

SPARKASSE Bank	ASSEMBLY OF SHAREHOLDERS	No.
		Date: 28.05.2024
		Page: 1/3

PROPOSAL

DECISION

**For utilization and distribution of the achieved profit of
Sparkasse Bank AD Skopje, based on Annual Account for Y2023**

	ASSEMBLY OF SHAREHOLDERS	No.
		Date: 28.05.2024
		Page: 2/3

According to Article 29 of the Sparkasse Bank AD Skopje Statute, the Assembly of Shareholders of Sparkasse Bank AD Skopje, on the meeting of the Assembly, held on 28.05.2024, reached the following:

DECISION

For utilization and distribution of the achieved profit of Sparkasse Bank AD Skopje, based on Annual account for Y2023

1. Sparkasse Bank AD Skopje in 2023 has realized a net profit in the amount of **1.462.300.672,00 MKD**.
2. The achieved net profit in amount **1.462.300.672,00 MKD** is distributed as follows:
 - 57.279.215,00 MKD in Legal reserves
 - 1.055.021.457,00 MKD in Retained undistributed earnings
 - 350.000.000,00 MKD in Retained reinvested earnings
3. The part of the net profit that remains as retained undistributed earnings will not be available for payment of dividend to shareholders in the future and will be unencumbered by any future obligations.

The part of the profit that is distributed in retained reinvested earnings, will be used for development purposes, i.e. investments in tangible and intangible assets for expansion of the activity and will not be available for dividend payment to shareholders in the future and will be unencumbered by any future obligations.

4. This Decision becomes effective on the day of adoption.

SPARKASSE BANK AD Skopje
ASSEMBLY OF SHAREHOLDERS

Chairman

	ASSEMBLY OF SHAREHOLDERS	No.
		Date: 28.05.2024
		Page: 3/3

Explanation

Towards the Decision for utilization and distribution of the achieved profit of Sparkasse Bank AD Skopje, based on Annual account for Y2023

According to the audited financial statements of the Bank for 2023, Sparkasse Bank AD Skopje has achieved net profit in amount of **1.462.300.672,00** MKD. According to article 483 of the Law on trade companies, the Supervisory Board of the Bank proposes to the Shareholder's Assembly allocation of the net profit for 2023 in the following manner: 57.279.215,00 MKD in Legal reserves, 1.055.021.457,00 MKD in Retained undistributed earnings and 350.000.000,00 MKD in Retained reinvested earnings.

The obligation from article 485 of the Law on trade companies provides allocation of at least 5% of the net profit achieved according to the Annual Account for required general reserves until the fulfillment of the legal threshold of one-tenth of the basic capital of the Bank. For this purpose it is proposed to distribute an amount of 57.279.215,00 MKD in the general reserve fund of the Bank, so that its total reserves will amount to 559.475.805,00 MKD.

The profit that is distributed in retained reinvested earnings is in accordance with the annual Investment plan and will be used for development purposes, i.e. investments in tangible and intangible assets for expansion of the activity, and it will not be available for payment of dividend to the shareholders and will be unencumbered by any future obligations. By allocation a part of the profit in reinvested earnings, the Bank can use tax exemption according Law on Income tax in Tax balance for 2023 i.e. to use the right to decrease the tax base for the for the amount of realized investments.

Respecting that the amount allocated for investments in amount of 350.000.000,00 MKD and the amount allocated for retained reinvested earnings in the amount of 1.055.021.457,00 MKD are unencumbered by any future obligations and they are not available for payment of the dividends of the bank's shareholders they will be included in the calculations of Core capital of the Bank based to the Decision on the methodology for determining the capital adequacy.

This Decision confirms the way of distribution of the achieved profit in 2023 determined with the Decision from Supervisory board from 18.01.2024 brought according to point 13.5 and point 15 from the Decision on the methodology for determining capital adequacy ("Official gazette of Republic of Macedonia" nb. 47/12, 50/13, 71/14, 223/15, 218/16 и 221/18 and ("Official gazette of Republic of Macedonia" nb 181/19, 116/20 и 167/20).