

Item on the agenda:3  
Proposer: **Supervisory board**

## **Material for the Shareholders Assembly of NLB Banka AD Skopje**

### **Proposal- Decision on utilization of the accumulated profit of NLB Banka AD Skopje from the year 2019 and the year 2020**

The Supervisory board propose to the Shareholder's Assembly to adopt the following:

### **Decision on utilization of the accumulated profit of NLB Banka AD Skopje from the year 2019 and the year 2020**

In addition:

- Proposal- Decision on utilization of the accumulated profit of NLB Banka AD Skopje from the year 2019 and the year 2020

Skopje, November 2021

## **Shareholders Assembly of NLB Banka AD Skopje**

### **Proposal- Decision on utilization of the accumulated profit of NLB Banka AD Skopje from the year 2019 and the year 2020**

Based on article 39, paragraph 1, point 5 of the Statute of NLB Banka AD Skopje, Shareholders Assembly of NLB Banka AD Skopje, at its meeting, held on 19.11.2021 accepted the following:

### **Decision on utilization of the accumulated profit of NLB Banka AD Skopje from the year 2019 and the year 2020**

1. Accumulated profit of NLB Banka AD Skopje from the year 2019 in an amount of MKD 1,672,270,392 is utilized as follows:
  - for dividend payout amount of MKD 503,895,990
  - for general reserve fund amount of MKD 1,168,374,402
2. Accumulated profit of NLB Banka AD Skopje from the year 2020 in an amount of MKD 1,022,311,017 is utilized as divided payout.
3. The decision enters into force on the date of acceptance.

In Skopje, 19.11.2021

The decision shall be submitted to:  
Secretariat

Chairman  
of the Shareholders Assembly  
of NLB Banka AD Skopje

## Summary

NLB Banka AD Skopje realized profit after tax in the amount of MKD 1,849,917,998 (EUR 30,079,967.45) for the business year of 2019 and the amount of MKD 1,704,271,256 (EUR 27.711.727,74) for the business year of 2020.

On the basis of the Decision of the shareholders for utilization and distribution of the realized profit from the Annual account of NLB Banka AD Skopje for the year 2019 and for the year 2020 (0201-193; 23.04.2020 and 0203-110; 12.03.2021), due to occurred unforeseen conditions caused by the COVID-19 pandemic and the Decision adopted by the Council of National Bank on February 26, 2021, in which it was expected from the banks in RNM to abstain from dividend payout from the realized profit from 2019 and 2020 in order to upgrade the capital and liquidity reserves above the minimally required threshold, a part of the realized profit of the Bank for 2019 in the amount of MKD 1,672,270,392 (EUR 27,191,388.49) and for 2020 in the amount of MKD 1,022,311,017 (EUR 16,622,943.37) was distributed in accumulated profit available for further distribution.

In April 2021, based on regular annual assessment of the systematic importance of banks in RNM, the CB of RNM ranked again NLB Banka AD Skopje as second systematically most important bank in RNM and increased the required capital buffer for systematic importance from 1.5% to 2%, leading to increased total capital requirement from 15% to 15.5% which should be fulfilled starting from 31.3.2022. According to Capital management policy of NLB Banka AD Skopje, the Bank follows the policy of internal management buffer of 50 b.p. applied on the required total regulatory capital, by which the minimum level of capital adequacy which the Bank follows (also set by the risk appetite of the Bank) shall be increased to 16% starting from 31.3.2022 onwards.

In August 2021, the CB of RNM repealed The Decision on temporary restriction of dividend distribution and payment for banks in RNM, allowing shareholders of the banks to decide on dividend distribution.

In accordance with the good liquidity and financial state of the Bank in the post COVID-19 period, growth of credit portfolio in Q4 2021 and Q1 2022 as well as positive expectations for the future development of the economic and financial situation, the Supervisory board of the Bank proposes to the shareholders assembly the following utilization of the accumulated profit:

1. Accumulated profit of NLB Banka AD Skopje from the year 2019, in an amount of MKD 1,672,270,392 (EUR 27,191,388.49) to be utilized as follows:
  - for dividend payout amount of MKD 503,895,990 (EUR 8,193,430.73) and
  - for general reserve fund amount of MKD 1,168,374,402 (EUR 18,997,957.76).
2. Accumulated profit of NLB Banka AD Skopje from the year 2020 in an amount of MKD 1,022,311,017 (EUR 16,622,943.36) to be utilized as dividend payout.

By including the accumulated profit of the Bank in the general reserve fund (Common Equity Tier I capital), the projected capital adequacy ratio as of 31.12.2021, based on the planned RWA and increased Bank's own funds, will be 17.3% (including the planned arrangement of new subordinated loan in 2021).

Skopje, november 2021