

DECISION

On approval of the Annual Account and Annual Financial Statements of
Stopanska Banka AD - Skopje for the year ended 31 December 2019

On the basis of Articles 26 of the Statute of Stopanska Banka AD-Skopje (A.D. No 399/04.03.2020, revised text) the Shareholders Assembly of Stopanska Banka AD-Skopje on the meeting held on _____06.2020, passed a

DECISION

on approval of the Annual Account and Annual Financial Statements of Stopanska Banka AD -
Skopje for the year ended 31 December 2019

1. The Annual Account and Annual Financial Statements of Stopanska Banka AD - Skopje for the year 2019, is hereby approved as follows:

(in thousands of MKD)

- Total assets	99,687,500
- Total liabilities and equity	99,687,500
- Total revenue	6,189,585
- Total expense	3,544,380
- Income before taxation	2,645,205

2. The structure of total assets and total liabilities as at December 31, 2019 is determined as follows:

ASSETS

(in thousands of MKD)

- Cash and cash equivalents	21,846,069
- Trading financial assets	3,763
- Placement with, and loans to, banks	243,333
- Loans to customers	66,498,099
- Investments in securities	8,692,169
- Intangible assets	125,463
- Property and equipment	847,631
- Other receivables	1,430,973
TOTAL ASSETS	99,687,500

LIABILITIES&EQUITY

- Deposits from banks	258,236
- Deposits from customers	82,857,540
- Loans payable	214,344
- Other liabilities	1,099,129
Total Liabilities	84,429,249
- Share capital	3,511,242
- Reserves	855,925
- Retained earnings	10,891,084
Total Equity	15,258,251
TOTAL LIABILITIES AND EQUITY	99,687,500

3. The structure of total income and total expenses, in accordance with the figures in Item 1 of this Decision, is determined as follows:

	<u>(in thousands of MKD)</u>
A. Total revenues	<u>6,189,585</u>
- Interest income	4,206,816
- Fee and commission income	1,262,912
- Foreign exchange gains, net	527,080
- Other revenues	192,777
B. Total expenses	<u>3,544,380</u>
- Interest expense	595,762
- Fee and commission expense	437,122
- Impairment losses, net	1,853
- Trading (expense)/income, net	763,510
- Staff expenses	850,367
- Other expenses	895,766

4. Realized income before taxation in 2019 is determined in the amount of 2,645,205 thousand denars.

Realized income before taxation is distributed as follows:

	<u>(in thousands of MKD)</u>
- Income tax	274,076
- Not distributed income	2,371,129

5. The not distributed income will be distributed with separate Decision on distribution of profit for the year 2019.

6. The Annual Financial Statements - Balance Sheet and Income Statement for the year 2019 are integral part of this Decision.

7. This Decision shall enter into force on the day it is passed.

A.D. No.
_____.05.2020
Skopje

SHAREHOLDERS ASSEMBLY

Chairman,

EXPLANATORY NOTE

The financial statements of Stopanska Banka AD – Skopje for the year 2019 are prepared in compliance with the Methodology for recording and valuating the accounting items and for preparing the financial statements (hereinafter referred to as “Methodology”), prescribed by the Central Bank and which is implemented as of 1 January 2018.

The structure of assets, liabilities and equity, as well as of revenues and expenses is as follows:

I. The Balance Sheet

Total assets at the level of the Bank amount to 99,687,500 thousand denars.

According to the share of each of the categories in total assets, the positions are as follows:

	%
- Cash and cash equivalents	21,91
- Trading financial assets	0,01
- Placement with, and loans to, banks	0,24
- Loans to customers	66,71
- Investments in securities	8,72
- Intangible assets	0,12
- Property and equipment	0,85
- Other receivables	1,44

According to the share of each of the categories, the structure of liabilities and equity is as follows:

	%
- Deposits from banks	0,26
- Deposits from customers	83,12
- Loans payable	0,22
- Other liabilities	1,10
- Share capital	3,52
- Reserves	0,86
- Retained earnings	10,92

The Bank's shareholding capital as of December 31, 2019, without taking in consideration of accumulated earnings in previous years and realized income in current year, is MKD 3,511,242 thousand.

II. Statement of Revenues and Expenses

In the fiscal year 2019, the total revenues amount to 6,189,585 thousand denars and the total expenses amount to 3,544,380 thousand denars, resulting in profit before tax in the amount of 2,645,205 thousand denars.

Total revenue

Participation of each of the categories in the overall revenue structure is as follows:

	%
- Interest income	67,97
- Fee and commission income	20,40
- Foreign exchange gains, net	8,52
- Other revenues	3,11

Total expenses

Participation of each of the categories in the overall expense structure is as follows:

	%
- Interest expense	16,81
- Fee and commission expense	12,34
- Trading (expense)/income, net	0,05
- Impairment losses, net	21,54
- Staff expenses	23,99
- Other expenses	25,27

Income and income distribution

In the fiscal year 2019, the Bank realized income before taxation in the amount of 2,645,205 thousand denars.

In accordance with the legislation, from the income before taxation, income tax was calculated at the amount of 274,076 thousand denars, after which remains an undistributed profit in the amount of 2,371,129 thousand denars which will be distributed with separate Decision on distribution of the profit for year 2019.

In view of the above, it is proposed the Shareholders assembly to pass the enclosed Decision.

Skopje, May 2020

BALANCE SHEET
as at December 31, 2019

(In thousand of MKD)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	21,846,069	19,296,328
Trading financial assets	3,763	5,616
Financial assets at fair value through income statement determined as such at initial recognition	-	-
Derivative assets held for risk management	-	-
Placements with, and loans to banks	243,333	197,089
Loans to customers	66,498,099	63,664,180
Investments in securities	8,692,169	5,869,943
Investments in associates	-	-
Receivables for income tax (current)	33,123	-
Other receivables	1,355,825	454,474
Collateralized assets	-	-
Assets acquired through foreclosure proceedings	42,025	68,969
Intangible assets	125,463	101,084
Property and equipment	847,631	883,904
Deferred tax assets	-	-
Non-current assets held for sale and group for sale	-	-
Total assets	<u>99,687,500</u>	<u>90,541,587</u>
LIABILITIES		
Trading financial liabilities	-	-
Financial liabilities at fair value through income statement determined as such at initial recognition	-	-
Derivative obligation held for risk management	-	-
Deposits from banks and financial institutions	258,236	159,504
Deposits from customers	82,857,540	76,002,374
Issued debt securities	-	-
Loans payable	214,344	296,455
Subordinated debt	-	-
Special reserve and provisions	79,918	128,364
Income tax payable (current)	-	95,126
Deferred tax liabilities	-	-
Other liabilities	1,019,211	930,114
Liabilities directly related to group of assets for sale	-	-
Total liabilities	<u>84,429,249</u>	<u>77,611,937</u>
EQUITY AND RESERVES		
Share capital	3,511,242	3,511,242
Share premia	-	-
Registered shares	-	-
Other equity instruments	-	-
Revaluation Reserves	24,552	84,683
Other Reserves	831,373	831,373
Retained earnings	10,891,084	8,502,352
Total equity and reserves	<u>15,258,251</u>	<u>12,929,650</u>
Total liabilities and equity and reserves	<u>99,687,500</u>	<u>90,541,587</u>
Contingent liabilities	13,976,657	14,191,047
Contingent assets	-	-

INCOME STATEMENT

for the period from January 1, 2019 to December 31, 2019

	(In thousands of MKD)	
	2019	2018
Interest income	4,206,816	4,509,860
Interest expense	(595,762)	(682,760)
Net interest income	3,611,054	3,827,100
Fee and commission income	1,262,912	1,109,285
Fee and commission expense	(437,122)	(366,829)
Net fee and commission income	825,790	742,456
Trading (expense)/income, net	(1,853)	1,940
Trading (expense)/income from other financial instruments, net	-	-
Foreign exchange gains, net	91,300	105,173
Other operating income	527,080	561,142
Share in the profit of associates	-	-
Impairment losses on financial assets, net	(763,510)	(531,646)
Impairment losses on non-financial assets, net	101,477	117,038
Staff expenses	(850,367)	(869,802)
Depreciation and amortization	(136,719)	(137,831)
Other operating expenses	(759,047)	(747,489)
Share in the loss of associated companies	-	-
Income before taxation	2,645,205	3,068,081
Income tax	(274,076)	(321,735)
Net profit for the year	2,371,129	2,746,346
Earning per shares		
Basic earnings per share (in MKD)	135,80	157,30
Diluted earnings per share (in MKD)	135,80	157,30