

DECISION

On approval of the Annual Account and Annual Financial Statements of
Stopanska banka AD - Skopje for the year ended 31 December 2021

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 _____05.2022, passed a

DECISION

On approval of the Annual Account and Annual Financial Statements of Stopanska Banka AD - Skopje for the year ended 31 December 2021

1. The Annual Account and Annual Financial Statements of Stopanska Banka AD - Skopje for the year 2021, is hereby approved as follows:

(in thousands of denars)

- Total assets	114,102,699
- Total liabilities and equity	114,102,699
- Total revenue	6,126,411
- Total expense	3,397,578
- Income before taxation	2,728,833

2. The structure of total assets and total liabilities as at December 31, 2021 is determined as follows:

ASSETS

(in thousands of denars)

- Cash and cash equivalents	20,867,797
- Trading financial assets	1,999
- Placement with, and loans to, banks	278,118
- Loans to customers	78,037,088
- Investments in securities	12,297,667
- Intangible assets	111,435
- Property and equipment	819,129
- Other receivables	1,689,466
TOTAL ASSETS	114,102,699

LIABILITIES&EQUITY

- Deposits from banks	1,425,335
- Deposits from customers	89,673,439
- Loans payable	1,686,298
- Other liabilities	1,525,288

Total Liabilities	94,310,360
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- Share capital	3,511,242
- Reserves	944,205
- Retained earnings	15,336,892

Total Equity	19,792,339
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TOTAL LIABILITIES AND EQUITY	114,102,699
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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 denars)</u>
A. Total revenues	<u>6,126,411</u>
- Interest income	4,113,872
- Fee and commission income	1,439,240
- Foreign exchange gains, net	110,078
- Other revenues	463,221
B. Total expenses	<u>3,397,578</u>
- Interest expense	269,831
- Fee and commission expense	607,750
- Trading (expense)/income, net	696
- Impairment losses, net	772,417
- Staff expenses	890,490
- Other expenses	856,394

4. Realized income before taxation in 2021 is determined in the amount of 2,728,833 thousand denars.

Realized income before taxation is distributed as follows:

	<u>(in thousands of denars)</u>
- Income tax	262,877
- Not distributed income	2,465,956

5. The not distributed income will be distributed with separate Decision for distribution of income for the year 2021.

6. The Annual Financial Statements - Balance Sheet and Income Statement for the year 2021 are integral part of this Decision.

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

A.D. No.
_____.05.2022
Skopje

SHAREHOLDERS ASSEMBLY

Chairman,

EXPLANATORY NOTE

The financial statements of Stopanska Banka AD – Skopje for the year 2021 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 114,102,699 thousand denars.

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

	<u>%</u>
- Cash and cash equivalents	18.28
- Trading financial assets	0.01
- Placement with, and loans to, banks	0.24
- Loans to customers	68.39
- Investments in securities	10.78
- Intangible assets	0.10
- Property and equipment	0.72
- Other receivables	1.48

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

	<u>%</u>
- Deposits from banks	1.25
- Deposits from customers	78.58
- Loans payable	1.48
- Other liabilities	1.34
- Share capital	3.08
- Reserves	0.83
- Retained earnings	13.44

The Bank's shareholding capital as of December 31, 2021, without taking in consideration of accumulated earnings in previous years and realized income in current year, is 3,511,242 thousand denars.

II. Statement of Revenues and Expenses

In the fiscal year 2021, the total revenues amount to 6,126,411 thousand denars and the total expenses amount to 3,397,578 thousand denars, resulting in profit before tax in the amount of 2,728,833 thousand denars.

Total revenue

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

	%
- Interest income	67.15
- Fee and commission income	23.49
- Foreign exchange gains, net	1.80
- Other revenues	7.56

Total expenses

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

	%
- Interest expense	7.94
- Fee and commission expense	17.89
- Trading (expense)/income, net	0.02
- Impairment losses, net	22.73
- Staff expenses	26.21
- Other expenses	25.21

Income and income distribution

In the fiscal year 2021, the Bank realized profit before tax amount of 2,728,833 thousand denars.

In accordance with the legislation, from the profit before tax, the income tax was calculated at the amount of 267,877 thousand denars, after which the remained undistributed profit amounts 2,465,956 thousand denars, which will be distributed with separate Decision for distribution of profit for the year 2021.

Taking into account all above it is proposed the Shareholders assembly to pass the enclosed Decision.

Skopje, May 2022

BALANCE SHEET
as at December 31, 2021

(in thousands of denars)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	20,867,797	17,376,605
Trading financial assets	1,999	2,698
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	278,118	224,193
Loans to customers	78,037,088	70,999,971
Investments in securities	12,297,667	14,713,650
Investments in associates	-	-
Receivables for income tax (current)	-	63,912
Other receivables	1,562,418	1,483,331
Collateralized assets	-	-
Assets acquired through foreclosure proceedings	127,048	185,848
Intangible assets	111,435	127,670
Property and equipment	819,129	828,914
Deferred tax assets	-	-
Non-current assets held for sale and group for sale	-	-
Total assets	<u>114,102,699</u>	<u>106,006,792</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	1,425,335	237,804
Deposits from customers	89,673,439	86,622,677
Issued debt securities	-	-
Loans payable	1,686,298	529,540
Subordinated debt	-	-
Special reserve and provisions	107,431	97,627
Income tax payable (current)	72,595	-
Deferred tax liabilities	-	-
Other liabilities	1,345,262	1,139,739
Liabilities directly related to group of assets for sale	-	-
Total liabilities	<u>94,310,360</u>	<u>88,627,387</u>
EQUITY AND RESERVES		
Share capital	3,511,242	3,511,242
Share premia	-	-
Registered shares	-	-
Other equity instruments	-	-
Revaluation Reserves	112,832	165,854
Other Reserves	831,373	831,373
Retained earnings	15,336,892	12,870,936
Total equity and reserves	<u>19,792,339</u>	<u>17,379,405</u>
Total liabilities and equity and reserves	<u>114,102,699</u>	<u>106,006,792</u>

Contingent liabilities	17,537,281	15,673,466
Contingent assets	-	-

INCOME STATEMENT

for the period from January 1, 2021 to December 31, 2021

	(in thousands of denars)	
	2021	2020
Interest income	4,113,872	4,136,546
Interest expense	(269,831)	(419,849)
Net interest income	3,844,041	3,716,697
Fee and commission income	1,439,240	1,219,782
Fee and commission expense	(607,750)	(481,156)
Net fee and commission income	831,490	738,626
Trading (expense)/income, net	(696)	(1,077)
Trading (expense)/income from other financial instruments, net	-	-
Foreign exchange gains, net	110,078	101,630
Other operating income	463,221	354,268
Share in the profit of associates	-	-
Impairment losses on financial assets, net	(772,417)	(962,719)
Impairment losses on non-financial assets, net	65,774	(2,997)
Staff expenses	(890,490)	(871,309)
Depreciation and amortization	(123,372)	(131,500)
Other operating expenses	(798,796)	(764,162)
Share in the loss of associated companies	-	-
Income before taxation	2,728,833	2,177,457
Income tax	(262,877)	(197,605)
Net profit for the year	2,465,956	1,979,852
Earning per shares		
Basic earnings per share (in denars)	141.23	113.40
Diluted earnings per share (in denars)	141.23	113.40