in the income statement	43,755	32,441
Recognised in equity	-	-
	43,755	32,441
Deferred income tax		
Recognised in the income statement	-	-
Recognised in equity	-	-
Total expense / (recovery) for income tax	43,755	32,441

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

	In %	In '000 MKD	In %	In '000 MKD
	Current year 2015		Previous year 2014	
Profit / (loss) before taxation		414,712		303,515
Income tax in accordance with the applicable tax rate	5.00%	20,919	-	11,547
Effect of different tax rates in other countries	-	-	-	-
Adjustments for prior years and changes in tax rate	-	-	-	-
Taxable income abroad	-	-	-	-
Expenses non-deductible for tax purposes	5.50%	22,836	10.69%	2,090
Tax exempt income	-	-	-	-
Tax exemption unrecognized in Income statement	-	-	-	-
Recognition of previously unrecognized tax losses	-	-	-	-
Benefits from previously unrecognized tax losses, tax credits and temporary differences from previous years	-	-	-	-
Changes in deferred tax	-	-	-	-
Other	-	-	-	-
Total expense / (recovery) of income tax	10.50%	43,755	-	32,441
Average effective tax rate	10.55%	-	10.69%	-

18. Cash and cash equivalents

In '000 MKD	Current year 2015	Previous year 2014
Cash in hand	807,594	646,160
Accounts and deposits with the Central Bank, except compulsory deposits in foreign currency	1,502,118	3,028,086
Current accounts and transaction deposits with foreign banks	566,913	107,778
Current accounts and transaction deposits with domestic banks	1,902	335
Treasury bills that could be traded on the secondary market	1,929,874	1,578,009
Government Bills which can be traded on the secondary market	-	-
Time deposits with maturity up to three months	-	-
Other short-term highly liquid assets	-	-
Receivables based on interest	-	-
(Impairment)	(24)	(67)
Included in cash and cash equivalents for the purposes of the cash flow	4,808,377	5,360,301
Compulsory deposits in foreign currency	713,009	696,463
Restricted deposits	-	-
(Impairment)	-	-
Total	5,521,386	6,056,764

In '000 MKD

	Current year 2015	Previous year 2014
Movement in impairment		
Balance at 1 January	67	15
Impairment losses for the year		
Additional impairment	3,839	3,471
(release of impairment)	(3,759)	(3,360)
(foreclosed assets)	-	-
Effect of exchange rate differences	(123)	(59)
(written off receivables)	-	-
Balance at 31 December	24	67

19. Trading assets

A. Structure of trading assets by type of financial instrument

In '000 MKD	Current year 2015	Previous year 2014
Trading securities		
Debt trading securities		
Treasury bills for trading	-	-
Government notes	-	-
Other instruments on the money market	-	-
Government bonds	107,224	-
Corporate bonds	-	-
Other debt instruments	-	-
	107,224	-
Listed	-	-
Non-listed	107,224	-
Equity instruments for trading	-	-
Equity instruments issued by banks	-	-
Other equity instruments	-	-
	-	-
Listed	-	-
Non-listed	-	-
Trading derivatives		
Agreements dependent on changes in the interest rate	-	-
Contracts subject to exchange rate fluctuations	-	-
Agreements dependent on changes in the price of securities	-	-
Other contracts that meet the criteria of IAS 39	-	-
Total trading assets	107,224	-

B. Reclassified trading assets

B.1 Condition of reclassified trading assets

In '000 MKD	Reclassified amount (at the date of reclassification)	Current year 2015		Previous year 2014	
		Carrying amount at 31.12.2015 (current year)	fair value on 31.12.2015 (current year)	Carrying amount at 31.12.2014 (current year)	fair value on 31.12.2014 (current year)
Trading assets reclassified in 2015 (current year) in:					
- Financial assets available for sale	-	-	-	-	-
- Loans and advances to banks	-	-	-	-	-
- Loans and advances to customers	-	-	-	-	-
Trading assets reclassified in 2014 (previous year) in:					
- Financial assets available for sale	-	-	-	-	-
- Loans and advances to banks	-	-	-	-	-
- Loans and advances to customers	-	-	-	-	-
	-	-	-	-	-

B.2 Gains and losses on reclassified trading assets

In '000 MKD	Reclas- sified in 2015 (the year)	Reclassified in 2014 (previous year)				
	Income Statement 2015 (cur- rent year)	Other gains / (losses) in 2015	Income Statement 2015	Other gains / (losses) in 2014	Income Statement 2014	Other gains / (losses) in 2014
Period before reclassification	-	-	-	-	-	-
Trading assets reclassified to financial assets available for sale	-	-	-	-	-	-
- net trading income	-	-	-	-	-	-
Trading assets reclassified to loans and advances to banks	-	-	-	-	-	-
- net trading income	-	-	-	-	-	-
Trading assets reclassified to loans and advances to customers	-	-	-	-	-	-
- net trading income	-	-	-	-	-	-
Period after reclassification						
Trading assets reclassified to financial assets	-	-	-	-	-	-

Available for sale
- interest income
- impairment of financial assets on a net basis
- changes in the fair value on net basis
Trading assets reclassified to loans and advances to banks
- interest income
- impairment of financial assets on a net basis
Trading assets reclassified to loans and advances to customers
- interest income
- impairment of financial assets on a net basis

B.3 Gain or loss that would be recognized in the income statement If the funds were reclassified

In '000 MKD	Reclasified in 2015 (current year)	Reclasified in 2014 (previous year)	
	Income satement 2015	Income statement 2015	Income statement 2014
Trading assets reclassified to financial assets available for sale			
- net trading income	-	-	-
Trading assets reclassified to loans and advances to banks			
- net trading income	-	-	-
Trading assets reclassified to loans and advances to customers			
- net trading income	-	-	-
	-	-	-

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

In '000 MKD	Current year 2015	Previous year 2014
Debt Securities		
Treasury bills	-	-
Government bills	-	-
Other instruments on the money market	-	-
Government bonds	-	-
Corporate bonds	-	-
Other debt instruments	-	-
Listed	-	-
Un-listed	-	-
Equity instruments		
Equity instruments issued by banks	-	-
Other equity instruments	-	-
Listed	-	-
Un-listed	-	-
Loans and advances to banks	-	-
Loans and advances to other customers	-	-
Total financial assets at fair value through profit or loss designated as such upon initial recognition	-	-

On December 31, 2015 (2014: nil), the Bank has no financial assets at fair value through profit or loss designated as such upon initial recognition.

21. Derivative assets and liabilities held for risk management

In '000 MKD	Current year 2015		Current year 2014	
	derivative assets	derivative liabilities	derivative assets	derivative liabilities
A. Derivatives for hedging / derivatives held for risk management				
A.1 by the type of the variable	-	-	-	-
Derivatives held for risk management	-	-	-	-
Agreements dependent on changes in the interest rate	-	-	-	-
Contracts subject to exchange rate fluctuations	-	-	-	-
Agreements dependent on changes in the price of securities	-	-	-	-
Other contracts that meet the criteria of IAS 39	-	-	-	-
Total derivatives held for risk management	-	-	-	-
A.1 by the type of protection from risk	-	-	-	-
Hedge of the fair value	-	-	-	-
Hedge of cash flows	-	-	-	-
Hedges of net investments in foreign operations	-	-	-	-
Total derivatives held for risk management	-	-	-	-
B. Embedded derivatives	-	-	-	-
Agreements dependent on changes in the interest rate	-	-	-	-
Contracts subject to exchange rate fluctuations	-	-	-	-
Agreements dependent on changes in the price of securities	-	-	-	-
Other contracts that meet the criteria of IAS 39	-	-	-	-
Total embedded derivatives	-	-	-	-
Total derivatives held for risk management	-	-	-	-

On December 31, 2015 (2014: nil), the Bank has no derivative assets and liabilities held for managing risks

22. Loans and receivables

22.1 Loans and advances to banks

In ‘000 MKD	Current year 2015		Previous year 2014	
	Short term	Long term	Short term	Long term
Loans to banks				
Domestic	-	-	-	-
Foreign	-	-	-	-
Term deposits - maturity over three months				
Domestic	-	-	-	-
Foreign	-	-	-	-
Repo				
Domestic	-	-	-	-
Foreign	-	-	-	-
Other receivables				
Domestic	-	-	-	-
Foreign	-	9,704	-	8,703
Interest receivables	-	-	-	-
Current maturity	-	-	-	-
Total loans and advances to banks before impairment	-	9,704	-	8,703
(Impairment)	-	-	-	-
Total loans and advances to banks less impairment	-	9,704	-	8,703

In ‘000 MKD		
Movement in impairment	2015	2014
Balance at 1 January	-	-
Impairment losses for the year		
Additional impairment	-	-
(Reversal of impairment)	-	-
(Foreclosed assets)	-	-
Effect of exchange rate differences	-	-
(written off receivables)	-	-
Balance at 31 December	-	-

Other deposits include deposits in Deutsche Bank AG in the amount of MKD 9,704 (2014: MKD 8,703) as collateral for transactions with MASTER credit cards. These resources are not available for use in the daily operations of the Bank.

22.2 Loans and receivables from customers

A. Structure of loans and receivables from customers by type of borrower

In ‘000 MKD	Current year 2015		Previous year 2014	
	Short term	Long term	Short term	Long term
Non-financial companies				
receivables for principal	4,043,733	7,335,377	3,198,295	6,167,489
Interest receivables	49,613	-	22,816	-
State				
receivables for principal	-	76,123	-	45,735
Interest receivables	622	-	1,041	-
Non-profit institutions serving households				
receivables for principal	552	-	520	-
Interest receivables	1	-	1	-
Financial companies, except banks				
receivables for principal	131	-	-	-
Interest receivables	-	-	-	-
Households				
receivables for principal				
Housing loans	2,186	717,506	3,060	476,331
Consumer loans	214,777	6,839,753	190,049	5,662,918
Vehicle loans	14,128	14,900	16,036	10,733
Mortgage loans	-	-	-	-
Credit cards	825,687	2,612	738,197	3,327
Other loans	559,139	313,638	465,132	172,005
Interest receivables	32,324	-	27,069	-
Non-residents, except banks				
receivables for principal	249,074	13,789	249,055	48,015
Interest receivables	339	-	434	-
Current maturity	3,531,589	(3,531,589)	3,086,508	(3,086,508)
Total loans before impairment	9,523,895	11,782,109	7,998,213	9,500,045
(impairment)	(497,357)	(172,325)	(425,994)	(148,949)
Total loans net of impairment	9,026,538	11,609,784	7,572,219	9,351,096

Movement in impairment - individually	2015	2014
Balance at 1 January	574,943	477,071
Impairment for the year		
Additional impairment	179,825	148,222
(Reversal of impairment)	(81,969)	(50,334)
(foreclosed assets)	(2,549)	
Effect of exchange rate differences	723	(16)
(written off receivables)	(1,292)	-
Balance at 31 December	669,682	574,943
Movement in provisions - group basis		
Balance at 1 January	-	-
Impairment losses for the year		
Additional impairment	-	-
(Reversal of impairment)	-	-
(foreclosed assets)	-	-
Effect of exchange rate differences	-	-
(written off receivables)	-	-
Balance at 31 December	-	-
Total impairment of loans and advances to customers	669,682	574,943

B. Structure of loans and advances to customers by collateral type

In '000 MKD	2015	2014
(current carrying value of loans and receivables)		
First-rate security instruments		
cash deposits (the depot and / or limited accounts)	451,126	379,725
government securities	-	-
unconditional state guarantee	-	-
bank guarantees	-	-
Guarantees of insurance companies and insurance policies	-	-
Corporate guarantees (other than bank and insurance companies)	1,434,421	1,309,100
Guarantees of individuals	4,906,508	4,659,182
Mortgage on property		
private property (apartments, houses)	3,694,037	2,589,040
Business premises	5,761,558	4,089,548
Pledge of movables	548,583	378,124
Other types of collateral	71,773	284,634
Unsecured	3,768,317	3,233,962
Total loans and advances to customers net of impairment	20,636,322	16,923,315

23. Investments in securities

23.1 Investments in financial assets available for sale

A. Structure of investments in financial assets available for sale by type of financial instrument

In '000 MKD	Current year 2015	Previous year 2014
Debt Securities		
Treasury bills	-	-
Government notes	1,531,880	692,937
Other instruments on the money market	-	-
Government bonds	1,328,310	1,022,859
Corporate bonds	-	-
Other debt instruments	-	-
	2,860,190	1,715,796
Listed	-	-
Un-listed	2,860,190	1,715,796
Equity instruments		
Equity instruments issued by banks	-	-
Other equity instruments	35,059	34,835
Listed	224	-
Un-listed	34,835	34,835
Total investment in financial instruments available for sale before impairment	2,895,025	1,750,631
(Impairment)	(350)	(348)
Total investment in financial instruments available for sale net of impairment	2,894,899	1,750,283

In '000 MKD	Current year 2015	Previous year 2014
Movement in impairment		
Balance at 1 January	348	300
Impairment losses for the year		
Additional impairment	2	48
(Reversal of impairment)	-	-
(Foreclosed assets)	-	-
Effect of exchange rate differences	-	-
(written off receivables)	-	-
Balance at 31 December	350	348

B. Reclassified financial assets available for sale**B.1 Balance of reclassified available for sale**

In '000 MKD	reclassified amount (at the date of reclassification)	Current year 2015		Previous year 2014	
		Carrying amount at 31.12.2015	Fair value at 31.12.2015	Carrying amount at 31.12.2014	Fair value at 31.12.2014
Assets available for sale re-classified in 2015:					
- Loans and advances to banks	-	-	-	-	-
- Loans and advances to customers	-	-	-	-	-
	-	-	-	-	-
Assets available for sale re-classified in 2014:					
- Loans and advances to banks	-	-	-	-	-
- Loans and advances to customers	-	-	-	-	-
	-	-	-	-	-

B.2 Gains and losses from reclassified assets available for sale

In '000 MKD	Income statement 2015	Other gains / (losses) in 2015	Income statement 2014	Other gains / (losses) in 2014
Period before reclassification				
Assets available for sale reclassified to loans and advances to banks				
- interest income	-	-	-	-
- impairment of financial assets on a net basis	-	-	-	-
- changes in the fair value of on net basis	-	-	-	-
Assets available for sale reclassified to loans and advances to customers				
- interest income	-	-	-	-
- impairment of financial assets on a net basis	-	-	-	-
- changes in the fair value of on net basis	-	-	-	-
Period after reclassification				
Assets available for sale reclassified to loans and advances to banks	-	-	-	-
- interest income	-	-	-	-
- impairment of financial assets on a net basis	-	-	-	-
- amount unwinded from revaluation reserve				
Assets available for sale reclassified to loans and advances to customers	-	-	-	-
- interest income	-	-	-	-
- impairment of financial assets on a net basis	-	-	-	-
- amount unwinded from revaluation reserve				
	-	-	-	-

B.3 Gain or loss that would be recognized If the funds were reclassified

In '000 MKD	Income statement 2015	Other gains / (losses) in 2015	Income statement 2014	Other gains / (losses) in 2014
	Current year	Current year	Previous year	Previous year
Assets available for sale reclassified to loans and advances to banks	-	-	-	-
- interest income	-	-	-	-
- impairment of financial assets on a net basis	-	-	-	-
- changes in the fair value on net basis	-	-	-	-
Assets available for sale reclassified to loans and advances to customers	-	-	-	-
- interest income	-	-	-	-
- impairment of financial assets on a net basis	-	-	-	-
- changes in the fair value on net basis	-	-	-	-
	-	-	-	-

Investments in debt securities available for sale in the amount of MKD 2,860,190 thousand (2014: MKD 1,715,796 thousand) related to investments in treasury bills in the amount of MKD 1,531,880 thousand (2014: MKD 692,237 thousand) and investments in government bonds in the amount of MKD 1,328,310 thousand (2014: MKD 1,022,859 thousand). Investments in Equity instruments available for sale in amount of 34.709 thousand MKD (2014: 34.487 MKD thousand) are including Investments in Equity instruments which the Bank has acquired on the basis of the founding venture capital in the financial and non-financial companies.

Given that there is no active market for un-listed investments, and lack of recent transactions that could be applied in determining the fair value, they are stated at cost, less impairment.

23.2 Investments in financial assets held to maturity

In '000 MKD	Current year 2015	Previous year 2014
Debt Securities		
Treasury bills	-	-
Government notes	-	-
Other instruments on the money market	-	-
Government bonds	-	-
Corporate bonds	-	-
Other debt instruments	-	-
	-	-
Listed	-	-
Un-listed	-	-
Total investment in financial instruments held to maturity before impairment	-	-
(Impairment)	-	-
Total investment in financial instruments held to maturity less impairment	-	-

In '000 MKD	Current year 2015	Previuos year 2014
Movement in impairment		
Balance at 1 January	-	-
Impairment losses for the year		
Additional impairment	-	-
(Reversal of impairment)	-	-
(Foreclosed assets)	-	-
Effect of exchange rate differences	-	-
(written off receivables)	-	-
Balance at 31 December	-	-

24. Investments in subsidiaries and associates

A. Percentage of the bank's subsidiaries and associates

Name of subsidiaries and associates	Country	In %			
		Percentage of participation in ownership		Percentage of voting rights	
		Current year 2015	Previuos year 2014	Current year 2015	Previuos year 2014
		-	-	-	-

B. Financial information on associates - 100 percent

Name of subsidiaries and associates	Total assets	In '000 MKD			
		Total liabilities	Total capital and reserves	Revenues	Profit / (loss) for the year
Current year 2015					
	-	-	-	-	-
Previous year 2014					
	-	-	-	-	-

On 31 December 2015 the Bank has no investments in subsidiaries and associates. (31 December 2014: none)

25. Other receivabels

In '000 MKD	2015	2014
Trade receivables	1,659	1,450
Prepayments	15,551	18,798
Accrued deferred income	-	-
Fees and commissions receivables	9,775	7,477
Receivables from employees	1,183	241
Prepayments for intangible assets	13,722	9,375
Advances for property and equipment	-	-
(receivables that are more than 10% of other receivables)		
Numismatics	-	-
Master	38,031	37,496
Visa	99,080	83,319
Western Union	791	148
Inventories	7,926	8,155
Receivables from court fees	20,754	19,159
Other	14,135	6,081
Total other receivables before impairment	222,607	191,699
(Impairment)	(24,774)	(22,012)
Total other receivables net of impairment	197,833	169,687

In '000 MKD	2014	2013
Movement in impairment		
Balance at 1 January	22,012	18,094
Impairment losses for the year		
Additiona impairment	4,011	4,181
(Release of impairment)	(1,015)	(260)
(Foreclosed assets)	-	-
Effect of exchange rate differences	(170)	(3)
(Written off receivables)	(64)	-
Balance at 31 December	24,774	22,012

26. Pledged assets

In '000 MKD	2015	2014
Debt Securities		
Equity instruments	-	-
Total pledged assets	-	-

On 31 December 2015 the Bank has no pledged assets. (31 December 2014: none)

27. Foreclosed assets

In '000 MKD	Land	Build-ings	Equip-ment	Apart-ments	Other valu-ables	Total
Initial carrying amount						
Balance at 1 January 2014 (previous year)	59,601	77,181	2,138	25,183	1,689	165,792
foreclosed in the year	-	-	-	1,755	-	1,755
(sold in the year)	-	-	-	(7,877)	(910)	(8,787)
(transfer to property and equipment)	-	-	(2,138)	-	-	(2,138)
Balance at 31 December 2014 (previous year)	59,601	77,181	-	19,061	779	156,622
Balance at 1 January 2015 (current year)	59,601	77,181	-	19,061	779	156,622
foreclosed in the year	3,690	-	-	-	341	4,031
(sold in the year)	-	(59,614)	-	(5,973)	(345)	(65,932)
(transfer to property and equipment)	-	-	-	-	-	-
Balance at 31 December 2015 (current year)	63,291	17,567	-	13,088	775	94,721
Impairment						
Balance at 1 January 2014 (previous year)	4,895	18,134	230	10,255	251	33,765
impairment loss during the year	12,303	14,513	382	3,815	313	31,326
(sold in the year)	-	-	-	-	-	-
(transfer to property and equipment)	-	-	(611)	(4,837)	(347)	(5,795)
Balance at 31 December 2014 (previous year)	17,198	32,646	-	9,234	217	59,295
Balance at 1 January 2015(current year)	17,198	32,646	-	9,234	217	59,295
impairment loss during the year	11,856	14,512	-	2,451	245	29,064
(sold in the year)	-	(36,206)	-	(2,949)	(70)	(39,225)
(transfer to property and equipment)	-	-	-	-	1	1
Balance at 31 December 2015 (current year)	29,054	10,952	-	8,736	393	49,135
Current carrying amount						
at 1 january 2014 (previous year)	54,706	59,047	1,908	14,928	1,438	132,027
at 31 December 2015 (previous year)	42,403	44,535	-	9,827	562	97,327
at 31 December 2015 (current year)	34,237	6,615	-	4,352	382	45,585

In 2015, the Bank has foreclosed two asset: land and transport asset, out of which the transport asset was sold during the year.

28. Intangible assets

A. Reconciliation of present carrying amount

In '000 MKD	Internally developed software	Software purchased from external suppliers	Other internally developed intangible assets	Other intan-gibe assets	Leasehold improve-ments	Uncontrolling participation	Total
Cost							
Balance at 1 January 2014	-	103,066	-	49,485	8,297	-	160,848
increases through new purchases	-	1,947	-	15,499	5,927	-	23,373
increases through internal development							
increases through business combinations	-	-	-	-	-	-	-
(sale and write-off)	-	-	-	-	-	-	-
(disposals through business combinations)	-	-	-	-	-	-	-
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-
Balance at 31 December 2014	-	105,013	-	64,984	14,224	-	184,221
Balance at 1 January 2015	-	105,013	-	64,984	14,224	-	184,221
increases through new purchases	-	13,249	-	500	5,742	-	19,491
increases through internal development	-	-	-	-	-	-	-
increases through business combinations	-	-	-	-	-	-	-
(sale and write-off)	-	-	-	-	-	-	-
(disposals through business combinations)	-	-	-	-	-	-	-
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-
Balance at 31 December 2015	-	118,262	-	65,484	19,966	-	203,712
Amortization							
Balance at 1 January 2014	-	85,104	-	45,433	1,751	-	132,288
Amortization for the year	-	11,464	-	5,256	2,092	-	18,814
impairment loss during the year	-	-	-	-	-	-	-
release of the impairment loss during the year	-	-	-	-	-	-	-
sale and write-off							
Balance at 31 December 2014	-	96,570	-	50,689	3,843	-	151,102
Balance at 1 January 2015	-	96,570	-	50,689	3,843	-	151,102
amorization for the year	-	5,808	-	5,266	3,375	-	14,449
impairment loss during the year	-	-	-	-	-	-	-
release of the impairment loss during the year	-	-	-	-	-	-	-
sale and write-off	-						
Balance at 31 December 2015	-	102,378	-	55,955	7,218	-	165,550
Current carrying amount							
At 1 January 2014	-	17,962	-	4,052	6,546	-	28,560
at 31 December 2015	-	8,443		14,295	10,381		33,119
at 31 December 2015		15,884		9,529	12,748		38,161

B. Carrying value of intangible assets where there is a restriction on ownership and / or pledged as security for the obligations of the Bank

In '000 MKD	Internally developed software	Software purchased from external suppliers	Other internally developed intangible assets	Other intangible assets	Leasehold improvements	Total
Current carrying amount at:						
31 December 2014	-	-	-	-	-	-
31 December 2015	-	-	-	-	-	-

On 31 December 2015 the Bank has no pledged intangible assets as security for the obligations of the Bank (December 31, 2014: nil).

29. Property and equipment

A. Reconciliation of present carrying amount

In '000 MKD	Land	Buildings	Vehicles	Furniture and office equip-ment	Other items proper-ty and equip-ment	Other equip-ment	Construc-tion in progres	Leasehold improve-ments	Total
Cost									
Balance at 1 January 2014 (previous year)	-	584,207	35,424	62,969	21,528	356,204	10,351	58,096	1,128,779
Balance at 30 September 2012 from Ziraat Bank									
Additions	-	3,317	9,607	3,010	2,370	37,475	23,391	25,385	104,555
increases through business combinations	-	-	-	-	-	-	-	-	-
(sale and write-off)	-	-	(2,276)	-	-	-	(9,704)	-	(11,980)
(disposals through business combinations)	-	-	-	-	-	-	-	-	-
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014 (previous year)	-	587,524	42,755	65,979	23,898	393,679	24,038	83,481	1,221,354
Balance at 1 January 2015 (current year)	-	587,524	42,755	65,979	23,898	393,679	24,038	83,481	1,221,354
Additions	-	7,677	16,029	4,009	2,642	41,751	38,686	37,803	148,597
increases through business combinations	-	-	-	-	-	-	-	-	-
(sale and write-off)	-	-	(6,329)	-	-	-	-	-	(6,329)
(disposals through business combinations)	-	-	-	-	-	-	-	-	-
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	(37,187)	-	(37,187)
Balance at 31 December 2015 (current year)	-	595,201	52,455	69,988	26,540	435,430	25,537	121,284	1,326,435
Depreciation and impairment									
Balance at 1 January 2014 (previous year)	-	98,712	19,016	50,950	9,065	250,759	-	17,395	445,897
Balance at 30 September 2012 from Ziraat Bank									
Depreciation for the year									
impairment loss during the year	-	14,632	6,706	4,914	2,122	40,341	-	8,978	77,693
(release of the impairment loss during the year)	-	-	-	-	-	-	-	-	-
(sale and write-off)	-	-	-	-	-	-	-	-	-
(Transfer to non-current assets held for sale)	-	-	(1,743)	-	-	-	-	-	(1,743)
transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014 (previous year)	-	113,344	23,979	55,864	11,187	291,100	-	26,373	521,847
Balance at 1 January 2015 (current year)	-	113,344	23,979	55,864	11,187	291,100	-	26,373	521,847
Depreciation for the year	-	14,728	9,311	4,022	2,383	44,675	-	15,298	90,417
impairment loss during the year	-	-	-	-	-	-	-	-	-
(release of the impairment loss during the year)	-	-	-	-	-	-	-	-	-
(sale and write-off)	-	-	(6,329)	-	-	-	-	-	(6,329)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Balance at 31 December 2015 (current year)	-	128,072	26,961	59,886	13,570	335,775	-	41,671	605,935
Current carrying amount									
at 1 January 2014 (previous year)		485,495	16,408	12,019	12,463	105,445	10,351	40,701	682,882
at 31 December 2014 (previous year)	-	474,180	18,776	10,115	12,711	102,579	24,038	57,108	699,507
at 31 December 2015 (current year)	-	467,129	25,494	10,102	12,970	99,655	25,537	79,666	720,553

B. Carrying value of property and equipment where there is a limit ownership and / or pledged as security for the obligations of the bank

In '000 MKD	Buildings	Vehicles	furniture and office equipment	Other items property and equipment	Other equipment	Construc-tion in progres	Leasehold	Total
Current carrying amount at:								
31 December 2015	-	1,019	-	-	-	-	-	1,019
31 December 2014	-	1,095	-	-	-	-	-	1,095

Bank does not have property deed for a business premises with net present value at of MKD 1,019 thousand (2014; 1,095 thousand MKD).

On 31 December 2015 the Bank has no pledged property and equipment as security for the obligations of the Bank (December 31, 2014: nil).

Operating lease

The Bank takes under operating lease office premises. The leases are cancellable and apply for up to 5 years and over 5 years.

30. Current and deferred tax assets and liabilities

30.1 Current tax assets and current tax liabilities

In '000 MKD	2015	2014
Receivables for income tax (current)	-	-
Income tax liability (current)	16,565	30,730

30.2 Deferred tax assets and deferred tax liabilities

A. Recognised deferred tax assets and deferred tax liabilities

In '000 MKD	Current year 2015			Previous year 2014		
	Deferred tax assets	Deferred tax liabilities	On a net basis	Deferred tax assets	Deferred tax liabilities	On a net basis
Derivative assets held for risk management	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investments in securities	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-	-	-

Other	-	-	-	-	-	-
Deferred tax assets / liabilities recognized in the income statement	-	-	-	-	-	-
Investments in financial assets available for sale	-	-	-	-	-	-
Hedges of cash flows	-	-	-	-	-	-
Deferred tax assets / liabilities recognized in equity	-	-	-	-	-	-
Total recognized deferred tax assets / liabilities	-	-	-	-	-	-

On 31 December 2015 the Bank has no recognized deferred tax assets and deferred tax liabilities (31 December 2014: nil).

B. Unrecognized deferred tax assets

In '000 MKD	2015	2014
Tax losses	-	-
Tax credit	-	-
Total unrecognized deferred tax assets	-	-

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

In '000 MKD	Recognized during the year:			
	Balance at 1 January	Income statement	Equity	Balance at 1 January
Previous year 2014	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to customers	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available for sale	-	-	-	-
Hedges of cash flows	-	-	-	-
Total recognized deferred tax assets / liabilities	-	-	-	-
Current year 2015	-	-	-	-
Derivative assets held for risk management	-	-	-	-
Loans and advances to banks	-	-	-	-
Loans and advances to customers	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available for sale	-	-	-	-
Hedges of cash flows	-	-	-	-
Total recognized deferred tax assets / liabilities	-	-	-	-

On 31 December 2015 the Bank has no reconciliations of movements in deferred tax assets and deferred tax liabilities (31 December 2014: nil).

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

A. Non-current assets held for sale

In '000 MKD	Current year 2015	Previous year 2014
Intangible assets	-	-
Property and equipment	-	-
Total non-current assets held for sale	-	-

B. Disposal groups

In '000 MKD	Current year 2015	Previous year 2014
Group of assets for disposal		
Financial assets	-	-
Intangible assets	-	-
Property and equipment	-	-
Investments in associates	-	-
Receivables for income tax	-	-
Other assets	-	-
Total group of assets for disposal	-	-
Liabilities directly associated with the group of assets for disposal		
Financial liabilities	-	-
Special reserve	-	-
Income tax liability	-	-
Other liabilities	-	-
Total liabilities directly associated with the group of assets for disposal	-	-

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

In '000 MKD	Current year 2015	Previous year 2014
Profit / (loss) recognized from the sale of assets held for sale and disposal group	-	-

On 31 December 2015 the Bank has no non-current assets held for sale and disposal group (31 December 2014: nil).

32. Trading liabilities

In '000 MKD	Current year 2015		Prevoius year 2014	
Deposits from banks				
Current accounts, deposits and overnight deposits	-	-	-	-
Term deposits	-	-	-	-
Other deposits	-	-	-	-
Deposits from customers				
Current accounts, deposits and overnight deposits	-	-	-	-
Term deposits	-	-	-	-
Other deposits	-	-	-	-
Issued debt securities				
Instruments of the money market	-	-	-	-
Certificates of deposit	-	-	-	-
Issued bonds	-	-	-	-
Other	-	-	-	-
Other financial liabilities	-	-	-	-
Trading derivatives				
Agreements dependent on changes in the interest rate	-	-	-	-
Contracts subject to exchange rate fluctuations	-	-	-	-
Agreements dependent on changes in the price of securities	-	-	-	-
Other contracts that meet the criteria of IAS 39	-	-	-	-
Total trading liabilities	-	-	-	-

On 31 December 2015 the Bank has no trading liabilities (31 December 2014: nil).

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

In '000 MKD	Current year 2015		Previuos year 2014	
	Current carrying value	Agreed maturity amount	Current carrying value	Agreed maturity amount
Deposits from banks				
Current accounts, deposits and overnight deposits	-	-	-	-
Term deposits	-	-	-	-
Other deposits	-	-	-	-
Deposits from customers				
Current accounts, deposits and overnight deposits	-	-	-	-
Term deposits	-	-	-	-
Other deposits	-	-	-	-
Issued debt securities				
Instruments of the money market	-	-	-	-
Certificates of deposit	-	-	-	-
Issued bonds	-	-	-	-
Other	-	-	-	-
Subordinated debt	-	-	-	-
Pother financial liabilites	-	-	-	-
Total financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	-	-	-

On 31 December 2015 the Bank has no financial liabilities at fair value through profit or loss designated as such upon initial recognition (31 December 2014: nil).

34. Deposits

34.1 Deposits from banks

In '000 MKD	Current year 2015		Previous year 2014	
	Short term	Long term	Short term	Long term
Current accounts				
domestic banks	42,502	-	1,359	-
foreign banks	5,909	-	3,302	-
Demand deposits				
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Term deposits				
domestic banks	197,573	-	68,595	-
foreign banks	1,786,245	-	909,925	-
Restricted deposits				
domestic banks	610	-	610	-
foreign banks	-	-	-	-
Other deposits		-	-	-
domestic banks	-	-	-	-
foreign banks	-	-	-	-
Obligations based on interest on deposits				
domestic banks	17	-	16	-
foreign banks	181	-	13	-
Current maturity	-	-	-	-
Total deposits from banks	2,033,037	-	983,820	-

34.2 Deposits from customers

In '000 MKD	Current year 2015		Previuos year 2014	
	Short term	Long term	Short term	Long term
Non-financial companies				
Current accounts	3,847,452	-	2,189,225	-
Demand deposits	-	-	-	-
Term deposits	1,989,611	575,930	1,044,501	1,223,596
Restricted deposits	480,844	202,779	627,467	200,255
Other deposits	-	-	-	-
Interest liability	17,674	-	14,752	-
	6,335,580	778,708	3,875,945	1,423,851

State				
Current accounts	7,962	-	24,919	-
Demand deposits	-	-	-	-
Term deposits	-	-	-	-
Restricted deposits	-	-	-	-
Other deposits	-	-	-	-
Interest liability	-	-	-	-
	7,962	-	24,919	-
Non-profit institutions serving households				
Current accounts	224,428	-	139,659	-
Demand deposits	-	-	-	-
Term deposits	165,923	432,180	32,880	207,847
Restricted deposits	3,194	300	1,724	1,410
Other deposits	-	-	-	-
Interest liability	69	-	810	-
	393,614	432,480	175,073	209,257
Financial companies, except banks				
Current accounts	41,215	-	19,272	-
Demand deposits	-	-	-	-
Term deposits	459,058	758,712	629,710	1,746,819
Restricted deposits	33	-	-	-
Other deposits	-	-	-	-
Interest liability	6,087	-	9,428	-
	506,393	758,712	658,410	1,746,819
Households				
Current accounts	1,794,998	-	1,336,040	-
Demand deposits	345,390	-	242,285	-
Term deposits	5,145,059	1,379,129	2,161,363	4,198,719
Restricted deposits	245,866	255,871	97,638	210,992
Other deposits	16,607	-	16,620	-
Interest liability	115,174	-	116,417	-
	7,663,095	1,634,999	3,970,363	4,409,711
Non-residents, except banks				
Current accounts	98,304	-	140,134	-
Demand deposits	-	-	-	-
Term deposits	51,249	5,278	8,095	38,838
Restricted deposits	22,616	-	9,609	4,734
Other deposits	-	-	-	-
Interest liability	599	-	677	-
	172,768	5,278	158,515	43,572
Current maturity	4,636,702	(4,636,702)	3,342,577	(3,342,577)
Total deposits from customers	15,079,412	3,610,178	12,205,802	4,490,633

35. Issued debt securities

In '000 MKD	Current year 2015	Previous year 2014
Instruments of the money market	-	-
Certificates of deposit	-	-
Issued bonds	-	-
Other	-	-
Interest liabilities for issued debt securities	-	-
Total debt securities issued	-	-

On 31. December 2015 the Bank has no issued debt securities (31. December 2014: nil).

36. Borrowings

A. Structure of borrowings by type of duty and service sector

In '000 MKD	Current year 2015		Previous year 2014	
	Short term	Long term	Short term	Long term
Banks				
residents				
Borrowings	-	2,412,069	-	1,173,164
Repo transactions	-	-	-	-
Interest liabilities	3,603	-	1,946	-
Non-residents	-	-		
Borrowings	-	1,091,106	-	1,194,222
Repo transactions			-	-
Interest liabilities	4,441	-	2,519	-
Non-financial companies				
Borrowings	-	-	-	-
Repo transactions	-	-	-	-
Interest liabilities	-	-	-	-
State				
Borrowings	-	-	-	-
Repo transactions	-	-	-	-
Interest liabilities	-	-	-	-
Non-profit institutions serving households				
Borrowings	-	-	-	-
Interest liabilities	-	-	-	-

Financial companies, except banks	-	-		
Borrowings	-	17,717	-	49,470
Repo transactions			-	-
Interest liabilities	13	-	174	-
Non-residents, except banks	-	-	-	-
Non-financial companies	-	-	-	-
Borrowings	-	-	-	-
Repo transactions	-	-	-	-
Interest liabilities	-	-	-	-
State	-	-	-	
Borrowings	-	-	-	-
Repo transactions	-	-	-	-
Interest liabilities	-	-	-	-
Non-profit institutions serving households	-	-	-	
Borrowings	-	-	-	-
Repo transactions	-	-	-	-
Interest liabilities	-	-	-	-
Financial companies, except banks	-	-		
Borrowings	-	1,404,581	-	1,527,282
Repo transactions	-	-	-	-
Interest liabilities	2,133	-	3,161	-
Households	-	-	-	-
Borrowings	-	-	-	-
Interest liabilities	-	-	-	-
Current maturity	1,171,701	(1,171,701)	334,451	(334,451)
Total borrowings	1,181,891	3,753,772	342,251	3,609,687

B. Borrowings by lender

In '000 MKD	Current year 2015		Previous year 2014	
	Short term	Long term	Short term	Long term
Domestic sources:				
MBPR	3,603	2,412,070	1,946	1,173,164
Foreign sources:				
EBRD	452	105,591	1,122	210,520
EFSE	1,126	646,744	1,868	707,036
FIOOM	-	15,098	-	14,882
GGF	1,006	755,483	1,293	817,897
MRFP	13	2,619	174	34,588
SOROS	-	2,353	-	2,348
DHB-Bank	3,990	769,934	1,397	768,518
JAPI CREDIT BANK	-	215,581	-	215,185
Current maturity	1,171,701	(1,171,701)	334,451	(334,451)
Total borrowings	1,181,891	3,753,772	342,251	3,609,687

The bank has pledged receivables in the form of a notarial deed in favor of the Macedonian Bank for Development Promotion (MBPR) for subcredit contracts with the end users from the approved credit lines from EIB (1,2,3 and 4).

Pledge agreement was signed between Halk Bank as giver of the pledge and Macedonian Bank for Development Promotion as creditor. It is Bank’s liability to pledge the receivables incurred from contracts with it’s client in favour of MBPR.

In case of default of payment by the Halk Bank to MBPR, MBPR would have an executive title in the form of a notarial act which to collected debt that Halk Bank claims from its customers.

Terms of repayment

Terms of repayment of loans that exist at the end of the year were as follows:

At 31 December 2015		currency	Nominal interest rate	Year of maturity
MBPR	Promissory notes + pledged receivables from customers	EUR	1%-3%	2017-2022
SOROS	Unsecured loan	EUR	2,5%	According contracts with end-users
EFSE	Unsecured loan	EUR	3%-3,188%	2024
MRFP	Unsecured loan	EUR	5.85%	2015 – 2016
DHB	Unsecured loan	EUR	2,4%	2016
ITF	Unsecured loan	EUR	2,7%-2,8%	2022
EBRD	Secured loan	EUR	2.03%	2015 – 2017
FIOOM	Unsecured loan	MKD	0% - 2%	According contracts with end-users
Yapi kredi bank	Unsecured loan	EUR	2.35%	25.01.2016

37. Subordinated debt

In '000 MKD	2015	2014
Subordinated deposits liabilities		
Interest liabilities	-	-
Subordinated debt liabilities		
Interest liabilities	-	-
Subordinated issued debt securities liabilities		
Interest liabilities	-	-
Redeemable preference shares	-	-
Total sibordinated debt	-	-

On 31 December 2015 the Bank has no liability for subordinated debt (31 December 2014: nil).

38. Special reserve and provision

In '000 MKD	Provision for off-balance sheet credit exposures	Provisions for contingent liabilities arising from litigation	Provisions for pensions and other employ-ee benefits	Provisions for restructuring	Provisions for eroneous contracts	Other provision	Total
Balance at 1 January 2014 (previous year)	9,185	179	8,597	-	-	-	17,961
Additional provisions in the year	15,573	-	26,792	-	-	-	42,365
(provision utilized during the year)	-	-	-	-	-	-	-
(release of provisions during the year)	(14,248)	-	-	-	-	-	(14,248)
Effect of exchange rate differences	81	-	-	-	-	-	81
Balance at 31 December 2014 (previous year)	10,591	179	35,389	-	-	-	46,159
Balance at 1 January 2015 (current year)	10,591	179	35,390	-	-	-	46,160
Additional provisions in the year	166,160	-	57,680	-	-	-	223,840
(provision utilized during the year)	-	-	-	-	-	-	-
(release of provisions during the year)	(161,409)	-	(22,789)	-	-	-	(184,198)
Effect of exchange rate differences	5	-	-	-	-	-	5
Balance at 31 December 2015 (curent year)	15,347	179	70,281	-	-	-	85,807

39. Other liabilities

In '000 MKD	2015	2014
Trade payables	8,200	10,087
Received advances	-	-
Liabilities for commissions and fees	225	20
Accrued expenses	85	112
Deferred income from previous year	16,063	18,072
Short term employee liabilities	375	87
Short-term liabilities for employee benefits	-	-
Liabilities for unrealized payment transfers	-	-
Other	-	-
Other (specify individual commitments represent more than 10% of total other liabilities)		
Master	94,690	70,574
Visa	-	-
Deposits for performing of work	-	3,950
Other taxes and contributions	1,757	780
Undistributed FX/MKD inflow	35,748	51,078
Company founding investment	2,033	2,724
Other	23,512	17,732
Total other liabilites	182,688	175,216

40. Written capital

A. Written capital

	In '000 MKD		Number of issued shares				In '000 MKD	
	Nominal value per share		ordinary shares		non-redeemable preference shares		Total written capital	
	ordinary shares	non-redeemable preference shares	Current year 2015	Previous year 2014	Current year 2015	Previous year 2014	Current year 2015	Previous year 2014
Balance at 1 January - paid	10,000	-	289,369	289,369	-	-	2,893,690	2,893,690
Registered shares during the year	-	-	-	-	-	-	-	-
Realisation of share option	-	-	-	-	-	-	-	-
Division / consolidation of the nominal value of the share	-	-	-	-	-	-	-	-
Other changes during the year	-	-	-	-	-	-	-	-
Balance at 31 December - paid	10,000	-	289,369	289,369	-	-	2,893,690	2,893,690

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote at meetings of the Shareholders Meeting for the equivalent of one ordinary share (2014: 1 ordinary share). All shares carry the right to participate proportionately in the event of bankruptcy or liquidation.

B. Dividends

B.1 Declared dividends and dividends paid by the Bank

In '000 MKD	Current year 2015	Previous year 2014
Dividends declared and paid dividends for the year	-	-

In '000 MKD	Current year 2015	Previous year 2014
Dividend per ordinary share	-	-
Dividend per preferential share	-	-

B.2 Dividends declared after the date of the balance sheet (not shown dividend liabilities in the balance sheet)

In '000 MKD	Current year 2015	Previous year 2014
Dividends declared after 31 December	-	-

In '000 MKD	Current year 2015	Previous year 2014
Dividend per ordinary share	-	-
Dividend per preferential share	-	-

After the day of the balance sheet there are no proposed dividend by the Supervisory Board.

C. Shareholders whose ownership exceeds 5% of the shares with voting rights

Name of shareholder	In '000 MKD		In %	
	2015	2014	2015	2014
	Written capital (nominal value)	Written capital (nominal value)	Voting rights	Voting rights
Turkiye Halk Bankasi A.S. Ankara	2,858,360	2,858,360	98.78%	98.78%
Agency for foreclosed property	31,200	31,200	1.08%	1.08%
Total	2,889,560	2,889,560	99.86%	99.86%

Legal reserve

Under local statutory legislation, the Bank is required to set aside 5 percent of its net profit for the year in a statutory reserve until the level of the reserve reaches 1/10 of the shareholders equity. Until achieving the minimum required level the statutory reserve could only be used for loss recovery. When the statutory reserve exceeds the minimum required level and when all losses are covered, the statutory reserve can also be used for distribution of dividends, based on a decision of the shareholders' Assembly, but only if the amount of the dividends for the current business year has not reached the minimum for distribution as prescribed in the Trade Company Law or by the Bank's Statute.

Reserve for own shares

The reserve for own shares of the Bank comprises the purchase value of the shares owned by Bank.

Reserve for own shares

The reserve for own shares of the Bank comprises the purchase value of the shares owned by Bank.

41. Earning per share

A. Basic earnings / (loss) per share

In '000 MKD	2015	2014
Net profit attributable to holders of ordinary shares		
Net profit for the year	370,957	271,074
Dividends on preference shares	-	-
Adjustments to net profit attributable to ordinary shareholders	-	-
Net - profit attributable to common shares - basic	370,957	271,074
Number of shares	2015	2014
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	289,369	289,369
Effects of changes in the number of ordinary shares outstanding during the year:		
Effect of own shares issued	-	-
Weighted average number of ordinary shares 31.12	289,369	289,369
Basic earnings per share (MKD)	1,282	937

B. Diluted earnings/(loss) per share

In '000 MKD	2015	2014
Net profit attributable to holders of ordinary shares (diluted)		
Net profit for the year attributable to holders of ordinary shares	370,957	271,074
Adjustments to net profit for effects for the year attributable to holders of ordinary shares issued of all potential ordinary shares	-	-
Net - Profit attributable to holders of ordinary shares (diluted)	370,957	271,074
Number of shares	2015	2014
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at 31 December (basic)	289,369	289,369
Effects of the potential issuance of common stock (list all events separately)	-	-
Weighted average number of ordinary shares (diluted) at 31.12	289,369	289,369
Diluted earnings per share (MKD)	1,282	937

42. Contingent liabilities and contingent assets

42.1 Contingent liabilities

In '000 MKD	2015	2014
Payment guarantees - uncovered		
In MKD	1,292,057	554,090
In foreign currency	209,697	155,295
In MKD with currency clause	590,447	311,235
Performance guarantees - uncovered		
In MKD	342,153	334,608
In foreign currency	3,807	26,319
In MKD with currency clause	99,962	-
Uncovered letters of credit		
In MKD	-	-
In foreign currency	296,997	568,033
In MKD with currency clause	-	-
Unused overdrafts on current accounts	238,447	215,504
Unused credit card limits	463,525	395,576
Commitments for credit and unused credit limits	7,278,538	5,275,464
Issued covered warranties	182,768	226,053
Covered letters of credit	-	3,870
Other covered contingent liabilities	332,016	72,400
Total contingent liabilities before allowance	11,330,415	8,138,447
(Special reserve)	(15,348)	(10,591)
Total liabilities net of allowance	11,315,067	8,127,856

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for up to a year. Expirations are not concentrated in any period. These contingent liabilities have off balance sheet credit risk because the in balance sheet only fees and accruals for probable losses until the contingent liabilities and commitments are fulfilled or expired are recognized. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash flows.

The amount of revocable commitments and contingent liabilities amounted to MKD 6,638,200 thousand (2014: MKD 4,830,079 thousand) and irrevocable amount of MKD 4,692,215 thousand (2014: MKD 3,308,368 thousand).

42.2 Contingent assets

In '000 MKD	Current year 2015	Prevuios year 2014
	-	-
	-	-
Total contingent assets		

On 31 December 2015 the Bank has no contingent assets (31 December 2014: nil).

43. Activities on behalf of third parties

In '000 MKD	Current year 2015			Previous year 2014		
	Assets	Liabilities	Net position	Assets	Liabilities	Net position
Administering the funds on behalf and for the account of third parties						
Deposits in denars	4,000	-	4,000	4,000	-	4,000
Foreign currency deposits	-	-	-	-	-	-
Loans in denars	-	-	-	-	-	-
Foreign currency loans	-	-	-	-	-	-
Other receivables in denars	1,745,846	-		1,161,400	-	1,161,400
Other foreign currency receivables		-	-		-	-
Administering the funds on behalf and for the account of third parties						
Deposits in denars	-	(4,000)	(4,000)	-	(4,000)	(4,000)
Foreign currency deposits	-	-	-	-	-	-
Loans in denars	-	-	-	-	-	-
Foreign currency loans	-	-	-	-	-	-
Other receivables in denars	-	(1,745,846)	(1,745,846)	-	(1,161,400)	(1,161,400)
Other foreign currency receivables	-	-	-	-	-	-
Custody accounts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	1,749,846	(1,749,846)	-	1,165,400	(1,165,400)	-

Bank performs at the primary and secondary market in order to purchase securities in the name and on behalf of individuals and entities wishing to dispose the same, whether it be in government bills or Treasury bills.

44. Transactions with related parties

On April 7, 2011 Halk Bank in Turkey bought the majority shares of IK Bank (Halkbank AD, Skopje) amounting to 91,56% becoming mother company. The shares were purchased from Demir Halk Bank from the Netherlands (DHB Bank) which owned 66.56% stake in IK Banka (Halkbank AD, Skopje) and 25,00% of the shares were owned by the European Bank for Reconstruction and Development (EBRD). After the changes in 2012 and acquiring the Ziraat Bank AD Skopje, Halk Bank in Turkey owns 98,78% of shares with voting rights.

In accordance with the Banking Law as related parties of the Bank are: persons with special rights and responsibilities of the Bank and related entities, qualified shareholders to participate in the Bank (directly or indirectly owning at least 5% of the total number of shares issued or shares with voting rights in the Bank or allow a significant impact on the Bank) and related entities and responsible persons of those shareholders - legal entities.

At year-end transactions with related parties were as presented below.

A. Balance sheet

In '000 MKD	Mother company	Subsidiaries	Affiliates	Mangement	Other related parties	Total
Balance at 31 Decemeber 2015						
Assets						
Current assets	3,382	-	-	-	144	3,526
Loans and advances						
Mortgage loans	-	-	-	-	-	-
Consumer loans	-	-	-	5,001	2,943	7,944
Financial lease receivabels	-	-	-	-	-	-
forfeighting and factoring receivables	-	-	-	-	-	-
Other loans and receivables	-	-	-	16,152	2,304	18,456
Investments in securities	-	-	-	-	-	-
(Impairment)	-	-	-	(143)	(46)	(189)
Other assets	-	-	-	18	8,352	8,370
Total	3,382	-	-	21,028	13,697	38,107
Liabilities						
Trading liabilities	-	-	-	-	-	-
Deposits	868,245	-	-	31,631	53,406	953,282
Issued securities	-	-	-	-	-	-
Borrowings	-	-	-	-	771,320	771,320
Subordinated debt	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total	868,245	-	-	31,631	824,726	1,724,602
Contingent liabilities						
Guarantees issued	251,366	-	-	-	-	251,366
Issued letters of credit	-	-	-	-	-	-
Other contingent liabilities	-	-	-	7,202	1,390	8,593
(Special reserve)	-	-	-	(72)	(14)	(86)
Total	251,366	-	-	7,130	1,376	259,872
Contingent assets						
Guarantees received	-	-	-	-	-	-
Off-balance - approved limits	-	-	-	-	-	-
Total	-	-	-	-	-	-

In '000 MKD	Mother company	Subsidiaries	Affiliates	Mangement	Other related parties	Total
Balance at 31 December 2014						
Assets	904	-	-	-	64	968
Current assets						
Loans and advances	-	-	-	-	-	-
Mortgage loans	-	-	-	6,199	2,162	8,361
Consumer loans	-	-	-	-	-	-
Financial lease receivabels	-	-	-	-	-	-
forfeighting and factoring receivables	-	-	-	18,034	6,264	24,298
Other loans and receivables	-	-	-	-	-	-
Investments in securities	-	-	-	(214)	(84)	(298)
(Impairment)	-	-	-	6	11,641	11,647
Total	904	-	-	24,025	20,047	44,976
Liabilities						
Trading liabilities	-	-	-	-	-	-
Deposits	913,240	-	-	26,661	73,138	1,013,039
Issued securities	-	-	-	-	-	-
Borrowings	-	-	-	-	769,901	769,901
Subordinated debt	-	-	-	-	-	-
Other liabilities	638	-	-	-	-	638
Total	913,878	-	-	26,661	843,039	1,783,578
Contingent liabilities						
Guarantees issued	76,807	-	-	-	-	76,807
Issued letters of credit	-	-	-	-	-	-
Other contingent liabilities	-	-	-	5,419	986	6,405
(Special reserve)	-	-	-	(54)	(10)	(64)
Total	76,807	-	-	5,365	976	83,148
Contingent assets						
Guarantees received	-	-	-	-	-	-
Other contingent assets	-	-	-	-	-	-
Total	-	-	-	-	-	-

B. Income and expenses arising from transactions with related parties

In '000 MKD	Mother company	Subsidiaries	Affiliates	Mangement	Other related parties	Total
2015						
Income						
Interest income	-	-	-	1,261	302	1,563
Fee and commission income	778	-	-	595	306	1,679
Net trading income	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from the sale of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
Total	778	-	-	1,856	608	3,242
Expense						
Interest expense	3,053	-	-	622	19,741	23,416
Fee and commission expense	269	-	-	-	98	367
Net trading loss	-	-	-	-	-	-
Expenditures for the purchase of non-current assets	-	-	-	-	-	-
Impairment of financial assets, net	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
Total	3,322	-	-	622	19,839	23,783

In '000 MKD	Mother company	Subsidiaries	Affiliates	Mangement	Other related parties	Total
2014						
Income						
Interest income	-	-	-	1,638	547	2,185
Fee and commission income	61	-	-	139	773	973
Net trading income	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gains from the sale of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
Total	61	-	-	1,777	1,320	3,158
Expense						
Interest expense	3,671	-	-	485	19,586	23,742
Fee and commission expense	239	-	-	-	36	275
Net trading loss	-	-	-	-	-	-
Expenditures for the purchase of non-current assets	-	-	-	-	-	-
Impairment of financial assets, net	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Transfers between entities	-	-	-	-	-	-
Total	3,910	-	-	485	19,622	24,017

C. Management compenzations

In '000 MKD	2015	2014
Short-term employee benefits	114,964	89,177
Benefits after termination of employment	-	-
Benefits for termination of employment	-	-
Payments to employees based on shares settled with equity instruments	-	-
Payments to employees based on shares settled with cash	-	-
Other	-	-
Total	114,964	89,177

45. Leases

A Lessor

A.1 Receivables from financial leases

In '000 MKD	Maturity of finance lease receivables			
	Total finance lease receivables	Up to 1 year	from 1 to 5 years	over 5 years
Balance at 31 December 2015	-	-	-	-
Present value of minimum lease payments	-	-	-	-
Total	-	-	-	-
Balance at 31 December 2014	-	-	-	-
Present value of minimum lease payments	-	-	-	-
Total	-	-	-	-

A.2 Receivables under irrevocable operating leases

In '000 MKD	Maturity of receivables under irrevocable operating leases			
	Total claims under irrevocable operating leases	Up to 1 year	from 1 to 5 years	over 5 years
Balance at 31 December 2015	-	-	-	-
Present value of minimum lease payments	-	-	-	-
Total	-	-	-	-
Balance at 31 December 2014	-	-	-	-
Present value of minimum lease payments	-	-	-	-
Total	-	-	-	-

In '000 MKD	Land	Buildings	Vehicles	Furniture and office equipment	Other equip-ment	Other items of property and equip-ment	Total
Value of assets given under operating lease:							
Balance at 31 December 2015	-	-	-	-	-	-	-
Balance at 31 Dev vvvcmber 2014	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

B Lessee

B.1 Liabilities from finance leases

In '000 MKD	Maturity of finance lease receivables			
	Total finance lease receiv-ables	Up to 1 year	from 1 to 5 years	over 5 years
Balance at 31 December 2015	-	-	-	-
Balance at 31 December 2014	-	-	-	-

In '000 MKD	Land	Buildings	Vehicles	Furniture and office equip-ment	Other equip-ment	Other items of property and equip-ment	Total
Value of a propertygiven under l financia lease							
Balance at 1 January 2014	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Balance at 31 December 2014	-	-	-	-	-	-	-
Balance at 1 January 2015	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
(Disposals)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Balance at 31 December 2015	-	-	-	-	-	-	-
Accumulated depreciation and impairment							
Balance at 1 January 2014	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-
impairment loss during the year	-	-	-	-	-	-	-
(release of the impairment loss during the year)	-	-	-	-	-	-	-
(disposals)	-	-	-	-	-	-	-
other	-	-	-	-	-	-	-
Balance at 31 December 2014	-	-	-	-	-	-	-
Balance at 1 January 2015	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-
impairment loss during the year	-	-	-	-	-	-	-
(release of the impairment loss during the year)	-	-	-	-	-	-	-
(disposals)	-	-	-	-	-	-	-
other	-	-	-	-	-	-	-
Balance at 31 December 2015	-	-	-	-	-	-	-
Current carrying amount							
at 1 January 2014	-	-	-	-	-	-	-
at 31 December 2014	-	-	-	-	-	-	-
at 31 December 2015	-	-	-	-	-	-	-

B.2 Obligations under irrevocable operating leases

In '000 MKD	Maturity of receivables under irrevocable operating leases			
	Total receiv-ables under irrevocable op-erating leases	Up to 1 year	from 1 to 5 years	over 5 years
Balance at 31 December 2015	-	-	-	-
Total	-	-	-	-
Balance at 31 December 2014	-	-	-	-
Total	-	-	-	-

Operating lease

The Bank takes under operating lease office premises.
The leases are cancellable and apply for up to 5 years and over 5 years.

46. Payments based on shares

In '000 MKD	2015	2014
Date of issue of the option	-	-
Date of expiration of the option	-	-
The exercise price of the option	-	-
Stock price on the date of granting of the option	-	-
Variance	-	-
Expected dividend yield	-	-
Interest rate	-	-
Fair value at the date of granting of the option	-	-

	Current year 2015		Previous year 2014	
	Number of stock options	Weighted Average price for stock op-tions	Number of stock options	Weighted Average price for stock op-tions
Balance at 1 January				
Changes during the year:				
options granted to members of the Supervisory Board	-	-	-	-
options granted to members of the Management Board	-	-	-	-
other given options	-	-	-	-
Forfeighted options	-	-	-	-
realized options	-	-	-	-
options with expired deadline	-	-	-	-
Balance at 31 December	-	-	-	-

47. Subsequent events

No material events subsequent to the reporting date have occurred which require disclosure in the financial statements.



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