

STOPANSKA BANKA AD - SKOPJE

DECISION

on distribution of the Profit of
Stopanska Banka AD - Skopje for 2019

Skopje, May 2020

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 at the meeting held on____05.2020 passed a

DECISION
on distribution of the Profit of
Stopanska Banka AD - Skopje for 2019

1. Stopanska Banka AD - Skopje (SB), in accordance with the Decision on adoption of the Annual Account and Annual Financial Statements of SB for 2019, realized net profit in amount of MKD 2,371,128,570.00.

2. The year 2019 net profit determined in article 1 of this Decision, shall be distributed as follows:

- a) Retained earnings for investment restricted for distribution to the shareholders in amount of MKD 788,336,310.00 and
- b) Retained earnings for investments in amount of MKD 1,582,792,260.00.

3. Profit that is allocated to retained earnings for investments is used for development purposes and investments in tangible and intangible assets for expanding the primary business.

4. This Decision shall enter into force on the date it is passed.

A.D. No.xxx
xx.05.2020

S k o p j e

SHAREHOLDERS ASSEMBLY

Chairman,

STOPANSKA BANKA AD - SKOPJE

PROPOSAL

On determining the Proposal - Decision on distribution of the Profit
of Stopanska Banka AD - Skopje for 2019

Skopje, May 2020

On the basis of Articles 40 of the Statute of Stopanska Banka AD - Skopje (A.D. No 399/04.03.2020, revised text) the Supervisory Board of Stopanska Banka AD - Skopje at the meeting held on _____05.2020 passed a

DECISION

on determining the Proposal - Decision on distribution of the Profit of
of Stopanska Banka AD - Skopje for 2019

1. Stopanska Banka AD - Skopje (SB), in accordance with the Decision on adoption of the Annual Account and Annual Financial Statements of SB for 2019, realized net profit in amount of MKD 2,371,128,570.00.

The Proposal for distribution of the profit of Stopanska Banka AD – Skopje for 2019 is hereby determined as follows:

- Retained earnings for investment restricted for distribution to the shareholders in amount of MKD 788,336,310.00, and
- Retained earnings for investments in amount of MKD 1,582,792,260.00

Profit that is allocated to retained earnings for investments is used for development purposes and investments in tangible and intangible assets for expanding the primary business of the Bank.

2. The Proposal from item 1 of this Decision shall be submitted for adoption to the Shareholders Assembly of SB.

3. The Proposal - Decision for distribution of the Profit of Stopanska Banka AD - Skopje for 2019 is integral part of this Decision.

4. This Decision shall enter into force on the date it is passed.

S.B. No. xxxx
xx.05.2020
S k o p j e

SUPERVISORY BOARD

Chairman

EXPLANATORY NOTE

Stopanska Banka AD - Skopje (SB), as determined in the Income Statement for 2019, that is an integral part of the Annual Account and Annual Financial Statement for 2019, realized net profit in amount of MKD 2,371,128,570.00.

In accordance with the Law on Banks and the Statute of SB, the Shareholders Assembly with this Decision distributes the profit, upon proposal by the Supervisory Board.

Considering the above, it is proposed the net profit realized in 2019, in accordance with provisions referred to in Article 483 paragraph 2 point 5 of the Law on Trade Companies to be distributed for:

- Part of the profit in the amount of MKD 788,336,310.00 is to be distributed for retained earnings for investment purposes, in tangible and non-tangible assets and for expansion of the Bank's business activity and it will be restricted for distribution to the shareholders in future and will increase the core capital of the Bank. By separating part of the profit in retained restricted earnings, a tax deduction can be obtained in accordance with the Profit Tax By this, the Bank will have the right for deduction of the tax basis for the used amount of the investment and thus determining lower tax on the profit when preparing the Tax Statements for the year 2020.

The referred amount of MKD 788,336,310 shall not be available for payment of dividend to the shareholders in future (restricted for distributions to shareholders), and as such, in accordance with the applicable regulation of the Central bank, has a treatment as core capital of Stopanska banka AD - Skopje

- The remaining part of the profit in amount of MKD 1,582,792,260.00 will be distributed in the retained earnings for investment purposes in tangible and non-tangible assets and for expansion of the Bank's business activity. By separating part of the profit in retained earnings for investment, a tax deduction can be obtained in accordance with the Profit Tax Law. By this, the Bank will have the right for deduction of the tax basis for the used amount of the investment and thus determining lower tax on the profit when preparing the Tax Statements for the year 2020.

This amount of the profit will not be included in the Bank's Regulatory Capital and in the calculation of the capital adequacy. In case the Bank did not realize the investment, by separate decision will reallocate this part of the profit in the retained earnings distributable for dividend in the future.

Due to the aforementioned, it is proposed the Shareholders Assembly of SB to pass the enclosed Decision, as presented.

Skopje, May 2020