

Pursuant to article 48 of the Statute of Komercijalna banka AD Skopje, the Assembly of the Bank at its meeting, held on 29.03.2021, passed

**D E C I S I O N**  
**on utilization and distribution of the**  
**undistributed profit realized by 31.12.2020**

**Article 1**

The undistributed profit of the Bank realized by 31.12.2020 shall be distributed as follows:

1. Dividend on ordinary shares	MKD	1.367.440.200
2. Reserves	MKD	294.526.091
3. Retained earnings for investments- reinvested earnings that the Bank will use in 2021	MKD	250.000.000
<b>TOTAL:</b>	<b>MKD</b>	<b>1.911.966.291</b>

**Article 2**

The funds for dividend on ordinary shares to be distributed in cash.

**Article 3**

The profit that is distributed in retained earnings for investments (reinvested earnings) serves for development purposes of the Bank, i.e for investments in tangible and intangible assets for expanding the scope of operating activities of the Bank, and thus exercising the right to reduce the tax base for the Income tax. The profit that is distributed in retained earnings for investments is included in the calculation of the regular share capital of the Bank and increases it, whereby it is not available for payment of dividend to the shareholders in the future (it will be limited to distribution to the shareholders).

**Article 4**

The remuneration funds of the Supervisory Board in the amount of MKD 1.925.000, which represent a cost for the Bank, to be distributed in cash.

The distribution of the funds referred to in paragraph 1 of this Article to the individual members of the Supervisory Board shall be performed by the Board for Establishing and Implementing the Remuneration Policy.

**Article 5**

This Decision shall be in effect from the date of its adoption.

**BANK'S ASSEMBLY**  
**CHAIRMAN**

## **EXPLANATION**

to the Decision

As a result of its performance in 2020, Komercijalna banka AD Skopje realized profit before tax in the amount of MKD 2.067.136.016. After deducting the income tax expense in the amount of MKD 155.169.725 the profit after tax is MKD 1.911.966.291. The amount of undistributed profit of MKD 1.911.966.291 is proposed for distribution for part for dividend on ordinary shares, part for reserves and part for retained earnings for investments (reinvested earnings) that the Bank will use in 2021.

1. Pursuant to article 11, paragraph 3 of the Memorandum of foundation of Komercijalna banka AD Skopje, the owners of the ordinary shares shall be given proportional part of the distributed profit.

The total amount of the part of the profit for the holders of ordinary shares is proposed to be MKD 1.367.440.200, i.e. MKD 600,00 per share, which is 60% of the individual face value of the shares.

2. Pursuant to article 483 and 485 of the Trade Company Law and article 22 of the Bank's Statute, it is proposed to allocate a part of the profit for reserves in the amount of MKD 294.526.091.

The amount proposed for allocation in reserves is according to the strategic determination of the Bank for maintenance of the equity value and its increase through a policy of allocation of a part of the net profit for reserves and represents an additional increase of the level of the total equity for the purpose of a further growth of the Bank.

3. Pursuant to Article 28 of the Income Tax Law, it is proposed to allocate an amount of MKD 250,000,000 to retained earnings (reinvested earnings) for investments that will serve for development purposes and expansion of the Bank's scope of operating activities, by investing in tangible and intangible assets. By allocating a part of retained earnings for investments, the Bank has the right to reduce the tax base in 2021 for the amount of investments, and to pay less income tax when preparing the Tax Balance for 2021.

The amount of MKD 250,000,000 will not be available for payment of dividends to shareholders in the future (it will be limited to distribution to shareholders) and in accordance with the relevant NBRSM regulations, has a treatment as the Bank's regular share capital when calculating its own funds, which will increase the capital adequacy ratio.

4. Pursuant to article 365 of the Trade Company Law, remuneration has been calculated for the Supervisory Board members based on expected earnings for 2020.

**Bank's Supervisory Board**