



Financial Statements and Independent Auditors' Report

TTK Bank s.c. Skopje

31 December 2009

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Independent Auditors' Report

To the Management and Shareholders of

TTK Bank s.c. Skopje

We have audited the accompanying financial statements of TTK Bank s.c. Skopje (the "Bank") which comprise of the Balance sheet as at 31 December 2009, and the Income Statement, Statement of changes in equity and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 3 to 91.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Decision on the Methodology of recording and evaluating accounting entries and on the preparation of financial statements and the Instructions on the types and contents of financial statements of the banks, issued by the National Bank of the Republic of Macedonia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion the financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2009, and its financial performance, changes in equity and its cash flows for the year then ended in accordance with the Decision on the Methodology for recording and valuating of accounting items and for the preparation of financial statements and the Manual on the types and content of financial statements of banks, issued by the National Bank of the Republic of Macedonia.

Emphasis of matter

Without qualifying our opinion, we draw attention to the following:

As it is disclosed in Notes 27 and 29, as of 31 December 2009 included in foreclosed assets and in buildings, the Bank has property with total book value of Denar 112,615 thousand and Denar 5,253 thousand respectively, for which, as of the date of this report the Bank is still not in possession of title deeds. According to the data received from the management this property is located in regions with incomplete cadastral books. We were presented with other appropriate ownership documents (ownership certificated, sale and purchase agreements, construction agreements) in accordance with the provisions on Law on Ownership.

As it is further disclosed in Note 1.3.2, as of 31 December 2009, the Bank is not in compliance with certain covenants from the long-term loan contracts signed with the European Bank for Reconstruction and Development (EBRD) and with the European Fund for Southeast Europe (EFSE).

A handwritten signature in black ink that reads "Grant Thornton".

Grant Thornton

Skopje,

05 March 2010

Income statement

	Notes	(000 mkd)	
		For the year ending 31 December	
		2009	2008
Interest income		482,006	383,012
Interest expense		(246,987)	(164,383)
Net interest income	6	235,019	218,629
Fee and commission income		101,394	91,973
Fee and commission expense		(22,528)	(22,201)
Net fee and commission income	7	78,866	69,772
Net trading income	8	2,482	(5,968)
Net income from other financial instruments designated at fair value	9	-	-
Foreign exchange gains/(losses), net	10	18,235	15,643
Other operating income	11	27,141	33,429
Share of profit of associates	25	-	-
Operating income		361,743	331,505
Impairment losses of financial assets, net	12	(98,552)	(174,171)
Impairment losses of non-financial assets, net	13	(34,838)	(4,975)
Personnel expenses	14	(109,855)	(111,928)
Depreciation and amortization	15	(30,832)	(26,075)
Other operating expenses	16	(150,665)	(144,160)
Share of losses of associates	24	-	-
Operating (expenses)		(424,742)	(461,309)
(Loss) before taxation		(62,999)	(129,804)
Income tax	17	(4,825)	-
(Loss) for the year from continuing operations		(67,824)	(129,804)
Gain / (Loss) from group of assets and liabilities held for sale		-	-
(Loss) for the year		(67,824)	(129,804)
(Loss) for the year attributable to:			
Shareholders of the Bank		(67,824)	(129,804)
Minority interest		-	-
		(67,824)	(129,804)
Loss per share			
Basic earnings per share (in Denar)	41	(75)	(143)
Diluted earnings per share (in Denar)	41	-	-

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Balance sheet

	Notes	2009	(000 mkd) 31 December 2008
Assets			
Cash and cash equivalents	18	1,221,339	1,127,272
Assets held for trading	19	9,649	2,540
Financial assets designated at fair value through profit and loss	20	-	-
Derivative assets held for risk management	21	-	-
Loans and advances to banks	22.1	-	104,690
Loans and advances to customers	22.2	3,683,441	3,806,599
Investments in securities	23	762,052	381,651
Investments in associates	24	-	-
Current income tax receivables	30.1	-	13,760
Other receivables	25	89,861	155,124
Assets pledged as collateral	26	-	-
Foreclosed assets	27	234,127	233,723
Intangible assets	28	10,728	5,887
Property, plant and equipment	29	308,130	322,478
Deferred tax assets	30.2	-	-
Non-current assets held for sale and disposal group	31	-	-
Total assets		6,319,327	6,153,724
Liabilities			
Trading liabilities	32	-	-
Financial liabilities designated at fair value through profit and loss	33	-	-
Derivatives held for risk management	21	-	-
Due to banks	34.1	128,554	140,388
Due to customers	34.2	4,672,596	4,335,561
Debt instruments issued	35	-	-
Borrowings	36	548,766	633,339
Subordinated liabilities	37	-	-
Special reserve and provisions	38	5,616	5,110
Current income tax liabilities	30.1	2,716	84
Deferred tax liabilities	30.2	-	-
Other liabilities	39	47,156	57,495
Liabilities related to disposal group	31	-	-
Total liabilities		5,405,404	5,171,977

See accompanying Notes to the financial statements

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Balance sheet (continued)

	Notes	2009	(000 mkd) 31 December 2008
Equity			
Subscribed capital	40	907,543	907,888
Share premium		-	-
Treasury shares		345	-
Capital component of hybrid financial instruments		-	-
Other capital assets		-	-
Revaluation reserves		-	-
Other reserves		8,872	8,872
Retained earnings /(Accumulated losses)		(2,837)	64,987
Total equity and reserves attributable to the shareholders of the Bank		913,923	981,747
Minority interest		-	-
Total equity and reserves		913,923	981,747
Total liabilities and equity and reserves		6,319,327	6,153,724
Commitment and contingencies	42	534,100	398,018
Contingent assets	42	-	-

These financial statements have been approved and signed by the Bank's Board of Directors on 04 March 2010.

Signed on behalf of the Bank's Board of Directors by:



Dragoljub Arsovski
President of the Board of Directors



Atanas Spiroski
Member of the Board of Directors

Statement of changes in equity

(000 mkd)	Equity			Other reserves			Revaluation reserve			Retained earnings			Total equity and reserves attributable to the shareho. of the Bank		Minority interest	Total equity	
	Subscribed capital	Share premium	(Treas. shares)	Capital com. of hyb. fin. Instrum	Other finan. instr	Statutory reserve	Other reserves	Reval. reserve	Risk Reserve	Forex reserve	Other reser.	Attribut. to sharehol.	Limited for distrib. to sharehol	Accum. loss			
As of 1 January 2008	907,888	-	-	-	-	7,051	-	-	-	-	-	-	196,612	-	1,111,551	-	1,111,551
Opening balance adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As of 1 January 2008 adjusted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of assets available-for-sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of risk protection of cash flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of risk protection of net investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax (assets) / liabilities recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total unrealized profit / (loss) recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Statement of changes in equity (continued)

(000 mkd)	Equity			Other reserves			Revaluation reserve			Retained earnings			Accum. loss	Total equity and reserves attributable to the shareho. of the Bank	Minority interest	Total equity	
	Subs-cribed capital	Share premium	(Treas. shares)	Capital com. of hyb. fin. Instrum	Other final. instr.	Statutory reserve	Other reserves	Reval. reserve	Risk Reserve	Forex reserve	Other reser.	Attribut. to sharehol.					Limited for distrib. to sharehol
Shares issued during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(129,804)	(129,804)	-	(129,804)
Distribution to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	1,821	-	-	-	-	-	-	(1,821)	-	-	-	-
As of 31 December 2008 / 01 January 2009	907,888	-	-	-	-	8,872	-	-	-	-	-	-	194,791	(129,804)	981,747	-	981,747
Changes in fair value of assets available-for-sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of protection against risk of cash flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of protection against risk of net investments in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax (assets)/liabilities recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total unrealized gains /(losses) recognized in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

See accompanying Notes to the financial statements

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Statement of changes in equity (continued)

	Equity			Other reserves			Revaluation reserve			Retained earnings			Accum. loss	Total equity and reserves attributable to the shareho. of the Bank	Minority interest	Total equity
	Subs-cribed capital	Share prem-ium	(Treas. shares))	Capital com. of hyb. Fin. Instrum.	Other finan. instr.	Statutory reserve	Other reserves	Reval. reserve	Risk Reserve	Forex reserve	Other reser.	Attribut. to sharehol.				
(000 mkd)																
Shares issued during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(67,824)	(67,824)	(67,824)
Distribution to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own shares acquired through court procedure	(345)	-	345	-	-	-	-	-	-	-	-	-	-	-	-	-
As of 31 December 2009	907,543	-	345	-	-	8,872	-	-	-	-	-	-	194,791	(197,628)	913,923	-

Financial statements
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Statement of cash flows

	Notes	(000 mkd) For the year ended 31 December
	2009	2008
Operating activities		
(Loss) before taxation	(62,999)	(129,804)
Adjustment for:		
Minority interest, included in consolidated income statement	-	-
Amortization and depreciation of		
Intangible assets	3,157	2,925
Property, plant and equipment	27,675	23,150
Capital gain from		
Sale of intangible assets	-	-
Sale of property, plant and equipment	(462)	(43)
Sale of foreclosed assets	(11,350)	(6,009)
Capital loss from		
Sale of intangible assets	-	-
Sale of property, plant and equipment	-	-
Sale of foreclosed assets	-	280
Interest, fee and commission income	(583,400)	(474,985)
Interest, fee and commission expense	269,515	186,584
Net trading income	(2,399)	6,039
Impairment losses of financial assets, net		
Additional impairment losses	528,594	175,879
Release of impairment losses	(430,042)	(1,708)
Impairment losses of non-financial assets, net		
Additional impairment losses	34,838	4,975
Release of impairment losses	-	-
Special reserve		
Additional provisions	6,005	2,781
Release of provisions	(5,499)	-
Dividend income	(12,165)	(21,751)
Participation of profit /(loss) of associates	-	-
Other adjustments	-	-
Interest received	580,632	487,835
Interest paid	(264,426)	(181,245)
<i>Profit/(Loss) from operations before changes in operating assets</i>	<i>77,674</i>	<i>74,903</i>
<i>(Increase)/decrease of operating assets</i>		
Trading assets	(4,710)	-
Derivatives held for risk management	-	-
Loans and advances to banks	103,579	(81,868)
Loans and advances to customers	100,661	(923,904)
Assets pledged as collateral	-	-
Foreclosed assets	(23,892)	8,440
Obligatory deposit in foreign currency	(78,735)	(38,322)

See accompanying Notes to the financial statements

Financial statements
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Statement of cash flows (continued)	2009	(000 mkd) For the year ended 31 December 2008
Obligatory deposit held with NBRM according to special regulations	-	-
Other receivables	(9,021)	(252,999)
Deferred tax assets	-	-
Non-current assets held for sale and disposal group	-	-
<i>Increase/(decrease) in operating liabilities</i>		
Trading liabilities	-	-
Derivative liabilities held for risk management	-	-
Due from banks	(11,954)	97,163
Due from customers	332,507	1,115,501
Other liabilities	(10,338)	(30,247)
Liabilities related to group or assets for disposal	-	-
Net cash flow from operating activities before taxation	475,771	(31,333)
(Paid)/received income tax	11,651	(4,765)
Net cash flow from operating activities	487,422	(36,098)
Cash flow from investment activity		
(Investments in securities)	(379,184)	(309,207)
Inflows from sale of investment in securities	-	-
(Outflows from investment in subsidiaries and associates)	-	-
Inflows from disposal of investment in subsidiaries and associates	-	-
(Purchase of intangible assets)	(7,998)	(2,253)
Inflows from sale of intangible assets	-	-
(Purchase of property, plant and equipment)	(12,866)	(37,340)
Inflows from sale of property, plant and equipment	-	-
(Outflows from non-current assets held for sale)	-	-
Inflows from non-current assets held for sale	-	-
(Other outflows from investing activity)	-	-
Other inflows from investing activity	12,165	20,231
Net cash flow from investing activity	(387,883)	(328,569)
Cash flow from financing activity		
(Repayment of debt securities issued)	-	-
Issued debt securities	-	-
(Repayment of borrowings)	(85,387)	-
Increase of borrowings	-	240,782
(Repayment of issued subordinated debts)	-	-
Issued subordinated debts	-	-
Inflows from issued shares/equity instruments during the period	-	-
(Purchase of treasury shares)	-	-
Selling of treasury shares	-	-
(Dividends paid)	-	-
(Other outflows from financing)	-	-
Other inflows from financing	-	-
Net cash flow from financing activity	(85,387)	240,782
Effect from allowance for impairment of cash and cash equivalents	69	(480)
Effect from foreign exchange differences of cash and cash equivalents	-	-
Net increase/(decrease) of cash and cash equivalents	14,221	(124,365)
Cash and cash equivalents as of 1 January	976,408	1,100,773
Cash and cash equivalents as of 31 December	990,629	976,408

See accompanying Notes to the financial statements

Notes to the financial statements

1. General

TTK Bank s.c. Skopje (hereinafter referred to as “the Bank”) is a Shareholding Company incorporated in the Republic of Macedonia. The Bank’s registered head office is located at st.”Naroden Front” 19a., Skopje, Republic of Macedonia.

The Bank is licensed by the National Bank of the Republic of Macedonia for conducting payment transfers, credit and deposit services on the territory of the Republic of Macedonia and abroad. On 31 December 2009 and 2008, the Bank performed its business activities with 231 and 235 employees, respectively.

1.1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. The determination of the Bank’s accounting policies is based on acknowledged, familiar and practical experiences, of the provisions of the Decision on the Methodology of recording and evaluating accounting entries and on the preparation of financial statements, Rulebook for accounting and the Instructions on the types and contents of financial statements of banks, issued by the National Bank of the Republic of Macedonia and other legal regulation. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1.1 Basis of preparation

The Bank maintains its accounting records and prepares its financial statements in accordance with the Company Law, Law on Banks and other regulations as prescribed by the National bank of the Republic of Macedonia (“NBRM”).

The financial statements represent individual/non-consolidated financial statements.

The financial statements have been prepared as of and for the years ended 31 December 2009 and 2008.

Current and comparative data stated in these financial statements are expressed in Denar thousand. The reporting and functional currency of the Bank is MKD.

Where necessary, comparative figures have been reconciled to conform to changes in presentation for the year.

Notes to the financial statement (continued)
Accounting policies (continued)

1.1.2 Foreign currency translation

Transactions denominated in foreign currencies have been translated into Denar at rates set by the National Bank of the Republic of Macedonia ruling at the dates of the transactions. Foreign currency translation is transaction which follows a foreign currency or may be converted into foreign currency.

Assets and liabilities denominated in foreign currencies are translated at the balance sheet date using official rates of exchange prevailing on that date, and any foreign exchange gains or losses, resulting from foreign currency translation, are included in the statements of income in the period in which they arose. The middle exchange rates used for conversion of the balance sheet items denominated in foreign currencies are as follows:

	<u>31 December 2009</u>	<u>31 December 2008</u>
1 EUR	61.1732 Denar	61.4123 Denar
1 USD	42.6651 Denar	43.5610 Denar
1 CHF	41.1165 Denar	41.0427 Denar

1.1.3 Offsetting

Financial assets and liabilities are offset and reported in the Balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

1.1.4 Interest income and expense

Interest income and expense are recognized in the Income statement for all interest bearing financial assets and liabilities using the effective interest method.

1.1.5 Fee and commission income

Fee and commission income is recognized on an accrual basis when the service has been provided.

1.1.6 Dividend income

Dividends are recognized in the Income statement when the entity's right to receive payment is established.

1.1.7 Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit and loss, financial assets available-for-sale, loans and receivables and held to maturity financial assets. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

This category of financial assets consists of securities held for trading. A financial asset is classified as available-for-sale if it is acquired or incurred principally for the purpose of generating profit through short-term fluctuations in the price or if it is included in the portfolio for which a short term actual form of profit gain exists.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money or services directly to a debtor with no intention of trading the receivable.

Available for sale financial assets

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Notes to the financial statement (continued)
Accounting policies (continued)

Financial assets (continued)

Held- to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. Were the Bank to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

Initial recognition of the financial assets

Purchases and sales of financial assets available for sale and held- to- maturity financial assets are recognized on trade-date – the date on which the Bank commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are recognized at fair value while transaction costs are recognized in the income statement in the period of the purchase.

Subsequent recognition of the financial assets

Available for sale financial assets are subsequently carried at fair value. Investments available for sale are shown according to their fair value, with the exception of the financial assets that don't have a listed market price and whose fair value cannot be measured, which are measured at the carrying value less impairment losses. Loans and receivables are carried at amortized cost using effective interest method. Gains and losses arising from changes in the fair value of financial assets at fair value through gains and losses are recognized in the income statement.

Gains and losses arising from changes in the fair value of available for sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity should be recognized in current profit or loss. However, interest calculated using the effective interest method and positive and negative foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available for sale equity instruments are recognized in the Income Statement when the Bank's right to receive payment is established.

The objective values of listed investments in active markets are based on current listing prices. If the market for a financial instrument is not active (for non listed securities), the Bank establishes fair value by using the assessment techniques.

Financial assets cease to be recognized after the rights to receive cash flows from the funds ends or after their transfer, and the Bank transferred substantially all risks and benefits of ownership.

1.1.8 Impairment of financial assets

Assets carried at amortized cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Notes to the financial statement (continued)
Accounting policies (continued)

Impairment of financial assets (continued)

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Days in arrears for payment of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral;
- Initiation of bankruptcy proceedings;
- Activating the collateral.

The Bank assesses the existence of objective evidence for impairment on individual basis for individually significant financial assets. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses based on the loan) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance for impairment and the amount of the impairment loss is recognized in the current income statement.

For the purposes of a group evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment and are recognized as income in the current period.

Assets carried at fair value

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. Significant or prolonged decline in the fair value of the security below its cost is considered as objective evidence in determining whether the assets are impaired. If any such evidence exists for available for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value is recognized in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

1.1.9 Foreclosed assets

Foreclosed assets consist of buildings and equipment acquired in settlement of liabilities with an intention for its further sale. They are not used by the Bank for its core operations. These assets are measured at the lower of carrying amount and fair value less costs to sell. The Bank plans to dispose the collected collateral within five years of forced acquisition.

Notes to the financial statement (continued)
Accounting policies (continued)

1.1.10 Intangible assets

Computer software

Costs associated with development or maintaining computer software programs are recognized as an expense as incurred. Costs directly associated with identifiable and unique software products controlled by the Bank that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortized using the straight-line method over a period of five years.

Other intangible assets

Expenditure to acquire rights and licenses is capitalized and amortized using the straight-line method over a period of five years.

1.1.11 Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation. Historical cost includes all expenses directly attributable to acquisition of the items.

Depreciation is charged on a straight-line basis at prescribed rates in order to allocate the acquisition cost of property, building, plant and equipment over their useful lives. The following are approximations of estimated useful life applied to significant items of property, plant and equipment:

Buildings	40 years
Transportation assets	4 years
Furniture and office equipment	4-10 years
Other equipment	4 -10 years

Subsequent purchases are included in the asset's carrying value or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

1.1.12 Impairment of non financial assets

Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use.

1.1.13 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and balances with National Bank of the Republic of Macedonia.

Notes to the financial statement (continued)
Accounting policies (continued)

1.1.14 Provisions

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. When the effect of the time value of money is material, the amount of provision represents the present value of the expenditures expected to be required to settle the obligation.

1.1.15 Employee benefits

The Bank contributes to its employees as prescribed by the local social security legislation. Contributions, based on salaries, are made to the national Pension Fund and the obligatory private pension funds. There is no additional liability regarding these pension schemes. In addition, all employers in the Republic of Macedonia are obligated to pay to the employees a separate minimum amount regulated by law. The Bank has not made provisions for the employees' minimum amount on retirement, as this amount would not have a material effect on the financial statements.

The Bank does not operate any pension scheme or retirement benefit plans and consequentially, has no liability for pensions. The Bank is not obliged to provide additional benefits for its current or previous employees.

1.1.16 Income tax

As of 31 of December 2008 the tax currently payable is calculated in accordance with the Macedonian Tax Law, effective on the balance sheet date. The base for income tax calculation of 10% is the profit which is determined in the tax balance, adjusted for certain items, which are not deductible for tax purposes or are not subject to tax.

In accordance with the amendments of the legal regulations referring to the income tax effective as of 01 January 2009, income tax rate of 10% is paid for tax purposes corrected for tax credit and for the amount distributed as dividends. Undistributed earnings are not subject to tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The tax rates that are currently valid are used in determination of deferred income tax. Deferred income tax is charged or credited in the income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

1.1.17 Borrowings

Borrowings are initially recognized at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently carried at amortized cost.

Notes to the financial statement (continued)
Accounting policies (continued)

1.1.18 Equity, reserves and dividend payments

(a) Shareholders' capital

Share capital represents the nominal value of shares that have been issued.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(c) Treasury shares

Where the Bank purchases equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold, any consideration received is included in shareholders' equity.

(d) Reserves

Reserves, which comprise of revaluation and statutory reserves, are generated throughout the period, based on distribution of profit in accordance with legal regulation and the Decisions made by the Bank's Assembly.

(e) Retained earnings/ accumulated (losses)

Retained earnings/ accumulated (losses) comprise the retained earnings and accumulated losses from current and previous periods.

(f) Dividends on ordinary shares

Dividends on ordinary shares are recognized in equity in the period in which they are approved by the Bank's shareholders.

1.1.19 Fiduciary activities

The Bank usually acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals and other institutions. These assets and income arising there on are excluded from these financial statements, as they are not assets of the Bank.

1.1.20 Segment reporting

The business segment represents a group of assets or activities that are engaged in providing the goods and services that are subject to risks and fees that are different from those in the other business segments. The geographical segment is engaged in providing goods and services in a certain economic environment, which is the subject of risks and fees that are different from those segments that execute the activities in other economic environments.

1.1.21 Off balance commitments and contingencies

The Bank undertakes liabilities in its operating activities arising from loan placements accounted for in the off balance accounts, which primarily include guarantees and letter of credits. These financial liabilities are accounted for in the balance sheet when become recoverable. Provision for impairment related to off balance commitments and contingencies are recognized as a liability within the Balance sheet.

1.1.22 Events after balance sheet date

Events after balance sheet date that provide additional information about the Bank's position at the balance sheet date (adjusting events) are reflected in the financial statements. Events after balance sheet date that are not adjusting events are disclosed in the notes when material.

Notes to the financial statement (continued)

1.2 Critical accounting estimates and judgments

The Bank makes estimates and assumptions which affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of loans and advances to customers

The Bank reviews its loan portfolio to assess impairment. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Impairment of investments in available-for-sale securities

The Bank determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this 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 health of the investor, industry and sector performance, changes in technology, and operational and financing cash flows.

1.3 Compliance with regulation**1.3.1 Statement of compliance with regulation**

As of 31 December 2009 the Bank is in compliance with the established limits on the Bank's exposure as defined in the Banking Law and other regulations adopted by the Council of NBRM.

1.3.2 Compliance with the provisions of contracts for long-term loans

As of 31 December 2009 the Bank is not in compliance with certain provisions of the contracts for long-term loans with the European Bank for Reconstruction and Development (EBRD) and the European Fund for Southeast Europe (EFSE).

Notes to the financial statement (continued)

1.4 Disclosure on financial risk management

The Bank establishes an integrated system for management of all tangible and intangible risks, on which is exposed by the nature, size and complexity of the financial activities that are carried out.

Bank in its operations is exposed to the following types of risks:

- Credit risk, including country risk.
- Liquidity risk.
- Currency risk.
- Risk of change in interest rates in the portfolio of banking activities.
- Risk of concentration of banking activities exposure.
- Risk of concentration of the bank exposure.
- Operational risk.
- Strategic risk.
- Legal risk.
- Reputation risk.

Based on the Strategy of taking and managing risks the Bank establishes special policies and procedures for taking and managing all risks to which is exposed in its operations.

Policies to pursue and manage risks include:

- Evaluation of the Bank capacity to take certain risks, and to evaluate its risk profile.
- Organizational structure in managing risks.
- Basic elements of risk management.
- Acceptable instruments to prevent or reduce risks.
- Internal control and main elements of the process of internal assessment and evaluation of the required adequacy of the bank capital.

Also, according the risk management policies Bank to pursue and establish procedures for taking, measurement or assessment, monitoring, controlling or reducing risks that should:

- Provide timely and comprehensive identification of risks (risk mapping) facing the Bank.
- Be based on quantitative and / or qualitative estimates and measurable and non measurable risks.
- Include rules, procedures and ways to reduce diversification, transfer and avoiding risks that are identified, measured and assessed by the Bank.
- Define the frequency and the methods for risk monitoring.

The Bank establishes an organizational structure with clearly defined powers and responsibilities in taking and managing risks, which corresponds to the size, type and complexity of the Bank and the financial activities carried out.

The organization of the system of managing risks is established by the following hierarchy levels:

- Strategic level- risk management function is accomplished by members of the Supervisory Board and Managing Board.
- Macro level- risk management function at the level of business unit or business line is executed by persons with special rights and responsibilities that perform governmental functions and/ or special organizational part responsible for monitoring the management of all or certain risks and takes place at level of the Risk Management Directorate.
- Micro level- risk management activities are carried out by people who take risks in everyday work, in accordance with the work procedures and the internal control systems and takes place at the level of Risk Management Directorate and at the level of business units- sectors.

Notes to the financial statement (continued)
Disclosure on financial risk management (continued)

Credit risk

Credit risk is a risk of financial loss for the Bank if the client or the contractual party of the financial instrument fails to meet its obligation and it is generally derived from loans and advances to clients and other banks, issued guarantees and securities investment. In order to manage the risk, the Bank takes into the group consideration all the elements of credit risk exposure (as individual risk of the failure to meet the liabilities of the debtor, country risk and industrial sector risk).

The Bank defines the acceptable credit exposure in order to achieve:

- Credit risk dispersion;
- Increasing the volume of the credit portfolio;
- Improvement of the portfolio quality;
- Increasing the bank's profitability.

The credit risk management and control is centralized in the Risk Management Directorate, which regularly export the Board for Risk Management and the Board of Directors and through them to the Supervisory Board and Audit Committee.

The Bank manages limits and controls the concentration of credit risk at the time when they are identified - particularly in terms of individual contractual parties or groups, as well as in term of industrial sectors and countries.

The Bank structures the levels of undertaken credit risk by means of setting limits of acceptable risk related to one lender or a group of lenders, to geographical and industrial segments.

Moreover, the exposure to credit risk is managed by regular analysis of the lenders' capability to meet their obligations of interest and principal, as well as through the change of these credit limits, if at all possible.

Collateral represents one of the most traditional and frequent way to mitigate the credit risk. The Bank applies instructions related to the acceptability of certain classes of collaterals. The basic types of collateral for credit and advances are the following:

- Housing and business property mortgages;
- Pledge on business assets, such as equipment, inventory and receivables;
- Pledge on financial instruments, such as shares;
- Cash deposit;
- Bills of exchange.

In order to mitigate the credit risk and if the banks assesses, it can request for additional collateral from its customers.

Policies and procedures

After the individual classification of exposure to credit risk has been made, the Bank makes an allowance for impairment of the active balance and off-balance sheet receivables, by determining the net present value of future cash flows that would arise based on those receivables.

The amount of the allowance for impairment for active balance sheet receivables, individually, is determined as the difference between the carrying value of balance sheet receivables and the current value of the assessed recoverable amounts (excluding future losses based on the credit). The net present value of the active balances receivables is calculated by discounting expected future cash flows for those receivables with the use of the effective interest rate based on the contract.

Notes to the financial statement (continued)
Disclosure on financial risk management (continued)

Credit risk (continued)

The effective interest rate is the interest rate which equals, the net present value of all future cash flows to the net present value of all future cash outflows. When calculating the effective interest rate, the Bank:

- Takes into consideration all future cash flows (inflows and outflows) which are expected to arise in accordance with the agreed conditions;
- Takes into consideration all paid and/or collected commissions and fees which represent an integral part of the effective interest rate of the receivable;
- Does not take into consideration the fees and commissions for investment of deposit, as a collateral for the receivable;
- Does not take into consideration future losses due to credit risk of the receivable.

For the purposes of discounting the expected future cash flows, the effective interest rate on annual basis is used.

If due to the financial difficulties of the client, the Bank approves a change of crediting conditions in terms of change of interest rate and the period of repayment of the client's receivables, the effective interest rate used for discounting the expected future cash flows, is the one that was valid before the changes of the crediting conditions.

For discounting the expected future cash flows of the receivables with a variable interest rate, the Bank applies the effective interest rate, in accordance with the contract, valid on the day on which the net present value of expected cash flows is determined.

In these situations, the effective interest rate is calculated for the entire period of the contract's validity (not just the remaining maturity period), by applying the interest rate, valid on the day on which the net present value of expected cash flows is determined. If the interest rate on the date on which the net present value is determined, is changed by less than 10% in terms of the last interest rate used to execute the discounting of future cash flows, the Bank can apply the previous interest rate that was used to determine the net present value of expected future cash flows.

The Bank allows calculates impairment, and makes a special reserve within the following limits:

- From 0% to 10% of the credit risk exposure classified in risk category "A".
- Over 10% to 25% of the credit risk exposure classified in risk category "B".
- Over 25% to 50% of the exposure of credit risk classified in risk category "C".
- Over 50% to 75% of the exposure of credit risk classified in risk category "D".
- Over 75% to 100% of the exposure of credit risk classified in risk category "E".

Liquidity risk

The Bank is exposed to daily calls on its available cash resources from current accounts, matured deposits, disbursed loans and other cash calls.

The table 2.2 analyses assets and liabilities of the Bank into relevant maturity based on the remaining period at balance sheet date to the contractual maturity date.

Market risks

The Bank is exposed to market risks. Market risks arise from the open position of the Bank to the effect of fluctuation in the prevailing level of market interest rates, as well as from the effect of fluctuation in the foreign exchange rates. The Bank's management sets limits of the value of risk that may be accepted, which is mainly based on a day – by – day monitoring.

Notes to the financial statement (continued)
Disclosure on financial risk management (continued)

Market risk (continued)

a) Interest rate risk

The Bank is exposed to effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table 2.3.1 analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date as of 31 December 2009 and 31 December 2008.

b) Foreign currency risk

The Bank is exposed to effects on fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The table 2.3.2 summarizes the net foreign currency risk position of the Bank at 31 December 2009 and 2008.

Notes to the financial statements(continued)
Financial risk management (continued)

Credit risk (continued)

Analysis of maximum credit risk exposure (continued)

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalent		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total		
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
Individually insignificant exposures (portfolio of small loans)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Individually significant exposures that are not impaired on individual basis (Allowance for impairment and special reserve, group basis)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying value of exposures that are assessed on group basis, less the allowance for impairment and the special reserve, group basis	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying value of exposure for which no allowance for impairment/special reserve is allocated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Matured receivables																			
<i>Aging structure of matured receivables for which no allowance for impairment is allocated</i>																			
up to 30 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying value of matured receivables for which there is no allowance for impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
non-matured receivables																			
Restructured receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	104,690	-	-	-	-	-	-	715,444	523,905	-	-	13,561	27,662	37,311	32,700	766,316	688,957	

Notes to the financial statement (continued)
Financial risk management (continued)

Credit risk (continued)

Analysis of maximum credit risk exposure (continued)

	Loans and advances from banks		Loans and advances from customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalent		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
<i>Carrying value of non-matured receivables for which there no allowance for impairment /special reserve is allocated</i>	-	104,690	-	-	-	-	-	-	715,444	523,905	-	-	13,561	27,662	37,311	32,700	766,316	688,957
Total carrying value of the credit risk receivables before the allowance for impairment and special reserve	-	104,690	3,992,075	4,091,192	838,660	459,476	2	2	1,222,458	1,128,460	5,083	3,554	300,577	305,332	539,716	403,128	6,898,571	6,495,834
(Total allowance for impairment and special reserve)	-	-	(308,634)	(284,593)	(76,610)	(77,827)	-	-	(1,119)	(1,188)	(1,866)	(58)	(213,933)	(139,944)	(5,616)	(5,110)	(607,778)	(508,720)
Total carrying value of the credit risk receivables less the allowance for impairment and special reserve	-	104,690	3,683,441	3,806,599	762,050	381,649	2	2	1,221,339	1,127,272	3,217	3,496	86,644	165,388	534,100	398,018	6,290,793	5,987,114

Notes to the financial statement (continued)
Financial risk management (continued)

Credit risk (continued)

B. Value of collateral (fair value) for mitigating of credit risk (in Denar thousand)

	Loans and advances from banks		Loans and advances from customers		Investment in financial assets available for sale		Investment in financial assets held to maturity		Cash and cash equivalent		Other receivables		Off-balance sheet exposure		2009	Total 2008
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008		
<i>Value of collateral of the credit exposure which is assessed for impairment on individual basis</i>																
First class collateral instruments:																
cash deposits (in depot and/or limited on bank accounts)	-	-	160,024	424,402	-	-	-	-	-	-	21,042	44,926	16,301	9,712	197,367	479,040
Government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government unconditional guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Value of collateral of the credit exposure which is assessed for impairment on individual basis</i>																
First class collateral instruments:																
cash deposits (in depot and/or limited on bank accounts)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees from individuals	-	-	2,424,708	2,679,197	-	-	-	-	-	-	34,494	260,857	77,940	86,735	2,537,142	3,026,789
Property pledge																
Property for own use (flats, houses)	-	-	5,535,737	4,980,705	-	-	-	-	-	-	181,284	287,950	461,979	260,652	6,179,900	5,529,307
Business property	-	-	623,900	561,346	-	-	-	-	-	-	1,121	32,453	1,305	1,458	626,326	595,257
Moveable property pledge	-	-	1,513,778	1,362,001	-	-	-	-	-	-	49,157	78,742	80,284	70,575	1,643,219	1,511,318
Other types of guarantee	-	-	477,851	762,533	-	-	-	-	-	-	58,732	51,408	44,871	50,649	581,454	864,590
Unsecured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total value of collateral of credit exposure which is assessed for allowance for impairment on individual basis	-	-	10,735,998	10,770,184	-	-	-	-	-	-	345,830	756,336	682,680	479,781	11,764,508	12,006,301

Notes to the financial statement (continued)
Financial risk management (continued)

Credit risk (continued)

C. Concentration of credit risk by geographical location and industrial sectors

Industrial sectors

The following table depicts a review of the Bank's exposure to credit risk according to the carrying amounts, categorized according to the industrial sectors as of 31 December 2009 and 2008 (in Denar thousand):

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available-for-sale		Investment in financial assets held-to-maturity		Cash and cash equivalent		Fee and commission receivables		Other receivables		Off-balance sheet exposure		2009	2008	Total
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008			
Industrial sectors																			
Non-resident	-	-	-	-	-	-	-	-	493,179	510,400	-	-	1	-	-	-	493,180	510,400	
Agriculture, hunting and forestry	-	-	210,332	132,770	-	-	-	-	-	-	23	122	108	113	2,930	2,657	213,393	135,662	
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Mining	-	-	19,384	13,311	-	-	-	-	-	-	10	-	215	11,909	-	-	19,609	25,220	
Processing industry	-	-	803,756	949,005	21,357	21,391	-	-	-	-	305	872	49,776	118,857	95,485	109,235	970,679	1,199,360	
Electricity, gas and water supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Construction	-	-	178,197	137,436	-	-	-	-	-	-	320	126	6,659	5,935	37,500	50,538	222,676	194,035	
Wholesale and retail; repair of automobiles, motorcycles and subject to personal use and for households	-	-	826,158	766,915	76	-	-	-	-	-	246	704	3,328	3,434	62,567	26,417	892,375	797,470	
Hotel and restaurants	-	-	33,719	48,674	-	1,247	-	-	-	-	2	-	67	-	8,003	5,966	41,791	55,887	
Traffic, storage and communication	-	-	223,029	312,812	-	-	-	-	-	-	169	200	59	77	127,988	99,301	351,245	412,390	
Financial mediation	-	104,690	11	5,733	659,763	359,011	2	2	728,160	616,872	265	159	22,063	3,256	37,493	1,205	1,447,757	1,090,928	
Activities related to property, renting and business activities	-	-	105,514	72,457	-	-	-	-	-	-	23	67	158	8,631	1,497	3,412	107,192	84,567	
Public management and defense; mandatory social protection	-	-	-	-	80,854	-	-	-	-	-	24	-	-	-	-	-	80,878	-	

Notes to the financial statement (continued)
Financial risk management (continued)

Credit risk (continued)
Industrial sectors (continued)

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available for sale		Investment in financial assets held to maturity		Cash and cash equivalent		Fee and commission receivables		Other receivables		Off-balance exposure		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Education	-	-	10,549	7,244	-	-	-	-	-	-	2	7	6	337	591	910	11,148	8,498
Health and social sphere	-	-	94,068	64,597	-	-	-	-	-	-	21	59	59	3,288	363	226	94,511	68,170
Other utilities, cultural, general and personal service activities	-	-	24,250	16,653	-	-	-	-	-	-	151	15	60	3,307	25,166	14,686	49,627	34,661
Private households that employ people	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exterritorial organizations and bodies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Individuals	-	-	1,140,814	1,269,014	-	-	-	-	-	-	1,653	1,165	3,951	6,119	133,827	83,298	1,280,245	1,359,596
Sole traders and individuals that are not considered as traders	-	-	13,660	9,978	-	-	-	-	-	-	3	-	134	125	690	167	14,487	10,270
Total	-	104,690	3,683,441	3,806,599	762,050	381,649	2	2	1,221,339	1,127,272	3,217	3,496	86,644	165,388	534,100	398,018	6,290,793	5,987,114

Geographical location

	Loans and advances to banks		Loans and advances to customers		Investment in financial assets available for sale		Investment in financial assets held to maturity		Cash and cash equivalent		Fee and commission receivables		Other receivables		Off-balance sheet exposure		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Geographical location																		
Republic of Macedonia	-	104,690	3,683,441	3,806,599	762,051	381,649	2	2	728,160	616,697	3,217	3,496	86,643	165,388	534,100	398,018	5,797,613	5,476,539
EU member countries	-	-	-	-	-	-	-	-	379,515	285,966	-	-	1	-	-	-	379,516	285,966
Europe (other)	-	-	-	-	-	-	-	-	106,227	5,347	-	-	-	-	-	-	106,227	5,347
OECD member countries (without the European member-countries of OECD)	-	-	-	-	-	-	-	-	7,437	219,262	-	-	-	-	-	-	7,437	219,262
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	104,690	3,683,441	3,806,599	762,050	381,649	2	2	1,221,339	1,127,272	3,217	3,496	86,644	165,388	534,100	398,018	6,290,793	5,987,114

Notes to the financial statement (continued)
Financial risk management (continued)

2.2. Liquidity risk

in Denar thousand

31 December 2009

	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Financial Assets							
Cash and cash equivalents	992,762	-	-	228,577	-	-	1,221,339
Trading assets	2,924	6,725	-	-	-	-	9,649
Financial assets designated at fair value through profit and loss	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to customers	392,946	371,677	917,497	997,305	805,874	198,142	3,683,441
Investment in securities	608,451	-	79,941	73,660	-	-	762,052
Investment in associates	-	-	-	-	-	-	-
Current income tax receivables	-	-	-	-	-	-	-
Other receivables	41,487	-	-	48,374	-	-	89,861
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total financial assets	2,038,570	378,402	997,438	1,347,916	805,874	198,142	5,766,342
Financial liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit and loss	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due from banks	36,794	91,760	-	-	-	-	128,554
Due from customers	2,085,880	897,857	1,353,285	228,232	107,342	-	4,672,596
Issued debt securities	-	-	-	-	-	-	-
Borrowings	20,336	16,733	107,139	131,264	223,533	49,761	548,766
Subordinated liabilities	-	-	-	-	-	-	-
Current income tax liabilities	2,716	-	-	-	-	-	2,716
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	47,156	-	-	-	-	-	47,156
Total financial liabilities	2,192,882	1,006,350	1,460,424	359,496	330,875	49,761	5,399,788
Net liquidity gap	(154,312)	(627,948)	(462,986)	988,420	474,999	148,381	366,554

Notes to the financial statement (continued)
Financial risk management (continued)

Liquidity risk (continued)

In Denar thousand

31 December 2008

	Less than one month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Financial assets							
Cash and cash equivalents	977,430	-	-	149,842	-	-	1,127,272
Trading assets	2,540	-	-	-	-	-	2,540
Financial assets designated at fair value through profit and loss	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	104,690	-	-	-	-	-	104,690
Loans and advances to customers	380,753	282,336	1,137,919	2,005,591	-	-	3,806,599
Investment in securities	309,207	-	-	72,444	-	-	381,651
Investment in associates	-	-	-	-	-	-	-
Current income tax receivables	-	-	-	-	-	-	-
Other receivables	36,980	28,867	17,576	85,461	-	-	168,884
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total financial assets	1,811,600	311,203	1,155,495	2,313,338	-	-	5,591,636
Financial liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit and loss	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due from banks	97,400	42,988	-	-	-	-	140,388
Due from customers	2,601,002	582,802	1,025,561	126,196	-	-	4,335,561
Issued debt securities	-	-	-	-	-	-	-
Borrowings	51,702	12,282	82,570	486,785	-	-	633,339
Subordinated liabilities	-	-	-	-	-	-	-
Current income tax liabilities	84	-	-	-	-	-	84
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	57,495	-	-	-	-	-	57,495
Total financial liabilities	2,807,683	638,072	1,108,131	612,981	-	-	5,166,867
Net liquidity gap	(996,083)	(326,869)	47,364	1,700,357	-	-	424,769

Notes to the financial statement (continued)
Financial risk management (continued)

2.3. Market risks

2.3.1 Interest risk

		Instruments with fixed interest rate, including those with a variable interest rate, subject to decisions								In Denar thousand	
31 December 2009		Effective interest rate (in %)	Instruments with variable interest rate	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Non-interest bearing	Total
Financial assets											
Cash and cash equivalents	0.68%	-	720,301	-	-	-	228,577	-	-	272,461	1,221,339
Financial assets designated at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	11.73%	199,416	385,250	360,526	915,470	664,105	730,292	196,185	232,197	3,683,441	
Investments in securities	8.15%	-	606,030	-	79,940	-	-	-	-	76,082	762,052
Investments in associates	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	89,861	89,861
Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-
			199,416	1,711,581	360,526	995,410	892,682	730,292	196,185	670,601	5,756,693
Financial liabilities											
Financial liabilities designated at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-	-
Due from banks	5.40%	-	36,646	91,760	-	-	-	-	-	148	128,554
Due from customers	5.40%	-	1,942,881	897,857	1,351,831	228,232	107,342	-	-	144,453	4,672,596
Debt instruments issued	-	-	-	-	-	-	-	-	-	-	-
Borrowings	4.96%	196,417	19,963	1,896	61,139	70,091	147,067	49,761	2,432	548,766	
Subordinated liabilities	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	47,156	47,156
			196,417	1,999,490	991,513	1,412,970	298,323	254,409	49,761	194,189	5,397,072
Net interest gap	-	2,999	(287,909)	(630,987)	(417,560)	594,359	475,883	146,424	476,412	359,621	

Notes to the financial statement (continued)
Financial risk management (continued)

Market risk (continued)
Interest risk (continued)

		In Denar thousand							
		Instruments with fixed interest rate, including those with a variable interest rate, subject to decisions							
31 December 2008	Effective interest rate (in %)	Instruments with variable interest rate	Less than 1 month	From 1 to 3 months	From 3 to 12 months	Effective interest rate (in %)	Instruments with variable interest rate	Less than 1 month	From 1 to 3 months
Financial assets									
Cash and cash equivalents	2.05%	-	569,630	-	-	-	-	557,641	1,127,271
Financial assets designated at fair value through profit and loss	-	-	-	-	-	-	-	-	-
Loans and advances to banks	1.00%	-	10,469	-	-	-	-	-	10,469
Loans and advances to customers	10.39%	112,722	312,245	271,482	1,102,512	1,836,035	-	171,604	3,806,600
Investments in securities	7.00%	-	309,207	-	-	-	-	72,442	381,649
Investments in associates	-	-	-	-	-	-	-	-	-
Other receivables	0%	-	-	-	-	-	-	168,884	168,884
Assets pledged as collateral	-	-	-	-	-	-	-	-	-
		112,722	1,201,551	271,482	1,102,512	1,836,035	-	970,571	5,494,873
Financial liabilities									
Financial liabilities designated at fair value through profit and loss	-	-	-	-	-	-	-	-	-
Due from banks	2.25%	-	97,122	42,988	-	-	-	278	140,388
Due from customers	2.98%	-	2,590,558	582,802	1,025,561	126,196	-	10,444	4,335,561
Debt instruments issued	-	-	-	-	-	-	-	-	-
Borrowings	5.90%	230,636	30,211	7,781	52,310	308,387	-	4,014	633,339
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	62,689	62,689
		230,636	2,717,891	633,571	1,077,871	434,583	-	77,425	5,171,977
Net interest gap		(117,914)	(1,516,340)	(362,089)	24,641	1,401,452	-	893,146	322,896

Notes to the financial statement (continued)
Financial risk management (continued)

Market risk (continued)

2.3.2 Foreign currency risk

2009	in Denar thousand						
	MKD	EUR	USD	CHF	GBP	Other	Total
Monetary assets							
Cash and cash equivalents	438,819	594,997	127,014	28,158	5,441	26,910	1,221,339
Trading assets	9,649	-	-	-	-	-	9,649
Financial assets designated at fair value through profit and loss	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to customers	1,801,843	1,881,514	84	-	-	-	3,683,441
Investments in securities	681,198	80,854	-	-	-	-	762,052
Investments in associates	-	-	-	-	-	-	-
Current income tax receivables	-	-	-	-	-	-	-
Other receivables	84,225	2,984	2,652	-	-	-	89,861
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total monetary assets	3,015,734	2,560,349	129,750	28,158	5,441	26,910	5,766,342
Monetary liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit and loss	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due from banks	3,014	125,540	-	-	-	-	128,554
Due from customers	2,528,783	1,956,114	129,536	28,808	3,629	25,726	4,672,596
Debt instruments issued	-	-	-	-	-	-	-
Borrowings	5,772	542,994	-	-	-	-	548,766
Subordinated liabilities	-	-	-	-	-	-	-
Current income tax liabilities	2,716	-	-	-	-	-	2,716
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	45,711	1,379	66	-	-	-	47,156
Total monetary liabilities	2,585,996	2,626,027	129,602	28,808	3,629	25,726	5,399,788
Net foreign currency position	429,738	(65,678)	148	(650)	1,812	1,184	366,554

Notes to the financial statement (continued)
Financial risk management (continued)

Market risk (continued)
Foreign currency risk(continued)

2008	MKD	EUR	USD	CHF	GBP	In Denar thousand	
						Other	Total
31 December 2008							
Monetary assets	300,031	567,081	193,506	24,749	6,803	35,102	1,127,272
Cash and cash equivalents	2,540	-	-	-	-	-	2,540
Trading assets	-	-	-	-	-	-	-
Financial assets designated at fair value through profit and loss	-	-	-	-	-	-	-
Derivative assets held for risk management	104,690	-	-	-	-	-	104,690
Loans and advances to banks	2,310,871	1,495,643	85	-	-	-	3,806,599
Loans and advances to customers	381,651	-	-	-	-	-	381,651
Investments in associates	-	-	-	-	-	-	-
Current income tax receivables	-	-	-	-	-	-	-
Other receivables	166,759	1,199	916	-	-	10	168,884
Assets pledged as collateral	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-
Total monetary assets	3,266,542	2,063,923	194,507	24,749	6,803	35,112	5,591,636
Monetary liabilities							
Trading liabilities	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit and loss	-	-	-	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-	-	-	-
Due from banks	10,018	43,248	87,122	-	-	-	140,388
Due from customers	2,660,422	1,504,728	109,264	23,608	3,120	34,419	4,335,561
Issued debt securities	-	-	-	-	-	-	-
Borrowings	39,711	593,628	-	-	-	-	633,339
Subordinated liabilities	-	-	-	-	-	-	-
Current income tax liabilities	84	-	-	-	-	-	84
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	56,245	388	816	46	-	-	57,495
Total monetary liabilities	2,766,480	2,141,992	197,202	23,654	3,120	34,419	5,166,867
Net foreign currency position	500,062	(78,069)	(2,695)	1,095	3,683	693	424,769

Notes to the financial statement (continued)

3. Capital management

The Bank's objectives regarding capital management are:

- To comply with the capital requirements by the National Bank of the Republic of Macedonia;
- To safeguard the Bank's ability to provide dividends to shareholders;
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are regularly monitored by the Bank's management, using techniques prescribed by national regulatory authority (National Bank of Republic of Macedonia) and it is submitted to regulatory authority on a quarterly basis.

The National Bank of the Republic of Macedonia requires that each bank has to maintain capital adequacy ratio at least 8%.

The Bank's regulatory capital is divided in two groups:

- Tier 1 capital that includes: ordinary and non-cumulative priority shares and share premium, statutory reserves and retained earnings or loss, items are result of consolidation, less: intangible assets.
- Tier 2 capital that includes: cumulative preferred shares and share premium, hybrid capital instruments and subordinated instruments.

Investment in other banks or financial institution over 10% and investments in insurance and re-insurance companies and pension fund management companies are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

According to national regulations, the risk weighted assets (on-balance and off-balance) are measured by means of a hierarchy of four risk weights classified according to nature of assets, taking into consideration the collateral or guarantees.

Calculation of capital adequacy ratio includes regulatory capital and total of credit risk-weighted assets and foreign exchange risk-weighted assets.

The table below summarizes the compositions of regulatory capital and the capital adequacy ratio of the Bank for the years ended 31 December 2009 and 2008 regarding the regulatory requirements of the National Bank of the Republic of Macedonia. During these two years, the Bank complied with all of the regulatory imposed capital requirements.

Notes to the financial statement (continued)
Capital management (continued)

No.	Description	31 December 2009	31 December 2008
I	CREDIT RISK WEIGHTED ASSETS		
1	On-balance sheet credit risk weighted assets	4,385,107	4,751,440
2	Off-balance sheet credit risk weighted assets	395,610	353,555
3	Credit risk weighted assets (1+2)	4,780,717	5,104,995
4	Capital necessary to cover credit risk	382,457	408,400
II	FOREX RISK WEIGHTED ASSETS		
5	Aggregate foreign currency position	27,411	70,568
6	Net-position of gold	-	-
7	Capital necessary to cover currency risk	2,193	5,645
8	Foreign exchange risk weighted assets	27,411	70,568
III	OTHER RISK WEIGHTED ASSETS		
9	Capital necessary to cover the risk from price changes of goods	-	-
10	Capital necessary to cover market risks (10.1+10.2+10.3+10.4+10.5+10.6+10.7+10.8)	-	-
10.1	Capital necessary to cover the specific risk from investment in debt instruments	-	-
10.2	Capital necessary to cover the general risk from investment in debt instruments	-	-
10.3	Capital necessary to cover the specific risk from investment in shares	-	-
10.4	Capital necessary to cover the general risk from investment in shares	-	-
10.5	Capital necessary to cover the settlement risk	-	-
10.6	Capital necessary to cover counterparty risk	-	-
10.7	Capital necessary to cover overdraft of exposure limits	-	-
10.8	Capital necessary to cover market risks from options	-	-
11	Capital necessary to cover the other risks (9+10)	-	-
12	Other risk weighted assets	-	-
IV	RISK WEIGHTED ASSETS (3+8+12)	4,808,128	5,175,563
13	Capital necessary to cover the risks	384,650	414,045
V	REGULATORY CAPITAL	895,575	966,966
VI	ADEQUACY OF CAPITAL (V/IV)	18.63%	19%

Notes to the financial statement (continued)

4. Segment reporting

A. Primary business segments

In Denar thousand

	Retail customers	Corporat. banking	Investm. banking	Other	Unalloc.	Total
2009						
Net interest income / (expense)	25,552	215,684	-	(6,217)	-	235,019
Net income /(expenses) from fees and commission	32,933	55,093	-	(9,160)	-	78,866
Net trading income	-	-	-	-	2,482	2,482
Net income from other financial instruments carried at their fair value	-	-	-	-	-	-
Other operating income	-	-	-	-	45,376	45,376
Income realized between segments	-	-	-	-	-	-
Total income per segment	58,485	270,777	-	(15,377)	47,858	361,743
Financial performance per segment	58,485	270,777	-	(15,377)	(376,884)	(62,999)
Income tax	-	-	-	-	(4,825)	(4,825)
(Loss) for the financial year	58,485	270,777	-	(15,377)	(381,709)	(67,824)
Total assets per segment	1,147,062	2,535,388	-	1,222,330	1,414,547	6,319,327
Unallocated assets per segment	-	-	-	-	-	-
Total assets	1,147,062	2,535,388	-	1,222,330	1,414,547	6,319,327
Total liabilities per segment	2,880,441	1,651,219	-	818,257	55,487	5,405,404
Unallocated liabilities per segment	-	-	-	-	-	-
Total liabilities	2,880,441	1,651,219	-	818,257	55,487	5,405,404
Allowance for impairment of financial assets, net	-	-	-	-	(98,552)	(98,552)
Allowance for impairment of non- financial assets, net	-	-	-	-	(34,838)	(34,838)
Amortization & depreciation	-	-	-	-	(30,832)	(30,832)
Restructuring costs	-	-	-	-	-	-
Costs for investment in property and equipment	-	-	-	-	-	-
Other expenses	-	-	-	-	(260,520)	(260,520)

Notes to the financial statement (continued)

Segment reporting (continued)

Primary business segment (continued)

In Denar thousand

	Retail customers	Corporat. banking	Investm. banking	Other	Unalloc.	Total
2008						
Net interest income /(expense)	38,678	184,576	-	(4,625)	-	218,629
Net income /(expenses) from fees and commission	21,917	55,593	-	(7,738)	-	69,772
Net trading income	-	-	-	-	(5,968)	(5,968)
Net income from other financial instruments designated at their fair value	-	-	-	-	-	-
Other operating income	-	-	-	-	49,072	49,072
Income realized between segments	-	-	-	-	-	-
Total income per segment	60,595	240,169	-	(12,363)	43,104	331,505
Financial performance per segment	60,595	240,169	-	(12,363)	(418,205)	(129,804)
Income tax	-	-	-	-	-	-
(Loss) for the financial year	60,595	240,169	-	(12,363)	(418,205)	(129,804)
Total assets per segment	1,279,890	2,525,668	-	1,233,004	1,115,162	6,153,724
Unallocated assets per segment	-	-	-	-	-	-
Total assets	1,279,890	2,525,668	-	1,233,004	1,115,162	6,153,724
Total liabilities per segment	2,518,259	1,678,618	-	912,412	62,688	5,171,977
Unallocated liabilities per segment	-	-	-	-	-	-
Total liabilities	2,518,259	1,678,618	-	912,412	62,688	5,171,977
Allowance for impairment of financial assets, net	-	-	-	-	(174,171)	(174,171)
Allowance for impairment of non- financial assets, net	-	-	-	-	(4,975)	(4,975)
Amortization & depreciation	-	-	-	-	(26,075)	(26,075)
Restructuring costs	-	-	-	-	-	-
Costs for investment in property and equipment	-	-	-	-	-	-
Other expenses	-	-	-	-	(256,088)	(256,088)

Notes to the financial statement (continued)

Segment reporting (continued)

B. Secondary geographical segment

In Denar thousand

	Republic of Macedonia	EU member states	Europe (other countr.)	OECD member states	Other	Unalloc a- ted	Total
2009							
Net interest income /(expenses)	246,779	(11,854)	94	-	-	-	235,019
Net income /(expenses) from fees and commissions	78,538	328	-	-	-	-	78,866
Net income from trading	2,482	-	-	-	-	-	2,482
Net income from other financial instruments carried at fair value	-	-	-	-	-	-	-
Other operating income	45,376	-	-	-	-	-	45,376
Income realized between segments	-	-	-	-	-	-	-
Total income per segment	373,175	(11,526)	94	-	-	-	361,743
Financial performance per segment	(51,567)	(11,526)	94	-	-	-	(62,999)
Income tax	(4,825)	-	-	-	-	-	(4,825)
(Loss) for the financial year	(56,392)	(11,526)	94	-	-	-	(67,824)
Total assets per segment	5,597,571	686,344	35,412	-	-	-	6,319,327
Unallocated assets per segment	-	-	-	-	-	-	-
Total assets	5,597,571	686,344	35,412	-	-	-	6,319,327
Total liabilities per segment	5,096,460	299,963	1,991	3,769	3,221	-	5,405,404
Unallocated liabilities per segment	-	-	-	-	-	-	-
Total liabilities	5,096,460	299,963	1,991	3,769	3,221	-	5,405,404
Allowance for impairment of financial assets, net	(98,552)	-	-	-	-	-	(98,552)
Allowance for impairment of non- financial assets, net	(34,838)	-	-	-	-	-	(34,838)
Amortization and depreciation	(30,832)	-	-	-	-	-	(30,832)
Restructuring costs	-	-	-	-	-	-	-
Costs for investment in property and equipment	-	-	-	-	-	-	-
Other expenses	(260,520)	-	-	-	-	-	(260,520)

Notes to the financial statement (continued)

Segment reporting (continued)
Secondary geographical segment (continued)

	In Denar thousand						
	Republic of Macedonia	EU member states	Europe (other countr.)	OECD member states	Other	Unallocated	Total
2008							
Net interest income /(expenses)	219,401	(2,632)	1,860	-	-	-	218,629
Net income /(expenses) from fees and commissions	68,271	1,501	-	-	-	-	69,772
Net income from trading	(5,968)	-	-	-	-	-	(5,968)
Net income from other financial instruments carried at fair value	-	-	-	-	-	-	-
Other operating income	49,072	-	-	-	-	-	49,072
Income realized between segments	-	-	-	-	-	-	-
Total income per segment	330,776	(1,131)	1,860	-	-	-	331,505
Financial performance per segment	(130,533)	(1,131)	1,860	-	-	-	(129,804)
Income tax	-	-	-	-	-	-	-
(Loss) for the financial year	(130,533)	(1,131)	1,860	-	-	-	(129,804)
Total assets per segment	5,493,483	624,085	36,156	-	-	-	6,153,724
Unallocated assets per segment	-	-	-	-	-	-	-
Total assets	5,493,483	624,085	36,156	-	-	-	6,153,724
Total liabilities per segment	4,925,722	240,027	2,968	1,197	2,063	-	5,171,977
Unallocated liabilities per segment	-	-	-	-	-	-	-
Total liabilities	4,925,722	240,027	2,968	1,197	2,063	-	5,171,977
Allowance for impairment of financial assets, net	(174,171)	-	-	-	-	-	(174,171)
Loss due to impairment of non-financial assets, net	(4,975)	-	-	-	-	-	(4,975)
Amortization and depreciation	(26,075)	-	-	-	-	-	(26,075)
Restructuring costs	-	-	-	-	-	-	-
Costs for investment in property and equipment	-	-	-	-	-	-	-
Other expenses	(256,088)	-	-	-	-	-	(256,088)

Notes to the financial statement (continued)

5. Fair value estimation

Fair value represents the amount at which an asset could be replaced or a liability settled on an arms length basis. Fair values have been based on management assumptions according to the profile of the asset and liability base.

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Cash and cash equivalents	1,221,339	1,221,339	1,127,272	1,127,272
Trading assets	9,649	9,649	2,540	2,540
Financial assets designated at fair value through profit and loss	-	-	-	-
Derivatives held for risk management	-	-	-	-
Loans and advances to banks	-	-	104,690	104,690
Loans and advances to customers	3,683,441	3,683,441	3,806,599	3,806,599
Investments in securities	762,052	762,052	381,651	381,651
Investments in associates	-	-	-	-
Current income tax receivables	-	-	13,760	13,760
Other receivables	89,861	89,861	155,124	155,124
Assets pledged as collateral	-	-	-	-
Deferred tax assets	-	-	-	-
Liabilities				
Trading liabilities	-	-	-	-
Financial liabilities designated at fair value through profit and loss	-	-	-	-
Derivatives held for risk management	-	-	-	-
Due from banks	128,554	128,554	140,388	140,388
Due from customers	4,672,596	4,672,596	4,335,561	4,335,561
Issued debt securities	-	-	-	-
Borrowings	548,766	548,766	633,339	633,339
Subordinated liabilities	-	-	-	-
Current income tax liabilities	2,716	2,716	84	84
Deferred tax liabilities	-	-	-	-
Other liabilities	47,156	47,156	57,495	57,495

Loans and advances to banks

Loans and advances to other banks comprise inter-bank placements. The fair value of placements and overnight deposits is their carrying amount due to their short-term nature.

Loans and advances to customers

Loans and advances are carried at amortized cost and are net of provisions for impairment. The loans and advances to customers have predominantly floating rate. The fair value approximates their carrying value.

Other financial assets

The fair value of monetary assets that includes cash and cash equivalents is considered to approximate their respective carrying values by definition and due to their short-term nature.

Deposits and loans

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

The fair value of the term deposits at variable interest rates approximates their carrying values as of the balance sheet date.

The carrying amount of borrowings does not significantly differ from their fair value, mainly because of variable interest rates and their changes.

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

6. Net Interest income / (expense)

A. Structure of interest income and expenses according to the type of financial instruments

	2009	2008
Interest income		
Cash and cash equivalents	7,925	13,746
Financial assets designated at fair value through profit and loss	-	-
Derivative assets held for risk management	-	-
Loans and advances to banks	514	383
Loans and advances to customers	422,018	377,758
Investment in securities	27,621	18,511
Other receivables	35	-
(Allowance for impairment of interest income, net)	(19,182)	(34,700)
Collected interest previously written off	43,075	7,314
Total interest income	482,006	383,012
Interest expense		
Financial liabilities designated at fair value through profit and loss	-	-
Derivative liabilities held for risk management	-	-
Due from banks	2,558	5,433
Due from customers	213,413	128,694
Issued debt securities	-	-
Borrowings	31,016	30,256
Subordinated liabilities	-	-
Other liabilities	-	-
Total interest expenses	246,987	164,383
Net interest income/(expense)	235,019	218,629

B. Sector analysis of fees and commission income and revenue per sector

	2009	2008
Interest income		
Non-financial companies	263,493	232,781
Government	1,359	126
Non-profit institutions that serve to households	37	10
Banks	32,679	23,492
Other financial institutions (non-banks)	-	-
Households	158,488	144,967
Non-residents	2,057	9,022
(Allowance for impairment of interest income, net)	(19,182)	(34,700)
Collected interest previously written off	43,075	7,314
Total interest income	482,006	383,012
Interest expense		
Non-financial companies	33,580	32,572
Government	8,461	1,508
Non-profit institutions that serve to households	6,256	2,955
Banks	21,099	25,963
Other financial companies (non-banks)	18,268	7,551
Households	145,505	84,039
Non-residents	13,818	9,795
Total income expenses	246,987	164,383
Net interest income/(expense)	235,019	218,629

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

7. Net fee and commission income / (expense)

A. Structure of fee and commission income and expenses according to the type of financial instruments

	2009	2008
Fee and commission income		
Loans	25,686	36,558
Payment's operations		
- in the country	33,122	8,195
- abroad	23,175	28,122
Letter of credit and guarantees	11,045	14,456
Brokerage operations	2,371	3,084
Asset management	-	-
Fiduciary activities	25	119
Issuing securities	-	-
Other	5,970	1,439
Total fee and commission income	101,394	91,973
Fee and commission expenses		
Loans	4,569	3,791
Payment operations		
- in the country	10,468	11,573
- abroad	3,280	2,635
Letter of credit and guarantees	-	-
Brokerage operations	373	667
Asset management	-	-
Fiduciary activities	-	-
Issuing securities	-	-
Other	3,838	3,535
Total fee and commission expenses	22,528	22,201
Net fee and commission income/(expense)	78,866	69,772

B. Sector analysis of fees and commission income and expenses per sector

	2009	2008
Fees and commissions income		
Non-financial companies	65,251	67,259
Government	336	309
Non-profit institutions that serve to households	728	346
Banks	987	190
Other financial companies (non-banks)	-	-
Households	31,067	20,695
Non-residents	3,025	3,174
Total fee and commission income	101,394	91,973
Fee and commission expenses		
Non-financial companies	4,063	3,791
Government	35	35
Non-profit institutions that serve to households	-	-
Banks	8,339	8,032
Other financial institutions (non-banks)	7,392	8,671
Households	-	-
Non-residents	2,699	1,672
Total fee and commission expenses	22,528	22,201
Net fee and commission income/(expense)	78,866	69,772

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

8. Net trading income

	2009	2008
Assets for trading		
Profit/(loss) from fair value changes of debt securities, net		
- realized	-	-
- unrealized	-	-
Profit/(loss) from fair value changes of owned instruments, net		
- realized	-	-
- unrealized	2,399	(6,039)
Income from dividends from trading assets	83	71
Income from interest on trading assets	-	-
Liabilities for trading		
Profit/(loss) from fair value changes of debt securities, net		
- realized	-	-
- unrealized	-	-
Profit/(loss) from fair value changes of trading deposits, net		
- realized	-	-
- unrealized	-	-
Profit/(loss) from fair value changes of remaining financial liabilities for trading, net		
- realized	-	-
- unrealized	-	-
Interest expense of financial liabilities held for trading	-	-
Profit/(loss) from fair value change of derivatives held for trading, net		
- realized	-	-
- unrealized	-	-
Net trading income	2,482	(5,968)

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

9. Net- income from other financial instruments designated at fair value

	2009	2008
Financial assets designated at fair value through profit and loss		
Profit/(loss) from fair value changes of debt securities, net	-	-
- realized	-	-
- unrealized		
Profit/(loss) from fair value changes of owned instruments, net		
- realized	-	-
- unrealized	-	-
Income from dividends from financial assets at fair value through profit and loss	-	-
Profit/(loss) from the changes in fair value of loans and receivables at fair value through profit and loss, net		
- realized	-	-
- unrealized	-	-
Financial liabilities designated at fair value through profit and loss		
Profit/(loss) from fair value changes of debt securities, net		
- realized	-	-
- unrealized	-	-
Profit/(loss) from the changes in fair value of deposits at fair value through profit and loss, net		
- realized	-	-
- unrealized	-	-
Profit/(loss) from the changes in fair value of borrowings at fair value through profit and loss, net		
- realized	-	-
- unrealized	-	-
Profit/(loss) from the changes in fair value of other financial liabilities at fair value through profit and loss, net	-	-
- realized	-	-
- unrealized	-	-
Profit/(loss) from fair value changes of derivatives held for risk management at fair value through profit and loss, net		
- realized	-	-
- unrealized	-	-
Net income from other financial instruments designated at fair value	-	-

10. Net gains/(losses) from foreign exchange differences

	2009	2008
Realized gains/(losses) from foreign exchange differences, net	20,085	13,439
Unrealized gains/(losses) from foreign exchange differences, net	(1,850)	2,204
- foreign exchange differences of allowance for impairment of financial assets, net	-	-
- other foreign exchange differences, net	(1,850)	2,204
Net gains/(losses) from foreign exchange differences	18,235	15,643

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

11. Other operating income

	2009	2008
Profit from sale of assets available-for-sale	-	-
Dividends from equity instruments available-for-sale	12,082	21,680
Net income from investment in subsidiaries and associates	-	-
Capital gain from the sale of:		
- property, plant and equipment	462	43
- intangible assets	-	-
- foreclosed assets	11,350	6,009
- non-current assets held for sale and group for disposal	-	-
Income from rent	258	118
Income from litigations	-	-
Collected receivables previously written off	14	-
Release of special reserve and provisions for:		
- off-balance sheet credit exposure	-	-
- contingent commitments based on litigations	-	-
- pensions and other employee benefits	-	-
- restructuring	-	-
- adverse contracts	-	-
- other provisions	-	-
Other	2,975	5,579
Total other operating income	27,141	33,429

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

12. Impairment losses on financial assets, net

	Loans and advances to banks	Loans and advances to other customers	Investment in finan. assets available-for- sale	Investment in finan. assets held-to- maturity	Cash and cash equivalents	Fees and commission receivables	Other receivables	Total
2009								
<i>Allowance for impairment, on individual basis</i>								
Additional allowance for impairment	-	266,062	39	-	2,653	28,266	209,330	506,350
(Release of allowance for impairment)	-	(242,021)	(1,256)	-	(2,722)	-	(161,799)	(407,798)
	-	24,041	(1,217)	-	(69)	28,266	47,531	98,552
<i>Allowance for impairment, on group basis</i>								
Additional allowance for impairment	-	22,244	-	-	-	-	-	22,244
(Release of allowance for impairment)	-	(22,244)	-	-	-	-	-	(22,244)
	-	-	-	-	-	-	-	-
Total allowance for impairment of financial assets, net	-	24,041	(1,217)	-	(69)	28,266	47,531	98,552
2008								
<i>Allowance for impairment, on individual basis</i>								
Additional allowance for impairment		44,695	-	-	480	15,192	115,512	175,879
(Release of allowance for impairment)	(200)	-	(1,508)	-	-	-	-	(1,708)
	(200)	44,695	(1,508)	-	480	15,192	115,512	174,171
<i>Allowance for impairment, on group basis</i>								
Additional allowance for impairment	-	-	-	-	-	-	-	-
(Release of allowance for impairment)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total allowance for impairment of financial assets, net	(200)	44,695	(1,508)	-	480	15,192	115,512	174,171

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

13. Impairment losses on non-financial assets, net

	Property, plant and equipment	Intangible assets	Foreclosed assets	Non-current assets held for sale and group for disposal	Other non- financial assets	Goodwill	Total
2009							
Additional loss due to impairment	-	-	34,838	-	-	-	34,838
(Release of impairment loss)	-	-	-	-	-	-	-
Total loss due to impairment of non- financial assets, net	-	-	34,838	-	-	-	34,838
2008							
Additional loss due to impairment	-	-	4,975	-	-	-	4,975
(Release of impairment loss)	-	-	-	-	-	-	-
Total loss due to impairment of non- financial assets, net	-	-	4,975	-	-	-	4,975

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

14. Personnel expenses

	2009	2008
Short-term employee benefits		
- Salaries	69,566	61,301
- Mandatory contribution for social and health insurance	34,671	37,472
- Short-term paid leave of absence	-	-
- Expenses for temporary employment	-	-
- Interest in profit and rewards	-	-
- Non-monetary benefits	-	-
	104,237	98,773
Benefits after termination of employment		
- Contribution to pension plans for defined contributions	-	-
- Benefits at retirement	40	33
- Increasing the obligation for pension plans and defined benefits	-	-
- Increasing the obligation for other long-term benefits	-	-
- Other benefits after the termination of employment	-	-
	40	33
Benefits due to termination of employment		
Employee payments based on shares, settled with owned instruments	-	-
Employee share-based payments, settled in cash	-	-
Other	-	-
- Employee expenses based on collective contracts	5,578	13,122
	5,578	13,122
Total personnel expenses	109,855	111,928

15. Amortization and depreciation

	2009	2008
Amortization of intangible assets		
Internally developed software	-	-
Software purchased from external suppliers	2,850	2,925
Other internally developed intangible assets	-	-
Other non-material assets	307	-
Investment in intangible assets under lease	-	-
	3,157	2,925
Depreciation of property, plant and equipment		
Construction objects	7,929	7,908
Transport vehicles	885	677
Furniture and office equipment	10,415	10,359
Other equipment	6,673	3,097
Other items of property, plant and equipment	391	335
Investment in property, plant and equipment under lease	1,382	774
	27,675	23,150
Total amortization and depreciation	30,832	26,075

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

16. Other operating expenses

	2009	2008
Loss due to the sale of assets available for sale	-	-
Expenses for software licensing	-	-
Insurance premiums on deposits	19,349	14,749
Insurance premiums on property and employees	2,590	1,371
Materials and services	69,395	65,874
Administrative and marketing expenses	14,209	20,399
Other taxes and contributions	3,431	1,529
Expenses for rent	31,188	30,295
Expenses for litigation	4,291	2,586
Special reserve for off-balance exposure, net	506	2,781
Provisions for pensions and other employee benefits, net	-	-
Provisions for contingent commitments based on litigations, net	-	-
Other provisions, net	-	-
Loss from the sale of:		
- property, plant and equipment	-	-
- non-material assets	-	-
- foreclosed assets	-	280
- non-current assets held for sale and group for disposal	-	-
Other	5,706	4,296
Total other operating expenses	150,665	144,160

17. Income tax

A. Expenses/income for current and deferred income tax

	2009	2008
Current income tax		
Expenses / (income) for current income tax for the year	4,825	-
Adjustments for previous years	-	-
Benefits for previously unrecognized tax losses, tax balance or temporary differences from previous years	-	-
Changes in accounting policies and errors	-	-
Other	-	-
	4,825	-
Deferred income tax		
Deferred income tax that arises from temporary differences for the year	-	-
Recognition of previously unrecognized tax losses	-	-
Changes in the tax rate	-	-
Introducing new taxes	-	-
Benefits from previously unrecognized tax losses, balance or temporary differences from previous years	-	-
Other	-	-
	-	-
Total expenses/(return) of income tax	4,825	-

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

Income tax (continued)	2009	2008
Current income tax		
Recognized in the Income statement	4,825	-
Recognized in equity	-	-
	4,825	-
Deferred income tax		
Recognized in the Income statement	-	-
Recognized in equity	-	-
	-	-
Total income tax expense/(return)	4,825	-

B. Reconciliation of the effective average tax rate with the variable tax rate

	in%	Denar thousand 2009	in%	Denar thousand 2008
Profit/(loss) before taxation	-	(62,999)	-	(129,804)
Income tax in accordance with the applicable tax rate	-	-	-	-
Effect from various tax rates in other countries	-	-	-	-
Adjustment for previous years and changes in the tax rate	-	-	-	-
Taxed income abroad	-	-	-	-
Expenses unrecognized for tax purposes	10%	4,825	-	2,430
Tax exempted income	-	-	-	(2,355)
Tax exemptions unrecognized in the Income statement	-	-	-	-
Recognition of previously unrecognized tax losses	-	-	-	-
Benefits from previously unrecognized tax losses, tax balance or temporary differences from previous years	-	-	-	-
Changes of deferred tax	-	-	-	-
Other	-	-	-	-
Total expenses/(return) of income tax	-	4,825	-	-
Average effective tax rate	-	-	-	-

18. Cash and cash equivalents

	2009	2008
Cash in hand	108,532	148,085
Current account and deposits with the NBRM, except for obligatory foreign currency reserves	377,412	224,931
Current accounts and deposits with foreign banks	184,567	250,937
Current accounts and deposits with domestic banks	12,844	6,832
Treasury bills traded on the secondary market	-	-
Government bills traded on the secondary market	-	-
Term deposits with a maturity period less than, or equal to three months	307,470	345,568
Other short-term highly liquid assets	923	1,243
Interest receivables	-	-
(allowance for impairment loss)	(1,119)	(1,188)
Included in cash and cash equivalents for the purpose of the Statement of cash flows	990,629	976,408
Obligatory foreign currency reserves	228,577	149,842
Restricted deposits	2,133	1,022
(allowance for impairment loss)	-	-
Total	1,221,339	1,127,272

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

Cash and cash equivalents (continued)

	2009	2008
Movement of allowance for impairment		
On 1 January	1,188	708
Allowance for impairment for the year		
- additional allowance for impairment	2,653	480
- (release from allowance for impairment)	(2,722)	-
Effect of exchange rate difference	-	-
(Written-off receivables)	-	-
On 31 December	1,119	1,188

On the 31 December 2009 the cash and cash equivalents amounted to Denar 348,732 thousand (2008: Denar 268,166 thousand) which present obligatory reserve.

Based on the new Decision on obligatory reserve brought by the National Bank of the Republic of Macedonia and effective from 01 June 2009, Bank's reserve requirement ratio equals to 10.0% for liabilities in domestic currency, 20.0% for liabilities in domestic currency with foreign exchange clause and 13.0% for liabilities in foreign currency. The basis for the reserve requirement is determined as an average of the Bank's liabilities for each calendar day of the preceding month. The reserve requirement maintenance period is from 11th in the current month until 10th in the following month.

Bank's reserve requirement in Denar represent sum of the amount calculated from the liabilities in domestic currency, the amount calculated from liabilities in domestic currency with foreign exchange clause and 23% of the amount calculated from the liabilities in foreign currency. The Bank fulfills the reserve requirement in Denar on average basis. Bank's reserve requirement in Euro is 77% of the amount calculated from the liabilities in foreign currency. The Bank is required to keep an obligatory reserve in foreign currency in separate accounts with the National Bank of the Republic of Macedonia denominated in Euro at a fixed level.

As of 31 December 2008 the Bank was required to keep its foreign currency obligatory reserve on special accounts with the National Bank of Republic of Macedonia, calculated at 10% of the average balance of the Bank's Denar amounts due to residents and non-residents, legal entities and individuals for each calendar day during the previous month. These assets are restricted for the daily business activities of the Bank.

The interest rate for the reserve requirement in Denars as of 2009 and 2008 was 2%. As of 15 October 2009 the interest rate for the reserve requirement in foreign currency is 0.1% yearly (2008: 0.0%).

According to the NBRM Obligatory Deposit Decision passed on the 12 June 2008 and the subsequent changes dated 25 December 2008 and 28 February 2009, the Bank has to separate an obligatory deposit at the NBRM account if, at the end of the month (for 2009, the basis for calculation is the 31 December 2008, and for 2008, the basis is the 31 May 2008) the citizen loan growth rate exceeds the prescribed rates determined with the abovementioned Decision: January 2009 - 0.5%, February 2009 - 1.2%, March 2009 - 2.1%, April 2009 - 3.0%, May 2009 - 4.2%, June 2009 - 5.4%, July 2009 - 6.6%, August 2009 - 7.5%, September 2009 - 8.3%, October 2009 - 9.3%, November 2009 - 10.2% and December 2009 - 11.3%.

For 2008, the following citizen loan growth rates were valid in terms of the 31 May 2008: July 2008 -5.6%, August 2008-8.0%, September 2008-10.3%, October 2008-12.5%, November 2008- 15.1% and December 2008-18.1%. The interest rate on the obligatory reserve in foreign currency amounts to 1% per annum.

19. Trading assets

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

	2009	2008
<i>Trading Securities</i>		
Debt securities for trading		
- Treasury bills for trading	-	-
- Government bills for trading	-	-
- Other instruments on the money market	-	-
- Bonds issued by the Government	-	-
- Corporative bonds	-	-
- Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Owned instruments for trading</i>		
- Owned instruments issued by banks	6,726	-
- Other owned instruments	2,923	2,540
	9,649	2,540
Quoted	9,649	2,540
Unquoted	-	-
<i>Derivatives for trading</i>		
- Contracts dependent on the change of interest rate	-	-
- Contracts dependent on the change of exchange rate	-	-
- Contracts dependent on the change of price of securities	-	-
- Other contracts that meet the criteria of IAS 39	-	-
	-	-
Total assets for trading	9,649	2,540

20. Financial assets designated at fair value through profit and loss

	2009	2008
Debt securities		
- Treasury bills	-	-
- Government bills	-	-
- Other instruments on the money market	-	-
- Bonds issued by the government	-	-
- Corporative bonds	-	-
- Other debt instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
<i>Owned instruments for trading</i>		
- Owned instruments issued by banks	-	-
- Other owned instruments	-	-
	-	-
Quoted	-	-
Unquoted	-	-
Loans and advances to banks	-	-
Loans and advances to customers	-	-
Total financial assets at fair value through profit and loss, at initial recognition	-	-

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

21. Derivative assets and liabilities held for risk management

	2009		2008	
	Derivative assets	(Derivative liabilities)	Derivative assets	(Derivative liabilities)
A. Derivatives for risk protection / Derivatives held for risk management				
<i>A.1 According to type of variability</i>				
Derivatives held for risk management				
Contracts dependent on the change of interest rate	-	-	-	-
Contracts dependent on the change of exchange rate	-	-	-	-
Contracts dependent on the change of price of securities	-	-	-	-
Other contracts that meet the criteria of IAS 39	-	-	-	-
Total derivatives held for risk management	-	-	-	-
<i>A.2 According to risk protection</i>				
Fair value risk protection	-	-	-	-
Cash flow risk protection	-	-	-	-
Risk protection of net investment in foreign operations	-	-	-	-
Total derivatives held for risk management	-	-	-	-
B. Embedded derivatives				
Contracts dependent on the change of interest rate	-	-	-	-
- Contracts dependent on the change of exchange rate	-	-	-	-
- Contracts dependent on the change of price of securities	-	-	-	-
- Other contracts that meet the criteria of IAS 39	-	-	-	-
Total embedded derivatives	-	-	-	-
Total derivatives held for risk management	-	-	-	-

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

22. Loans and advances

22.1. Loans and advances to banks

	2009		2008	
	short-term	long-term	short-term	long-term
Loans to banks				
- domestic banks	-	-	-	-
- foreign banks	-	-	-	-
Term deposits, maturity over three months				
- domestic banks	-	-	104,690	-
- foreign banks	-	-	-	-
Repo				
- domestic banks	-	-	-	-
- foreign banks	-	-	-	-
Other receivables				
- domestic banks	-	-	-	-
- foreign banks	-	-	-	-
Interest receivables	-	-	-	-
Current maturity	-	-	-	-
Total loans and advances to banks before allowance for impairment	-	-	104,690	-
(Allowance for impairment)	-	-	-	-
Total loans and receivable to banks less allowance for impairment	-	-	104,690	-

	2009	2008
Movements of allowance for impairment		
At 1 January	-	200
Allowance for impairment for the year		
- additional allowance for impairment	-	-
- (release of allowance for impairment)	-	(200)
Effect of exchange rate differences	-	-
(Written - off receivables)	-	-
At 31 December	-	-

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

22.2. Loans and advances to customers

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

	2009		2008	
	short-term	long-term	short-term	long-term
Non-financial companies				
- principal	1,406,374	1,267,085	1,347,028	1,365,215
- interest	28,184	-	27,257	-
Government				
- principal	-	-	-	-
- interest	789	-	789	-
Non-profit institutions that serve to households				
- principal	202	-	250	-
- interest	-	-	3	-
Financial companies, apart from banks				
- principal	-	-	-	-
- interest	-	-	-	-
Households				
- principal				
- Housing loans	2,435	84,780	-	90,782
- Consumer loans	118,870	517,710	86,099	659,987
car loans	20,350	166,565	12,571	187,570
mortgages	18,375	114,535	7,848	110,320
credit cards	28,220	97,091	13,227	88,601
other loans	101,210	5,114	74,587	5,491
receivables based on interest	14,186	-	13,567	-
<i>Non-residents, apart from banks</i>				
- principal	-	-	-	-
- interest	-	-	-	-
Current maturity	67,739	(67,739)	402,353	(402,353)
Total loans and advances to other customers before allowance for impairment	1,806,934	2,185,141	1,985,579	2,105,613
(Allowance for impairment)	(124,814)	(183,820)	(184,571)	(100,022)
Total loans and advances to other customers less allowance for impairment	1,682,120	2,001,321	1,801,008	2,005,591

On the 31 December 2009 the nonperforming loans included in the loans and advances to customers amounted to Denar 481,407 thousand (2008: Denar 336,908 thousand).

Unrecognized interest relating to these loans amounted to Denar 67,002 thousand (2008: Denar 46,858 thousand).

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

Loans and advances to customers (continued)

	2009	2008
Movements of allowance for impairment, individual basis		
At 01 January	284,593	239,899
Allowance for impairment for the year		
- additional allowance for impairment	266,062	44,694
- (release of allowance for impairment)	(242,021)	-
Effect of exchange rate differences	-	-
(Written-off receivables)	-	-
At 31 December	308,634	284,593
Movements of allowance for impairment, group basis		
At 01 January	-	-
allowance for impairment for the year		
- additional allowance for impairment	22,244	-
- (release of allowance for impairment)	(22,244)	-
Effect of exchange rate differences	-	-
(Written-off receivables)	-	-
At 31 December	-	-
Total allowance for impairment of loans and advances to customers	308,634	284,593

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

	2009	2008
First class instruments for guarantee	154,599	159,754
- Cash deposits (in depot and/or limited bank accounts)	154,599	159,754
- Government securities	-	-
- Government unconditional guarantees	-	-
- Bank guarantees	-	-
Guarantees from insurance companies and insurance policies	-	-
Corporate guarantees (apart from banking and insurance companies)	-	-
Guarantees from individuals	582,348	596,211
Property pledge	1,655,028	1,649,943
- Property for own use	1,522,608	1,250,202
- Property for operating activities	132,420	399,741
Property pledge	488,886	583,809
Other types of guarantees	145,379	144,036
Unsecured	657,201	672,846
Total loans and advances to customers less allowance for impairment	3,683,441	3,806,599

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
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23. Investment in securities

23.1 Investment in financial assets available-for-sale

	2009	2008
<i>Debt securities</i>		
Treasury bills	607,537	309,207
Government bills	80,854	-
Other instruments on the money market	-	-
Government issued bonds	-	-
Corporative bonds	-	-
Other debt instruments	-	-
	688,391	309,207
Quoted	-	-
Unquoted	688,391	309,207
<i>Owned instruments</i>		
Owned instruments issued by banks	24,828	24,828
Other owned instruments	125,441	125,441
	150,269	150,269
Quoted	95,941	95,941
Unquoted	54,328	54,328
Total investment in financial instruments available-for-sale before allowance for impairment	838,660	459,476
(Allowance for impairment)	(76,610)	(77,827)
Total investment in financial instruments available-for-sale less allowance for impairment	762,050	381,649

	2009	2008
Movements of allowance for impairment		
At 1 January	77,827	79,335
Allowance for impairment for the year		
- additional allowance for impairment	39	-
- (release of allowance for impairment)	(1,256)	(1,508)
Foreign exchange differences	-	-
(Written-off receivables)	-	-
At 31 December	76,610	77,827

23.2 Investment in financial assets held-to-maturity

	2009	2008
<i>Debt securities</i>		
Treasury bills	-	-
Government bills	-	-
Other instruments on the money market	-	-
Government issued bonds	2	2
Corporative bonds	-	-
Other debt instruments	-	-
	2	2
Quoted	2	2
Unquoted	-	-
Total investments in financial instruments held-to-maturity before allowance for impairment	2	2
(Allowance for impairment)	-	-
Total investment in financial instruments held-to-maturity less allowance for impairment	2	2

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

Investments in financial assets held-to-maturity (continued)

	2009	2008
Movements of allowance for impairment		
At 01 January	-	-
Allowance for impairment for the year	-	-
- additional allowance for impairment	-	-
- (release of allowance for impairment)	-	-
Foreign exchange differences	-	-
(Written-off receivables)	-	-
At 31 December	-	-

Treasury bills issued by the NBRM are with a maturity of 28 days (2008: 28 days) and interest rates of 8.50% per annum (2008: from 4.83% to 4.98% per year).

24. Investment in subsidiaries and associates

A. Percentage of the Bank's interest in subsidiaries and associates

Name of subsidiaries and associates	Country	Percentage of interest in ownership		expressed in % Percentage of right to vote	
		2009	2008	2009	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

B. Financial information of associates-100%

Name of associates	Total assets	Total liabilities	Total equity and reserves	Income	Profit/(loss) for the financial year
2009					
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2008					
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

25. Other receivables

	2009	2008
Trade receivables	13,613	13,066
Prepaid expenses	-	-
Calculated deferred income	-	-
Fees and commission receivables	5,083	3,570
Receivables from the employees	2,051	-
Advances for intangible assets	-	-
Advances for property, plant and equipment	-	-
Other receivables		
- Doubtful receivables	235,969	235,969
- Supplies and small equipment	7,064	6,912
- Receivables for overpaid personal tax	4,199	4,199
- Insurance company receivables	1,268	9,739
- Teteks AD Tetovo calculated expenses	3,296	3,296
- Foreign currency receivables	2,122	5,305
- Other	30,995	13,070
Total other receivables before allowance for impairment	305,660	295,126
(allowance for impairment)	(215,799)	(140,002)
Total other receivables less allowance for impairment	89,861	155,124
	2009	2008
Movement of allowance for impairment		
At 01 January	140,002	9,298
Allowance for impairment for the year		
- additional allowance for impairment	237,596	130,704
- (release of allowance for impairment)	(161,799)	-
Effect of exchange rate differences	-	-
(Written-off receivables)	-	-
At 31 December	215,799	140,002

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

26. Pledged assets

	2009	2008
Debt securities	-	-
Owned instruments	-	-
Total pledged assets	-	-

27. Foreclosed assets

	Land	Buildings	Equipment	Residential facilities and apartments	Other	Total
Cost						
At 01 January 2008	-	159,796	16,317	6,965	59,791	242,869
Foreclosed during the year	-	10,285	752	4,696	842	16,575
(Sold during the year)	-	(19,177)	-	(1,214)	(89)	(20,480)
(Transfer to own assets)	-	-	-	-	-	-
At 31 December 2008	-	150,904	17,069	10,447	60,544	238,964
At 01 January 2009						
At 01 January 2009	-	150,904	17,069	10,447	60,544	238,964
Foreclosed during the year	-	47,246	756	17,150	2,901	68,053
(Sold during the year)	-	(29,779)	-	(1,679)	(1,353)	(32,811)
(Transfer to own assets)	-	-	-	-	-	-
At 31 December 2009	-	168,371	17,825	25,918	62,092	274,206
Impairment						
At 01 January 2008	-	1,194	266	-	-	1,460
Impairment loss (Note 13)	-	-	1,893	-	3,082	4,975
(Transfer to own assets)	-	(1,194)	-	-	-	(1,194)
At 31 December 2008	-	-	2,159	-	3,082	5,241
At 01 January 2009	-	-	2,159	-	3,082	5,241
Impairment loss (Note 11 and 13)	-	-	1,220	473	33,145	34,838
(Transfer to own assets)	-	-	-	-	-	-
At 31 December 2009	-	-	3,379	473	36,227	40,079
Current carrying value						
At 01 January 2008	-	158,602	16,051	6,965	59,791	241,409
At 31 December 2008	-	150,904	14,910	10,447	57,462	233,723
At 31 December 2009	-	168,371	14,446	25,445	25,865	234,127

As of 31 December 2009 included in foreclosed assets, the Bank has property with total book value of Denar 112,615 thousand for which, the Bank is still not in possession of title deeds. For this property the Bank has other adequate ownership documentation (ownership certificated, sale and purchase agreements, and construction agreements) in accordance with the provisions on Law on Ownership.

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
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28. Intangible assets

Intangible assets as of 31 December 2009 consist of acquired software from external suppliers and other internally developed intangible assets. Movements of carrying values are as follows:

	Internally developed software	Acquired software from external suppliers	Other internally developed intangible assets	Other intangible assets	Investments in intangible assets under lease	Goodwill	Total
Cost							
At 01 January 2008	-	21,615	-	-	-	-	21,615
Increase through new acquisitions	-	2,253	-	-	-	-	2,253
Increase through internal development	-	-	-	-	-	-	-
Increase through business combinations	-	-	-	-	-	-	-
(Disposal and write off)	-	(2,787)	-	-	-	-	(2,787)
(Disposal through business combinations)	-	-	-	-	-	-	-
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-
(Transfer from non-current assets held for sale)	-	-	-	-	-	-	-
At 31 December 2008	-	21,081	-	-	-	-	21,081
At 01 January 2009	-	21,081	-	-	-	-	21,081
Increase through new acquisitions	-	4,469	-	3,529	-	-	7,998
Increase through internal development	-	-	-	-	-	-	-
Increase through business combinations	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	-	-	-	-
(Disposal through business combinations)	-	-	-	-	-	-	-
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-
(Transfer from non-current assets held for sale)	-	-	-	-	-	-	-
At 31 December 2009	-	25,550	-	3,529	-	-	29,079

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

Intangible assets (continued)

	Internally developed software	Acquired software from external suppliers	Other internally developed intangible assets	Other intangible assets	Investments in intangible assets under lease	Goodwill	Total
Amortization and impairment							
At 31 December 2008	-	15,056	-	-	-	-	15,056
Amortization for the year	-	2,925	-	-	-	-	2,925
Impairment loss during the year	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-
(Disposal and write off)	-	(2,787)	-	-	-	-	(2,787)
At 31 December 2008	-	15,194	-	-	-	-	15,194
At 1 January 2009	-	15,194	-	-	-	-	15,194
Amortization for the year	-	2,850	-	307	-	-	3,157
Impairment loss during the year	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-
(Disposal and write off)	-	-	-	-	-	-	-
At 31 December 2009	-	18,044	-	307	-	-	18,351
Net carrying amount							
At 01 January 2008	-	6,559	-	-	-	-	6,559
At 31 December 2008	-	5,887	-	-	-	-	5,887
At 31 December 2009	-	7,506	-	3,222	-	-	10,728

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
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29. Property, plant and equipment

A. Reconciliation of the current carrying amount

	Land	Buildings	Transport	Furniture and office equipment	Other equipment	Other items of plant, property and equipment	Property plant and equipment in preparation	Investments in intangible assets under lease	Total
Cost									
At 01 January 2009	-	306,472	10,318	91,886	18,315	2,265	4,492	2,137	435,885
Increase	-	6,846	-	12,825	14,970	1,582	-	3,330	39,553
Increase through business combinations	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	(373)	(2,875)	-	(2)	-	-	(3,250)
(Disposal through business combinations)	-	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	(2,170)	-	(2,170)
At 31 December 2008	-	313,318	9,945	101,836	33,285	3,845	2,322	5,467	470,018
At 01 January 2009	-	313,318	9,945	101,836	33,285	3,845	2,322	5,467	470,018
Increase	-	-	2,898	2,986	2,469	255	-	2,637	11,245
Increase through business combinations	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	(5,343)	(650)	-	-	-	-	(5,993)
(Disposal through business combinations)	-	-	-	-	-	-	-	-	-
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	2,181	-	2,181
At 31 December 2009	-	313,318	7,500	104,172	35,754	4,100	4,503	8,104	477,451

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

Property, plant and equipment (continued)

	Land	Buildings	Transport	Furniture and office equipment	Other equipment	Other items of plant, property and equipment	Property plant and equipment in preparation	Investments in intangible assets under lease	Total
Depreciation and impairment									
At 01 January 2008	-	43,758	8,030	67,520	7,721	287	-	324	127,640
Depreciation for the year	-	7,908	677	10,359	3,097	335	-	774	23,150
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	(373)	(2,875)	-	(2)	-	-	(3,250)
(transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
At 31 December 2008	-	51,666	8,334	75,004	10,818	620	-	1,098	147,540
At 01 January	-	51,666	8,334	75,004	10,818	620	-	1,098	147,540
Depreciation for the year	-	7,929	885	10,415	6,673	391	-	1,382	27,675
Impairment loss during the year	-	-	-	-	-	-	-	-	-
(Release of impairment loss during the year)	-	-	-	-	-	-	-	-	-
(Disposal and write off)	-	-	(5,290)	(604)	-	-	-	-	(5,894)
(Transfer to non-current assets held for sale)	-	-	-	-	-	-	-	-	-
Transfer from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
At 31 December 2009	-	59,595	3,929	84,815	17,491	1,011	-	2,480	169,321
Net carrying amount									
At 01 January 2008	-	262,714	2,288	24,366	10,594	1,978	4,492	1,813	308,245
At 31 December 2008	-	261,652	1,611	26,832	22,467	3,225	2,322	4,369	322,478
At 31 December 2009	-	253,723	3,571	19,357	18,263	3,089	4,503	5,624	308,130

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

30. Current and deferred tax assets and liabilities

30.1 Current tax assets and current tax liabilities

	2009	2008
Current income tax receivables	-	13,760
Current income tax liabilities	2,716	84
	2,716	13,844

30.2 Deferred tax assets and deferred tax liabilities

A. Deferred tax assets and deferred tax liabilities

	2009			2008		
	Deferred tax assets	(Deferred tax liabilities)	Net basis	Deferred tax assets	(Deferred tax liabilities)	Net basis
Derivative liabilities held for risk management						
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Investments in securities	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Derivative liabilities held for risk management						
Other liabilities	-	-	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Deferred tax assets/liabilities recognized in the Statement of Income	-	-	-	-	-	-
Investments in financial assets available for sale	-	-	-	-	-	-
Cash flow risk protection	-	-	-	-	-	-
Deferred tax assets/liabilities recognized in equity	-	-	-	-	-	-
Total recognized deferred tax assets/liabilities	-	-	-	-	-	-

B. Unrecognized deferred tax assets

	2009	2008
Tax losses	-	-
Tax credits	-	-
Total unrecognized deferred tax assets	-	-

Current and deferred tax assets and liabilities (continued)

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

C. Reconciliation of the movement of deferred tax assets and tax liabilities during the year
Recognized during the year
in:

	As of 01 January	Income statement	Equity	As of 31 December
2008				
Derivative liabilities held for risk management				
Loans and advances to banks	-	-	-	-
Loans and advances to customers	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property, plant and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management				
Other liabilities	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available for sale	-	-	-	-
Cash flow risk protection	-	-	-	-
Total recognized deferred tax assets/ liabilities	-	-	-	-
2009				
Derivative liabilities held for risk management				
Loans and advances to banks	-	-	-	-
Loans and advances to customers	-	-	-	-
Investments in securities	-	-	-	-
Intangible assets	-	-	-	-
Property, plant and equipment	-	-	-	-
Other receivables	-	-	-	-
Derivative liabilities held for risk management				
Other liabilities	-	-	-	-
Unused tax losses and unused tax credits	-	-	-	-
Other	-	-	-	-
Investments in financial assets available for sale	-	-	-	-
Cash flow risk protection	-	-	-	-
Total recognized deferred tax assets/ liabilities	-	-	-	-

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

A. Non-current assets held for sale

	2009	2008
Intangible assets	-	-
Property, plant and equipment	-	-
Total non-current assets held for sale	-	-

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

Non-current assets held for sale and disposal group (continued)

B. Disposal group

	2009	2008
<i>Disposal group of assets</i>		
Financial assets	-	-
Intangible assets	-	-
Property, plant and equipment	-	-
Investment in associates	-	-
Income tax receivables	-	-
Other assets	-	-
Total disposal group of assets	-	-
<i>Liabilities directly related to disposal group</i>		
Financial liabilities	-	-
Special reserve	-	-
Income tax liabilities	-	-
Other liabilities	-	-
Total liabilities directly related to the disposal group	-	-

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

	2009	2008
Profit/ (loss) recognized from the sale of assets held for sale and disposal group	-	-
	-	-

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

32. Trading liabilities

	<i>In Denar thousand</i>	
	2009	2008
<i>Due to banks</i>		
- Current accounts, demand deposits and overnight deposits	-	-
- Term deposits	-	-
- Other deposits	-	-
	-	-
<i>Due to customer</i>		
- Current accounts, demand deposits and overnight deposits	-	-
- Term deposits	-	-
- Other deposits	-	-
	-	-
<i>Issued debt securities</i>		
- Money market instruments	-	-
- Deposit certificates	-	-
- Issued bonds	-	-
- Other	-	-
	-	-
<i>Other financial liabilities</i>	-	-
<i>Trade derivatives</i>		
Contracts dependent on the interest rate change	-	-
Contracts dependent on the exchange rate change	-	-
Contracts dependent on the price of securities	-	-
Other contracts that meet the criteria of IAS 39	-	-
	-	-
Total trading liabilities	-	-

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

33. Financial liabilities designated at fair value through profit and loss

	Current carrying amount	2009 Contractual value, paid at maturity	Current carrying amount	2008 Contractual value, paid at maturity
<i>Due to banks</i>				
Current accounts, demand deposits and overnight deposits	-	-	-	-
Term deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Due to customer</i>				
Current accounts, demand deposits and overnight deposits	-	-	-	-
Term deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<i>Issued debt securities</i>				
Money market instruments	-	-	-	-
Deposit certificates	-	-	-	-
Issued bonds	-	-	-	-
Other	-	-	-	-
	-	-	-	-
<i>Subordinary debts</i>				
	-	-	-	-
<i>Other financial liabilities</i>				
	-	-	-	-
Total financial liabilities designated through profit and loss	-	-	-	-

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

34. Due to banks

34.1 Due to banks

	Short-term	2009 Long-term	Short-term	2008 Long-term
Current accounts				
- Domestic banks	4	-	252	-
- Foreign banks	-	-	-	-
	4	-	252	-
Demand deposits				
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
	-	-	-	-
Term deposits				
- Domestic banks	36,645	-	140,111	-
- Foreign banks	91,760	-	-	-
	128,405	-	140,111	-
Restricted deposits				
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
	-	-	-	-
Other deposits				
- Domestic banks	-	-	-	-
- Foreign banks	-	-	-	-
	-	-	-	-
Interest				
- Domestic banks	42	-	25	-
- Foreign banks	103	-	-	-
	145	-	25	-
Current maturity	-	-	-	-
Total due to banks	128,554	-	140,388	-

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

34.2 Due to customers

	2009		2008	
	Short-term	Long-term	Short-term	Long-term
Non-financial companies				
- Current accounts	493,805	-	644,907	-
- Demand deposits	1,242	-	11,115	-
- Term deposits	449,652	-	705,553	-
- Limited deposits	83,262	-	19,554	416
- Other deposits	-	-	-	-
- Interest	2,300	-	1,802	-
	1,030,261	-	1,382,931	416
Government				
- Current accounts	18,749	-	16,303	-
- Demand deposits	819	-	819	-
- Term deposits	90,554	-	114,913	-
- Limited deposits	38	-	-	-
- Other deposits	-	-	-	-
- Interest	651	-	666	-
	110,811	-	132,701	-
Non-profit organizations that serve households				
- Current accounts	42,120	-	45,471	-
- Demand deposits	-	-	-	-
- Term deposits	103,521	-	75,171	7,000
- Limited deposits	2,241	-	-	-
- Other deposits	-	-	-	-
- Interest	333	-	203	-
	148,215	-	120,845	7,000
Financial companies, apart from banks				
- Current accounts	10,498	-	7,943	-
- Demand deposits	-	-	-	-
- Term deposits	387,176	88,988	128,689	26,000
- Limited deposits	2,945	-	-	-
- Other deposits	-	-	-	-
- Interest	3,486	-	928	-
	404,105	88,988	137,560	26,000
Households				
- Current accounts	332,154	-	259,701	-
- Demand deposits	270,666	-	360,476	-
- Term deposits	1,406,477	675,236	1,758,571	127,719
- Limited deposits	105,199	75,338	-	-
- Other deposits	-	-	-	-
- Interest	6,022	-	5,038	-
	2,120,518	750,574	2,383,786	127,719
Non-residents, apart from banks				
- Current accounts	15,823	-	15,554	-
- Demand deposits	-	-	-	-
- Term deposits	-	-	65	-
- Limited deposits	3,301	-	984	-
- Other deposits	-	-	-	-
- Interest	-	-	-	-
	19,124	-	16,603	-
Current maturity	503,988	(503,988)	34,939	(34,939)
Total due to other customers	4,337,022	335,574	4,209,365	126,196

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

35. Issued debt securities

	2009	2008
Money market instruments	-	-
Deposit certificates	-	-
Issued bonds	-	-
Other	-	-
Interest on issued securities	-	-
Total issued debt securities	-	-

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

36. Borrowings

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

	2009		2008	
	Short-term	Long-term	Short-term	Long-term
Banks				
- Residential				
Borrowings	-	345,209	30,000	366,716
Repo-transactions	-	-	-	-
Interest	3,288	-	3,675	-
- Non-residential				
Borrowings	-	76,467	-	107,472
Repo-transactions	-	-	-	-
Interest	101	-	318	-
	3,389	421,676	33,993	474,188
Non-financial companies				
Borrowings	-	-	-	-
Repo-transactions	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
Government				
Borrowings	-	2,312	-	2,312
Repo-transactions	-	-	-	-
Interest	-	-	-	-
	-	2,312	-	2,312
Non-profit institutions that serve to households				
Borrowings	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
Financial companies, apart from banks				
Borrowings	-	-	-	-
Repo-transactions	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
Non-residents, apart from banks				
- Non-financial companies				
Borrowings	-	-	-	-
Repo-transactions	-	-	-	-
Interest	-	-	-	-
- Government				
Borrowings	-	-	-	-
Repo-transactions	-	-	-	-
Interest	-	-	-	-
- Non-profit institutions that serve to households				
Borrowings	-	-	-	-
Repo-transactions	-	-	-	-
Interest	-	-	-	-
- Financial companies, apart from banks				
Borrowings	-	119,950	-	122,825
Repo-transactions	-	-	-	-
Interest	1,439	-	21	-
- Households				
Borrowings	-	-	-	-
Interest	-	-	-	-
	1,439	119,950	21	122,825
Current maturity	139,380	(139,380)	112,540	(112,540)
Total borrowings	144,208	404,558	146,554	486,785

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

Borrowings (continued)

B. Borrowings liabilities according to donor

	2009		2008	
	Short-term	Long-term	Short-term	Long-term
<i>Domestic sources:</i>				
Banks	3,288	345,209	33,675	366,716
Government	-	2,312	-	2,312
	3,288	347,521	33,675	369,028
<i>Foreign sources:</i>				
Banks	101	76,467	318	107,472
Financial companies, apart from banks	1,439	119,950	21	122,825
	1,540	196,417	339	230,297
Current maturity	139,380	(139,380)	112,540	(112,540)
Total borrowings	144,208	404,558	146,554	486,785

37. Subordinated liabilities

	2009	2008
<i>Subordinated deposit liabilities</i>		
_____	-	-
_____	-	-
_____	-	-
Liabilities based on interest	-	-
	-	-
<i>Subordinated credit liabilities</i>		
_____	-	-
_____	-	-
_____	-	-
Interest	-	-
	-	-
<i>Subordinated liabilities on issued securities</i>		
_____	-	-
_____	-	-
_____	-	-
Interest	-	-
	-	-
Preference shares	-	-
Total subordinated liabilities	-	-

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
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38. Special reserve and provisions

	Special reserve and off-balance credit exposure	Provisions for potential liabilities based on litigations	Pension provisions and other employee benefits	Restructuring provisions	Provisions for adverse contracts	Other provisions	Total
At 01 January 2008	2,329	-	-	-	-	-	2,329
Additional provisions during the year	2,781	-	-	-	-	-	2,781
(used provisions during the year)	-	-	-	-	-	-	-
(release of provisions during the year)	-	-	-	-	-	-	-
At 31 December 2008	5,110	-	-	-	-	-	5,110
At 1 January 2009	5,110	-	-	-	-	-	5,110
Additional provisions during the year	4,422	-	-	-	-	-	4,422
(used provisions during the year)	(3,916)	-	-	-	-	-	(3,916)
(release of provisions during the year)	-	-	-	-	-	-	-
At 31 December 2009	5,616	-	-	-	-	-	5,616

39. Other liabilities

	2009	2008
Trade payables	18,691	31,674
Received advances	8,114	7,614
Fee and commission liabilities	18	18
Accrued expenses	1	5
Deferred income from the pervious year	-	-
Short-term liabilities to employees	-	-
Short-term liabilities for employee benefits	-	-
Trade payables		
- Other foreclosed assets liabilities	7,898	7,098
- Liabilities based on income allocation	3,028	3,057
- Liabilities based on share clearance	2,908	2,908
- Membership fee	1,849	17
- Other foreign curency liabilities	998	935
Other	3,651	4,169
Total other liabilities	47,156	57,495

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

40. Share capital

A. Share capital

	<i>in MKD</i>		ordinary shares		<i>Number of issued shares</i>		<i>in Denar thousand</i>	
	ordinary shares	Nominal value per share preference shares not for sale	2009	2008	preference shares not for sale	2009	2008	Total subscribed capital
At 01 January - fully paid	1,000	-	907,888	907,888	-	-	907,888	907,888
Recorded shares during the year	-	-	-	-	-	-	-	-
Realization of share option	-	-	-	-	-	-	-	-
Division/increase of nominal value per share	-	-	-	-	-	-	-	-
Other changes during the year	-	-	-	-	-	-	-	-
At 31 December - fully paid	1,000	-	907,888	907,888	-	-	907,888	907,888

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

Share capital (continued)

B. Dividends

B.1 Issued dividends and paid dividends by the Bank

	2009	2008
Issued dividends and paid dividends for the year	-	-

	2009	2008
Ordinary share dividend	-	-
Preference share dividend	-	-

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

	2009	2008
Issued dividends after 31 December	-	-

	2009	2008
Ordinary share dividend	-	-
Preference share dividend	-	-

C. Shareholders with more than 5% voting share

<i>Shareholder's name</i>	<i>Denar thousand</i>		<i>In %</i>	
	2009 Subscribed capital (Nominal value)	2008 Subscribed capital (Nominal value)	2009 Voting right	2008 Voting right
Teteks AD Tetovo	397,811	397,811	44	44
EBOR	226,972	226,972	25	25
Total	624,783	624,783	69	69

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

41. Earnings per share

A. Basic earnings per share

	2009	2008
Net - Profit attributable to holders of ordinary shares		
Net - Profit for the year	(67,824)	(129,804)
Dividends for preference shares not for sale	-	-
Changes of Net - Profit attributable to holders of ordinary shares	-	-
Net profit attributable to holders of ordinary shares	(67,824)	(129,804)

	2009	2008
Weighted average number of ordinary shares		
Issued ordinary shares as of 1 January	907,888	907,888
Effects of issuing potential ordinary shares	-	-
Weighted average number of ordinary shares (diluted) as of 31 December	907,888	907,888
Basic earning per share (in MKD)	(75)	(143)

B. Diluted earning per share

	2009	2008
<i>Net - profit attributable to holders of ordinary shares (diluted)</i>		
Net profit attributable to holders of ordinary shares	-	-
Changes of net profit attributable to holders of ordinary shares for the effects of all issued potential ordinary shares	-	-
Net profit attributable to holders of ordinary shares (diluted)	-	-

	2009	2008
<i>Weighted average number of ordinary shares (diluted)</i>		
Issued ordinary shares as of 1 January	-	-
Effects of issuing potential ordinary shares	-	-
Weighted average number of ordinary shares (diluted) as of 31 December	-	-
Diluted earning per share (in MKD)	-	-

Notes to the financial statements (continued)
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(All amounts expressed in Denar thousand, unless otherwise stated)

42. Commitments and contingencies

42.1 Commitments

	2009	2008
Payment guarantees		
- in Denar	217,342	194,902
- in foreign currency	33,057	22,558
- in Denar with foreign clause	64,275	-
Performance guarantees		
- in Denar	36,901	52,782
- in foreign currency	3,434	8,469
- in Denar with foreign clause	-	-
Uncovered letter of credit		
- in Denar	-	-
- in foreign currency	3,568	12,932
- in Denar with foreign clause	-	-
Unused overdraft for current accounts	77,133	24,703
Unused credit card limits	62,140	68,446
Foreclosed liabilities for crediting and unused credit limits	-	-
Other commitments and contingencies (covered and uncovered)	4,555	-
Issued covered collateral	37,311	15,109
Covered letter of credit	-	3,227
Other covered commitments and contingencies	-	-
Total commitments and contingencies before the special reserve	539,716	403,128
(Special reserve)	(5,616)	(5,110)
Total commitments and contingencies less potential reserve	534,100	398,018

Litigations

At 31 December 2009, legal proceedings against the Bank amount in totaled Denar 445,542 thousand. The provision as of the balance sheet date has not been recorded because the professional legal advice indicates that there is no possibility of significant losses. In addition, various legal actions and claims may be asserted in the future against the Bank from litigations and claims incident to the ordinary course of business. Related risks have been analyzed as to likelihood of occurrence. Although the outcome of these matters cannot always be ascertained with precision, the management of the Bank believes that no material liabilities are likely to occur.

Taxation

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

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
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43. Activities on behalf of third parties

	2009			2008		
	Assets	Liabilities	Net-position	Assets	Liabilities	Net-position
<i>Asset administration on behalf and at the expense of third parties</i>						
Deposits in Denar	-	28,110	(28,110)	-	40,826	(40,826)
Deposits in foreign currencies	-	-	-	-	-	-
Loans in Denar	28,110	-	28,110	41,238	-	41,238
Loans in foreign currencies	-	-	-	-	-	-
Other receivables in Denar	-	-	-	-	-	-
Other receivables in foreign currencies	-	-	-	-	-	-
<i>Asset management on behalf and at the expense of third parties</i>						
Deposits in Denar	-	-	-	-	-	-
Deposits in foreign currencies	-	-	-	-	-	-
Loans in Denar	-	-	-	-	-	-
Loans in foreign currencies	-	-	-	-	-	-
Other receivables in Denar	-	-	-	-	-	-
Other receivables in foreign currencies	-	-	-	-	-	-
Bank accounts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	28,110	28,110	-	41,238	40,826	412

The Bank manages the assets on behalf of third parties intended for purchasing government bills and bonds or approving loans for customers. These assets are not owned by the Bank and are not recognized in the Balance sheet. The Bank is not exposed to credit risk that arises from these placements.

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

44. Related party transactions

According to the Banking Law, related parties are considered: persons with special rights and responsibilities in the Bank and persons related to them; shareholders with a qualified contribution to the Bank (direct or indirect ownership of at least 5% of the total number of shares, or voting right shares or that enable a significant influence on the Bank's managing), affiliates and entities under common ownership, control and management with the Bank, or whose activities the Bank has an ability to control.

The Bank grants loans, performs payment transfers and deposits funds of related enterprises and financial institutions. It is the opinion of the Bank's management that these transactions are carried out on normal market terms and conditions and during the regular course of business activities.

As of 31 December 2009 and 2008 the balances and volume of transactions with companies related to companies that have common control over the Bank, and key management personnel of the Bank and its related parties, are as follows:

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

Related party transactions (continued)
Balance sheet (continued)

	Parent Company	Subsidi- aries	Associ- ates	Manage- ment of the Bank	Other related parties	Total
At 31 December 2008						
Assets						
Current accounts	-	-	-	-	-	-
Trading assets	-	-	-	-	-	-
Loans and advances						
- Mortgages	-	-	-	1,495	-	1,495
- Consumer loans	-	-	-	2,976	-	2,976
- Financial leasing receivables	-	-	-	-	-	-
- Factoring and forfeiting receivables	-	-	-	-	-	-
- Other loans and advances	-	-	-	1,254	285,444	286,698
Investments in securities	-	-	-	-	-	-
(Allowance for impairment)	-	-	-	(52)	(118,285)	(118,337)
Other assets	-	-	-	-	-	-
Total	-	-	-	5,673	167,159	172,832
Liabilities						
Trading liabilities	-	-	-	53,869	172,987	226,856
Deposits	-	-	-	-	-	-
Issued securities	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total	-	-	-	53,869	172,987	226,856
Commitments						
Issued guarantees	-	-	-	-	-	-
Issued letter of credit	-	-	-	-	-	-
Other commitments	-	-	-	2,407	29,359	31,766
(Special reserves)	-	-	-	-	-	-
Total	-	-	-	2,407	29,359	31,766
Potential assets						
Received guarantees	-	-	-	-	-	-
Other potential assets	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

Related party transactions (continued)

B. Income and expenses from other related party transactions

	Parent Company	Subsidi- aries	Associ- ates	Manage- ment of the Bank	Other related parties	Total
2009						
Income						
Interest income	-	-	-	1,129	3,624	4,753
Fee and commission income	-	-	-	27	809	836
Net income from trading	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gain from the sale of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between subjects	-	-	-	-	-	-
Total	-	-	-	1,156	4,433	5,589
Expenses						
Interest expense	-	-	-	760	6,336	7,096
Fee and commission expense	-	-	-	-	-	-
Net losses from trading	-	-	-	-	-	-
Expenses from purchase of non-current assets	-	-	-	-	-	-
Allowance for impairment of financial assets, net	-	-	-	(5)	69,313	69,308
Other expenses	-	-	-	-	-	-
Transfers between subjects	-	-	-	-	-	-
Total	-	-	-	755	75,649	76,404
	Parent Company	Subsidi- aries	Associ- ates	Manage- ment of the Bank	Other related parties	Total
2008						
Income						
Interest income	-	-	-	933	4,263	5,196
Fee and commission income	-	-	-	52	1,214	1,266
Net income from trading	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-
Capital gain from the sale of non-current assets	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transfers between subjects	-	-	-	-	-	-
Total	-	-	-	985	5,477	6,462
Expenses						
Interest expense	-	-	-	269	4,665	4,934
Fee and commission expense	-	-	-	-	-	-
Net losses from trading	-	-	-	-	-	-
Expenses from purchase of non-current assets	-	-	-	-	-	-
Allowance for impairment of financial assets, net	-	-	-	18	115,358	115,376
Other expenses	-	-	-	-	-	-
Transfers between subjects	-	-	-	-	-	-
Total	-	-	-	287	120,023	120,310

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

Related party transactions (continued)

C. Expenses for the Bank Management

	2009	2008
Short-term employee benefits	30,116	31,249
Benefits after employment	-	-
Benefits due to termination of employment	2,826	-
Employee payment based on shares, settled with owned instruments	-	-
Employee payment based on shares, settled in cash	-	-
Other	61	593
Total	33,003	31,842

45 Leases

A. Lessor

A.1 Financial leases receivables

	Total financial lease receivables	Maturity period for financial lease receivables	
		up to 1 year	up to 1 year
At 31 December 2009			
Current value of minimum lease payments	-	-	-
Total	-	-	-
At 31 December 2008			
Current value of minimum lease payments	-	-	-
Total	-	-	-

A.2 Irreversible operative lease receivables

	Total financial lease receivables	Maturity period for financial lease receivables	
		up to 1 year	up to 1 year
At 31 December 2009			
Current value of minimum lease payments	-	-	-
Total	-	-	-
At 31 December 2008			
Current value of minimum lease payments	-	-	-
Total	-	-	-

	Land	Construction objects	Transport vehicles	Furniture and office equipment	Other equipment	Other items of property, plant and equipment	Total
Value of property under operational lease:							
At 31 December 2009	-	-	-	-	-	-	-
At 31 December 2008	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Notes to the financial statements (continued)
 As of and for the year ended 31 December 2009
 (All amounts expressed in Denar thousand, unless otherwise stated)

Leases (continued)

B. Lessee

B.1 Financial lease liabilities

	Total financial leases receivables	Maturity period for financial lease liabilities	
		up to 1 year	up to 1 year
At 31 December 2009			
Current value of minimum lease payments	-	-	-
Total	-	-	-
At 31 December 2008	-	-	-
Current value of minimum lease payments	-	-	-
Total	-	-	-

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
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Leases (continued)
Financial lease liabilities (continued)

	Land	Buildings	Transport	Furniture and office equipment	Other equipment	Other items of plant, property and equipment	Total
<i>Value of property under financial lease:</i>							
Cost							
At 1 January 2008	-	-	-	-	-	-	-
- additions	-	-	-	-	-	-	-
- (disposal and write off)	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
<i>At 31 December 2008</i>	-	-	-	-	-	-	-
As of 1 January 2009	-	-	-	-	-	-	-
- additions	-	-	-	-	-	-	-
- (disposal and write offs)	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
<i>At 31 December 2009</i>	-	-	-	-	-	-	-
Accumulated depreciation and impairment							
At 1 January 2008	-	-	-	-	-	-	-
- depreciation for the year	-	-	-	-	-	-	-
- impairment loss during the year	-	-	-	-	-	-	-
- (release of impairment loss during the year)	-	-	-	-	-	-	-
- (disposal and write offs)	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
<i>At 31 December 2008</i>	-	-	-	-	-	-	-
At 1 January 2009	-	-	-	-	-	-	-
- depreciation for the year	-	-	-	-	-	-	-
- impairment loss during the year	-	-	-	-	-	-	-
- (release of impairment loss during the year)	-	-	-	-	-	-	-
- (disposal and write offs)	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
<i>At 31 December 2009</i>	-	-	-	-	-	-	-
Current carrying value							
At 1 January 2008	-	-	-	-	-	-	-
At 31 December 2008	-	-	-	-	-	-	-
At 31 December 2009	-	-	-	-	-	-	-

Notes to the financial statements (continued)
As of and for the year ended 31 December 2009
(All amounts expressed in Denar thousand, unless otherwise stated)

Leases (continued)

Financial lease liabilities (continued)

B.2 Irrevocable operational leases liabilities

	Total financial leases receivables	Maturity period for financial lease receivables up to 1 year		
At 31 December 2009	-	-	-	-
Current value of minimum lease payments	-	-	-	-
Total	-	-	-	-
At 31 December 2008	-	-	-	-
Current value of minimum lease payments	-	-	-	-
Total	-	-	-	-

46 Share based payments

	2009	2008
Date of giving option	-	-
Date of option expiry	-	-
Price of option realization	-	-
Share price on the date the option is given	-	-
Variance	-	-
Expected dividend return	-	-
Interest rate	-	-
Fair value on the date the option is given	-	-

	2009		2008	
	Number of share options	Weighted average price of share options	Number of share options	Weighted average price of share options
At 1 January				
Changes during the year:	-	-	-	-
- options given to Supervisory Board members	-	-	-	-
- options given to Board of Directors members	-	-	-	-
- Other given options	-	-	-	-
- Forfeited options	-	-	-	-
- Realized options	-	-	-	-
- Options with expired deadline	-	-	-	-
At 31 December	-	-	-	-



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